**Fourth Supplement dated 14 March 2017**

**to the Warrant and Certificate Programme Base Prospectus dated 5 July 2016**

**BNP Paribas Arbitrage Issuance B.V.**
*(incorporated in The Netherlands)*
*(as Issuer)*

**BNP Paribas**
*(incorporated in France)*
*(as Issuer and Guarantor)*
**Warrant and Certificate Programme**

This fourth supplement (the "**Fourth Supplement**") is supplemental to, and should be read in conjunction with the base prospectus dated 5 July 2016 (the "**Base Prospectus**"), the first supplement to the Base Prospectus dated 18 August 2016 (the "**First Supplement**"), the second supplement to the Base Prospectus dated 7 October 2016 (the "**Second Supplement**") and the third supplement to the Base Prospectus dated 18 November 2016 (the "**Third Supplement**" and, together with the First Supplement and the Second Supplement, the "**Previous Supplements**"), in each case, in relation to the Warrant and Certificate Programme (the "**Programme**") of BNP Paribas Arbitrage Issuance B.V. ("**BNPP B.V.**") and BNP Paribas ("**BNPP**").

The Base Prospectus constitutes a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC of 4 November 2003 (as amended) (the "**Prospectus Directive**") to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area. The Authority for the Financial Markets ("**AFM**") in the Netherlands approved the Base Prospectus on 5 July 2016, the First Supplement on 18 August 2016, the Second Supplement on 7 October 2016 and the Third Supplement on 18 November 2016. Application has been made to the AFM for approval of this Fourth Supplement in its capacity as competent authority. The AFM approved the Fourth Supplement on 14 March 2017.

Each of BNPP (in respect of itself and BNPP B.V.) and BNPP B.V. (in respect of itself) accepts responsibility for the information contained in this Fourth Supplement, the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

Unless the context otherwise requires, terms defined in the Base Prospectus, as amended by the Previous Supplements, shall have the same meanings when used in this Fourth Supplement.

To the extent that there is any inconsistency between (i) any statement in this Fourth Supplement and (ii) any statement in, or incorporated by reference in, the Base Prospectus, as amended by the Previous Supplements, the statement referred to in (i) above will prevail.

References in this Fourth Supplement to paragraphs of the Base Prospectus are to the Base Prospectus as amended by the Previous Supplements. References in this Fourth Supplement to page numbers in the Base Prospectus are to the page numbers in the Base Prospectus without taking into account any amendments made in the Previous Supplements.

This Fourth Supplement is available via BNPP's websites: (www.produitsdebourse.bnpparibas.fr; www.bnpparibasmarkets.be; www.bnpparibasmarkets.nl).

This Fourth Supplement has been prepared in accordance with Article 16.1 of the Prospectus Directive, for the purposes of giving information which amends or is additional to the information already contained in the Base Prospectus.

This Fourth Supplement has been prepared for the purposes of:

(A) giving disclosure in respect of a press release and related presentation dated 7 February 2017 issued by BNP Paribas;

(B) giving disclosure in respect of the audited Consolidated Financial Statements of BNPP for the year ended 31 December 2016 released on 7 March 2017;

(C) amending the "Summary in relation to this Base Prospectus" section;

(D) amending the "Risk Factors" section;

(E) amending the "Form of Final Terms" section;

(F) amending the "Hiring Incentives to Restore Employment Act" section; and

(G) amending the "General Information" section.

The incorporation of the documents referred to in (A) and (B) above has been made to update the BNPP disclosure. The amendments referred to in (C) above have been made to reflect the updated disclosure referred to in (A) and (B) above. The amendments referred to in (D) above have been made to update the risk factors relating to BNPP. The amendments referred to in (E) and (F) have been made to update the disclosure in respect of withholding under Section 871(m) of the U.S. Internal Revenue Code of 1986. The amendments referred to in (G) above have been made to (i) update the material adverse change and significant change statements and the table of Capitalization of BNPP and the BNP Paribas Group and (ii) include a declaration concerning the unaudited annual results of BNP Paribas for the year ending 31 December 2016 and the unaudited fourth quarter results of BNP Paribas for the quarter ended 31 December 2016

In accordance with Article 16.2 of the Prospectus Directive, in the case of an offer of Securities to the public, investors who, before this Fourth Supplement is published, have already agreed to purchase or subscribe for Securities issued under the Programme by BNPP or BNPP B.V. have the right, exercisable before the end of the period of two (2) working days beginning with the working day after the date of publication of this Fourth Supplement to withdraw their acceptances. This right to withdraw shall expire by close of business on 16 March 2017.

## TABLE OF CONTENTS

**Page**

## PRESS RELEASE AND RELATED PRESENTATION DATED 7 FEBRUARY 2017

BNP Paribas have released the following press release and presentation dated 7 February 2017 relating to the unaudited financial information of BNP Paribas for the fourth quarter ended 31 December 2016 and the unaudited figures for the year ended 31 December 2016.

# 2016 FULL YEAR RESULTS

**PRESS RELEASE**
Paris, 7 February 2017

## REVENUE GROWTH DESPITE A LOW INTEREST RATE ENVIRONMENT AND A LACKLUSTRE MARKET CONTEXT THIS YEAR

**REVENUES: +1.1% vs. 2015**

## COST CONTAINMENT

**+0.4% vs. 2015**

## RISE IN GROSS OPERATING INCOME

**+2.6% vs. 2015**

## SIGNIFICANT DECREASE IN THE COST OF RISK

**-14.1% vs. 2015 (46 bp)***

## RISE IN NET INCOME GROUP SHARE

**€7,702 M (+15.1% vs. 2015)**

**DIVIDEND PER SHARE: €2.70****

## SOLID ORGANIC CAPITAL GENERATION

**CET1***: 11.5% (+60 bp vs. 31.12.15)**

* COST OF RISK/CUSTOMER LOANS AT THE BEGINNING OF THE PERIOD; ** SUBJECT TO THE APPROVAL OF THE ANNUAL GENERAL MEETING ON 23 MAY 2017; *** AS AT 31 DECEMBER 2016, CRD4 (FULLY LOADED RATIO)

BNP PARIBAS

The bank for a changing world

# 2016 FULL YEAR RESULTS

**PRESS RELEASE**
Paris, 7 February 2017

**SUCCESS OF THE 2014-2016 BUSINESS DEVELOPMENT PLAN**

**Progress on all the major strategic priorities**

**ROE in line with the objective of the plan**

**LAUNCH OF THE NEW 2017-2020 BUSINESS DEVELOPMENT PLAN**

**Leverage the strength of the integrated and diversified business model**

**Build the bank of the future by accelerating digital transformation**

**Conduct an ambitious Corporate Social Responsibility policy**

*
* *

Commenting on these results, Chief Executive Officer Jean-Laurent Bonnafé stated:

*"With 7.7 billion euros net income, BNP Paribas delivered a good performance in 2016 thanks to its integrated and diversified business model and the dedicated work of all its employees.*

*Revenues are up despite a lacklustre environment this year. Costs were well contained and the cost of risk was significantly lower.*

*The Group's balance sheet is rock-solid and the significant increase in the fully loaded Basel 3 common equity Tier 1 ratio to 11.5% testifies the capital generation.*

*After the success of its 2014-2016 plan, which allowed to attain the defined targets, the Group now unveils its 2020 business development plan that announces an acceleration of digitalisation and targets an average growth of net income of more than 6.5% per year until 2020.*

*Serving its customers all over the world, the Group is thus building the bank of the future."*

The Board of Directors of BNP Paribas met on 6 February 2017. The meeting was chaired by Jean Lemierre and the Board examined the Group's results for the fourth quarter and endorsed the 2016 financial statements.

## RISE IN INCOME AND SOLID CAPITAL GENERATION

BNP Paribas delivered a good overall performance this year, showing the strength of its integrated and diversified business model.

Revenues totalled 43,411 million euros, up by 1.1% compared to 2015 despite the low interest rate environment and a lacklustre market context this year. They included this year the exceptional impact of +597 million euros of the capital gain from the sale of Visa Europe shares as well as the -59 million euros in Own Credit Adjustment (OCA) and own credit risk included in derivatives (DVA) (+314 million euros in 2015).

Revenues were up by 0.2% in the operating divisions and by 0.9 % at constant scope and exchange rates given an unfavourable exchange rate. They were down by 0.5% in Domestic Markets[1] (-1.2% at constant scope and exchange rates) due to the low interest rate environment, rose by 1.2% at International Financial Services (+2.7% at constant scope and exchange rates) and decreased by 0.3% at CIB but were up by 1.2% at constant scope and exchange rates despite a particularly challenging market environment in the first quarter of 2016.

Operating expenses, which amounted to 29,378 million euros, were well contained (+0.4% compared to 2015). They included exceptional items for a total of 749 million euro impact (862 million euros in 2015): 159 million euros in the acquisitions' restructuring costs[2] (171 million euros in 2015), 395 million euros in CIB transformation costs (0 in 2015), 144 million euros in restructuring costs related to the businesses[3] (0 in 2015) and the 52 million euros compulsory contribution to the resolution process of 4 Italian banks (69 million euros in 2015). They no longer included any costs related to the Simple & Efficient plan (622 million euros in 2015): in line with the target, the final costs related to this plan were booked in the fourth quarter 2015.

The operating expenses of the operating divisions were up by 1.0%: +2.3% for Domestic Markets[1], +2.3% for International Financial Services and -1.8% for CIB. At constant scope and exchange rates, they rose by 0.5%[4] for Domestic Markets, by 3.6%[4] for International Financial Services and 0.1% for CIB. They included the impact of new regulations and of the strengthening of compliance but benefited from the success of the Simple & Efficient savings plan which offset the natural costs' drift, as well as from the first effects of CIB's savings plan.

The Group's gross operating income was up thus by 2.6%, at 14,033 million euros.

The cost of risk was down significantly by 14.1% due in particular to the good control of risk at loan origination, the low interest rate environment and the continued improvement in Italy. It came to 3,262 million euros (3,797 million euros in 2015) or 46 basis points of outstanding customer loans.

The Group's operating income rose by 10.1% to 10,771 million euros (9,787 million euros in 2015).

Non operating items totalled +439 million euros (+592 million euros in 2015). They included this year -127 million euros[5] in goodwill impairment (-993 million euros in goodwill impairments in 2015[6]). Non operating items also included in 2015 a +716 million euros capital gain from the sale

[1] Including 100% of Private Banking in the domestic networks (excluding PEL/CEL effects)
[2] LaSer, Bank BGZ, DAB Bank and GE LLD
[3] BNL bc (50 million euros), Belgian Retail Banking (80 million euros), Wealth and Asset Management (7 million euros), Corporate Centre (7 million euros)
[4] Excluding exceptional costs
[5] Full goodwill impairment of BGZ
[6] Of which BNL bc's full goodwill impairment: -€917m

of the residual stake in Klépierre-Corio, a +123 million euros dilution capital gain due to the merger between Klépierre and Corio and a +94 million euros capital gain from the sale of a non-strategic stake.

Pre-tax income thus came to 11,210 million euros compared to 10,379 million euros in 2015 (+8.0%).

Net income attributable to equity holders was 7,702 million euros, up by 15.1% compared to 2015. Excluding one-off items[1], it came to 7,802 million euros (+6.3%). The return on equity was 9.3% (9.4% excluding one-off items). The return on tangible equity came to 11.1% (11.2% excluding one-off items). The net earnings per share was at €6.0.

At 31 December 2016, the fully loaded Basel 3 common equity Tier 1 ratio[2] was 11.5%, up by 60 basis points compared to 31 December 2015, illustrating the solid capital generation of the Group. The fully loaded Basel 3 leverage ratio[3] came to 4.4% (+40 basis points compared to 31 December 2015). The Liquidity Coverage Ratio was 123% at 31 December 2016. Lastly, the Group's immediately available liquidity reserve was 305 billion euros (266 billion euros as at 31 December 2015), equivalent to over one year of room to manoeuvre in terms of wholesale funding.

The net book value per share reached 73.9 euros, equivalent to a compounded annual growth rate of 6.2% since 31 December 2008, illustrating the continuous value creation throughout the cycle.

The Board of Directors will propose at the Shareholders' Meeting the payment of a dividend of €2.70 per share to be paid in cash, equivalent to a 45% pay-out ratio which is in line with the objective of the plan.

The Group is actively implementing the remediation plan agreed as part of the comprehensive settlement with the U.S. authorities and is continuing to reinforce its compliance and control procedures.

The Group's good overall performance this year illustrates the success of the 2014-2016 business development plan. The average annual revenue growth was 4.0% over the period and the target of 10% return on equity, calculated on the basis of a CET1 ratio of 10%, was exceeded[4].

The Group unveiled the main highlights of its 2017-2020 business development plan. The plan leverages the strength of the integrated and diversified business model and takes into account regulatory constraints which will continue to grow during the period in the current Basel 3 regulatory framework. It is designed to build the bank of the future by continuing the development of the businesses and implementing an ambitious programme of new customer experience, digital transformation and savings. The target is thus to achieve more than 6.5% average annual growth of net income until 2020, a CET1 of 12%[5] in 2020 and a 10% return on equity at that date.

*

*     *

[1] Effect of exceptional items after tax: -100 million euros in 2016, -644 million euros in 2015

[2] Ratio taking into account all the CRD4 rules with no transitory provisions

[3] Ratio taking into account all the CRD4 rules at 2019 with no transitory provisions, calculated according to the delegated act of the European Commission dated 10 October 2014

[4] 10.3% of return on equity in 2016 (excluding one-off items) on the basis of a CET1 ratio of 10%.

[5] With a constant regulatory framework

In the fourth quarter 2016, the Group reported a very solid performance. Revenues totalled 10,656 million euros, up by 2.0% compared to the fourth quarter 2015. They included the exceptional impact of -18 million euros in Own Credit Adjustment (OCA) and own credit risk included in derivatives (DVA) (+160 million euros in the fourth quarter 2015).

Revenues of the operating divisions were up by 2.8% compared to the fourth quarter 2015. They were down at Domestic Markets[1] (-1.0%) due to the persistently low interest rate environment but they were up in International Financial Services (+3.1%) and up significantly at CIB (+8.0%) in connection with a favourable market context. The foreign exchange effect this quarter was negligible.

Operating expenses, at 7,444 million euros, rose by only 0.5% compared to the fourth quarter 2015. They included a total of 342 million euros in exceptional items (355 million euros in the fourth quarter 2015): 48 million euros in acquisitions' restructuring costs[2] (54 million euros in the fourth quarter 2015), 98 million euros in CIB's transformation plan costs (0 in the fourth quarter 2015), 144 million euros in restructuring costs related to the businesses[3] (0 in the fourth quarter 2015) and the 52 million euros compulsory contribution to the resolution process of 4 Italian banks (69 million euros in the fourth quarter 2015). They no longer included any Simple & Efficient transformation costs (232 million euros in the fourth quarter 2015).

Operating expenses rose by 3.0% for Domestic Markets[1] but were down 0.5% excluding the impact of exceptional items[4] thanks to the effects of cost savings measures. They rose by 3.2% for International Financial Services as a result of the development of the businesses and decreased by 3.2% for CIB thanks to the effect of the cost cutting plan and despite business growth.

The gross operating income of the Group thus rose by 5.6%, to 3,212 million euros.

The cost of risk was down by 1.9% compared to the fourth quarter 2015. It came to 950 million euros (968 million euros in the fourth quarter 2015).

Non-operating items totalled +5 million euros (-502 million euros in the fourth quarter 2015 which included in particular -993 million euros[5] in exceptional goodwill impairments and the 352 million euros capital gain from the sale of the residual stake in Klépierre-Corio).

Pre-tax income thus came to 2,267 million euros compared to 1,473 million euros in the fourth quarter 2015 (+53.9%).

BNP Paribas posted 1,442 million euros in net income attributable to equity holders (665 million euros in the fourth quarter 2015). Excluding exceptional items[6], it was 1,814 million euros, up by 14.3% compared to the same quarter a year earlier.

---

[1] Including 100% of Private Banking in the domestic networks (excluding PEL/CEL effects)
[2] LaSer, Bank BGZ, DAB Bank, General Electric LLD
[3] BNL bc (50 million euros), Belgian Retail Banking (80 million euros), Wealth and Asset Management (7 million euros) and Corporate Centre (7 million euros)
[4] BNL bc and Belgian Retail Banking restructuring costs totalling 130 million euros (20 million euros in the fourth quarter 2015) and a 47 million euros compulsory contribution to the resolution process of 4 Italian banks (65 million euros in the fourth quarter 2015)
[5] Of which BNL bc's full goodwill impairment: -917 million euros
[6] Effect of exceptional items after tax: -372 million euros in the fourth quarter 2016 (-922 million euros in the fourth quarter 2015)

## RETAIL BANKING & SERVICES

## DOMESTIC MARKETS

For the whole of 2016, Domestic Markets' outstanding loans rose by 2.5% compared to 2015 due to a good pick-up in demand. Deposits were up by 6.4% driven by a strong growth across all the networks. The sales and marketing drive was reflected in particular by growth in Private Banking's assets under management (+5.4% compared to 31 December 2015).

The operating division expanded its digital offering with the development of new customer journeys that provide a new, seamless and value added banking experience and the launch of new services. For example, the merger between Wa! and Fivory (Crédit Mutuel[1]), will lead to the launch in 2017, in partnership with Carrefour, Auchan and Total, among others, a single universal mobile payment solution combining payment, loyalty programmes and discount offers. Hello bank! saw a rapid rise in the number of its clients to 2.5 million (+200,000 compared to the number as at 31 December 2015), and already generates 9.8% of revenues of individual clients[2].

Lastly, the operating division continued to transform its network by optimising the footprint and rolling out new branch formats.

At 15,715 million euros, revenues[3] were slightly down (-0.5%) compared to 2015. In addition to the impact of persistently low interest rates on interest margins, there was a decrease in financial fees due to an unfavourable market context this year. BRB and the specialised businesses however reported good performance and grew their revenues.

Operating expenses[3] (10,629 million euros) were up by 2.3% compared to last year. Excluding exceptional items[4], they rose by 1.2%, driven by growing business units (Arval, Leasing Solutions). The effect of cost saving measures was partly offset by the impact of the evolution of banking taxes and contributions.

Gross operating income[3] thus decreased by 5.9%, at 5,086 million euros, compared to last year.

The cost of risk was down significantly (-16.4% compared to 2015), in particular due to the significant decline at BNL bc.

Thus, after allocating one-third of Domestic Markets Private Banking's net income to the Wealth Management business (International Financial Services division), the division reported pre-tax income[5] that was up 1.4% compared to 2015, at 3,382 million euros.

In the fourth quarter 2016, revenues[3], which totalled 3,866 million euros, were down slightly (-1.0%) compared to the fourth quarter 2015 as a result of the persistently low interest rate environment. BRB and the specialised business units, however, reported good performance.

Operating expenses[3] (2,794 million euros) were up by 3.0% compared to the same quarter a year earlier. Excluding the impact of exceptional items[4], they were down by 0.5% thanks to the effect of cost saving measures.

---

[1] CM11-CIC
[2] FRB, BNL bc, BRB and Personal Investors, excluding private banking
[3] Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg
[4] 50 million euros in restructuring costs for BNL bc (20 million euros in the fourth quarter 2015) and 80 million euros for Belgian Retail Banking (0 in the fourth quarter 2015); BNL bc's 47 million euros contribution to the resolution process of 4 Italian banks (65 million euros in the fourth quarter 2015)
[5] Excluding PEL/CEL effects (-2 million euros in 2016, -31 million euros in 2015)

Gross operating income[1] thus decreased by 10.0% (-2.1% excluding exceptional items), to 1,072 million euros.

The cost of risk was down significantly (-15.3% compared to the fourth quarter 2015), in particular in Italy.

Thus, after allocating one-third of Domestic Markets Private Banking's net income to the Wealth Management business (International Financial Services division), the division reported pre-tax income down by 7.8%, at 622 million euros. Excluding the impact of exceptional items, it was up by 5.2%.

## French Retail Banking (FRB)

For the whole of 2016, FRB's outstanding loans rose by 0.3% compared to 2015 despite the impact of early repayments. There was a good pick-up in outstandings in the second half of the year which are thus up by 4.2% in the fourth quarter 2016 compared to the same quarter in 2015 with a rise in loans to individual and corporate clients. Deposits rose by 5.4% compared to 2015 driven by strong growth in current account deposits. The pick-up of the sales and marketing drive was also illustrated by the good performance of life insurance (rise of 2.6% in outstandings compared to 31 December 2015) and Private Banking (5.6% growth in assets under management thanks to strong net asset inflows of 2.8 billion euros). The business unit implemented new customer journeys with the BuyMyHome app which notably enables customers to simulate loans for home purchase.

Revenues[2] totalled 6,401 million euros, down by 3.0% compared to 2015. Net interest income[2] was down by 3.4% due to the impact of persistently low interest rates. Fees[2] were down for their part by 2.4% (-1.4% excluding the impact of a non-recurring item) with a decrease in financial fees due to the unfavourable market environment. Financial fees did though pick-up in the fourth quarter of the year (+4.6% compared to the fourth quarter 2015[3]).

Operating expenses[2], at 4,673 million euros, were contained and rose by only 0.7% compared to 2015 despite the rise in taxes and regulatory costs.

Gross operating income[2] thus came to 1,728 million euros, down by 11.7% compared to last year.

The cost of risk[2] was still low, at 342 million euros (343 million euros in 2015). It was 24 basis points of outstanding customer loans.

Thus, after allocating one-third of French Private Banking's net income to the Wealth Management business (International Financial Services division), FRB posted 1,251 million euros in pre-tax income[4] (-14.2% compared to 2015) due to the lacklustre environment this year and the impact of persistently low interest rates. The business unit recorded however a good pick-up in its sales and marketing drive.

In the fourth quarter 2016, revenues[2] totalled 1,548 million euros, down by 3.4% compared to the fourth quarter 2015. Net interest income[2] were down by 5.0% due to the impact of persistently low interest rates. Fees[2] were down for their part by 1.2% but rose by 3.2% excluding the impact of a non-recurring item, with a good pick-up in banking fees and financial fees.

Operating expenses[2], at 1,216 million euros, were contained and rose by only 0.7% compared to the fourth quarter 2015.

[1] Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg
[2] Including 100% of Private Banking in France (excluding PEL/CEL effects)
[3] Excluding a non-recurring item
[4] Excluding PEL/CEL effects (-2 million euros in 2016, -31 million euros in 2015)

Gross operating income[1] thus totalled 332 million euros, down by 16.1% compared to the same quarter a year earlier (-8.8% excluding the impact of a non-recurring item).

The cost of risk[1] reflected this quarter the impact of a specific loan and totalled 124 million euros (88 million euros in the fourth quarter 2015) or 34 basis points of outstanding customer loans.

Thus, after allocating one-third of French Private Banking's net income to the Wealth Management business (International Financial Services division), FRB posted 177 million euros in pre-tax income[2] (-36.0% compared to the fourth quarter 2015).

**BNL banca commerciale (BNL bc)**

For the whole of 2016, BNL bc's outstanding loans were up by 0.5% compared to 2015 with a gradual recovery in volumes, in particular on individual clients. Deposits rose by 12.6% with a sharp rise in current accounts. BNL bc delivered a good performance in off balance sheet savings: life insurance outstandings were up by 9.8% and mutual fund outstandings by 7.2% compared to 31 December 2015. BNL bc continued to expand Private Banking with 1.2 billion euros in net asset inflows. The business unit implemented new customer journeys with for example the #Digibiz app that offers a wide range of online services to corporate clients.

Revenues[3] were down by 5.7% compared to 2015, to 2,972 million euros. Net interest income[3] was down by 7.1% due to the persistently low interest rate environment and the residual effect of the repositioning, finalised in 2016, on the better corporate clients. Fees[3] were down by -2.9% with a decrease in financial fees due to the unfavourable market context.

Operating expenses[3], at 1,885 million euros, were down by 0.9%. Excluding the impact of non-recurring items[4], they were down by 1.7% thanks to the effect of cost reduction measures.

Gross operating income[3] thus totalled 1,086 million euros, down by 12.9% compared to last year.

The cost of risk[3], at 124 basis points of outstanding customer loans, was down by 289 million euros compared to 2015 with a gradual improvement of the quality of the loan portfolio.

Thus, after allocating one-third of Italian Private Banking's net income to the Wealth Management business (International Financial Services division), BNL bc posted 90 million euros of pre-tax income, a strong improvement compared to 2015 (+134 million euros).

In the fourth quarter 2016, revenues[3] were down by 4.6% compared to the fourth quarter 2015, at 745 million euros. Net interest income[3] was down by 4.2% due to the persistently low interest rate environment and the last effects of the repositioning on the better corporate clients. Fees[3] were down by 5.2% due to banking fees.

Operating expenses[3], at 543 million euros, were down by 1.3% compared to the fourth quarter 2015. Excluding the impact of non-recurring items[4], they were down by 4.3% thanks to the effect of cost reduction measures.

Gross operating income[3] thus totalled 202 million euros, down by 12.5% (-5.1% excluding non-recurring items).

---

[1] Including 100% of Private Banking in France (excluding PEL/CEL effects)
[2] Excluding PEL/CEL effects (8 million euros in the fourth quarter 2016, 5 million euros in the fourth quarter 2015)
[3] With 100% of Private Banking in Italy
[4] Restructuring costs: 50 million euros (20 million euros in the fourth quarter 2015); compulsory contribution to the resolution process of 4 Italian banks: 47 million euros (65 million euros in the fourth quarter 2015)

The cost of risk[1], at 118 basis points of outstanding customer loans, was down by 71 million euros compared to the fourth quarter 2015.

Thus, after allocating one-third of Italian Private Banking's net income to the Wealth Management business (International Financial Services division), BNL bc posted -36 million euros of pre-tax losses (-80 million euros in the fourth quarter 2015). Excluding non-recurring items, it came to +61 million euros (+4 million euros in the fourth quarter 2015).

**Belgian Retail Banking (BRB)**

For the whole of 2016, BRB reported sustained business activity. Loans were up by 4.7% compared to 2015 with growth in loans to individual customers (in particular mortgages) and to SMEs. For their part, deposits rose by 5.8% thanks in particular to strong growth in current accounts. The business continued to develop digital banking with new features of the Easy Banking app and Easy Banking Web which now have 1 million and 2.4 million users respectively. The business unit also implemented new customer journeys with the Home on the Spot app which allows customers to simulate loans and offers tools assisting them in the context of home purchase projects.

Revenues[2] were up by 3.1% compared to 2015, at 3,661 million euros: net interest income[2] rose by 5.9% as a result of volume growth and margins holding up well, but fees[2] were down by 4.8% due to a decrease in financial fees as a result of the unfavourable market context.

Operating expenses[2] rose by 4.9% compared to 2015, to 2,582 million euros. Excluding the impact of exceptional items[3] and the evolution in banking taxes, they rose by only 0.9%, reflecting the good cost control.

At 1,079 million euros, gross operating income[2] was down by 1.0% compared to last year (+7.0% excluding exceptional items and the evolution in banking taxes).

The cost of risk[2], at 98 million euros or 10 basis points of outstanding customer loans, was very low and rose by only 13 million euros compared to 2015.

Thus, after allocating one-third of Belgian Private Banking's net income to the Wealth Management business (International Financial Services division), BRB generated 918 million euros in pre-tax income, down by 1.1% compared to last year but up by 8.0% excluding exceptional items and evolution in banking taxes, which reflects the business unit's good performance.

In the fourth quarter 2016, revenues[2] were up by 2.9% compared to the fourth quarter 2015, at 908 million euros: net interest income[2] rose by 3.5% as a result of good growth in volumes and fees[2] rose by 1.3% with a rise in banking fees.

Operating expenses[2] rose by 12.5% compared to the fourth quarter 2015, to 661 million euros. Excluding exceptional items[4], they were down by 1% thanks to the effects of cost saving measures.

Gross operating income[2], at 247 million euros, was down by 16.3% compared to the same quarter a year earlier but rose by 10.7%, excluding exceptional items[4].

The cost of risk[2], at 9 million euros or 4 basis points of outstanding customer loans, was particularly low. It was down by 43 million euros compared to the fourth quarter 2015.

[1] With 100% of Private Banking in Italy
[2] With 100% of Private Banking in Belgium
[3] In particular 80 million euros in restructuring costs (0 in 2015) partly offset by a 30 million euros provision write-back
[4] 80 million euros in restructuring costs (0 in the fourth quarter 2015)

After allocating one-third of Belgian Private Banking's net income to the Wealth Management business (International Financial Services division), BRB generated 222 million euros in pre-tax income, down by 5.6% compared to the same quarter a year earlier but up by 28.3% excluding exceptional items[1].

**Other Domestic Markets business units (Arval, Leasing Solutions, Personal Investors and Luxembourg Retail Banking)**

For the whole of 2016, the specialised businesses of Domestic Markets showed a good overall drive. The business activity of Arval was sustained and the financed fleet showed strong growth at constant scope (+10.1% compared to 2015) bringing the number of financed vehicles to over 1 million. The business unit actively implemented the integration of GE Fleet Services. The financing outstandings of Leasing Solutions were up (+4.8% at constant scope and exchange rates) thanks to the good growth in the core business, despite the continued reduction of the non-strategic portfolio. Personal Investors saw a good level of new clients' acquisition.

Luxembourg Retail Banking's outstanding loans rose by 1.5% compared to 2015, due in particular to mortgages and deposits were up by 14.4% with good inflows notably on the corporate segment.

Revenues[2] on the whole were up by 7.3% compared to 2015, at 2,681 million euros, reflecting the effect of the acquisition of GE Fleet Services in Europe. At constant scope and exchange rates, they rose by 3.4% with a rise in all the business units.

Operating expenses[2] rose by 7.3% compared to 2015, at 1,488 million euros. At constant scope and exchange rates, they were up by only 1.9%, the effect of the business development being partly offset by the first cost synergies between DAB Bank et Consors bank ! in Germany.

The cost of risk[2] was down by 21 million euros compared to 2015, at 115 million euros.

Thus, the contribution of these four business units to Domestic Markets' pre-tax income, after allocating one-third of Luxembourg Private Banking's net income to the Wealth Management business (International Financial Services division), was 1,123 million euros, up sharply compared to 2015: +13.1% (+9.2% at constant scope and exchange rates).

In the fourth quarter 2016, revenues[2] were on the whole up by 4.2% compared to the fourth quarter 2015, at 666 million euros, reflecting the effect of the acquisition of GE Fleet Services in Europe. At constant scope and exchange rates, they were also up by 4.2% with a rise in all the businesses, as scope and exchange rates effects offset each other.

Operating expenses[2] rose by 1.5% compared to the fourth quarter 2015, at 374 million euros. At constant scope and exchange rates, they were down by 0.2% thanks to the first cost synergies between DAB Bank and Consors bank! in Germany.

The cost of risk[2] was up by 6 million euros compared to the fourth quarter 2015, at 37 million euros.

Thus, the contribution of these four business units to Domestic Markets' pre-tax income, after allocating one-third of Luxembourg Private Banking's net income to the Wealth Management business (International Financial Services division), was 259 million euros, up by 6.3% compared to the fourth quarter 2015 (+8.6% at constant scope and exchange rates).

[1] 80 million euros in restructuring costs (0 in the fourth quarter 2015)
[2] With 100% of Private Banking in Luxembourg

*
* *

## INTERNATIONAL FINANCIAL SERVICES

For the whole of 2016, the International Financial Services' businesses reported a good sales and marketing drive: Personal Finance had a sustained business activity, Europe-Mediterranean and BancWest posted good growth in their activity while the Insurance and Wealth & Asset Management businesses generated good asset inflows. The division's sales and marketing drive was also illustrated by the development of digital offering and innovations in all the businesses.

At 15,479 million euros, revenues were up by 1.2% compared to 2015. At constant scope and exchange rates, they were up by +2.7% with growth in International Retail Banking, Insurance and Personal Finance, and Wealth & Asset Management held up well.

Operating expenses (9,544 million euros) were up by 2.3% compared to last year. At constant scope and exchange rates, they were up by 3.7%.

Gross operating income thus totalled 5,935 million euros, down by 0.4% compared to last year (+1.2% at constant scope and exchange rates).

The cost of risk was 1,496 million euros, down by 226 million compared to 2015 due in particular to the decline in the cost of risk at Personal Finance.

Operating income thus totalled 4,439 million euros, up by 4.7% compared to last year (+5.8% at constant scope and exchange rates).

Thus, International Financial Services' pre-tax income increased to 4,924 million euros (+4.0% compared to 2015 and +5.8% at constant scope and exchange rates).

In the fourth quarter 2016, revenues, at 4,025 million euros, were up by 3.1% compared to the fourth quarter 2015. They were up by +3.3% at constant scope and exchange rates with growth in all the businesses.

Operating expenses (2,481 million euros) were up by 3.2% compared to the same quarter a year earlier. At constant scope and exchange rates and excluding exceptional costs[1], they were up by 3.3%, as a result of business growth.

Gross operating income thus totalled 1,544 million euros, up by 2.9% compared to the same quarter a year earlier (+2.8% at constant scope and exchange rates).

The cost of risk was 425 million euros, up by 14 million compared to the fourth quarter 2015.

Operating income thus totalled 1,118 million euros, up by 2.7% compared to the same quarter a year earlier (+2.0% at constant scope and exchange rates).

International Financial Services' pre-tax income was thus up by 2.5% compared to the fourth quarter 2015, at 1,236 million euros (+2.4% at constant scope and exchange rates).

[1] In particular Wealth and Asset Management's restructuring costs for 7 million euros in (0 in the fourth quarter 2015)

## Personal Finance

For the whole of 2016, Personal Finance continued its strong sales and marketing drive. Outstanding loans grew by +8.8%[1] compared to 2015 in connection with the rise in demand and the effect of new commercial agreements. The business unit signed new partnership agreements this year in banking (Banco CTT in Portugal), in retail (Eggo Kitchen House in Belgium, Ikea and Mr Bricolage in France) and telecoms (Yoigo in Spain). Outstanding car loans rose by 16.5% compared to 2015[2] and the business unit forged new business deals with Honda in France and Volvo in Italy. Lastly, Personal Finance continued to expand the digital processing of loans with 3.1 million applications signed digitally, up 80% over last year.

Revenues were up by 0.4% compared to 2015, at 4,679 million euros with an unfavourable foreign exchange effect. At constant scope and exchange rates, they were up by 2.0% under the opposite influence of a rise in volumes and an increase in products that have a better risk profile. There was a good drive in Germany, Spain and Italy.

Operating expenses were down by 0.7% compared to 2015, at 2,298 million euros. They were up by 1.0% at constant scope and exchange rates, reflecting good cost control.

Gross operating income thus totalled 2,381 million euros, up by 1.5% compared to last year (+3.0% at constant scope and exchange rates).

At 979 million euros, or 159 basis points of outstanding customer loans, the business recorded a sharp decline in the cost of risk (-196 million euros compared to 2015) due to the low interest rate environment and the growing positioning on products with a better risk profile (car loans in particular) as well as 50 million euros in provisions write-backs following sales of doubtful loans.

Personal Finance's pre-tax income was thus 1,442 million euros, up sharply compared to 2015: +15.9% (+17.9% at constant scope and exchange rates).

In the fourth quarter 2016, Personal Finance's revenues were up by 2.1% compared to the fourth quarter 2015, at 1,185 million euros. At constant scope and exchange rates, they were up 2.5% as a result of volumes rise and the growing positioning on products with a better risk profile.

Operating expenses were up by 3.2% compared to the fourth quarter 2015, at 598 million euros. They were up by 3.6% at constant scope and exchange rates, as a result of good business development.

Gross operating income thus totalled 587 million euros, up by 0.9% compared to the same quarter a year earlier (+1.4% at constant scope and exchange rates).

At 269 million euros, or 170 basis points of outstanding customer loans, the business unit recorded a significant decrease in the cost of risk (-39 million euros compared to the fourth quarter 2015) due to the low interest rate environment and the growing positioning on products with a better risk profile.

Personal Finance's pre-tax income thus totalled 334 million euros, up sharply compared to the fourth quarter 2015: +14.0% (+16.7% at constant scope and exchange rates).

[1] At constant scope and exchange rates
[2] Outstandings at the end of the period at historical scope and constant exchange rates

**Europe-Mediterranean**

For the whole of 2016, Europe-Mediterranean reported good business growth. Outstanding loans rose by 5.5%[1] compared to 2015 with a rise in all regions. Deposits grew by 9.8%[1], with good growth in all countries. There was a sustained development in the digital offering with 350,000 clients for CEPTETEB in Turkey and over 200,000 clients for BGZ OPTIMA in Poland.

At 2,513 million euros, revenues[2] were up by 6.0%[1] compared to 2015, in connection with the increase in volumes.

Operating expenses[2], at 1,705 million euros, rose by 4.6%[1] compared to last year. Excluding the rise in banking taxes and contributions in Poland[3], they were up by only 3.7%[1], reflecting the good control of expenses and the effect of cost synergies in Poland.

The cost of risk[2] totalled 437 million euros, or 112 basis points of outstanding customer loans, largely stable compared to 2015 (+0.7%[1]).

Given the rise in the contribution from associated companies and after allocating one-third of Turkish Private Banking's net income to the Wealth Management business, Europe-Mediterranean generated 566 million euros in pre-tax income, up sharply (+19.9%[4] compared to last year).

In the fourth quarter 2016, revenues[2], at 630 million euros, were up by 5.9%[1] compared to the fourth quarter 2015, in connection with increase in volumes and margins; they were up significantly in particular in Turkey.

At 431 million euros, operating expenses[2] rose by 1.1%[1] (+3.4% excluding the evolution of taxes and contributions in Poland) compared to the same quarter a year earlier.

Gross operating income[2] thus rose by 18.0%[1] compared to the fourth quarter 2015.

The cost of risk[2] totalled 127 million euros, or 129 basis points of outstanding customer loans. It was up by 31 million euros compared to the fourth quarter 2015 due to a rise in the cost of risk in Turkey but was stable compared to the third quarter 2016.

Given the good contribution of the associated companies and after allocating one-third of Turkish Private Banking's net income to the Wealth Management business, Europe-Mediterranean thus generated 120 million euros down by 1.2%[5] compared to the same quarter a year earlier.

**BancWest**

For the whole of 2016, BancWest continued its growth in a favourable economic context.

Loans were up by 8.5%[1] compared to 2015, both for corporate and individual customers. Deposits were up by 7.9%[1] with strong rise in current and savings accounts. BancWest continued to expand Private Banking with assets under management totalling 12.1 billion U.S. dollars as at 31 December 2016 (+19% compared to 31 December 2015).

[1] At constant scope and exchange rates
[2] With 100% of Private Banking in Turkey
[3] Introduction of a banking tax in Poland in 2016: 44 million euros (one-off contribution to the deposit guarantee fund & to the support fund for borrowers for 31 million euros in 2015
[4] At constant scope and exchange rates (+10.2% at historical scope and exchange rates)
[5] At constant scope and exchange rates (-9.8% at historical scope and exchange rates)

The year was also marked for BancWest by the success of the Comprehensive Capital Analysis and Review (CCAR) and by the success of the initial public offering of First Hawaiian Bank that continues to be fully consolidated so long as the Group maintains control over it.

Revenues[1], at 2,984 million euros, rose by 5.5%[2] compared to 2015, the increase in volumes being partly offset by the effect of lower interest rates in the United States for the whole of 2016 compared to 2015.

At 2,038 million euros, operating expenses[1] rose by 8.5%[2] compared to 2015. Excluding regulatory costs[3] and non-recurring costs[4], they grew by 6.9% as a result of the strengthening of the commercial set up (private banking, consumer finance).

The cost of risk[1] (85 million euros) was still at a low level, at 14 basis points of outstanding customer loans. It was however up by 35 million euros compared to the particularly low level in 2015.

Thus, after allocating one-third of U.S. Private Banking's net income to the Wealth Management business, BancWest generated 862 million euros in pre-tax income (-4.7%[5] compared to 2015).

<u>In the fourth quarter 2016</u>, revenues[1], totalling 795 million euros, rose by 6.5%[2] compared to the fourth quarter 2015 in connection with a rise in volumes.

Operating expenses[1], at 521 million euros, rose by 6.5%[2] compared to the fourth quarter 2015. Excluding regulatory costs[3] and non-recurring costs related to the initial public offering of First Hawaiian Bank, they grew by 5.3% because of the strengthening of the commercial set-ups.

The cost of risk[1] (23 million euros) was still at a low level, at 15 basis points of outstanding customer loans. It was up by 27 million euros compared to the fourth quarter 2015 when provisions were more than offset by write-backs.

Thus, after allocating one-third of U.S. Private Banking's net income to the Wealth Management business, BancWest generated 251 million euros in pre-tax income (-4.1%[6] compared to the fourth quarter 2015).

## Insurance and Wealth and Asset Management

Insurance and Wealth & Asset Management posted, in a lacklustre context in 2016, a good overall performance with good asset inflows in all the business units.

Their assets under management[7] reached, as at 31 December 2016, the record level of 1,010 billion euros (+5.8% compared to 31 December 2015). They rose by 56 billion euros compared to 31 December 2015 due in particular to very good net asset inflows totalling 34.9 billion euros (strong asset inflows at Wealth Management in Asia, France, Italy and at BancWest, very good asset inflows in Asset Management, in particular into diversified and bond funds; good asset inflows in Insurance particularly in unit-linked accounts).

As at 31 December 2016, assets under management[7] broke down as follows: Asset Management (416 billion euros), Wealth Management (344 billion euros), Insurance (226 billion euros) and Real Estate Services (24 billion euros).

---

[1] With 100% of Private Banking in the United States
[2] At constant scope and exchange rates
[3] CCAR and Intermediate Holding Company
[4] Costs related to the initial public offering of First Hawaiian Bank and a provision for an IT project
[5] At constant scope and exchange rates (-6.6% at historical scope and exchange rates)
[6] At constant scope and exchange rates (-2.5% at historical scope and exchange rates)
[7] Including distributed assets

The implementation of new customer journeys and digital transformation is illustrated, for Wealth Management, by the launch of new digital services ("myAdvisory" a portfolio management mobile app and "myBioPass", a unique key to access digital banking services) and, for Insurance, by 70 digital projects to transform services and improve performances.

Insurance's revenues, at 2,382 million euros, were up by 2.7% compared to 2015, due to the rise in protection insurance revenues in Europe and in Latin America. Operating expenses, at 1,201 million euros, rose by 3.8%, due to the business development and the rise in regulatory costs. After taking into account the good performance of associated companies, pre-tax income was thus up by 3.0% compared to last year, at 1,369 million euros.

Wealth and Asset Management's revenues, at 2,977 million euros, held up well in a lacklustre context (-1.2% compared to 2015). Operating expenses, at 2,341 million euros, were up by 1.4% as a result in particular of the development of Wealth Management. At 685 million euros, Wealth and Asset Management's pre-tax income, after receiving one-third of the net income of private banking in the domestic markets, in Turkey and in the United States, was thus down by 5.4% compared to 2015.

In the fourth quarter 2016, Insurance and Wealth & Asset Management recorded 2 billion euros net asset inflows.

Insurance's revenues, at 636 million euros, were up by 5.3% compared to the fourth quarter 2015, with in particular the rise in protection insurance revenues in Europe. Operating expenses, at 315 million euros, rose by 4.4%, due to the business development and the rise in regulatory costs. Pre-tax income was thus up by 5.4% compared to last year, at 356 million euros,

Wealth and Asset Management's revenues, at 794 million euros, were up slightly (+0.5% compared to the fourth quarter 2015), driven by Wealth Management. Operating expenses, at 626 million euros, were up by 3.3%. Excluding the impact of exceptional restructuring costs, they rose by 2.3% as a result of the expansion of Wealth Management. At 176 million euros, Wealth and Asset Management's pre-tax income, after receiving one-third of the net income of private banking in the domestic markets, in Turkey and in the United States, was thus down by 5.0% compared to the fourth quarter 2015 (-1.1% excluding exceptional restructuring costs).

*
*   *

## CORPORATE AND INSTITUTIONAL BANKING (CIB)

For the whole of 2016, CIB's business units continued to grow in their markets and the business reported solid growth in the second half of the year after a particularly challenging context in the first quarter. The division actively implemented its transformation plan, on track with the defined timetable, and launched transformation initiatives and cost-saving measures in all regions.

Revenues of the business, at 11,469 million euros, were on the whole virtually stable compared to 2015 (-0.3%) but they rose by 1.2% at constant scope and exchange rates.

At 5,650 million euros, Global Markets' revenues were down by 1.1% compared to 2015 but up by 1.6% at constant scope and exchange rates, showing a good recovery of the business after a particularly challenging market context in Europe at the beginning of the year. The revenues of FICC[1], at 3,860 million euros, were up by 10.0% compared to 2015 with good performance of rates

[1] Fixed Income, Currencies, and Commodities

and credit. The business unit reported sustained business performances and gained market share. It ranked number 1 for all bond issues in euros and number 9 for all international issues. At 1,791 million euros, Equity and Prime Services' revenues were down for their part by 18.7% compared to a high base in 2015 due to the less favourable context in the equity markets. The VaR, which measures market risks, remained very low (34 million euros).

Securities Services' revenues, at 1,824 million euros, were up by 1.9% (+2.2% at constant scope and exchange rates), in connection with the rise in assets under custody, reflecting good business development.

Corporate Banking's revenues, at 3,994 million euros, were stable (-0.3% compared to 2015 but +0.3% at constant scope and exchange rates) with a good pick-up in business after a lacklustre context in the first quarter. Revenues remained at a good level in Europe and Asia Pacific and grew in the Americas region. At 129.4 billion euros, loans were up by 4.3% compared to 2015. Deposits were up sharply, at 117.2 billion euros (+22.8% compared to 2015) in connection with the good development of cash management. The business unit continued to strengthen its positions and confirmed its number 1 ranking in Europe for syndicated financing. It gained new clients and developed transaction banking business (trade finance, etc.), also confirming its global number 4 ranking in cash management.

At 8,309 million euros, CIB's operating expenses were down by 1.8% compared to 2015 (stable at constant scope and exchange rates). They benefited from cost saving measures (about 350 million euros in savings in 2016) but recorded the impact of the rise in banking taxes and regulatory costs.

CIB's cost of risk totalled 217 million euros (+5 million euros compared to 2015). Corporate Banking's cost of risk was low at 292 million euros or 25 basis points of outstanding customer loans (+154 million euros increase compared to the very low level in 2015 which benefited from provision write-backs). Global Markets' cost of risk was a 72 million euros net write-back compared to an 80 million euro provision in 2015.

The operating income of CIB was thus up by 3.8% (+4.6% at constant scope and exchange rates), at 2,943 million euros.

CIB generated, though, income that was down by 1.2%, at 2,962 million euros, compared to last year which had recorded a one-off capital gain of 74 million euros from the sale of a non-strategic stake (+3.4% at constant scope and exchange rates).

<u>In the fourth quarter 2016</u>, CIB reported a very good performance. Revenues rose by 8.0% compared to the fourth quarter 2015, at 2,821 million euros.

Global Markets' revenues, at 1,284 million euros, were up sharply by 21.9% compared to the fourth quarter 2015 with strong client business in a favourable market context. The revenues of FICC[1], at 838 million euros, were up by 22.9% with very good growth of rates, credit and bond issues. At 446 million euros, the revenues of the Equity and Prime Services business unit were up by 20.2% with good volumes growth. The revenues of Securities Services, at 466 million euros, were up by 7.6% as a result of the rise in outstandings and in transaction volumes. At 1,071 million euros, Corporate Banking's revenues were down by 4.9% compared to a very good level in the fourth quarter 2015 which had registered significant transactions.

At 1,914 million euros, operating expenses were down by 3.2% compared to the fourth quarter 2015 due to cost savings measures and despite business growth.

CIB' cost of risk totalled 70 million euros (+7 million euros compared to the fourth quarter 2015). It was still low at Corporate Banking, at 115 million euros, or 39 basis points of outstanding customer

[1] Fixed Income, Currencies, and Commodities

loans, but rose by 46 million euros compared to the same quarter a year earlier due to a specific file. Global Markets' cost of risk was a net write-back of 44 million euros (net write-back of 4 million euros during the same quarter a year earlier).

CIB thus posted income up sharply, at 841 million euros (+50.8% compared to the fourth quarter 2015).

*
* *

## CORPORATE CENTRE

For the whole of 2016, Corporate Centre revenues were 1,294 million euros compared to 910 million euros in 2015. They included the exceptional impact of +597 million euros of the capital gain from the sale of Visa Europe shares, the -59 million euros in Own Credit Adjustment (OCA) and own credit risk included in derivatives (DVA) (+314 million euros in 2015) as well as a very good contribution of Principal Investments.

Operating expenses totalled 1,189 million euros compared to 1,336 million euros in 2015. They included the exceptional impact of 159 million euros in the acquisitions' restructuring costs[1] (171 million euros in 2015), 395 million euros in CIB transformation costs (0 in 2015) and 7 million euros restructuring costs (0 in 2015). They no longer included any Simple & Efficient costs (622 million euros in 2015): in keeping with the objective, the final costs related to this plan were booked in the fourth quarter 2015.

The cost of risk totalled 39 million euros (51 million euros in 2015).

Non-operating items totalled -121 million euros (-79 million euros in 2015). They included -181 million euros[2] in goodwill impairments of subsidiaries' shares (-993 million euros in goodwill impairments in 2015[3]). Non-operating items also included in 2015 a +716 million euros capital gain from the sale of the residual stake in Klépierre-Corio; a +123 million euros dilution capital gain due to the merger between Klépierre and Corio and the +20 million euro share of the capital gain from the sale of a non-core investment allocated to the Corporate Centre.

The Corporate Centre's pre-tax income was -55 million euros compared to -656 million euros in 2015.

In the fourth quarter 2016, Corporate Centre revenues were 70 million euros compared to 151 million euros in the fourth quarter 2015. They included in particular -18 million euros in Own Credit Adjustment (OCA) and own credit risk included in derivatives (DVA) (+160 million euros in the fourth quarter 2015) and a good contribution of Principal Investments.

Operating expenses came to 330 million euros compared to 381 million euros in the fourth quarter 2015. They included 48 million euros in acquisitions' restructuring costs[1] (54 million euros in the fourth quarter 2015), 98 million euros in CIB transformation costs (0 in the fourth quarter 2015) and 7 million euros in restructuring costs (0 in the fourth quarter 2015). They no longer included any Simple & Efficient transformation costs (232 million euros in the fourth quarter 2015).

The cost of risk totalled 56 million euros (24 million euros in the fourth quarter 2015).

---
[1] LaSer, Bank BGZ, DAB Bank and GE LLD
[2] Of which -127 million euros for BGZ's full goodwill impairment
[3] Of which BNL bc's full goodwill impairment: -917 million euros

For reference purposes, a final exceptional provision of 100 million euros was booked in the fourth quarter 2015 in connection with the remediation plan agreed as part of the comprehensive settlement with the U.S. authorities to industrialise existing processes.

Non-operating items totalled -123 million euros (-617 million euros in the fourth quarter 2015). They included -127 million euros[1] in goodwill impairments (-993 million euros in goodwill impairments in 2015[2]). Non-operating items also included in the fourth quarter 2015 the +352 million euros capital gain from the sale of the residual stake in Klépierre-Corio.

The Corporate Centre's pre-tax income was thus -440 million euros compared to -970 million euros in the fourth quarter 2015.

*
*   *

## FINANCIAL STRUCTURE

The Group's balance sheet is rock-solid.

The fully loaded Basel 3 common equity Tier 1 ratio[3] was 11.5% as at 31 December 2016, up by 60 basis points compared to 31 December 2015, primarily due to the year's results after the dividend payment.

The Basel 3 fully loaded leverage ratio[4], calculated on total Tier 1 capital, totalled 4.4% as at 31 December 2016 (+40 basis points compared to 31 December 2015).

The Liquidity Coverage Ratio stood at 123% as at 31 December 2016.

The Group's liquid and asset reserve immediately available totalled 305 billion euros (compared to 266 billion euros as at 31 December 2015), which is equivalent to more than one year of room to manoeuvre in terms of wholesale funding.

The evolution of the Group's ratios illustrates its solid capital generation and its ability to manage its balance sheet in a disciplined manner.

*
*   *

## SUCCESS OF THE 2014-2016 BUSINESS DEVELOPMENT PLAN

The good performance of the Group this year illustrates the success of the 2014-2016 business development plan.

During the period, the Group made progress on all the major strategic priorities defined in the plan. To prepare itself for the transformations of retail banking, the Group has launched Hello bank! which already has 2.5 million customers, developed digital banks in International Retail Banking, continued to adapt the branch networks and expanded private banking in all the networks. CIB,

---

[1] Full goodwill impairment of BGZ
[2] Of which BNL bc's full goodwill impairment: -917 million euros
[3] Taking into account all the rules of the CRD4 directives with no transitory provisions. Subject to the provisions of Article 26.2 of Regulation (EU) No 575/2013
[4] Taking into account all the rules of the CRD4 directives in 2019 with no transitory provisions, calculated according to the delegated act of the European Commission dated 10 October 2014

strengthened by Securities Services, gained market share on large corporate and institutional clients and developed transaction banking. All the businesses managed to adapt to the transformations in their environment, like BNL bc. which refocused the corporate sales and marketing approach on the better clients, already reaping the first positive effects in terms of its results, and CIB that grouped together its market businesses in Global Markets. Lastly, regional business development plans (Germany, Asia Pacific, CIB-North America) achieved their growth targets, as well as the specialised businesses.

Average revenue growth[1] thus attained 4.0%[2] per year during the period despite a much more lacklustre environment than expected due to very low interest rates. Organic revenue growth[1] was sustained (+2.2% per year on average[2]) thanks to the good development of the businesses and the success of the regional business development plans, despite the low interest rate environment on Domestic Markets and the impact of the reduction of the Energy & Commodities business in CIB. Targeted acquisitions (DAB Bank, GE Fleet Services Europe, 50% not yet owned by LaSer and Bank BGZ) allowed to use available capital resources while preserving limited growth of risk-weighted assets (+0.7%[2] per year on average) and provided a positive contribution to the growth of revenues.

Operating expenses were well contained. They benefited from the success of the Simple & Efficient plan which helped to generate 3.3 billion euros in recurring savings[3] since it was launched in 2013 or 500 million euros above the initial objective. They recorded however the impact of new taxes and regulations that increased by 1.3 billion euros between 2013 and 2016. Excluding the impact of new taxes and regulations, the average annual growth of operating expenses was 2.7%[2] per year[4] and only 0.7% at constant scope and exchange rates. The jaws effect was thus positive at 1.2 point per year on average excluding new taxes and regulations.

Cost of risk was also reduced and the Group thus achieved or surpassed the main financial targets of the 2014-2016 plan with return on equity excluding exceptional items of 10.3% calculated based on a 10% CET1 ratio (for a 10% target), an 11.5% fully loaded Basel 3 common equity Tier 1 ratio and a 45% dividend pay-out ratio.

During the period, the Group carried out an active Corporate Social Responsibility policy (CSR) and introduced a new Code of Conduct that lead to a large-scale online training programme for employees. Many actions by the Group, such as financing socially responsible businesses, had a positive impact on society. The Group plays an active role in energy transition: it strictly limited financing in the coal industry and successfully launched a green bond. BNP Paribas is the European leader in the Banking category for CSR criteria according to Vigeo Eiris, the extra-financial rating agency.

*

* *

## 2017-2020 BUSINESS DEVELOPMENT PLAN

The 2017-2020 business development plan is based on the Group’s integrated and diversified business model with three pillars focused on customers’ needs: Domestic Markets, International Financial Services (IFS) and Corporate and Institutional Banking (CIB).

Leveraging this balanced business model, which has demonstrated its strength, the plan aims to build the bank of the future by continuing to grow the businesses and implementing an ambitious

[1] Excluding exceptionals (+€147m in 2013; +€538m in 2016)
[2] 2013-2016 average annual growth rate
[3] Of which 2.5 billion euros during the 2014-2016 period
[4] 4.2% a year on average including new taxes and regulations

programme of digital transformation, new customer experience, and cost savings in strict compliance with the Corporate Social Responsibility policy.

The plan, which is based on conservative macroeconomic assumptions, factors in regulatory constraints expected by 2020 which continue to grow in the current Basel 3 regulatory framework (introduction of Net Stable Funding ratio (NSFR), TLAC requirement on top of the capital constraints…).

In this context, headwinds will continue to be strong at the beginning of the period before letting up in 2019-2020. On average, the Group's target is revenue growth above or equal to 2.5% per year in order to raise the ROE to 10% in 2020.

The Group is targeting an average growth of net income in excess of 6.5% per year for the whole period which will allow, with a 50% dividend pay-out ratio, to grow the dividend by 9% per year on average, and reach a 12%[1] CET1 ratio in 2020.

The 2017-2020 business development plan is based on an ambitious transformation programme in all the operating divisions and on differentiated development strategies between Domestic Markets, IFS and CIB:

## An ambitious programme of new customer experience, digital transformation & savings in all the divisions

In all the divisions, the Group will implement an ambitious transformation programme that aims at the same time to implement a new customer experience, the acceleration of digital transformation and improvement of operating efficiency.

It will rely on the success of a significant number of initiatives already underway in terms of products, apps and digital platforms (such as, for example, Hello bank ! and Wa ! in Domestic Markets, Cepteteb and BGZ Optima in IFS, Centric and Cortex in CIB), Tech Labs (such as l'Atelier and l'Echangeur) and incubators (such as the International Hackathon and Wai).

The Group plans to invest 3 billion euros between 2017 and 2019 in this programme that will generate 3.4 billion euros in savings during the same period and 2.7 billion in annual recurring savings starting from 2020 with a balanced contribution of all the divisions.

Five levers will be implemented in all the divisions to renew the customer experience and build a more digital and efficient bank: implement new customer journeys (new services, and digital, expanded, seamless and personalised journeys); improve the operational model by streamlining end-to-end processes, simplifying the organisations, and developing mutualised platforms; adapt information systems by incorporating in particular new technologies in order to accelerate digital and by promoting agile practices; better use data by leveraging them for customers' benefit and by reinforcing data storage, protection and analysis capacities; and, lastly, develop more digital, collaborative and agile work practices.

## Differentiated business development strategies per division

In an interest rate environment that will improve only very gradually and given new client expectations influenced by digital usages, Domestic Markets will reinforce the sales and marketing drive with new customer experiences, enhanced attractiveness of the offering and new services. The division will improve its operating efficiency by actively continuing to adapt the branch networks, transforming the operating model and accelerating digitalisation. In a risk environment that will continue to be favourable, it will continue its cost of risk control policy in Italy. The target of

[1] At constant regulatory framework

Domestic Markets[1] is thus an average annual revenue growth of more than 0.5% per year until 2020, a 3 point reduction in its cost income ratio and a return on equity[2] above 17.5% in 2020 (+2 points compared to 2016).

As a growth engine for the Group, International Financial Services will strengthen its positions by accelerating the development (new offerings, new partnerships, new regions for the specialised businesses), consolidating the leading positions of the businesses and continuing to expand retail banking outside of the Eurozone. The division will continue to adapt to future constraints (MIFID 2, etc.) and improve its operating efficiency, in particular by accelerating digital transformation and streamlining processes. The target of IFS[3] is thus an average annual revenue growth of more than 5% per year until 2020, a 5 point reduction in its cost income ratio and a 20% return on equity[2] in 2020 (+2 points compared to 2016).

CIB will capitalise on the good start of its plan in 2016 in all its dimensions: resource optimisation, cost reduction and revenue growth. The operating division will extend to 2020 all the actions under way and accelerate the operating and digital transformation. It will expand its corporate and institutional client base, continue to grow fee-generating businesses (advisory services, cash management, Securities Services) and continue to leverage its regional positions to develop international services. It will also expand its client base in Europe, in particular in the countries of Northern Europe (Germany, Netherlands, etc.), and will continue to develop cooperations with other businesses in the Group. The target of CIB is thus an average annual revenue growth of more than 4.5% per year until 2020, a 8 point reduction in its cost income ratio and a return on equity[2] of more than 19% in 2020 (+6 points compared to 2016).

*

* *

[1] Including 100% of Private Banking (excluding PEL/CEL effects)
[2] Return on notional equity (RONE)
[3] Excluding First Hawaiian Bank

*Page left intentionally blank*

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

| €m | 4Q16 | 4Q15 | 4Q16 / 4Q15 | 3Q16 | 4Q16 / 3Q16 | 2016 | 2015 | 2016 / 2015 |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | **10,656** | **10,449** | **+2.0%** | **10,589** | **+0.6%** | **43,411** | **42,938** | **+1.1%** |
| Operating Expenses and Dep. | -7,444 | -7,406 | +0.5% | -7,217 | +3.1% | -29,378 | -29,254 | +0.4% |
| **Gross Operating Income** | **3,212** | **3,043** | **+5.6%** | **3,372** | **-4.7%** | **14,033** | **13,684** | **+2.6%** |
| Cost of Risk | -950 | -968 | -1.9% | -764 | +24.3% | -3,262 | -3,797 | -14.1% |
| Costs related to the comprehensive settlement with US authorities | 0 | -100 | n.s. | 0 | n.s. | 0 | -100 | n.s. |
| **Operating Income** | **2,262** | **1,975** | **+14.5%** | **2,608** | **-13.3%** | **10,771** | **9,787** | **+10.1%** |
| Share of Earnings of Equity-Method Entities | 151 | 154 | -1.9% | 163 | -7.4% | 633 | 589 | +7.5% |
| Other Non Operating Items | -146 | -656 | -77.7% | 9 | n.s. | -194 | 3 | n.s. |
| **Non Operating Items** | **5** | **-502** | **n.s.** | **172** | **-97.1%** | **439** | **592** | **-25.8%** |
| **Pre-Tax Income** | **2,267** | **1,473** | **+53.9%** | **2,780** | **-18.5%** | **11,210** | **10,379** | **+8.0%** |
| Corporate Income Tax | -721 | -719 | +0.3% | -790 | -8.7% | -3,095 | -3,335 | -7.2% |
| Net Income Attributable to Minority Interests | -104 | -89 | +16.9% | -104 | -0.0% | -413 | -350 | +18.0% |
| **Net Income Attributable to Equity Holders** | **1,442** | **665** | **n.s.** | **1,886** | **-23.5%** | **7,702** | **6,694** | **+15.1%** |
| **Cost/Income** | **69.9%** | **70.9%** | **-1.0 pt** | **68.2%** | **+1.7 pt** | **67.7%** | **68.1%** | **-0.4 pt** |

*BNP Paribas' financial disclosures for the fourth quarter 2016 and for the year 2016 are contained in this press release and in the presentation attached herewith.*
*All legally required disclosures, including the Registration document, are available online at http://invest.bnpparibas.com in the "Results" section and are made public by BNP Paribas pursuant to the requirements under Article L.451-1-2 of the French Monetary and Financial Code and Articles 222-1 et seq. of the Autorité des Marchés Financiers' general rules.*

# 4Q16 – RESULTS BY CORE BUSINESSES

| €m | | Domestic Markets | International Financial Services | CIB | Operating Divisions | Other Activities | Group |
|---|---|---|---|---|---|---|---|
| **Revenues** | | **3,740** | **4,025** | **2,821** | **10,586** | **70** | **10,656** |
| | %Change/4Q15 | -1.1% | +3.1% | +8.0% | +2.8% | -53.6% | +2.0% |
| | %Change/3Q16 | -1.1% | +2.0% | -2.9% | -0.5% | n.s. | +0.6% |
| Operating Expenses and Dep. | | -2,719 | -2,481 | -1,914 | -7,114 | -330 | -7,444 |
| | %Change/4Q15 | +2.8% | +3.2% | -3.2% | +1.3% | -13.3% | +0.5% |
| | %Change/3Q16 | +9.0% | +7.0% | -5.4% | +4.1% | -13.4% | +3.1% |
| **Gross Operating Income** | | **1,022** | **1,544** | **907** | **3,472** | **-260** | **3,212** |
| | %Change/4Q15 | -10.1% | +2.9% | +42.6% | +6.1% | +13.2% | +5.6% |
| | %Change/3Q16 | -20.7% | -5.1% | +2.7% | -8.6% | -39.0% | -4.7% |
| Cost of Risk | | -399 | -425 | -70 | -894 | -56 | -950 |
| | %Change/4Q15 | -15.3% | +3.6% | +11.4% | -5.3% | n.s. | -1.9% |
| | %Change/3Q16 | +21.8% | +13.1% | -5.7% | +15.0% | n.s. | +24.3% |
| Costs related to the comprehensive settlement with US authorities | | 0 | 0 | 0 | 0 | 0 | 0 |
| | %Change/4Q15 | n.s. | n.s. | n.s. | n.s. | n.s. | n.s. |
| | %Change/3Q16 | n.s. | n.s. | n.s. | n.s. | n.s. | n.s. |
| **Operating Income** | | **623** | **1,118** | **837** | **2,578** | **-316** | **2,262** |
| | %Change/4Q15 | -6.5% | +2.7% | +46.0% | +10.7% | -10.6% | +14.5% |
| | %Change/3Q16 | -35.2% | -10.6% | +3.5% | -14.6% | -23.4% | -13.3% |
| Share of Earnings of Equity-Method Entities | | 13 | 116 | 9 | 138 | 13 | 151 |
| Other Non Operating Items | | -6 | 1 | -5 | -10 | -136 | -146 |
| **Pre-Tax Income** | | **630** | **1,236** | **841** | **2,707** | **-440** | **2,267** |
| | %Change/4Q15 | -7.4% | +2.5% | +50.8% | +10.8% | -54.7% | +53.9% |
| | %Change/3Q16 | -36.2% | -10.0% | +3.6% | -14.7% | +12.3% | -18.5% |

| €m | | Domestic Markets | International Financial Services | CIB | Operating Divisions | Other Activities | Group |
|---|---|---|---|---|---|---|---|
| **Revenues** | | **3,740** | **4,025** | **2,821** | **10,586** | **70** | **10,656** |
| | 4Q15 | 3,782 | 3,903 | 2,612 | 10,298 | 151 | 10,449 |
| | 3Q16 | 3,782 | 3,946 | 2,905 | 10,634 | -45 | 10,589 |
| Operating Expenses and Dep. | | -2,719 | -2,481 | -1,914 | -7,114 | -330 | -7,444 |
| | 4Q15 | -2,646 | -2,403 | -1,976 | -7,025 | -381 | -7,406 |
| | 3Q16 | -2,494 | -2,319 | -2,022 | -6,836 | -381 | -7,217 |
| **Gross Operating Income** | | **1,022** | **1,544** | **907** | **3,472** | **-260** | **3,212** |
| | 4Q15 | 1,137 | 1,500 | 636 | 3,273 | -230 | 3,043 |
| | 3Q16 | 1,288 | 1,627 | 883 | 3,798 | -426 | 3,372 |
| Cost of Risk | | -399 | -425 | -70 | -894 | -56 | -950 |
| | 4Q15 | -471 | -411 | -63 | -944 | -24 | -968 |
| | 3Q16 | -327 | -376 | -74 | -777 | 13 | -764 |
| Costs related to the comprehensive settlement with US authorities | | 0 | 0 | 0 | 0 | 0 | 0 |
| | 4Q15 | 0 | 0 | 0 | 0 | -100 | -100 |
| | 3Q16 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Operating Income** | | **623** | **1,118** | **837** | **2,578** | **-316** | **2,262** |
| | 4Q15 | 666 | 1,089 | 574 | 2,329 | -354 | 1,975 |
| | 3Q16 | 961 | 1,251 | 809 | 3,021 | -413 | 2,608 |
| Share of Earnings of Equity-Method Entities | | 13 | 116 | 9 | 138 | 13 | 151 |
| | 4Q15 | 21 | 117 | 10 | 149 | 5 | 154 |
| | 3Q16 | 18 | 122 | 2 | 141 | 22 | 163 |
| Other Non Operating Items | | -6 | 1 | -5 | -10 | -136 | -146 |
| | 4Q15 | -7 | 0 | -27 | -34 | -622 | -656 |
| | 3Q16 | 8 | 1 | 1 | 9 | 0 | 9 |
| **Pre-Tax Income** | | **630** | **1,236** | **841** | **2,707** | **-440** | **2,267** |
| | 4Q15 | 680 | 1,206 | 558 | 2,443 | -970 | 1,473 |
| | 3Q16 | 987 | 1,373 | 812 | 3,171 | -391 | 2,780 |
| Corporate Income Tax | | | | | | | -721 |
| Net Income Attributable to Minority Interests | | | | | | | -104 |
| **Net Income Attributable to Equity Holders** | | | | | | | **1,442** |

## 2016 – RESULTS BY CORE BUSINESSES

| €m | | Domestic Markets | International Financial Services | CIB | Operating Divisions | Other Activities | Group |
|---|---|---|---|---|---|---|---|
| **Revenues** | | **15,170** | **15,479** | **11,469** | **42,117** | **1,294** | **43,411** |
| | %Change/2015 | -0.4% | +1.2% | -0.3% | +0.2% | +42.1% | +1.1% |
| Operating Expenses and Dep. | | -10,336 | -9,544 | -8,309 | -28,189 | -1,189 | -29,378 |
| | %Change/2015 | +2.1% | +2.3% | -1.8% | +1.0% | -11.0% | +0.4% |
| **Gross Operating Income** | | **4,834** | **5,935** | **3,160** | **13,928** | **105** | **14,033** |
| | %Change/2015 | -5.2% | -0.4% | +3.6% | -1.3% | n.s. | +2.6% |
| Cost of Risk | | -1,509 | -1,496 | -217 | -3,223 | -39 | -3,262 |
| | %Change/2015 | -16.6% | -13.1% | +2.3% | -14.0% | -23.7% | -14.1% |
| Costs related to the comprehensive settlement with US authorities | | 0 | 0 | 0 | 0 | 0 | 0 |
| | %Change/2015 | n.s. | n.s. | n.s. | n.s. | n.s. | n.s. |
| **Operating Income** | | **3,324** | **4,439** | **2,943** | **10,705** | **66** | **10,771** |
| | %Change/2015 | +1.1% | +4.7% | +3.8% | +3.3% | n.s. | +10.1% |
| Share of Earnings of Equity-Method Entities | | 53 | 477 | 20 | 550 | 83 | 633 |
| Other Non Operating Items | | 2 | 8 | -1 | 10 | -204 | -194 |
| **Pre-Tax Income** | | **3,379** | **4,924** | **2,962** | **11,265** | **-55** | **11,210** |
| | %Change/2015 | +2.3% | +4.0% | -1.2% | +2.1% | -91.6% | +8.0% |
| Corporate Income Tax | | | | | | | -3,095 |
| Net Income Attributable to Minority Interests | | | | | | | -413 |
| **Net Income Attributable to Equity Holders** | | | | | | | **7,702** |

# QUARTERLY SERIES

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| **GROUP** | | | | | | | | |
| **Revenues** | **10,656** | **10,589** | **11,322** | **10,844** | **10,449** | **10,345** | **11,079** | **11,065** |
| Operating Expenses and Dep. | -7,444 | -7,217 | -7,090 | -7,627 | -7,406 | -6,957 | -7,083 | -7,808 |
| **Gross Operating Income** | **3,212** | **3,372** | **4,232** | **3,217** | **3,043** | **3,388** | **3,996** | **3,257** |
| Cost of Risk | -950 | -764 | -791 | -757 | -968 | -882 | -903 | -1,044 |
| Costs related to the comprehensive settlement with US authorities | 0 | 0 | 0 | 0 | -100 | 0 | 0 | 0 |
| **Operating Income** | **2,262** | **2,608** | **3,441** | **2,460** | **1,975** | **2,506** | **3,093** | **2,213** |
| Share of Earnings of Equity-Method Entities | 151 | 163 | 165 | 154 | 154 | 134 | 164 | 137 |
| Other Non Operating Items | -146 | 9 | -81 | 24 | -656 | 29 | 428 | 202 |
| **Pre-Tax Income** | **2,267** | **2,780** | **3,525** | **2,638** | **1,473** | **2,669** | **3,685** | **2,552** |
| Corporate Income Tax | -721 | -790 | -864 | -720 | -719 | -770 | -1,035 | -811 |
| Net Income Attributable to Minority Interests | -104 | -104 | -101 | -104 | -89 | -73 | -95 | -93 |
| **Net Income Attributable to Equity Holders** | **1,442** | **1,886** | **2,560** | **1,814** | **665** | **1,826** | **2,555** | **1,648** |
| **Cost/Income** | **69.9%** | **68.2%** | **62.6%** | **70.3%** | **70.9%** | **67.2%** | **63.9%** | **70.6%** |

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| **RETAIL BANKING & SERVICES Excluding PEL/CEL Effects** | | | | | | | | |
| **Revenues** | **7,758** | **7,735** | **7,636** | **7,522** | **7,681** | **7,582** | **7,719** | **7,571** |
| Operating Expenses and Dep. | -5,200 | -4,813 | -4,681 | -5,187 | -5,049 | -4,701 | -4,636 | -5,074 |
| **Gross Operating Income** | **2,558** | **2,922** | **2,956** | **2,335** | **2,632** | **2,881** | **3,082** | **2,496** |
| Cost of Risk | -824 | -704 | -740 | -738 | -882 | -837 | -865 | -950 |
| **Operating Income** | **1,733** | **2,218** | **2,216** | **1,598** | **1,750** | **2,045** | **2,218** | **1,546** |
| Share of Earnings of Equity-Method Entities | 130 | 140 | 124 | 136 | 138 | 117 | 139 | 115 |
| Other Non Operating Items | -5 | 9 | -2 | 8 | -8 | 20 | -2 | -10 |
| **Pre-Tax Income** | **1,858** | **2,367** | **2,339** | **1,742** | **1,881** | **2,182** | **2,355** | **1,651** |
| Allocated Equity (€bn, year to date) | 49.0 | 48.8 | 48.6 | 48.7 | 48.4 | 48.4 | 48.3 | 47.7 |

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| **RETAIL BANKING & SERVICES** | | | | | | | | |
| **Revenues** | **7,765** | **7,728** | **7,615** | **7,540** | **7,685** | **7,580** | **7,713** | **7,543** |
| Operating Expenses and Dep. | -5,200 | -4,813 | -4,681 | -5,187 | -5,049 | -4,701 | -4,636 | -5,074 |
| **Gross Operating Income** | **2,565** | **2,915** | **2,935** | **2,353** | **2,637** | **2,879** | **3,077** | **2,469** |
| Cost of Risk | -824 | -704 | -740 | -738 | -882 | -837 | -865 | -950 |
| **Operating Income** | **1,741** | **2,212** | **2,195** | **1,616** | **1,755** | **2,042** | **2,212** | **1,519** |
| Share of Earnings of Equity-Method Entities | 130 | 140 | 124 | 136 | 138 | 117 | 139 | 115 |
| Other Non Operating Items | -5 | 9 | -2 | 8 | -8 | 20 | -2 | -10 |
| **Pre-Tax Income** | **1,866** | **2,360** | **2,318** | **1,760** | **1,885** | **2,180** | **2,349** | **1,623** |
| Allocated Equity (€bn, year to date) | 49.0 | 48.8 | 48.6 | 48.7 | 48.4 | 48.4 | 48.3 | 47.7 |

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| **DOMESTIC MARKETS (including 100% of Private Banking in France, Italy, Belgium and Luxembourg)* Excluding PEL/CEL Effects** | | | | | | | | |
| **Revenues** | **3,866** | **3,923** | **3,962** | **3,963** | **3,905** | **3,920** | **3,982** | **3,991** |
| Operating Expenses and Dep. | -2,794 | -2,567 | -2,449 | -2,818 | -2,713 | -2,526 | -2,398 | -2,755 |
| **Gross Operating Income** | **1,072** | **1,356** | **1,513** | **1,145** | **1,191** | **1,394** | **1,584** | **1,235** |
| Cost of Risk | -399 | -329 | -388 | -399 | -471 | -419 | -433 | -490 |
| **Operating Income** | **674** | **1,028** | **1,124** | **746** | **721** | **975** | **1,152** | **745** |
| Share of Earnings of Equity-Method Entities | 14 | 18 | 13 | 9 | 22 | 14 | 9 | 5 |
| Other Non Operating Items | -6 | 8 | 2 | -2 | -7 | -7 | -4 | -15 |
| **Pre-Tax Income** | **681** | **1,054** | **1,140** | **753** | **735** | **981** | **1,156** | **736** |
| Income Attributable to Wealth and Asset Management | -59 | -61 | -63 | -63 | -60 | -71 | -72 | -70 |
| **Pre-Tax Income of Domestic Markets** | **622** | **993** | **1,076** | **690** | **675** | **911** | **1,084** | **666** |
| Allocated Equity (€bn, year to date) | 23.0 | 22.9 | 22.9 | 22.9 | 22.7 | 22.6 | 22.6 | 22.6 |

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| **DOMESTIC MARKETS (including 2/3 of Private Banking in France, Italy, Belgium and Luxembourg)** | | | | | | | | |
| **Revenues** | **3,740** | **3,782** | **3,803** | **3,844** | **3,782** | **3,781** | **3,842** | **3,821** |
| Operating Expenses and Dep. | -2,719 | -2,494 | -2,378 | -2,745 | -2,646 | -2,459 | -2,336 | -2,685 |
| **Gross Operating Income** | **1,022** | **1,288** | **1,425** | **1,099** | **1,137** | **1,322** | **1,506** | **1,136** |
| Cost of Risk | -399 | -327 | -385 | -398 | -471 | -420 | -432 | -488 |
| **Operating Income** | **623** | **961** | **1,040** | **701** | **666** | **902** | **1,074** | **648** |
| Share of Earnings of Equity-Method Entities | 13 | 18 | 13 | 9 | 21 | 14 | 9 | 5 |
| Other Non Operating Items | -6 | 8 | 2 | -2 | -7 | -7 | -4 | -15 |
| **Pre-Tax Income** | **630** | **987** | **1,055** | **708** | **680** | **908** | **1,078** | **638** |
| Allocated Equity (€bn, year to date) | 23.0 | 22.9 | 22.9 | 22.9 | 22.7 | 22.6 | 22.6 | 22.6 |

** Including 100% of Private Banking for Revenues down to Pre-tax income line items*

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| FRENCH RETAIL BANKING (including 100% of Private Banking in France)* | | | | | | | | |
| **Revenues** | **1,556** | **1,594** | **1,587** | **1,661** | **1,608** | **1,649** | **1,663** | **1,646** |
| *Incl. Net Interest Income* | *907* | *916* | *879* | *972* | *951* | *959* | *929* | *934* |
| *Incl. Commissions* | *649* | *678* | *709* | *689* | *657* | *690* | *734* | *713* |
| Operating Expenses and Dep. | -1,216 | -1,178 | -1,106 | -1,173 | -1,207 | -1,172 | -1,097 | -1,164 |
| **Gross Operating Income** | **340** | **416** | **481** | **488** | **401** | **477** | **565** | **483** |
| Cost of Risk | -124 | -72 | -72 | -73 | -88 | -79 | -87 | -89 |
| **Operating Income** | **215** | **345** | **408** | **415** | **313** | **398** | **478** | **394** |
| Non Operating Items | 1 | 0 | 1 | 1 | 1 | 1 | 1 | 1 |
| **Pre-Tax Income** | **217** | **345** | **409** | **416** | **314** | **398** | **479** | **395** |
| Income Attributable to Wealth and Asset Management | -32 | -34 | -32 | -39 | -34 | -41 | -43 | -42 |
| **Pre-Tax Income of French Retail Banking** | **184** | **310** | **377** | **377** | **281** | **358** | **436** | **353** |
| Allocated Equity (€bn, year to date) | 8.7 | 8.6 | 8.5 | 8.6 | 8.3 | 8.3 | 8.3 | 8.3 |

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| FRENCH RETAIL BANKING (including 100% of Private Banking in France)* Excluding PEL/CEL Effects** | | | | | | | | |
| **Revenues** | **1,548** | **1,601** | **1,608** | **1,643** | **1,603** | **1,651** | **1,668** | **1,674** |
| *Incl. Net Interest Income* | *899* | *923* | *900* | *954* | *946* | *961* | *935* | *961* |
| *Incl. Commissions* | *649* | *678* | *709* | *689* | *657* | *690* | *734* | *713* |
| Operating Expenses and Dep. | -1,216 | -1,178 | -1,106 | -1,173 | -1,207 | -1,172 | -1,097 | -1,164 |
| **Gross Operating Income** | **332** | **423** | **502** | **470** | **396** | **479** | **571** | **510** |
| Cost of Risk | -124 | -72 | -72 | -73 | -88 | -79 | -87 | -89 |
| **Operating Income** | **208** | **351** | **430** | **397** | **308** | **400** | **484** | **422** |
| Non Operating Items | 1 | 0 | 1 | 1 | 1 | 1 | 1 | 1 |
| **Pre-Tax Income** | **209** | **351** | **430** | **398** | **309** | **401** | **485** | **422** |
| Income Attributable to Wealth and Asset Management | -32 | -34 | -32 | -39 | -34 | -41 | -43 | -42 |
| **Pre-Tax Income of French Retail Banking** | **177** | **317** | **398** | **359** | **276** | **360** | **442** | **380** |
| Allocated Equity (€bn, year to date) | 8.7 | 8.6 | 8.5 | 8.6 | 8.3 | 8.3 | 8.3 | 8.3 |

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| FRENCH RETAIL BANKING (including 2/3 of Private Banking in France) | | | | | | | | |
| **Revenues** | **1,485** | **1,523** | **1,516** | **1,588** | **1,539** | **1,576** | **1,588** | **1,570** |
| Operating Expenses and Dep. | -1,178 | -1,141 | -1,068 | -1,139 | -1,173 | -1,141 | -1,065 | -1,130 |
| **Gross Operating Income** | **307** | **382** | **448** | **450** | **367** | **436** | **523** | **440** |
| Cost of Risk | -124 | -71 | -72 | -73 | -87 | -79 | -87 | -88 |
| **Operating Income** | **183** | **311** | **376** | **377** | **280** | **357** | **436** | **352** |
| Non Operating Items | 1 | 0 | 1 | 1 | 1 | 1 | 1 | 1 |
| **Pre-Tax Income** | **184** | **310** | **377** | **377** | **281** | **358** | **436** | **353** |
| Allocated Equity (€bn, year to date) | 8.7 | 8.6 | 8.5 | 8.6 | 8.3 | 8.3 | 8.3 | 8.3 |

** Including 100% of Private Banking for the Revenues to Pre-tax income items*

*** Reminder on PEL/CEL provision: this provision takes into account the risk generated by Plans Epargne Logement (PEL) and Comptes Epargne Logement (CEL) during their whole lifetime.*

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| **PEL/CEL effects** | 8 | -7 | -21 | 18 | 5 | -2 | -6 | -28 |

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| BNL banca commerciale (Including 100% of Private Banking in Italy)* | | | | | | | | |
| **Revenues** | **745** | **741** | **749** | **737** | **781** | **763** | **797** | **809** |
| Operating Expenses and Dep. | -543 | -448 | -433 | -462 | -550 | -446 | -443 | -464 |
| **Gross Operating Income** | **202** | **293** | **317** | **275** | **230** | **317** | **354** | **345** |
| Cost of Risk | -229 | -215 | -242 | -274 | -300 | -309 | -318 | -321 |
| **Operating Income** | **-27** | **78** | **74** | **1** | **-70** | **8** | **36** | **24** |
| Non Operating Items | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -1 |
| **Pre-Tax Income** | **-27** | **78** | **74** | **1** | **-70** | **8** | **36** | **23** |
| Income Attributable to Wealth and Asset Management | -10 | -9 | -9 | -10 | -10 | -9 | -11 | -10 |
| **Pre-Tax Income of BNL bc** | **-36** | **70** | **65** | **-8** | **-80** | **-1** | **24** | **13** |
| Allocated Equity (€bn, year to date) | 5.7 | 5.8 | 5.9 | 6.0 | 6.5 | 6.5 | 6.5 | 6.6 |

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| BNL banca commerciale (Including 2/3 of Private Banking in Italy) | | | | | | | | |
| **Revenues** | **725** | **721** | **730** | **718** | **762** | **745** | **777** | **790** |
| Operating Expenses and Dep. | -533 | -438 | -423 | -453 | -541 | -437 | -434 | -455 |
| **Gross Operating Income** | **192** | **284** | **307** | **265** | **221** | **308** | **342** | **335** |
| Cost of Risk | -229 | -214 | -242 | -274 | -301 | -309 | -318 | -321 |
| **Operating Income** | **-36** | **70** | **65** | **-8** | **-80** | **-1** | **24** | **14** |
| Non Operating Items | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -1 |
| **Pre-Tax Income** | **-36** | **70** | **65** | **-8** | **-80** | **-1** | **24** | **13** |
| Allocated Equity (€bn, year to date) | 5.7 | 5.8 | 5.9 | 6.0 | 6.5 | 6.5 | 6.5 | 6.6 |

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| BELGIAN RETAIL BANKING (Including 100% of Private Banking in Belgium)* | | | | | | | | |
| **Revenues** | **908** | **914** | **923** | **917** | **882** | **880** | **893** | **897** |
| Operating Expenses and Dep. | -661 | -575 | -555 | -791 | -588 | -576 | -525 | -773 |
| **Gross Operating Income** | **247** | **339** | **367** | **126** | **295** | **305** | **368** | **123** |
| Cost of Risk | -9 | -19 | -49 | -21 | -52 | 2 | -2 | -34 |
| **Operating Income** | **237** | **320** | **318** | **106** | **243** | **306** | **366** | **90** |
| Share of Earnings of Equity-Method Entities | 2 | 5 | 5 | -4 | 3 | 3 | 5 | -1 |
| Other Non Operating Items | -1 | -2 | 0 | 0 | 5 | -7 | -4 | -13 |
| **Pre-Tax Income** | **239** | **323** | **323** | **102** | **250** | **303** | **367** | **76** |
| Income Attributable to Wealth and Asset Management | -17 | -18 | -21 | -14 | -14 | -20 | -17 | -17 |
| **Pre-Tax Income of Belgian Retail Banking** | **222** | **305** | **302** | **88** | **235** | **283** | **350** | **60** |
| Allocated Equity (€bn, year to date) | 4.7 | 4.7 | 4.7 | 4.6 | 4.5 | 4.5 | 4.5 | 4.4 |

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| BELGIAN RETAIL BANKING (Including 2/3 of Private Banking in Belgium) | | | | | | | | |
| **Revenues** | **867** | **871** | **878** | **875** | **846** | **838** | **856** | **852** |
| Operating Expenses and Dep. | -636 | -550 | -534 | -763 | -565 | -551 | -506 | -747 |
| **Gross Operating Income** | **230** | **321** | **344** | **112** | **280** | **286** | **350** | **105** |
| Cost of Risk | -10 | -19 | -46 | -20 | -52 | 0 | -1 | -32 |
| **Operating Income** | **221** | **302** | **297** | **92** | **228** | **286** | **349** | **73** |
| Share of Earnings of Equity-Method Entities | 2 | 5 | 5 | -4 | 3 | 3 | 5 | -1 |
| Other Non Operating Items | -1 | -2 | 0 | 0 | 5 | -7 | -4 | -13 |
| **Pre-Tax Income** | **222** | **305** | **302** | **88** | **235** | **283** | **350** | **60** |
| Allocated Equity (€bn, year to date) | 4.7 | 4.7 | 4.7 | 4.6 | 4.5 | 4.5 | 4.5 | 4.4 |

** Including 100% of Private Banking for the Revenues to Pre-tax income items*

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| OTHER DOMESTIC MARKETS ACTIVITIES INCLUDING LUXEMBOURG (Including 100% of Private Banking in Luxembourg)* | | | | | | | | |
| **Revenues** | **666** | **669** | **681** | **666** | **638** | **625** | **624** | **611** |
| Operating Expenses and Dep. | -374 | -367 | -355 | -393 | -368 | -332 | -332 | -354 |
| **Gross Operating Income** | **292** | **302** | **327** | **273** | **270** | **293** | **292** | **257** |
| Cost of Risk | -37 | -23 | -25 | -31 | -31 | -33 | -26 | -47 |
| **Operating Income** | **255** | **279** | **302** | **242** | **240** | **260** | **266** | **210** |
| Share of Earnings of Equity-Method Entities | 10 | 13 | 8 | 12 | 18 | 10 | 3 | 5 |
| Other Non Operating Items | -6 | 10 | 3 | -2 | -13 | 0 | 0 | -1 |
| **Pre-Tax Income** | **260** | **301** | **312** | **252** | **245** | **270** | **269** | **214** |
| Income Attributable to Wealth and Asset Management | 0 | 0 | -1 | -1 | -1 | -1 | -1 | -1 |
| **Pre-Tax Income of Other Domestic Markets** | **259** | **301** | **311** | **251** | **244** | **269** | **267** | **213** |
| Allocated Equity (€bn, year to date) | 3.8 | 3.8 | 3.8 | 3.8 | 3.5 | 3.4 | 3.4 | 3.3 |

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| OTHER DOMESTIC MARKETS ACTIVITIES INCLUDING LUXEMBOURG (Including 2/3 of Private Banking in Luxembourg) | | | | | | | | |
| **Revenues** | **663** | **666** | **679** | **663** | **636** | **622** | **621** | **608** |
| Operating Expenses and Dep. | -372 | -365 | -353 | -391 | -366 | -330 | -331 | -353 |
| **Gross Operating Income** | **291** | **301** | **326** | **272** | **269** | **292** | **290** | **255** |
| Cost of Risk | -36 | -23 | -25 | -31 | -31 | -33 | -26 | -47 |
| **Operating Income** | **255** | **278** | **301** | **241** | **238** | **259** | **265** | **209** |
| Share of Earnings of Equity-Method Entities | 10 | 13 | 8 | 12 | 18 | 10 | 3 | 5 |
| Other Non Operating Items | -6 | 10 | 3 | -2 | -13 | 0 | 0 | -1 |
| **Pre-Tax Income** | **259** | **301** | **311** | **251** | **244** | **269** | **267** | **213** |
| Allocated Equity (€bn, year to date) | 3.8 | 3.8 | 3.8 | 3.8 | 3.5 | 3.4 | 3.4 | 3.3 |

** Including 100% of Private Banking for the Revenues to Pre-tax income items*

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| **INTERNATIONAL FINANCIAL SERVICES** | | | | | | | | |
| **Revenues** | **4,025** | **3,946** | **3,813** | **3,696** | **3,903** | **3,799** | **3,871** | **3,722** |
| Operating Expenses and Dep. | -2,481 | -2,319 | -2,303 | -2,442 | -2,403 | -2,242 | -2,300 | -2,389 |
| **Gross Operating Income** | **1,544** | **1,627** | **1,510** | **1,254** | **1,500** | **1,558** | **1,571** | **1,333** |
| Cost of Risk | -425 | -376 | -355 | -339 | -411 | -417 | -432 | -462 |
| **Operating Income** | **1,118** | **1,251** | **1,155** | **915** | **1,089** | **1,141** | **1,138** | **871** |
| Share of Earnings of Equity-Method Entities | 116 | 122 | 111 | 127 | 117 | 103 | 131 | 109 |
| Other Non Operating Items | 1 | 1 | -4 | 10 | 0 | 27 | 2 | 5 |
| **Pre-Tax Income** | **1,236** | **1,373** | **1,262** | **1,052** | **1,206** | **1,272** | **1,271** | **985** |
| Allocated Equity (€bn, year to date) | 26.1 | 25.9 | 25.7 | 25.8 | 25.7 | 25.7 | 25.7 | 25.0 |

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| PERSONAL FINANCE | | | | | | | | |
| **Revenues** | **1,185** | **1,177** | **1,168** | **1,149** | **1,161** | **1,174** | **1,164** | **1,161** |
| Operating Expenses and Dep. | -598 | -544 | -547 | -609 | -580 | -545 | -581 | -609 |
| **Gross Operating Income** | **587** | **632** | **621** | **540** | **581** | **629** | **583** | **552** |
| Cost of Risk | -269 | -240 | -248 | -221 | -309 | -287 | -288 | -292 |
| **Operating Income** | **317** | **392** | **373** | **319** | **273** | **342** | **295** | **260** |
| Share of Earnings of Equity-Method Entities | 18 | 18 | -8 | 13 | 21 | 22 | 15 | 17 |
| Other Non Operating Items | -2 | 0 | -1 | 1 | -1 | 0 | 2 | -2 |
| **Pre-Tax Income** | **334** | **411** | **364** | **333** | **293** | **364** | **312** | **276** |
| Allocated Equity (€bn, year to date) | 4.9 | 4.9 | 4.8 | 4.8 | 4.5 | 4.5 | 4.4 | 4.2 |

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| EUROPE-MEDITERRANEAN (Including 100% of Private Banking in Turkey)* | | | | | | | | |
| **Revenues** | **630** | **659** | **616** | **608** | **626** | **617** | **663** | **609** |
| Operating Expenses and Dep. | -431 | -413 | -429 | -432 | -444 | -404 | -408 | -452 |
| **Gross Operating Income** | **200** | **245** | **187** | **176** | **183** | **213** | **255** | **158** |
| Cost of Risk | -127 | -127 | -87 | -96 | -96 | -112 | -109 | -150 |
| **Operating Income** | **73** | **118** | **100** | **80** | **87** | **101** | **146** | **8** |
| Share of Earnings of Equity-Method Entities | 49 | 48 | 53 | 50 | 46 | 44 | 42 | 42 |
| Other Non Operating Items | -1 | 0 | -4 | 2 | 1 | 0 | -2 | 1 |
| **Pre-Tax Income** | **121** | **166** | **149** | **132** | **134** | **145** | **186** | **51** |
| Income Attributable to Wealth and Asset Management | -1 | 0 | -1 | -1 | -1 | -1 | -1 | -1 |
| **Pre-Tax Income of EUROPE-MEDITERRANEAN** | **120** | **165** | **149** | **132** | **133** | **145** | **185** | **51** |
| Allocated Equity (€bn, year to date) | 5.2 | 5.2 | 5.2 | 5.1 | 5.4 | 5.4 | 5.4 | 5.3 |

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| EUROPE-MEDITERRANEAN (Including 2/3 of Private Banking in Turkey) | | | | | | | | |
| **Revenues** | **628** | **656** | **614** | **606** | **625** | **614** | **661** | **607** |
| Operating Expenses and Dep. | -429 | -411 | -428 | -431 | -442 | -403 | -406 | -450 |
| **Gross Operating Income** | **199** | **245** | **187** | **176** | **182** | **212** | **254** | **157** |
| Cost of Risk | -127 | -127 | -87 | -96 | -96 | -112 | -109 | -150 |
| **Operating Income** | **72** | **118** | **100** | **80** | **86** | **100** | **145** | **8** |
| Share of Earnings of Equity-Method Entities | 49 | 48 | 53 | 50 | 46 | 44 | 42 | 42 |
| Other Non Operating Items | -1 | 0 | -4 | 2 | 1 | 0 | -2 | 1 |
| **Pre-Tax Income** | **120** | **165** | **149** | **132** | **133** | **145** | **185** | **51** |
| Allocated Equity (€bn, year to date) | 5.2 | 5.2 | 5.2 | 5.1 | 5.4 | 5.4 | 5.4 | 5.3 |

** Including 100% of Private Banking for the Revenues to Pre-tax income items*

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| BANCWEST (Including 100% of Private Banking in United States)* | | | | | | | | |
| **Revenues** | **795** | **728** | **688** | **773** | **735** | **702** | **731** | **667** |
| Operating Expenses and Dep. | -521 | -501 | -482 | -534 | -481 | -465 | -466 | -470 |
| **Gross Operating Income** | **274** | **227** | **207** | **239** | **253** | **237** | **265** | **197** |
| Cost of Risk | -23 | -14 | -23 | -25 | 4 | -19 | -16 | -19 |
| **Operating Income** | **251** | **213** | **184** | **214** | **257** | **218** | **249** | **178** |
| Share of Earnings of Equity-Method Entities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Non Operating Items | 4 | 1 | 1 | 10 | 2 | 25 | 1 | 3 |
| **Pre-Tax Income** | **255** | **214** | **184** | **225** | **260** | **243** | **250** | **180** |
| Income Attributable to Wealth and Asset Management | -5 | -4 | -3 | -3 | -3 | -3 | -2 | -2 |
| **Pre-Tax Income of BANCWEST** | **251** | **210** | **181** | **221** | **257** | **240** | **248** | **178** |
| Allocated Equity (€bn, year to date) | 6.3 | 6.2 | 6.3 | 6.4 | 6.3 | 6.3 | 6.3 | 6.0 |

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| BANCWEST (Including 2/3 of Private Banking in United States) | | | | | | | | |
| **Revenues** | **782** | **716** | **677** | **762** | **724** | **692** | **721** | **658** |
| Operating Expenses and Dep. | -513 | -493 | -474 | -526 | -474 | -457 | -459 | -463 |
| **Gross Operating Income** | **269** | **223** | **203** | **236** | **250** | **234** | **262** | **195** |
| Cost of Risk | -23 | -14 | -23 | -25 | 4 | -19 | -16 | -19 |
| **Operating Income** | **246** | **209** | **180** | **211** | **255** | **215** | **247** | **175** |
| Non Operating Items | 4 | 1 | 1 | 10 | 2 | 25 | 1 | 3 |
| **Pre-Tax Income** | **251** | **210** | **181** | **221** | **257** | **240** | **248** | **178** |
| Allocated Equity (€bn, year to date) | 6.3 | 6.2 | 6.3 | 6.4 | 6.3 | 6.3 | 6.3 | 6.0 |

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| INSURANCE | | | | | | | | |
| **Revenues** | **636** | **679** | **611** | **456** | **604** | **579** | **562** | **575** |
| Operating Expenses and Dep. | -315 | -299 | -278 | -309 | -302 | -278 | -276 | -301 |
| **Gross Operating Income** | **321** | **380** | **333** | **147** | **302** | **301** | **286** | **275** |
| Cost of Risk | -1 | 3 | 1 | -1 | -4 | 2 | -4 | 0 |
| **Operating Income** | **320** | **383** | **334** | **146** | **298** | **304** | **282** | **275** |
| Share of Earnings of Equity-Method Entities | 36 | 44 | 54 | 55 | 40 | 28 | 60 | 42 |
| Other Non Operating Items | 0 | 0 | 0 | -3 | -1 | 0 | 1 | 0 |
| **Pre-Tax Income** | **356** | **427** | **387** | **199** | **337** | **332** | **343** | **316** |
| Allocated Equity (€bn, year to date) | 7.5 | 7.4 | 7.4 | 7.4 | 7.4 | 7.3 | 7.3 | 7.3 |

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| WEALTH AND ASSET MANAGEMENT | | | | | | | | |
| **Revenues** | **794** | **718** | **743** | **723** | **789** | **739** | **764** | **720** |
| Operating Expenses and Dep. | -626 | -572 | -577 | -567 | -605 | -558 | -579 | -566 |
| **Gross Operating Income** | **168** | **146** | **166** | **156** | **184** | **181** | **185** | **154** |
| Cost of Risk | -5 | 3 | 3 | 3 | -7 | -1 | -16 | -1 |
| **Operating Income** | **163** | **149** | **169** | **159** | **177** | **180** | **169** | **153** |
| Share of Earnings of Equity-Method Entities | 13 | 12 | 13 | 8 | 11 | 10 | 14 | 8 |
| Other Non Operating Items | 0 | 0 | 0 | 0 | -3 | 2 | 0 | 3 |
| **Pre-Tax Income** | **176** | **161** | **181** | **167** | **185** | **191** | **183** | **165** |
| Allocated Equity (€bn, year to date) | 2.1 | 2.1 | 2.1 | 2.1 | 2.2 | 2.2 | 2.2 | 2.2 |

** Including 100% of Private Banking for the Revenues to Pre-tax income items*

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| **CORPORATE AND INSTITUTIONAL BANKING** | | | | | | | | |
| **Revenues** | **2,821** | **2,905** | **3,056** | **2,686** | **2,612** | **2,567** | **3,014** | **3,313** |
| Operating Expenses and Dep. | -1,914 | -2,022 | -2,115 | -2,258 | -1,976 | -1,955 | -2,051 | -2,475 |
| **Gross Operating Income** | **907** | **883** | **942** | **428** | **636** | **612** | **963** | **838** |
| Cost of Risk | -70 | -74 | -46 | -28 | -63 | -40 | -14 | -96 |
| **Operating Income** | **837** | **809** | **896** | **400** | **574** | **572** | **948** | **742** |
| Share of Earnings of Equity-Method Entities | 9 | 2 | 13 | -3 | 10 | 2 | 13 | 8 |
| Other Non Operating Items | -5 | 1 | -2 | 6 | -27 | -2 | 20 | 136 |
| **Pre-Tax Income** | **841** | **812** | **907** | **403** | **558** | **573** | **981** | **885** |
| Allocated Equity (€bn, year to date) | 22.2 | 22.2 | 22.0 | 21.9 | 21.6 | 21.6 | 21.5 | 20.6 |

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| CORPORATE BANKING | | | | | | | | |
| **Revenues** | **1,071** | **958** | **1,037** | **929** | **1,126** | **877** | **1,015** | **988** |
| Operating Expenses and Dep. | -567 | -591 | -601 | -693 | -606 | -584 | -611 | -669 |
| **Gross Operating Income** | **504** | **368** | **436** | **236** | **520** | **293** | **404** | **319** |
| Cost of Risk | -115 | -79 | -42 | -55 | -69 | -50 | 55 | -73 |
| **Operating Income** | **388** | **289** | **394** | **181** | **451** | **243** | **459** | **246** |
| Non Operating Items | 14 | -3 | 2 | 0 | -10 | -1 | 32 | 139 |
| **Pre-Tax Income** | **402** | **286** | **396** | **181** | **441** | **242** | **491** | **385** |
| Allocated Equity (€bn, year to date) | 12.4 | 12.3 | 12.3 | 12.2 | 11.4 | 11.4 | 11.3 | 11.0 |

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| GLOBAL MARKETS | | | | | | | | |
| **Revenues** | **1,284** | **1,490** | **1,558** | **1,318** | **1,053** | **1,245** | **1,526** | **1,886** |
| *incl. FICC* | *838* | *1,082* | *1,050* | *890* | *682* | *766* | *900* | *1,159* |
| *incl. Equity & Prime Services* | *446* | *408* | *509* | *428* | *371* | *478* | *626* | *728* |
| Operating Expenses and Dep. | -967 | -1,065 | -1,139 | -1,184 | -980 | -1,001 | -1,073 | -1,450 |
| **Gross Operating Income** | **317** | **425** | **419** | **134** | **73** | **243** | **453** | **436** |
| Cost of Risk | 44 | 5 | -4 | 27 | 4 | 11 | -72 | -23 |
| **Operating Income** | **361** | **430** | **415** | **160** | **77** | **254** | **380** | **413** |
| Share of Earnings of Equity-Method Entities | -3 | 5 | 11 | -4 | 6 | 4 | 2 | 6 |
| Other Non Operating Items | -8 | 0 | -2 | 6 | -12 | -2 | 0 | -1 |
| **Pre-Tax Income** | **350** | **435** | **424** | **163** | **72** | **256** | **382** | **418** |
| Allocated Equity (€bn, year to date) | 9.0 | 9.1 | 9.0 | 9.1 | 9.5 | 9.5 | 9.5 | 9.0 |

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| SECURITIES SERVICES | | | | | | | | |
| **Revenues** | **466** | **457** | **461** | **440** | **433** | **444** | **473** | **439** |
| Operating Expenses and Dep. | -380 | -367 | -374 | -382 | -390 | -369 | -368 | -356 |
| **Gross Operating Income** | **86** | **90** | **87** | **59** | **43** | **75** | **106** | **83** |
| Cost of Risk | 2 | 0 | 1 | 0 | 3 | 0 | 3 | 0 |
| **Operating Income** | **87** | **90** | **88** | **59** | **45** | **75** | **109** | **83** |
| Non Operating Items | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Pre-Tax Income** | **88** | **91** | **87** | **59** | **45** | **75** | **109** | **83** |
| Allocated Equity (€bn, year to date) | 0.8 | 0.8 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 | 0.6 |

| €m | 4Q16 | 3Q16 | 2Q16 | 1Q16 | 4Q15 | 3Q15 | 2Q15 | 1Q15 |
|---|---|---|---|---|---|---|---|---|
| **CORPORATE CENTRE** | | | | | | | | |
| **Revenues** | **70** | **-45** | **650** | **618** | **151** | **198** | **352** | **209** |
| Operating Expenses and Dep. | -330 | -381 | -295 | -182 | -381 | -302 | -395 | -258 |
| *Incl. Restructuring and Transformation Costs* | *-154* | *-253* | *-108* | *-46* | *-286* | *-160* | *-217* | *-130* |
| **Gross Operating Income** | **-260** | **-426** | **356** | **435** | **-230** | **-103** | **-43** | **-50** |
| Cost of Risk | -56 | 13 | -5 | 9 | -24 | -6 | -24 | 2 |
| Costs related to the comprehensive settlement with US authorities | 0 | 0 | 0 | 0 | -100 | 0 | 0 | 0 |
| **Operating Income** | **-316** | **-413** | **350** | **444** | **-354** | **-109** | **-67** | **-47** |
| Share of Earnings of Equity-Method Entities | 13 | 22 | 28 | 21 | 5 | 14 | 12 | 15 |
| Other Non Operating Items | -136 | 0 | -77 | 10 | -622 | 11 | 410 | 76 |
| **Pre-Tax Income** | **-440** | **-391** | **301** | **475** | **-970** | **-84** | **354** | **43** |

# ALTERNATIVE PERFORMANCE MEASURES (APM)
# ARTICLE 223-1 OF THE AMF'S GENERAL REGULATION

| Alternative Performance Measures | Definition | Reason for use |
|---|---|---|
| **Revenues of the operating divisions** | Sum of the revenues of Domestic Markets, IFS and CIB<br>Revenues for BNP Paribas Group = Revenues of the operating divisions + Revenues of Corporate Centre | Representative measure of the BNP Paribas Group's operating performance |
| **Revenues excluding PEL/CEL effects** | Revenues excluding PEL/CEL effects | Representative measure of the revenues of the period excluding changes in the provision that accounts for the risk generated by PEL and CEL accounts during their lifetime |
| **Profit & Loss account of retail banking activitywith 100% of Private Banking** | Profit & Loss account of a retail banking activity including the whole Profit & Loss account of private banking | Representative measure of the performance of retail banking activity including the total performance of private banking (before sharing the profit & loss account with the Wealth Management business, private banking being under a joint responsibility of retail banking (2/3) and Wealth Management business (1/3)) |
| **Cost of risk/Customer loans at the beginning of the period (in basis points)** | Cost of risk (in €m) divided by customer loans at the beginning of the period | Measure of the risk level by business in percentage of the volume of outstanding loans |
| **Net income Group share excluding exceptional items** | Net income attributable to equity holders excluding exceptional items | Measure of BNP Paribas Group's net income excluding non-recurring items of a significant amount or items that do not reflect the underlying operating performance, notably Own Credit valuation Adjustments for debts (OCA) and for derivatives (Debit Valuation Adjustment - DVA) as well as transformation and restructuring costs |
| **Return on Equity (ROE) excluding exceptional items** | Net income Group share excluding exceptional items and remuneration of Undated Super Subordinated Notes divided by the average of permanent shareholders' equity of the period (shareholders' equity Group share excluding changes in assets and liabilities recognized directly in equity, Undated Super Subordinated Notes, remuneration net of tax payable to holders of Undated Super Subordinated Notes and proposed distribution of dividends) | Measure of the BNP Paribas Group's return on equity excluding non-recurring items of a significant amount or items that do not reflect the operating performance, notably Own Credit valuation Adjustments for debts (OCA) and for derivatives (Debit Valuation Adjustment - DVA) as well as transformation and restructuring costs |
| **Return on Tangible Equity (ROTE) excluding exceptional items** | Net income Group share excluding exceptional items and remuneration of Undated Super Subordinated Notes divided by the average of tangible permanent shareholders' equity of the period (permanent shareholders' equity correspond to permanent shareholders' equity less goodwill and intangible assets) | Measure of the BNP Paribas Group's return on tangible equity excluding non recurring items of a significant amount or items that do not reflect the operating performance, notably Own Credit valuation Adjustments for debts (OCA) and for derivatives (Debit Valuation Adjustment - DVA) as well as transformation and restructuring costs |

## Methodology – Comparative analysis at constant scope and exchange rates

The method used to determine the effect of changes in scope of consolidation depends on the type of transaction (acquisition, sale, etc.). The underlying purpose of the calculation is to facilitate period-on-period comparisons.

In case of acquired or created entity, the results of the new entity are eliminated from the constant scope results of current-year periods corresponding to the periods when the entity was not owned in the prior-year.
In case of divested entities, the entity's results are excluded symmetrically for the prior year for quarters when the entity was not owned.
In case of change of consolidation method, the policy is to use the lowest consolidation percentage over the two years (current and prior) for results of quarters adjusted on a like-for-like basis.

Comparative analysis at constant exchange rates are prepared by restating results for the prior-year quarter (reference quarter) at the current quarter exchange rate (analysed quarter). All of these calculations are performed by reference to the entity's reporting currency.

## Reminder

**Operating expenses:** sum of salary and employee benefit expenses, other operating expenses and depreciation, amortisation and impairment of property, plant and equipment. In the whole document, the terms operating expenses or costs can be used indifferently.

**Operating divisions:** they consist of 3 divisions:

- Domestic Markets including: French Retail Banking (FRB), BNL banca commerciale (BNL bc), Belgium Retail Banking (BRB), Other Domestic Markets activities including Arval, Leasing Solutions, Personal Investors and Luxembourg Retail Banking (LRB);
- International Financial Services (IFS) including: Europe-Mediterranean, BancWest, Personal Finance, Insurance, Wealth & Asset Management (WAM) that includes Asset Management, Wealth Management and Real Estate Services;
- Corporate and Institutional Banking (CIB) including: Corporate Banking, Global Markets, Securities Services.

*The figures included in this presentation are unaudited. On 29 March 2016, BNP Paribas issued a restatement of its quarterly results for 2015 reflecting, in particular (i) an increase in the capital allocated to each business line to 11% of risk-weighted assets, compared to 9% previously, (ii) the charge of subordination costs of Additional Tier 1 and Tier 2 debt issued by the Group to the divisions and business lines, a review of the way it charges and remunerates liquidity between the Corporate Centre and the business lines and the adaptation of the allocation practices for revenues and operating expenses of Treasury activities within CIB, (iii) the allocation to the divisions and business lines of the contribution to the Single Resolution Fund, the reduction of the French systemic tax and new contributions to the deposit guarantee funds of BNL and Luxembourg Retail Banking which had been temporarily booked in the operating expenses of the Corporate Centre and (iv) some limited internal transfers of business activities and results. The 2015 quarterly result series have been restated reflecting these effects as if they had occurred on 1st January 2015. This presentation is based on the restated 2015 quarterly series.*

*This presentation includes forward-looking statements based on current beliefs and expectations about future events. Forward-looking statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future events, operations, products and services, and statements regarding future performance and synergies. Forward-looking statements are not guarantees of future performance and are subject to inherent risks, uncertainties and assumptions about BNP Paribas and its subsidiaries and investments, developments of BNP Paribas and its subsidiaries, banking industry trends, future capital expenditures and acquisitions, changes in economic conditions globally or in BNP Paribas' principal local markets, the competitive market and regulatory factors. Those events are uncertain; their outcome may differ from current expectations which may in turn significantly affect expected results. Actual results may differ materially from those projected or implied in these forward looking statements. Any forward-looking statement contained in this presentation speaks as of the date of this presentation. BNP Paribas undertakes no obligation to publicly revise or update any forward-looking statements in light of new information or future events. It should be recalled in this regard that the Supervisory Review and Evaluation Process is carried out each year by the European Central Bank, which can modify each year its capital adequacy ratio requirements for BNP Paribas.*

*The information contained in this presentation as it relates to parties other than BNP Paribas or derived from external sources has not been independently verified and no representation or warranty expressed or implied is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of, the information or opinions contained herein. None of BNP Paribas or its representatives shall have any liability whatsoever in negligence or otherwise for any loss however arising from any use of this presentation or its contents or otherwise arising in connection with this presentation or any other information or material discussed.*

*The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding.*

**Investor Relations & Financial Information**

Stéphane de Marnhac +33 (0)1 42 98 46 45
Livio Capece Galeota +33 (0)1 42 98 43 13
Thibaut de Clerck +33 (0)1 42 98 23 40
Philippe Regli +33 (0)1 43 16 94 89
Claire Sineux +33 (0)1 42 98 31 99

Fax +33 (0)1 42 98 21 22

E-mail: investor.relations@bnpparibas.com

https://invest.bnpparibas.com


BNP PARIBAS

The bank
for a changing
world

# BNP PARIBAS
# 2016 FULL YEAR RESULTS

7 FEBRUARY 2017

BNP PARIBAS

The bank for a changing world

# Disclaimer

*The figures included in this presentation are unaudited. On 29 March 2016, BNP Paribas issued a restatement of its quarterly results for 2015 reflecting, in particular (i) an increase in the capital allocated to each business line to 11% of risk-weighted assets, compared to 9% previously, (ii) the charge of subordination costs of Additional Tier 1 and Tier 2 debt issued by the Group to the divisions and business lines, a review of the way it charges and remunerates liquidity between the Corporate Centre and the business lines and the adaptation of the allocation practices for revenues and operating expenses of Treasury activities within CIB, (iii) the allocation to the divisions and business lines of the contribution to the Single Resolution Fund, the reduction of the French systemic tax and new contributions to the deposit guarantee funds of BNL and Luxembourg Retail Banking which had been temporarily booked in the operating expenses of the Corporate Centre and (iv) some limited internal transfers of business activities and results. The 2015 quarterly result series have been restated reflecting these effects as if they had occurred on 1st January 2015. This presentation is based on the restated 2015 quarterly series.*

*This presentation includes forward-looking statements based on current beliefs and expectations about future events. Forward-looking statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future events, operations, products and services, and statements regarding future performance and synergies. Forward-looking statements are not guarantees of future performance and are subject to inherent risks, uncertainties and assumptions about BNP Paribas and its subsidiaries and investments, developments of BNP Paribas and its subsidiaries, banking industry trends, future capital expenditures and acquisitions, changes in economic conditions globally or in BNP Paribas' principal local markets, the competitive market and regulatory factors. Those events are uncertain; their outcome may differ from current expectations which may in turn significantly affect expected results. Actual results may differ materially from those projected or implied in these forward looking statements. Any forward-looking statement contained in this presentation speaks as of the date of this presentation. BNP Paribas undertakes no obligation to publicly revise or update any forward-looking statements in light of new information or future events. It should be recalled in this regard that the Supervisory Review and Evaluation Process is carried out each year by the European Central Bank, which can modify each year its capital adequacy ratio requirements for BNP Paribas.*

*The information contained in this presentation as it relates to parties other than BNP Paribas or derived from external sources has not been independently verified and no representation or warranty expressed or implied is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of, the information or opinions contained herein. None of BNP Paribas or its representatives shall have any liability whatsoever in negligence or otherwise for any loss however arising from any use of this presentation or its contents or otherwise arising in connection with this presentation or any other information or material discussed.*

*The sum of values contained in the tables and analyses may differ slightly from the total reported due to rounding.*

# 2016 Key Messages

| | |
|---|---|
| **Revenue growth despite a low interest rate environment and a lacklustre market context this year** | **Revenues: +1.1% vs. 2015** |
| **Cost containment** | **+0.4% vs. 2015** |
| **Rise in gross operating income** | **+2.6% vs. 2015** |
| **Significant decrease in the cost of risk** | **-14.1% vs. 2015 (46 bp)*** |
| **Rise in net income Group share**<br>**Dividend per share** | **€7,702m (+15.1% vs. 2015)**<br>**€2.70**** |
| **Solid organic capital generation** | **CET1***: 11.5% (+60 bp vs. 31.12.15)** |

**Success of the 2014-2016 plan**
**Launch of a new 2017-2020 business development plan**

** Cost of risk/Customer loans at the beginning of the period; ** Subject to the approval of Annual General Meeting on 23 May 2017; *** As at 31 December 2016, CRD4 ("fully loaded" ratio)*

# Group Results

# Division Results

# Success of the 2014-2016 Business Development Plan

# 2020 Business Development Plan

# 4Q16 Detailed Results

# Appendix

# Main Exceptional Items - 2016

| | 2016 | 2015 |
|---|---|---|
| **Revenues** | | |
| Own credit adjustment and DVA *(Corporate Centre)* | -€59m | +€314m |
| Capital gain on the sale of Visa Europe shares *(Corporate Centre)* | +€597m | |
| *Total exceptional revenue items* | *+€538m* | *+€314m* |
| **Operating expenses** | | |
| Simple & Efficient transformation costs *(Corporate Centre)* | | -€622m |
| CIB transformation costs and restructuring costs of acquisitions* (*Corporate Centre*) | -€553m | -€171m |
| Restructuring costs of Businesses** | -€144m | |
| Compulsory contribution to the resolution process of 4 Italian banks*** | -€52m | -€69m |
| *Total exceptional operating expenses items* | *-€749m* | *-€862m* |
| **Costs related to the comprehensive settlement with U.S. authorities** *(Corporate Centre)* | | |
| Costs related to the remediation plan | | -€100m |
| | *€0m* | *-€100m* |
| **Other non operating items** | | |
| Goodwill impairments**** *(Corporate Centre)* | -€127m | -€993m |
| Capital gain on the sale of a non-strategic stake***** | | +€94m |
| Sale of the stake in Klépierre-Corio *(Corporate Centre)* | | +€716m |
| Dilution capital gain due to the merger between Klépierre and Corio *(Corporate Centre)* | | +€123m |
| *Total exceptional non operating items* | *-€127m* | *-€60m* |
| Total exceptional items (pre-tax) | -€338m | -€708m |
| Total exceptional items (after tax) | -€100m | -€644m |

** LaSer, Bank BGZ, DAB Bank, GE LLD; ** BNL bc (-€50m), BRB (-€80m), WAM (-€7m), Corporate Centre (-€7m); *** BNL bc (-€47m in 2016, -€65m in 2015), Personal Finance (-€5m in 2016, -€4m in 2015); **** Of which full goodwill impairment of BNL bc (-€917m in 2015) and of BGZ (-€127m in 4Q16); ***** CIB-Corporate Banking (€74m), Corporate Centre (€20m)*

# Consolidated Group - 2016

| | 2016 | 2015 | 2016 vs. 2015 |
|---|---|---|---|
| **Revenues** | **€43,411m** | **€42,938m** | **+1.1%** |
| Operating expenses | -€29,378m | -€29,254m | +0.4% |
| **Gross operating income** | **€14,033m** | **€13,684m** | **+2.6%** |
| Cost of risk | -€3,262m | -€3,797m | -14.1% |
| Costs related to the comprehensive settlement with U.S. authorities | €0m | -€100m | n.s. |
| Non operating items | €439m | €592m | -25.8% |
| **Pre-tax income** | **€11,210m** | **€10,379m** | **+8.0%** |
| **Net income attributable to equity holders** | **€7,702m** | **€6,694m** | **+15.1%** |
| **Net income attributable to equity holders excluding one-off items*** | **€7,802m** | **€7,338m** | **+6.3%** |

***ROE (ROTE)**: 9.3% (11.1%)***
***ROE calculated according to the 2014-2016 plan***: 10.3%***

**Good overall performance**

** See slide 5; ** ROE: return on equity, ROTE: return on tangible equity (ROE excluding exceptional elements: 9.4%; ROTE excluding exceptional elements: 11.2%); *** Return on equity excluding exceptional elements calculated on the basis of CET1 ratio of 10%*

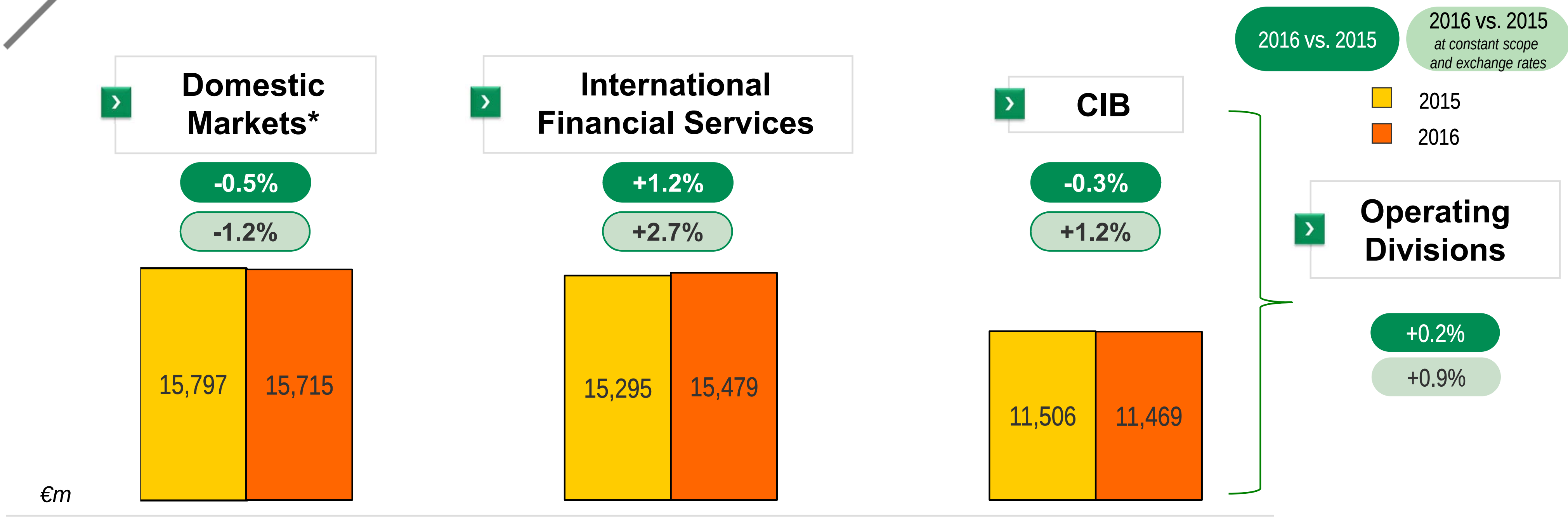
# Consolidated Group - 4Q16

| | 4Q16 | 4Q15 | 4Q16 vs. 4Q15 |
|---|---|---|---|
| **Revenues** | **€10,656m** | **€10,449m** | **+2.0%** |
| Operating expenses | -€7,444m | -€7,406m | +0.5% |
| **Gross operating income** | **€3,212m** | **€3,043m** | **+5.6%** |
| Cost of risk | -€950m | -€968m | -1.9% |
| **Operating income** | **€2,262m** | **€1,975m** | **+14.5%** |
| Non operating items | €5m | -€502m | n.s. |
| **Pre-tax income** | **€2,267m** | **€1,473m** | **+53.9%** |
| **Net income attributable to equity holders** | **€1,442m** | **€665m** | **n.s.** |
| **Net income attributable to equity holders excluding one-off items*** | **€1,814m** | **€1,587m** | **+14.3%** |

**Good income growth this quarter**

** Exceptional elements: see slide 55*

# Revenues of the Operating Divisions - 2016

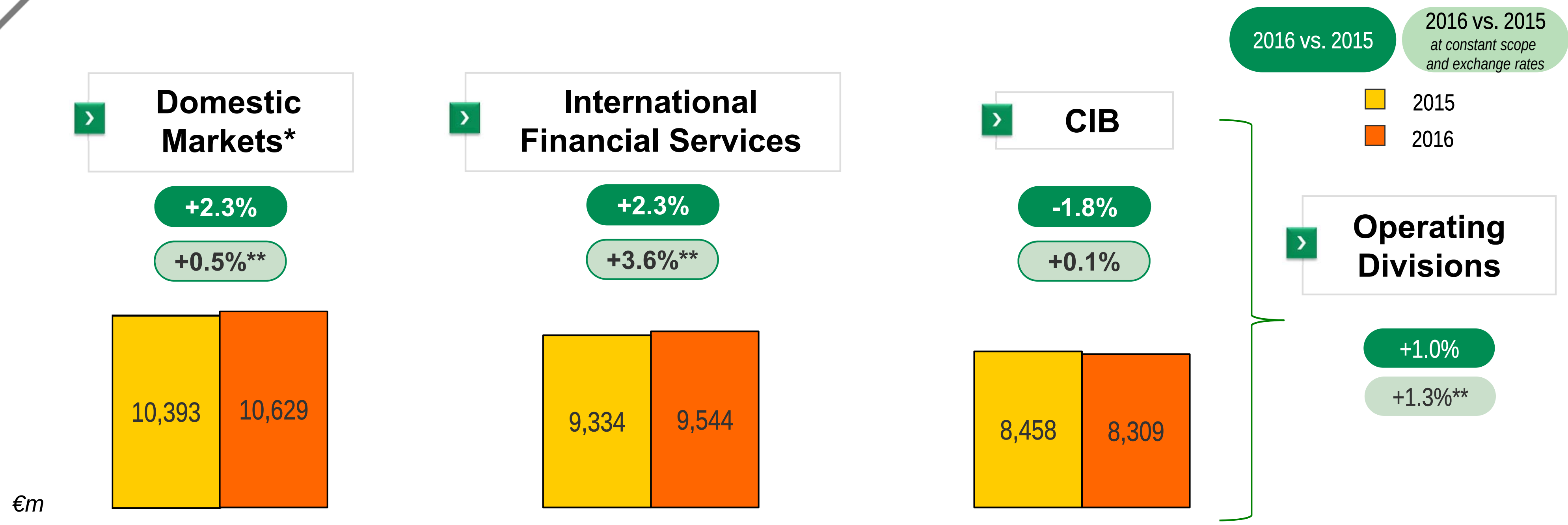



- Unfavourable foreign exchange effect this year
- Slight decrease in the revenues of Domestic Markets as a result of the low interest rate environment
- Rise in the revenues of IFS
- Growth in the revenues of CIB at constant scope and exchange rates despite a particularly unfavourable market environment in 1Q16

**Growth of the operating divisions despite a challenging environment**

** Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg*

# Operating Expenses of the Operating Divisions - 2016




- Rise in banking taxes and contributions (impact of +0.6%***)
- Impact of the new regulations and the strengthening of compliance
- Simple & Efficient savings plan offsetting the natural costs' drift (inflation, etc.)
- First effects of CIB's savings plan

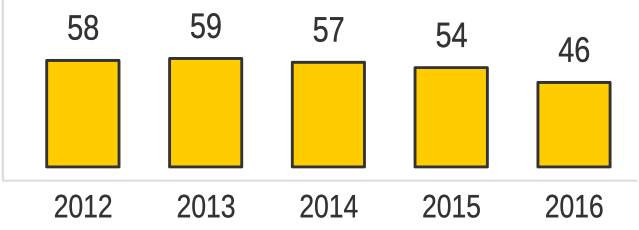
**Cost containment but rise in taxes as well as regulatory and compliance costs**

** Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg; ** Excluding exceptional operating expenses (see slide 5); *** Rise in taxes and banking contributions: +€172m vs. 2015*

# Cost of Risk - 2016 (1/2)

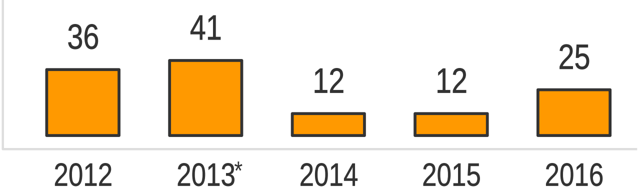
*Cost of risk/Customer loans at the beginning of the period (in bp)*

## Group




- Cost of risk: €3,262m (-€535m vs. 2015)
- Significant decline in the cost of risk

## CIB - Corporate Banking



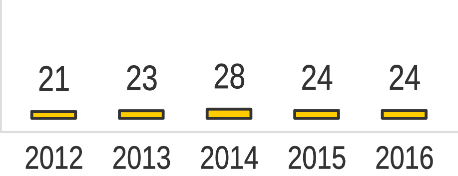

- €292m (+€154m vs. 2015)
- Cost of risk at a low level
- Reminder: positive effect of provisions write-backs in 2014 and 2015

* Restated

# Cost of Risk - 2016 (2/2)

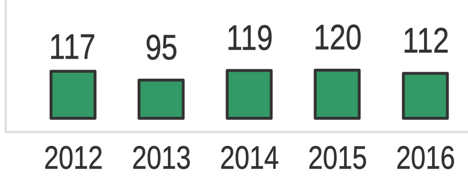
*Cost of risk/Customer loans at the beginning of the period (in bp)*

## FRB



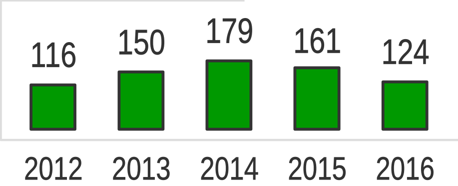

- €342m (stable vs. 2015)
- Cost of risk still low

## Europe-Mediterranean



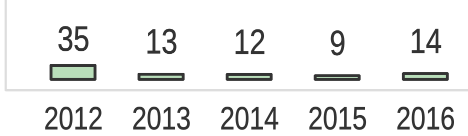

- €437m (-€29m vs. 2015)
- Cost of risk ~stable

## BNL bc



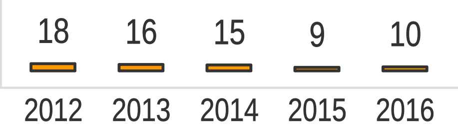

- €959m (-€289m vs. 2015)
- Continued decrease in the cost of risk

## BancWest



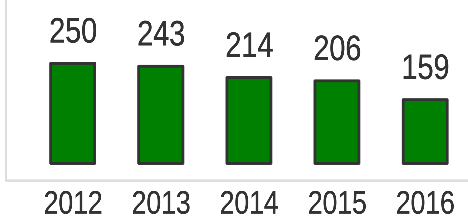

- €85m (+€35m vs. 2015)
- Cost of risk still low

## BRB




- €98m (+€13m vs. 2015)
- Very low cost of risk

## Personal Finance

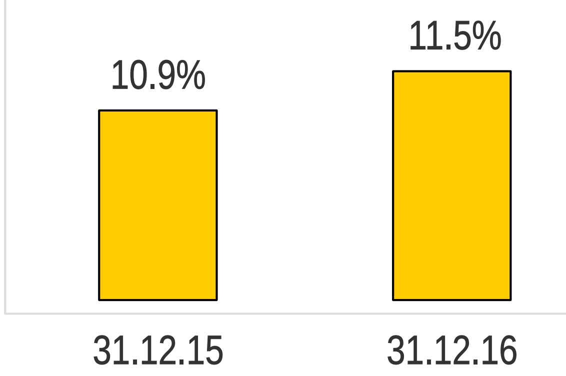



- €979m (-€196m vs. 2015)
  - Effect of the low interest rates and the growing positioning on products with a better risk profile
  - Provisions write-backs following sales of doubtful loans (~-€50m)

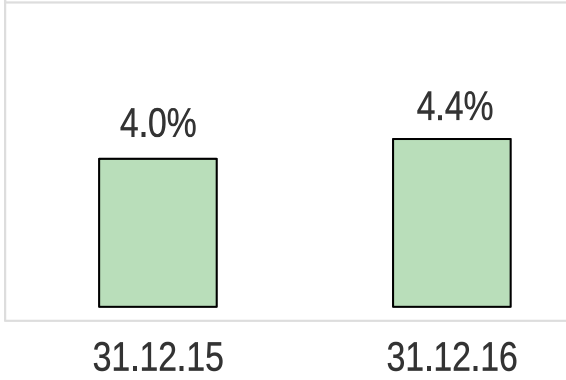
# Financial Structure

- Fully loaded Basel 3 CET1 ratio*: 11.5% as at 31.12.16; +60 bp vs. 31.12.15:
  - Essentially due to the 2016 results after taking into account the dividend payment
- Fully loaded Basel 3 leverage**: 4.4% as at 31.12.16 (+40 bp vs. 31.12.15)
  - Calculated on total Tier 1 Capital
- Liquidity Coverage Ratio: 123% as at 31.12.16
- Immediately available liquidity reserve: €305bn*** (€266bn as at 31.12.15)
  - Equivalent to over 1 year of room to manœuvre in terms of wholesale funding

**Fully loaded Basel 3 CET1 ratio***



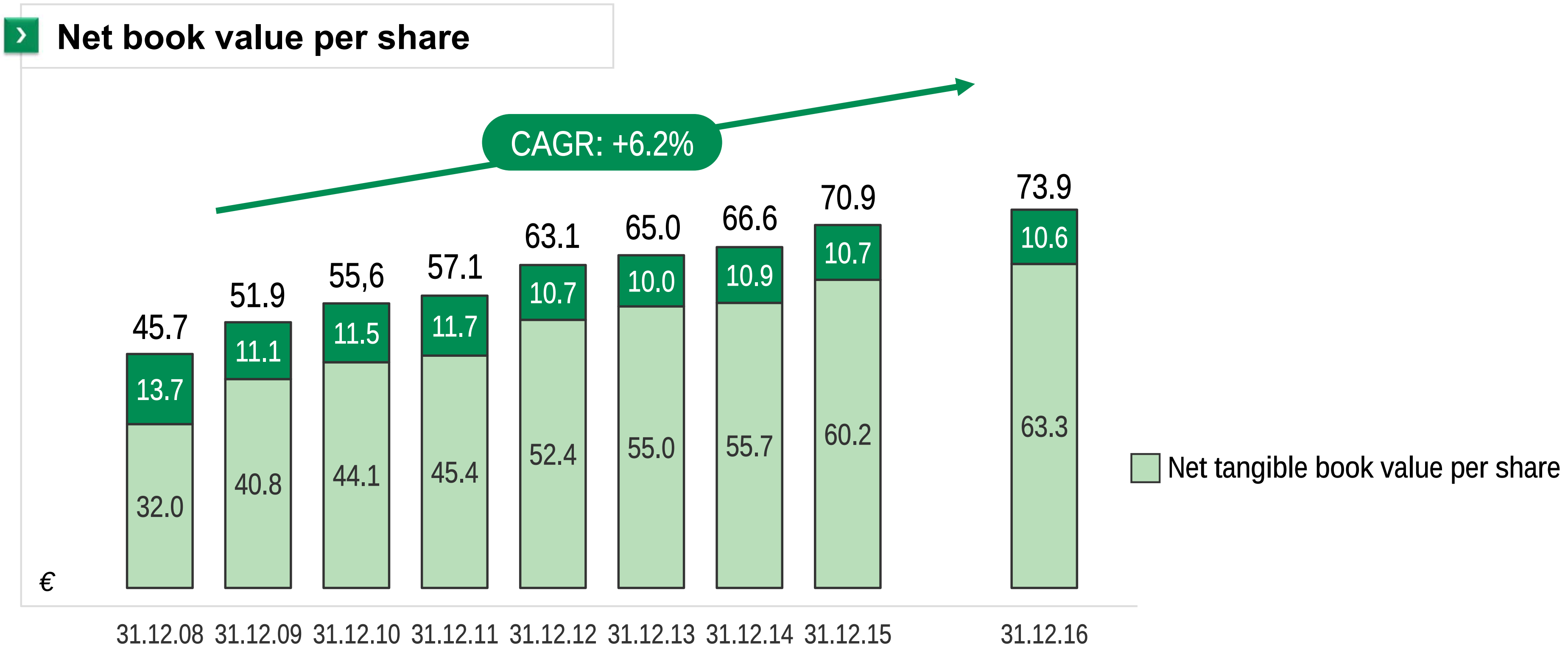

**Fully loaded Basel 3 leverage ratio****




**Solid capital generation**
**Continued increase of the fully loaded Basel 3 CET1 ratio**

** CRD4 "2019 fully loaded"; ** CRD4 "2019 fully loaded", calculated according to the delegated act of the EC dated 10.10.2014 on total Tier 1 Capital and using value date for securities transactions; *** Liquid market assets or eligible to central banks (counterbalancing capacity) taking into account prudential standards, notably US standards, minus intra-day payment system needs*

# Net Book Value per Share

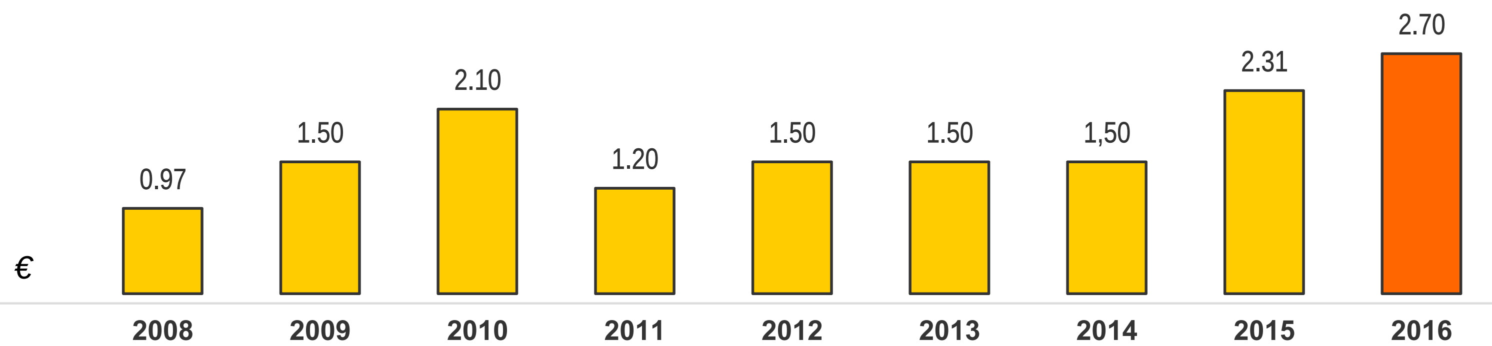



**Continued growth in the net book value per share throughout the cycle**

# Dividend

- Dividend*: €2.70 per share (+16.9% vs. 2015)
  - Paid in cash
  - Dividend yield: 4.6%**
- Implying a pay-out ratio of 45%

**Dividend per share**




**2016 dividend: €2.70 per share**

** Subject to approval at the Shareholders' Meeting on 23 May 2017, shares will go ex-dividend on 30 May 2017, payment on 1st June 2017; ** Based on the closing price on 31 January 2017 (€59.18)*

# Remediation Plan and Reinforcement of Control Procedures

- Implementation of the remediation plan agreed as part of the comprehensive settlement with the U.S. authorities in line with the timetable defined
  - 72% of projects already finalised, as planned (34 projects out of 47 already finalised)

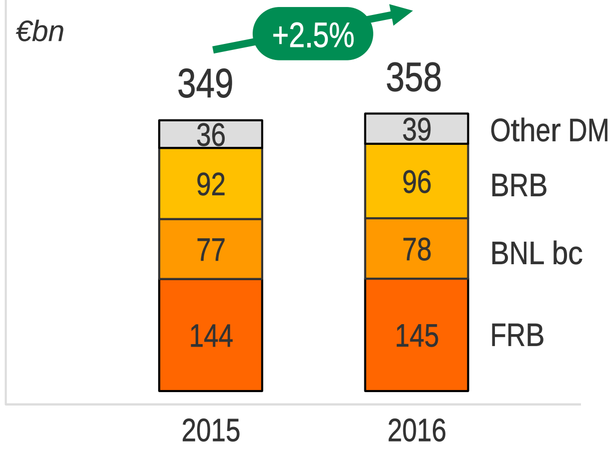
- Reinforcement of compliance and control procedures
  - Increase staffing of the Compliance function (>3,400 people as at 31.12.16) and General Inspection (>1,200 people as at 31.12.16)
  - Increase in the number of controls performed by the General Inspection: completion in July 2016 of the 1st round of audits of the entities whose USD flows are centralised at BNP Paribas New York and beginning of the 2nd round of audits (achievement target: December 2017)
  - Bolster operational implementation of a stronger culture of compliance: three compulsory e-learning training programmes (Code of Conduct, Sanctions and Embargos, Combating Money Laundering and Terrorism) completed by more than 90% of the employees of the Group
  - Reinforcement and harmonisation of mandatory periodic client portfolio review procedures (Know Your Customer)
  - New tool to filter transactions now operational throughout the entire Group

**Active implementation throughout the Group of the remediation plan and the reinforcement of internal control**

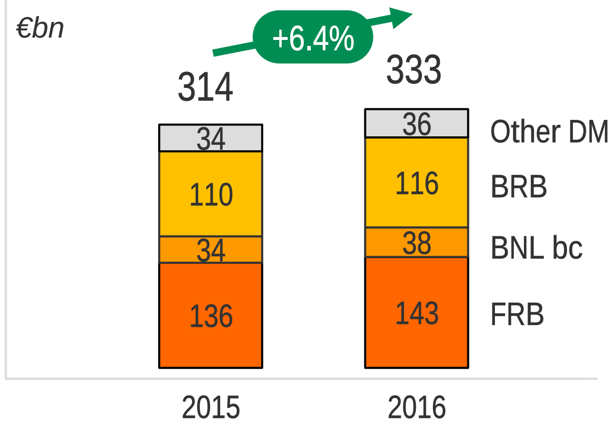
# Domestic Markets - 2016

- Growth in business activity
  - Loans: +2.5% vs. 2015, good pick-up in demand
  - Deposits: +6.4% vs. 2015, strong growth across all the networks
  - Growth in Private Banking assets under management: +5.4% vs. 31.12.15
  - Hello bank!: generating 9.8% of individual clients* revenues (+1.1 pt. vs. 2015)
- Revenues**: €15,715m (-0.5% vs. 2015)
  - Persistently low interest rate environment
  - Decline in financial fees due to an unfavourable market context this year
  - Good performance of the specialised businesses and BRB
- Operating expenses**: €10,629m (+2.3% vs. 2015)
  - +1.2% excluding exceptional items***
  - Driven by the growing business lines (Arval, Leasing Solutions)
  - Effects of the cost saving measures but rise in banking taxes and contributions
- Pre-tax income****: €3,382m (+1.4% vs. 2015)
  - Reduction of the cost of risk, in particular in Italy

## Loans




## Deposits

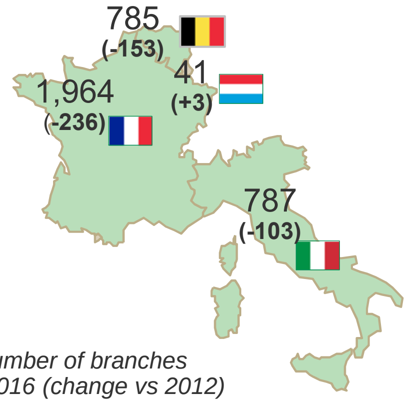



**Continued decrease in the cost of risk**
**Rise in income**

* FRB, BNL, BRB and Personal Investors, excluding private banking; ** Including 100% of Private Banking, excluding PEL/CEL; *** Restructuring costs of BNL bc (-€50m) & of BRB (-€80m) and additional contribution of BNL bc to the resolution process of 4 Italian banks (-€47m in 2016, -€65m in 2015); **** Including 2/3 of Private Banking, excluding PEL/CEL

# Domestic Markets - Continued Transformation of the Networks and Development of the Digital Offering

## Ongoing footprint optimisation




*Number of branches end-2016 (change vs 2012)*

## New branch formats

| France | Belgium | Italy |
|---|---|---|
| EXPRESS | | |
| ADVISORY | ADVISORY | OPEN BNL |
| PROJECTS | FULL | FULL |

***% of branches already revamped****

| France | Belgium | Italy |
|---|---|---|
| 100% | 98%** | 51% |

## Digitalised branches

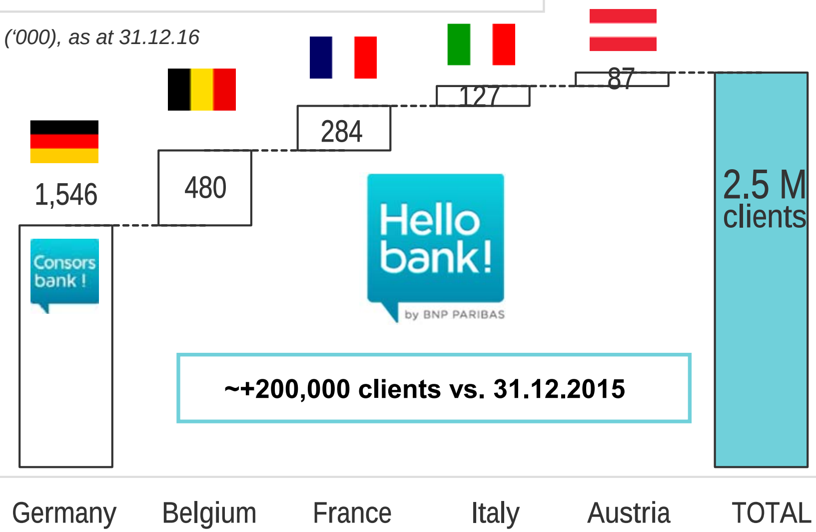
| Video-conference | Wi-Fi for customers | New mobile workstation tablet-based |
|---|---|---|

***% of branches already equipped****

| Video-conference | Wi-Fi for customers | New mobile workstation tablet-based |
|---|---|---|
| 77% | 83% | 80% |

## Number of Hello bank! clients

*('000), as at 31.12.16*




## Progressive implementation of customer journeys

**INDIVIDUAL AND PRIVATE BANKING CUSTOMERS**

- I WANT TO BUY MY HOME
- I WANT TO BECOME A CUSTOMER (RETAIL)
- I WANT TO BECOME A CUSTOMER (PRIVATE BK)
- I WANT TO GET TAILORED ADVICE
- I NEED CASH NOW (SME)
- I WANT TO BUY MY TV
- I WANT TO INVEST

**CORPORATE CUSTOMERS**

- I WANT TO BECOME A CUSTOMER
- I WANT AN EFFORTLESS DAILY SERVICING

## Development of new digitalised services

Wa! FIVORY

*Launch jointly with Crédit Mutuel*** of a single universal mobile payment solution combining payment, loyalty programmes and discount offers in partnership in particular with Carrefour, Auchan and Total*

** As at 31.12.16 ; ** % of targeted branches; *** CM11-CIC*

# Domestic Markets
# French Retail Banking - 2016

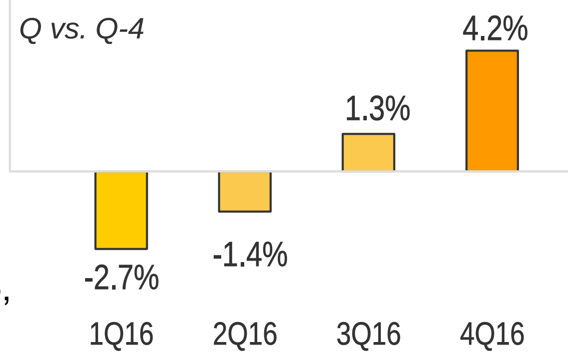
- Good pick-up in business activity during the year
  - Loans: +0.3% vs. 2015, impact of early repayments but good pick-up in outstandings in the 2nd half of the year (+4.2% vs. 4Q15, rise in individual and corporate loans)
  - Deposits: +5.4% vs. 2015, strong growth in current accounts
  - Off balance sheet savings: good performance of life insurance (+2.6% vs. 31.12.15)
  - Private Banking: good growth of assets under management (+5.6% vs. 31.12.15, o.w +3.3% due to strong inflows: +€2.8bn)
- Implementation of new customer journeys:

**BuyMyHome**
by BNP Paribas

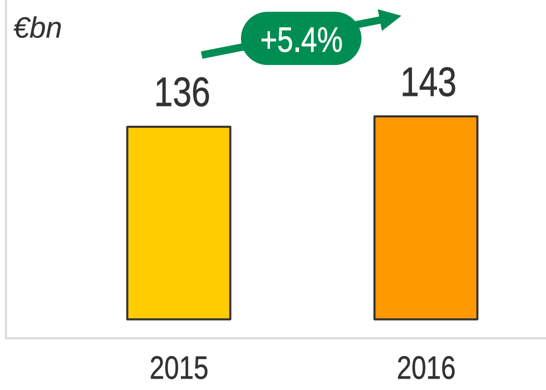
*Home purchase projects*
*Loan simulation*

- Revenues*: -3.0% vs. 2015
  - Net interest income: -3.4%, persistently low interest rate environment
  - Fees: -2.4% (-1.4% excluding non recurring item), decline in financial fees due to an unfavourable market environment but good recovery in 4Q (+4.6% vs. 4Q15**)
- Operating expenses*: +0.7% vs. 2015
  - Cost containment despite a rise in taxes and regulatory costs
- Pre-tax income***: €1,251m (-14.2% vs. 2015)

**Loans**




**Deposits**



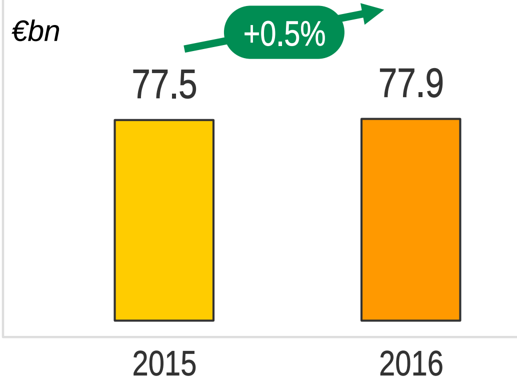

**Lacklustre environment this year and impact of low interest rates**
**Good pick-up in the sales and marketing drive**

** Including 100% of French Private Banking, excluding PEL/CEL effects; ** Excluding non recurring item; *** Including 2/3 of French Private Banking, excluding PEL/CEL effects*

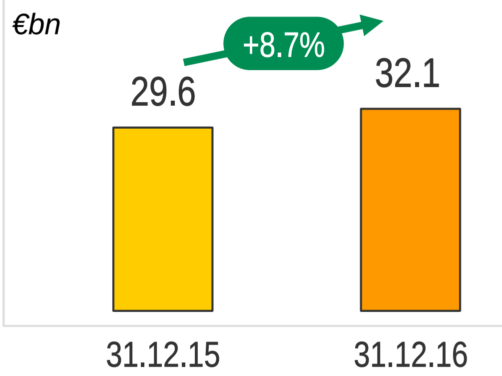
# Domestic Markets
# BNL banca commerciale - 2016

- Improving business activity
  - Loans: +0.5% vs. 2015, gradual recovery of volumes, in particular on individual clients
  - Deposits : +12.6% vs. 2015, sharp rise in current accounts
  - Off balance sheet savings: good performance (life insurance outstandings: +9.8% vs. 31.12.15, mutual fund outstandings: +7.2% vs. 31.12.15)
  - Continued expansion of Private Banking: €1.2bn in net asset inflows
- Implementation of new customer journeys: #DIGIBIZ *First 100% digital offer for SMEs in Italy (initiating contact, applying for a loan,..)*
- Revenues*: -5.7% vs. 2015
  - Net interest income: -7.1% vs. 2015, impact of the low interest rate environment and of the residual effect of the repositioning on the better corporate clients completed in 2016
  - Fees: -2.9% vs. 2015, reduction in financial fees due to an unfavourable market environment
- Operating expenses*: -0.9% vs. 2015
  - -1.7% vs. 2015 excluding the impact of exceptional items**
  - Effects of cost reduction measures
- Pre-tax income***: €90m (+€134m vs. 2015)
  - Continued decrease in the cost of risk

**Loans**




**Off balance sheet savings**
(Life insurance and mutual fund outstandings)




**Significant income improvement due to the decline of the cost of risk**

** Including 100% of Italian Private Banking; ** Additional contribution to the resolution process of 4 Italian banks: -€47m (-€65m in 2015) & one-off transformation costs: -€50m (-€20m in 2015); *** Including 2/3 of Italian Private Banking*

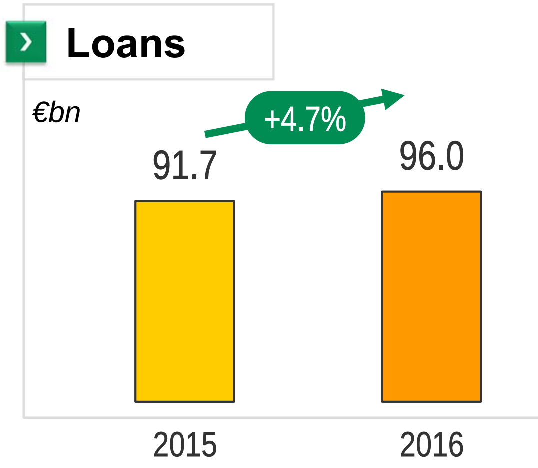
# Domestic Markets
# Belgian Retail Banking - 2016

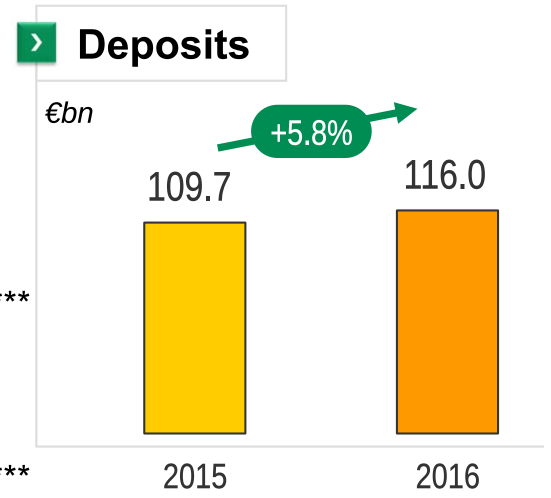
- Sustained business activity
  - Loans: +4.7% vs. 2015, growth in loans to individual customers especially mortgage loans; good increase in loans to SMEs
  - Deposits: +5.8% vs. 2015, strong growth in current accounts
  - Development of digital banking: ~1 million users of the Easy Banking App and ~2.4 million of Easy Banking Web; release of new functions in 2016 (peer-to-peer payments, etc.)
- Implementation of new customer journeys:

**Home on the Spot**
BNP Paribas Fortis

*Loan simulation and tools to assist home purchase projects*

- Revenues*: +3.1% vs. 2015
  - Net interest income: +5.9% vs. 2015, due to volume growth and margins holding up well
  - Fees: -4.8% vs. 2015, decrease in financial fees due to an unfavourable market context
- Operating expenses*: +4.9% vs. 2015
  - +0.9% vs. 2015 excluding exceptional items** and the evolution in banking taxes***
  - Good cost containment
- Pre-tax income****: €918m (-1.1% vs. 2015)
  - +8.0% vs. 2015 excluding exceptional items** and the evolution in banking taxes***



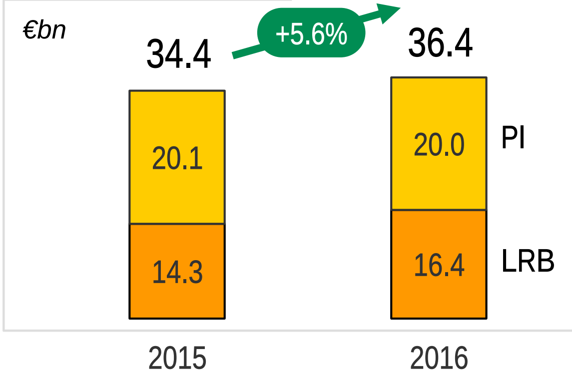

**Good results and sustained sales and marketing drive**

** Including 100% of Belgian Private Banking; ** In particular transformation costs (-€80m in 4Q16) and partial write-back of a provision for charges (+€30m); *** In particular -€21m related to the the new tax on credit institutions and one-off reimbursement of the Subscription Tax in 2015 (+€18m ); **** Including 2/3 of Belgian Private Banking*

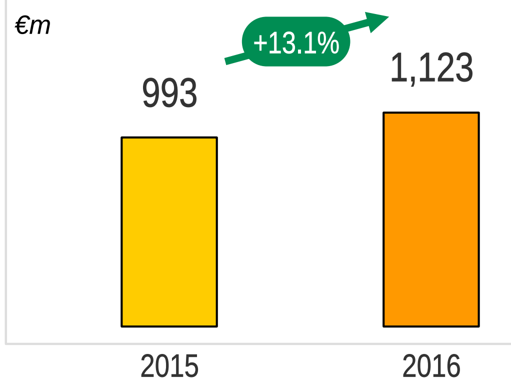
# Domestic Markets
# Other Activities - 2016

- Good overall drive of the specialised businesses
  - Arval: over 1 million financed vehicles (+10.1%* vs. 2015), active implementation of the GE Fleet Services Europe integration plan
  - Leasing Solutions: continuous rise in outstandings of the core portfolio
  - Personal Investors (PI): good level of new client acquisition
- Luxembourg Retail Banking: good deposit inflows, growth in mortgage loans
- Revenues**: +7.3% vs. 2015
  - Effect in particular of the acquisition of GE Fleet Services Europe
  - +3.3% at constant scope and exchange rates: growth across all business lines
- Operating expenses**: +7.3% vs. 2015
  - +1.9% at constant scope and exchange rates
  - Effect of business development partly offset by the first cost synergies between DAB Bank and Consors bank! in Germany (PI)
- Pre-tax income***: €1,123m (+13.1% vs. 2015)
  - +9.2% at constant scope and exchange rates
  - Decline in the cost of risk

**Deposits**




**Pre-tax income*****



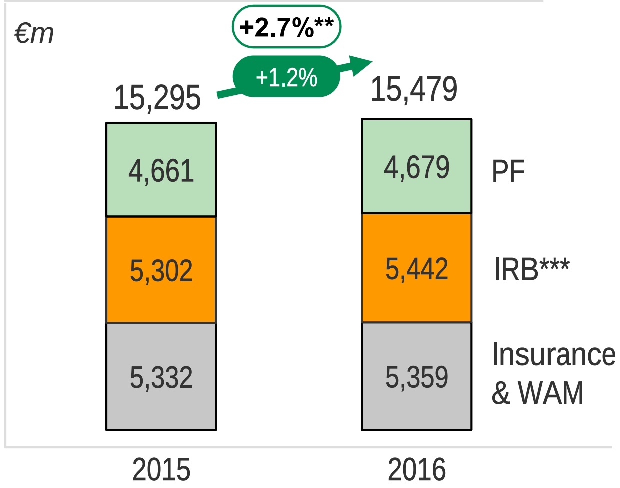

**Good business growth and strong rise in income**

*At constant scope; ** Including 100% of Private Banking in Luxembourg; *** Including 2/3 of Private Banking in Luxembourg

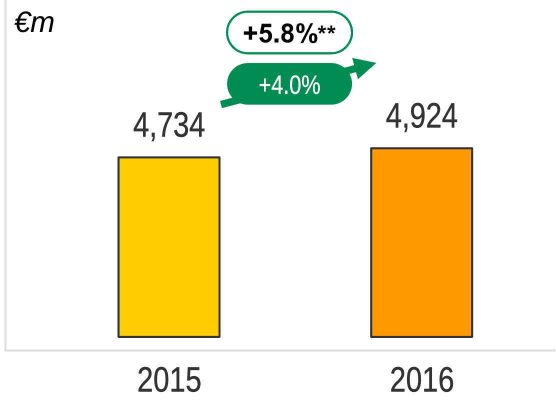
# International Financial Services - 2016

- Business activity
  - Personal Finance: very good sales and marketing drive
  - International Retail Banking*: good business growth
  - Insurance & WAM: good asset inflows in all business lines (+€34.9bn)
- Revenues: €15,479m; +1.2% vs. 2015
  - +2.7% at constant scope and exchange rates
  - Growth in International Retail Banking, Insurance and Personal Finance, WAM held up well in a lacklustre environment in Europe
- Operating income: €4,439m; +4.7% vs. 2015
  - +5.8% at constant scope and exchange rates
  - Decrease in the cost of risk at Personal Finance
- Pre-tax income: €4,924m; +4.0% vs. 2015
  - +5.8% at constant scope and exchange rates

## Revenues




## Pre-tax income



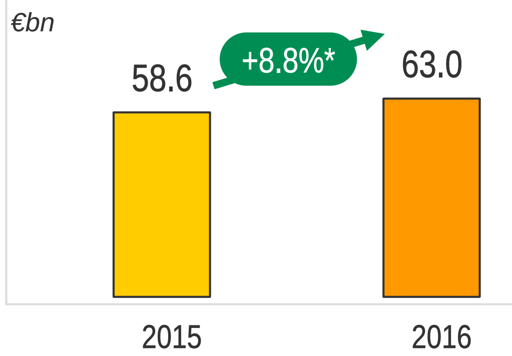

**Good sales and marketing drive and rise in income**

** Europe-Mediterranean and BancWest; ** At constant scope and exchange rates; *** Including 2/3 of Private Banking in Turkey and in the United States*

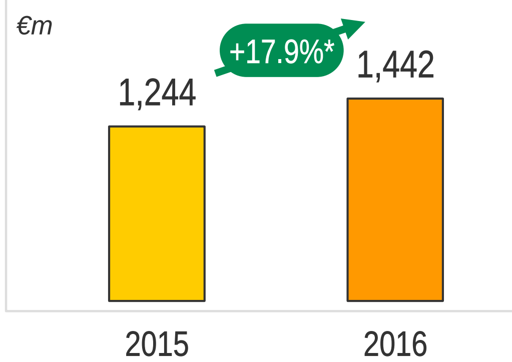
# International Financial Services
# Personal Finance - 2016

- Continued the very good sales and marketing drive
  - Outstanding loans: +8.8%*, increase in demand in all countries and effect of new partnerships
  - Signed new partnership agreements in banking (Banco CTT in Portugal), retail (Eggo Kitchen House in Belgium, Bauhaus in Denmark, Ikea and Mr Bricolage in France) and telecoms (Yoigo in Spain)
  - Car loans: good growth in outstandings (+16.5%** vs. 2015) and new commercial agreements (Volvo in Italy, Honda in France)
  - Files' digital processing: increase in the number of electronic signatures compared to 2015 (3.1m of files, ~+80%)
- Revenues: €4,679m (+0.4% vs. 2015, unfavourable foreign exchange effect)
  - +2.0% at constant scope and exchange rates: in connection with the rise in volumes and the positioning on products with a better risk profile
  - Good business drive in particular in Germany, Spain and Italy
- Operating expenses: €2,298m (-0.7% vs. 2015)
  - +1.0% at constant scope and exchange rates
  - Good cost containment: positive jaws effect of +1.1 pt
- Pre-tax income: €1,442m (+15.9% vs. 2015)
  - +17.9% at constant scope and exchange rates
  - Significant decline in the cost of risk

**Consolidated outstandings**




**Pre-tax income**



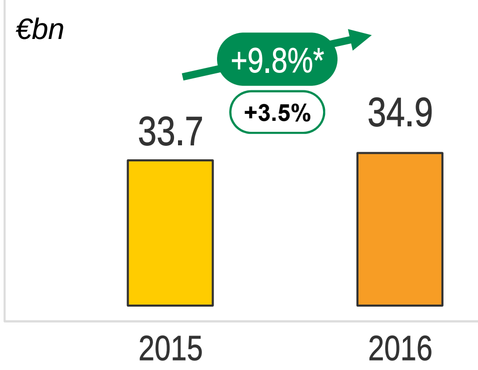

**Good business growth and sharp rise in income**

** At constant scope and exchange rates; ** Outstandings at the end of the period, at historical scope and constant exchange rates*

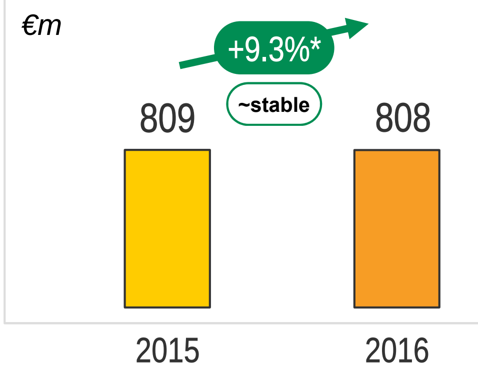
# International Financial Services
# Europe-Mediterranean - 2016

- Good business growth
  - Deposits: +9.8%* vs. 2015, good growth in all countries
  - Loans: +5.5%* vs. 2015, up in all regions
  - Digital banking: CEPTETEB has 350,000 clients in Turkey and BGZoptima has 203,000 clients in Poland
  - Good growth of cross-selling in consumer lending in Poland (outstanding loans: +10.2%* vs. 2015)
- Revenues**: 6.0%* vs. 2015
  - As a result of higher volumes
- Operating expenses**: +4.6%* vs. 2015
  - +3.7%* excluding the rise in banking tax and contributions in Poland ***
  - Good control of expenses and effect of cost synergies in Poland (streamlining of the network: -78 agences vs. 2015)
- Pre-tax income****: €566m (+19.9%* vs. 2015)
  - Rise in the contribution from associated companies

**Deposits**




**GOI****



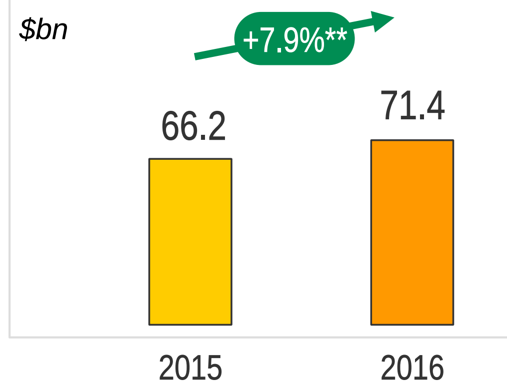

**Good business and income growth**

*At constant scope and exchange rates; ** Including 100% of Turkish Private Banking; *** Introduction of a banking tax in 2016 (-€44m); one-off contribution to the deposit guarantee fund & to the support fund for borrowers in 2015 (-€31m); **** Including 2/3 of Turkish Private Banking*

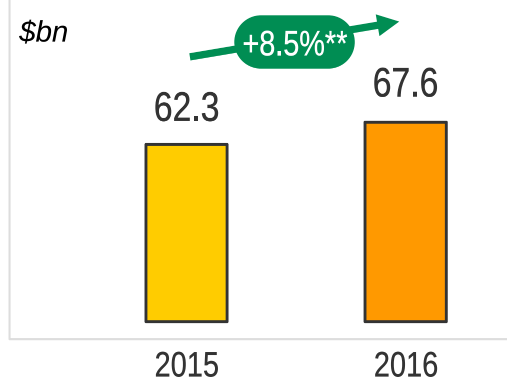
# International Financial Services
# BancWest - 2016

- Passed the CCAR
- Success of the IPO of First Hawaiian Bank (FHB)
  - 17.4% of the capital placed in the market in August 2016 (full consolidation of the entity maintained)
- Very good business drive
  - Deposits: +7.9%* vs. 2015, strong rise in savings and current accounts
  - Loans: +8.5%* vs. 2015, sustained growth in individual and corporate loans
  - Private Banking: +19%* increase in assets under management vs. 31.12.15 ($12.1bn as at 31.12.16)
- Revenues**: +5.5%* vs. 2015
  - Effect of increased volumes partially offset by lower interest rates in the United States on the whole 2016 compared to 2015
- Operating expenses**: +8.5%* vs. 2015
  - +6.9% excluding the increase in regulatory costs*** and non recurring elements****
  - Strengthening of the commercial set up
- Pre-tax income*****: €862m (-4.7%* vs. 2015)

**Deposits**




**Loans**



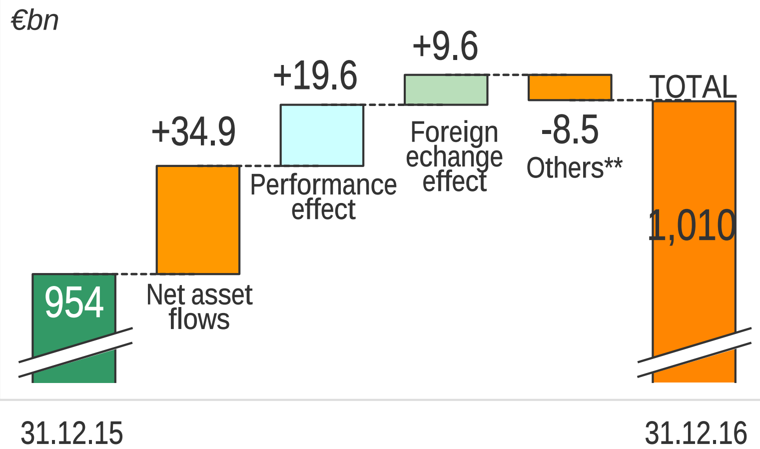

**Good sales and marketing performances**

** At constant scope and exchange rates; ** Including 100% of Private Banking in the United States; *** CCAR and Intermediate Holding Company; **** Costs linked to the IPO of First Hawaiian Bank & provision on IT project; ***** Including 2/3 of Private Banking in the United States*

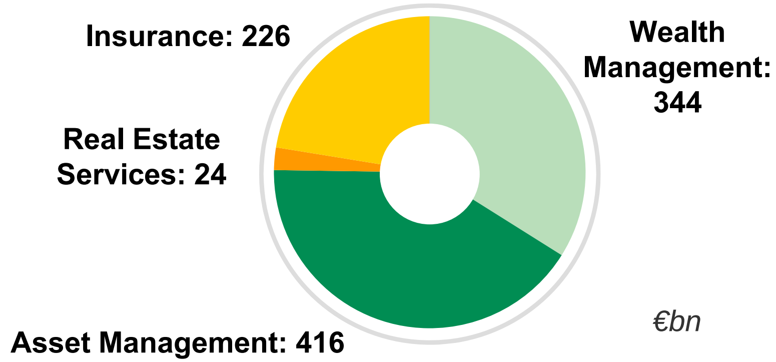
# International Financial Services
# Insurance and WAM - Asset Flows and AuM - 2016

- Assets under management*: €1,010bn as at 31.12.16
  - +5.8% vs. 31.12.15 (+€56bn vs. 2015)
  - Very good net asset inflows
  - Positive performance effect
- Net asset flows: +€34.9bn in 2016
  - Wealth Management: strong asset inflows, in particular in Asia, France, Italy and at BancWest
  - Asset Management: very good asset inflows, in particular into diversified and bond funds
  - Insurance: good asset inflows particularly in unit-linked policies
- Implementation of new customer journeys and digital banking
  - Wealth Management: new digital services myAdvisory: investments management & financial advice via smartphone; myBioPass: a unique key to access digital banking services
  - Insurance: 70 digital projects to transform services and improve performances; digital innovations in cooperation with FinTechs (Cardif Lab)

## Assets under management*




## Assets under management* as at 31.12.16




**Good asset inflows across all the business units**
**Record level of assets under management: > €1,000bn**

* Including distributed assets; ** Sale of Insinger de Beaufort in 4Q16 (-€9bn)

# International Financial Services
# Insurance and WAM - 2016

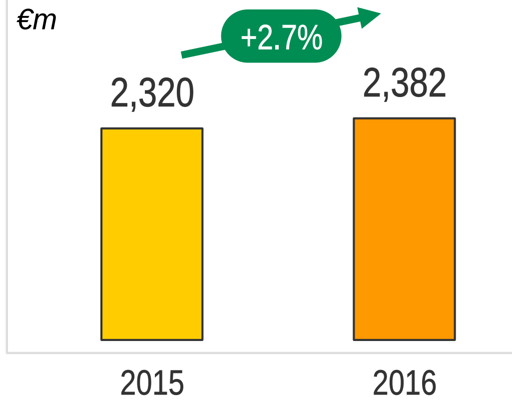
## Insurance

- Revenues: €2,382m; +2.7% vs. 2015
  - Increase in protection insurance revenues in Europe and in Latin America
- Operating expenses: €1,201m; +3.8% vs. 2015
  - As a result of business development and higher regulatory costs
- Pre-tax income: €1,369m; +3.0% vs. 2015
  - Good performance of associated companies

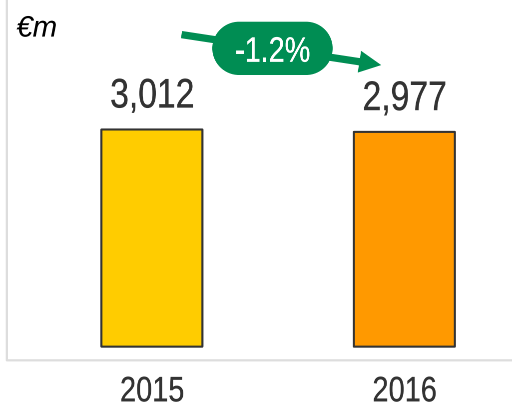
## Wealth and Asset management*

- Revenues: €2,977m; -1,2% vs. 2015
  - Good overall resistance in a lacklustre context this year
- Operating expenses: €2,341m; +1.4% vs. 2015
  - As a result in particular of Wealth Management's business development
- Pre-tax income: €685m; -5.4% vs. 2015

**Revenues** (Insurance)




**Revenues** (WAM*)



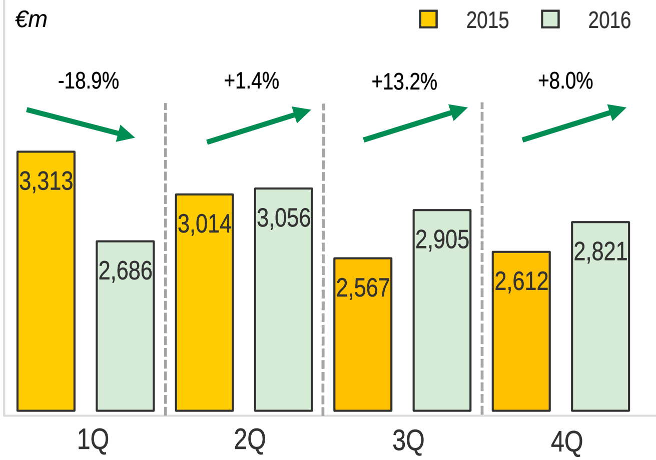

**Insurance: income increase**
**WAM: resistance in a lacklustre context**

** Asset Management, Wealth Management, Real Estate Services*

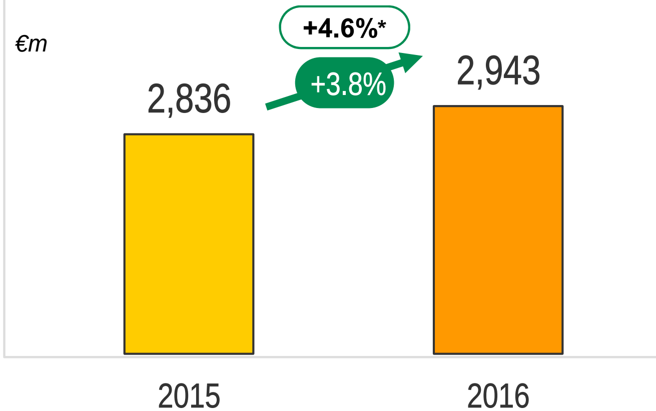
# Corporate and Institutional Banking - 2016 Summary

- Active implementation of the transformation plan
  - On track with the defined timetable
  - Transformation initiatives and cost saving measures launched in all regions
- Revenues: €11,469m (-0.3% vs. 2015)
  - +1.2% at constant scope and exchange rates: good pick-up of the business after a very challenging market context in Europe in 1Q16
  - Increase in all the business units: Global Markets (+1.6%*), Securities Services (+2.2%*) and Corporate Banking (+0.3%*)
- Operating expenses: €8,309m (-1.8% vs. 2015)
  - Stable at constant scope and exchange rates (positive jaws effect: +1.1 pt)
  - Effect of the cost saving measures (~-€350m vs. 2015) but rise in banking taxes and regulatory costs
- Pre-tax income: €2,962m (-1.2% vs. 2015)
  - +3.4% at constant scope and exchange rates
  - 2015 reminder: one-off capital gain from the sale of a non-strategic equity investment (€74m)

**2016 revenues: quarterly evolution**




**Operating income**



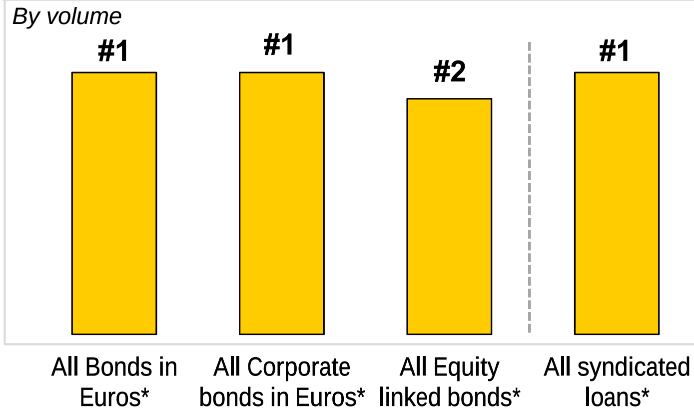

**Solid business growth after a particularly challenging environment in the 1st quarter**

* At constant scope and exchange rates

# Corporate and Institutional Banking - 2016 Business Activity

- Global Markets: significant pick-up in the 2nd half of the year
  - Good pick-up of the business after a particularly challenging market environment at the beginning of the year
  - Sustained commercial performances and market share gains
  - Bond issues: ranked #1 for all bonds issued in euros and #9 for all international bonds*
  - VaR down at a very low level (€34m on average)
- Securities Services: good business growth
  - Assets under custody: +1.4% vs. 2015**
  - Number of transactions: +16.0% vs. 2015
  - Sustainable development: Best Provider of ESG Investor Services***
- Corporate Banking: stronger positions
  - Growth in client loans (€129.4bn, +4.3% vs. 2015**)
  - Robust growth of deposits (€117.2bn, +22.8% vs. 2015**) as a result of good business development in cash management
  - Ranked #1 for syndicated loans in Europe*
  - New clients acquisition and development of transaction banking (trade finance, etc.)

**2016 European rankings**




IFR AWARDS 2016
- Equity Derivatives House of the Year
- Euro Bond House of the Year
- EMEA Loan House of the Year
- EMEA Structured Equity House of the Year
- Europe Investment-Grade Corporate Bond House of the Year

EUROMONEY CASH MANAGEMENT SURVEY 2016
- No. 4 Global Cash Management
- Best Bank for Transaction Services in Western Europe

GREENWICH ASSOCIATES Greenwich Share Leader 2016
- No. 1 European Large Corporate Trade Finance

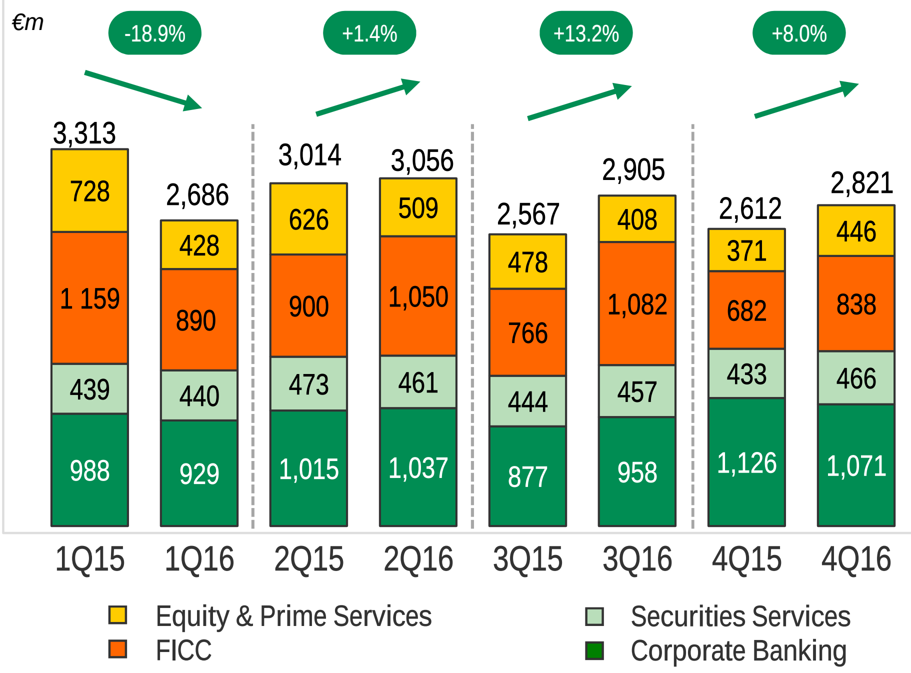
**Growth of the business lines in their markets**

** Source: Dealogic 2016 in volume; ** Average outstandings; *** Global Custodian, Industry Leaders Awards 2016 - Environment, Social & Governance*

# Corporate and Institutional Banking - 2016 Revenues by Business Unit

- Global Markets: €5,650m (-1.1% vs. 2015)
  - +1.6% at constant scope and exchange rates
  - FICC: €3,860m (+10.0% vs. 2015), good recovery after a particularly challenging context in 1Q; good performance in rates and credit
  - Equity & Prime Services: €1,791m (-18.7% vs. 2015), less favourable environment and high 2015 comparison basis (reminder 2015 revenues: +23.6% vs. 2014)
  - Good performance of Global Markets in 4Q16 (+21.9% vs. 4Q15)
- Securities Services: €1,824m (+1.9% vs. 2015)
  - +2.2% at constant scope and exchange rates
  - In connection notably with the rise in outstandings
- Corporate Banking: €3,994m (-0.3% vs. 2015)
  - +0.3% at constant scope and exchange rates: good pick-up in business after a lacklustre environment in the 1st quarter of the year
  - Maintained a good level in Europe and in Asia Pacific, rise in the Americas

**Revenues by business unit**




**Good pick-up in revenues after a very challenging context at the beginning of the year**

Group Results

Division Results

## Success of the 2014-2016 Business Development Plan

2020 Business Development Plan

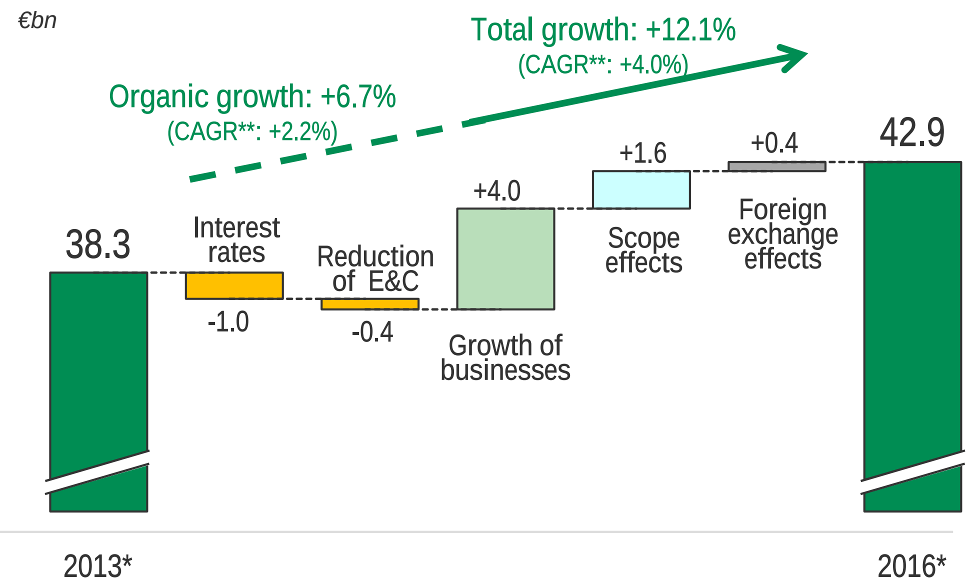
4Q16 Detailed Results

Appendix

# Success of the 2014-2016 Plan
# Good Revenue Growth

- Revenue growth*: +12.1% vs. 2013 (2013-2016 CAGR**: +4.0%)
  - Despite a more lacklustre macroeconomic context than expected
- Sustained organic growth*: +6.7% vs. 2013 (2013-2016 CAGR**: +2.2%)
  - Good development of the businesses and success of the regional plans
  - Despite the negative impact of low interest rates, in particular on Domestic Markets
  - Impact of the significant reduction of the Energy & Commodities (E&C) business at CIB

**Evolution of 2013-2016 revenues***




- Positive contribution of targeted acquisitions
  - Use of available capital resources while keeping a limited growth of RWA during the period (CAGR**: +0.7% vs ≥ +3% expected)
  - Development of the specialised businesses and retail banking outside the Eurozone: acquisition of DAB Bank (Consors bank!), GE Fleet Services Europe (Arval), 50% of LaSer (Personal Finance) and Bank BGZ (Poland)
  - Acquisitions that generate synergies

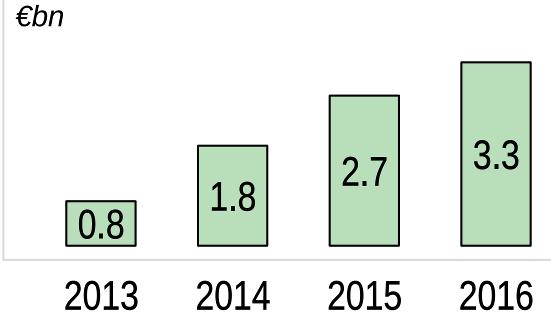
**Good revenue growth despite a lacklustre environment**

** Excluding exceptional elements (+€147m in 2013, +€538m in 2016); ** Compounded annual growth rate*

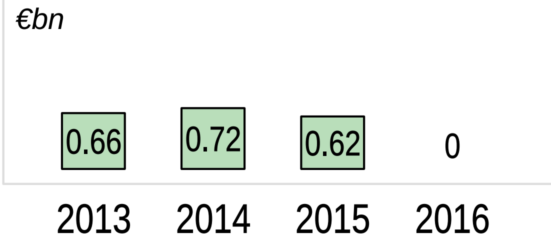
# Simple & Efficient

- Finalisation in 2016 of all the projects in line with the plan
  - 1,386 programmes including 2,699 projects completed since 2013
- Cost savings: €3,313m realised since the launch of the plan
  - Of which €575m booked in 2016
  - Reminder: cost savings target raised from €2.8bn to €3.3bn (2013-2016)
- Breakdown of cost savings by division since 2013
  - Domestic Markets (45%), IFS (26%) and CIB (29%)
- Reminder: no Simple & Efficient transformation costs in 2016

**Cumulative recurring cost savings**



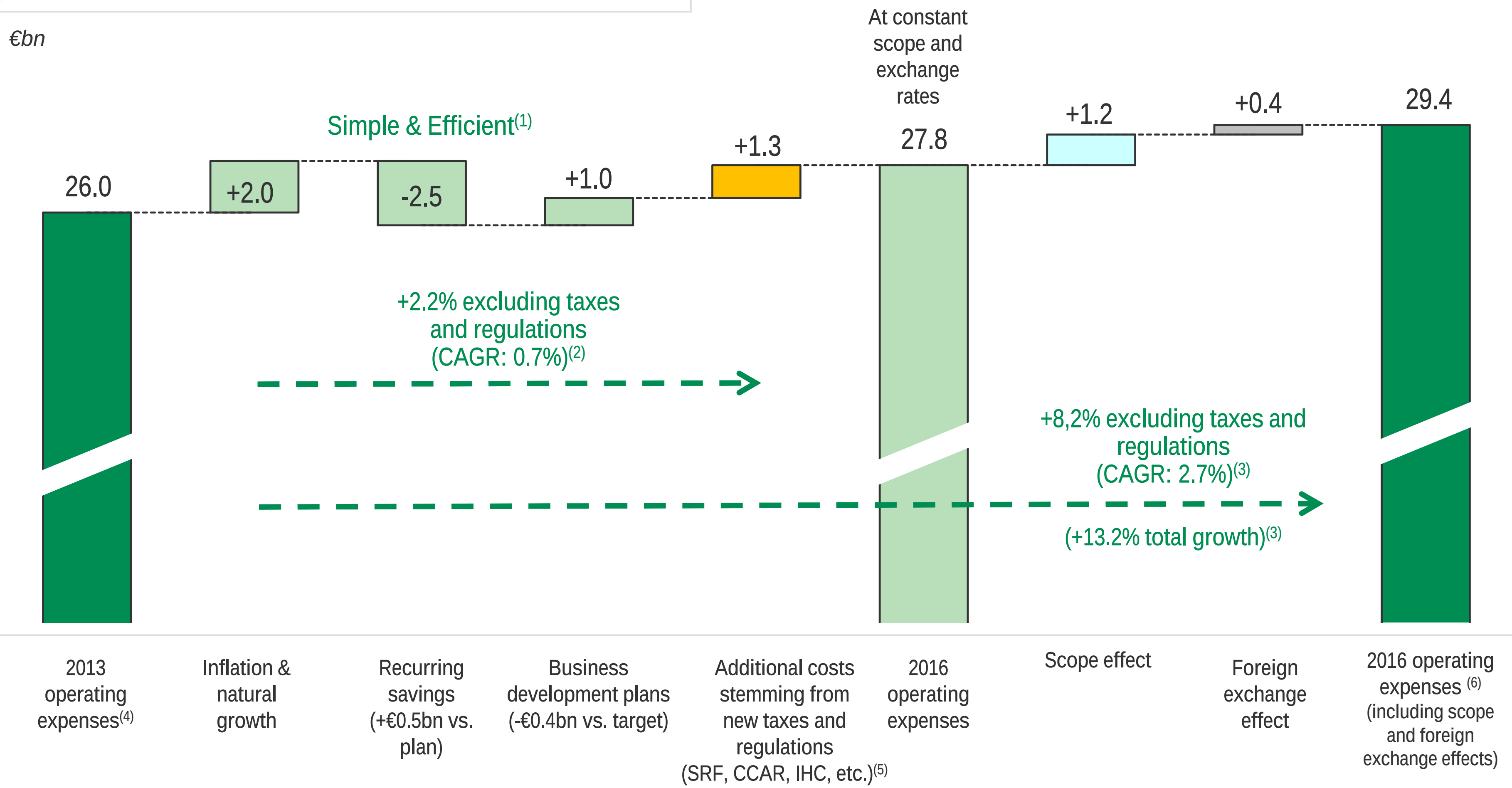

**One-off transformation costs**




**Success of the Simple & Efficient plan**
**Cost savings largely above the initial target**

# Success of the 2014-2016 Plan: Cost Containment but Impact of New Taxes and Regulations

## 2013 - 2016 Operating expenses



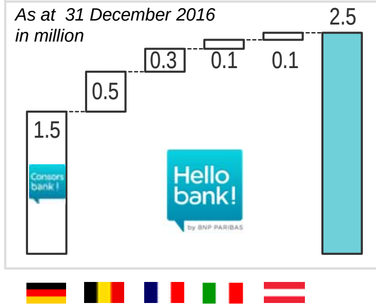

**Positive jaws effect excluding new taxes and regulations**

*(1) Reminder: €800m in savings in 2013; (2) 2013-2016, at constant scope and exchange rates; (3) 2013-2016, at historical scope and exchange rates; (4) Including Simple & Efficient costs: €660m; (5) Resolution funds (€508m), Poland/Belgium (€124m); CCAR and IHC (€238m), Compliance (€235m), other taxes and regulations (€248m); (6) Including the transformation costs of the business units, restructuring costs of the acquisitions and the contribution to the resolution process of 4 Italian banks: €749m*

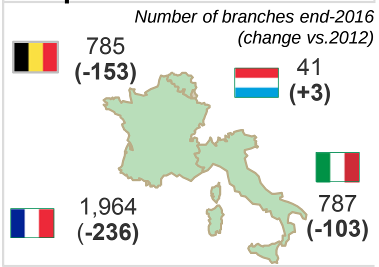
# Success of the 2014-2016 Plan
# Progress on all the Major Strategic Priorities

- Preparing the retail banking of the future
  - Launch of Hello bank! and development of digital banks at IRB
  - Continued adaptation of the branch network
  - Good development of Private Banking in all the networks
- Positions strengthened on corporate and institutional clients
  - Market share gains
  - Development of transaction banking
  - Tie-up between CIB and Securities Services
- Adaptation of the businesses to the new environments
  - BNL: refocus of the corporate commercial approach on the better clients completed and initial positive effects on the cost of risk
  - CIB: creation of Global Markets and market share gains
- Success of development initiatives
  - Success of regional business development plans (Asia-Pacific, Germany, CIB-North America)
  - Good growth of the specialised businesses (Personal Finance, Arval, leasing, insurance, etc)

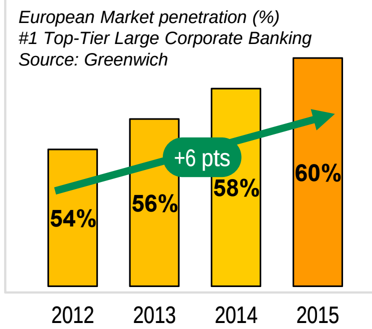
**Number of Hello bank! customers**



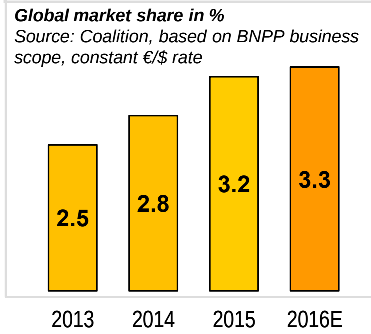

**Ongoing footprint optimisation**



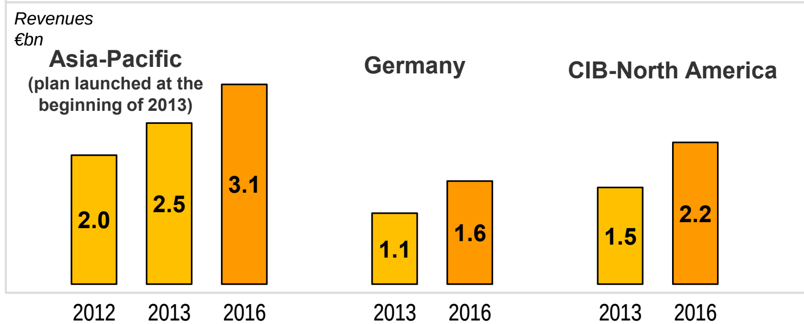

**Corporate banking**




**Global Markets**




**Success of regional business development plans**



# Success of the 2014-2016 Plan Financial Targets Achieved

| | | | 2016 Target | 2016 Achieved | |
|---|---|---|---|---|---|
| Growth | Organic growth of revenues | | ≥ +10% vs. 2013 | +12.1% (including acquisitions)(1) | ☑ |
| Efficiency | Simple & Efficient costs savings target | €2.0bn in 2015 Initial Plan | €2.8bn | €3.3bn | ☑ |
| | Cost income ratio | 66% in 2013 excluding S&E costs | -3 pts vs. 2013 | 66.8%(2) -2 pts excluding regulatory costs | ☒ |
| Profitability | ROE(3) | 7.8% in 2013 | ≥ 10% | 10.3% | ☑ |
| Capital | Fully loaded Basel 3 CET1 Ratio | 10.3%(4) end 2013 | 10.0% | 11.5% | ☑ |
| | Pay-out ratio | 2002-2007: 33-40%<br>2008-2012: 25-33% | ~45% | 45%(5) | ☑ |

- Strong net income growth: €7.7bn in 2016 vs. €4.8bn in 2013
  - Excluding exceptional elements: €7.8bn vs. €6.0bn (+29.1%)(6)
- Increase in earnings per share: €6.0 in 2016 vs. €3.68 in 2013
  - Excluding exceptional elements: €6.1 vs. €4.7 equivalent to +9.3% per year on average

**Strong income growth**

*(1) +6.7% excluding acquisitions; (2) Excluding exceptional elements; (3) Excluding exceptional elements, on the basis of CET1 ratio of 10%; (4) CRD4 (fully loaded); (5) Subject to approval at the Shareholders' Meeting; (6) Net impact of exceptional elements: -€0.1bn in 2016, -€1.2bn in 2013*

# New Code of Conduct and Active Corporate Social Responsibility Policy (CSR)

- Elaboration of a new Code of Conduct
  - > 182,000 employees trained online
  - Additional programmes to support employees assimilate ethical rules (CIB Conduct Program, etc.)
- Actions that have a positive impact on society
  - Financing of socially responsible businesses: €890m*
  - Origination of solidarity financing: structuring of the 1st French Social Impact Contract and of a Social Impact Bond for the State of Connecticut (United States)
  - Policies setting restrictions in the financing of some sectors (agriculture, tobacco)
  - €5m specifically earmarked to aid refugees
  - > 300,000 beneficiaries of microcredit loans made by microfinance organisations funded by the bank
- An active participation in the energy transition
  - Success of the inaugural issue of BNP Paribas "green bonds" (€500m)
  - Strict limitations of coal industry financing
  - €25bn in SRI outstandings** (carbon free outstandings) in funds managed by Asset Management

## New Code of Conduct

| | |
|---|---|
| **Mission** | Finance the economy, advise our clients, support them in their projects with a deep commitment to ethical responsibility |
| **Values** | 4 strengths: Sturdiness, Responsibility, Expertise, a "good place to work"<br>4 levers: Agility, Culture of compliance, Customer satisfaction, Openness |
| **Rules** | Defined at the Group level and detailed in the businesses (clients' interests, financial security, market integrity, ethics, etc.) |
| **Practice** | Training of employees<br>Use of a whistle-blower procedure<br>Encouragement to be exemplary |

**European Leader in the Banking category according to Vigeo Eiris*****

**Ranks amongst the Global 100 Most Sustainable Corporations for the 3rd year in a row**

** Outstandings as at end 2016; ** Socially Responsible Investments, outstandings as at the end of 2016; *** Extra-financial rating agency*

Group Results

Division Results

Success of the 2014-2016 Business Development Plan

## 2020 Business Development Plan

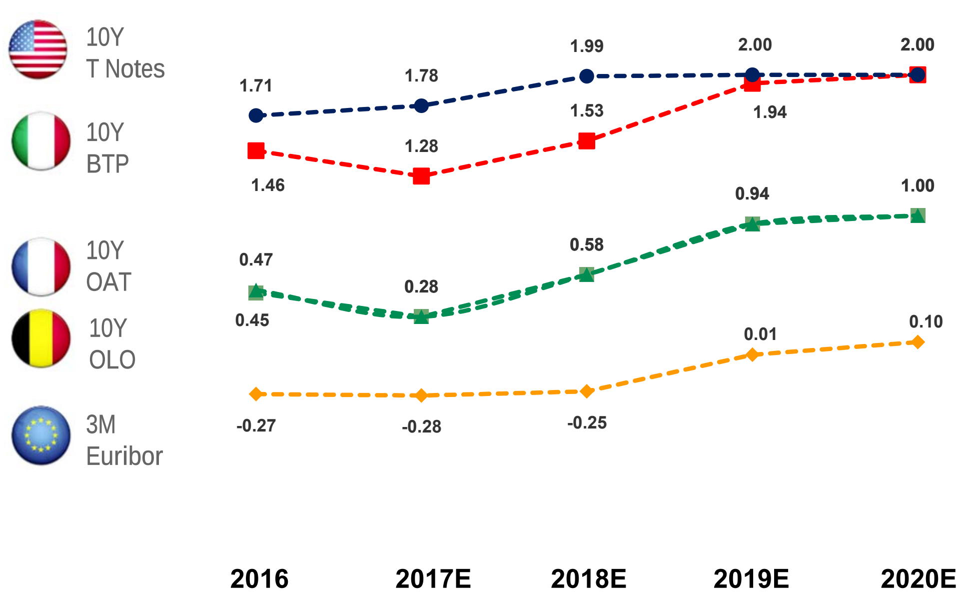
4Q16 Detailed Results

Appendix

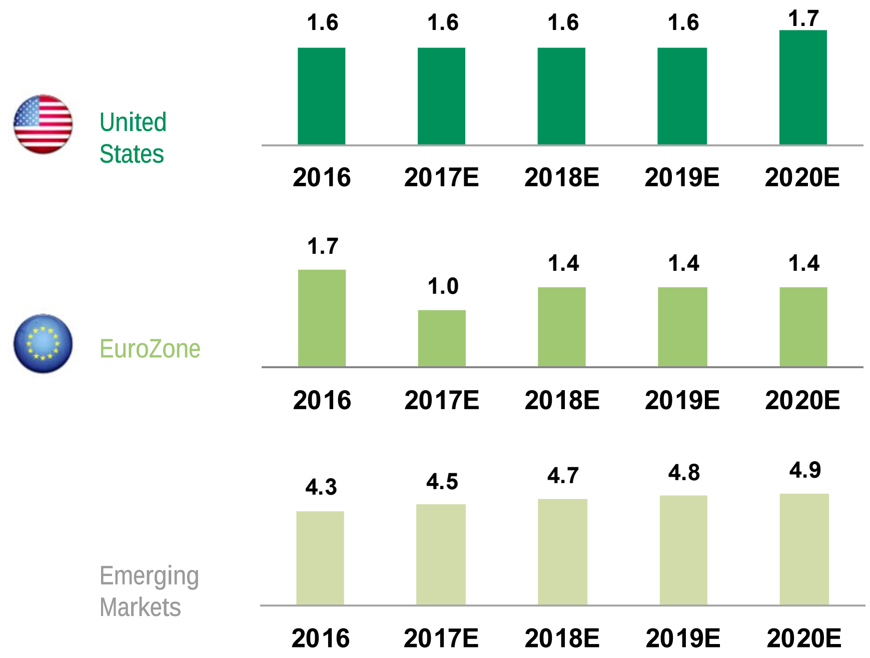
# 2020 Business Development Plan
# A Scenario Based on Conservative Assumptions

**Conservative assumptions of a lacklustre macroeconomic environment**

**Gradual exit from the low interest rate environment**




**Moderate GDP growth**




**A business development plan based on a scenario of moderate, gradual and differentiated economic recovery**

# 2020 Business Development Plan: a Trajectory Based on Expected 2020 Regulatory Constraints

| | | 2016 | 2020 Target[2] |
|---|---|---|---|
| **CET 1 ratio** | ■ CRD IV (Basel 3)<br>■ 2016 SREP: anticipated level of fully loaded Basel 3 CET1 ratio of 10.25% in 2019[1] | **11.5%**<br>Fully loaded Basel 3 CET1 ratio | **12%** |
| **Total capital<br>TLAC<br>MREL** | ■ 2016 SREP: anticipated level of Total Capital requirement of 13.75% in 2019[3]<br>■ TLAC requirement: 20.5% in 2019[4]<br>■ MREL: thresholds to be determined on a case by case basis by the resolution authorities (SRB) according to the CRD V/CRR 2 (under discussion) | **Total Capital (fully loaded) ratio: 14.2%**<br>• CET1 ratio: 11.5%<br>• Tier 1 and Tier 2: 2.7% | **Total Capital (fully loaded) ratio: 15%**<br>• CET1 ratio: 12%<br>• Tier 1 and Tier 2: 3%<br>**TLAC ratio: 21%** |
| **Liquidity** | ■ LCR: CRD IV/CRR<br>■ NSFR: CRD V/CRR 2 (under discussion) | **LCR: 123%** | **LCR > 100%**<br>**NSFR > 100%** |
| **Leverage** | ■ CRD IV (minimum level of 3%)<br>■ Additional requirements for G-SIB still under discussion | **4.4%**<br>Fully loaded Basel 3 leverage | **4%** |

**Regulatory constraints that continue to increase during the period[5]**

*[1] Excluding Pillar 2 Guidance; [2] Assuming constant regulatory framework; [3] Anticipated level of Tier 1 requirement in 2019: 11.75%; [4] Minimum requirement raised to 22.5% as at 01/01/2022; [5] In the current Basel 3 regulatory framework*

# An Ambitious Corporate Social Responsibility Policy (CSR)

| OUR ECONOMIC RESPONSIBILITY | OUR SOCIAL RESPONSIBILITY | OUR CIVIC RESPONSIBILITY | OUR ENVIRONMENTAL RESPONSIBILITY |
|---|---|---|---|
| Financing the economy in an ethical manner | Developing and engaging our people responsibly | Being a positive agent for change | Combating climate change |

## A corporate culture marked by ethical responsibility

- Ensure that all the employees of the Group have mastered the Code of Conduct rules
- Contribute to combating fraud, money laundering, bribery and the financing of terrorism
- Ensure that our activities and operations with our customers strictly comply with all applicable fiscal rules

## A positive impact for society through our financing and our philanthropic actions

- Contribute to achieving the U.N. Sustainable Development Targets through our loans to corporates and our range of investment products
- Rigorously anticipate and manage the potential impacts on the environment and human rights of our financings
- Continue our corporate sponsorship policy in the arts, solidarity and the environment and support the engagements of our employees in favour of solidarity

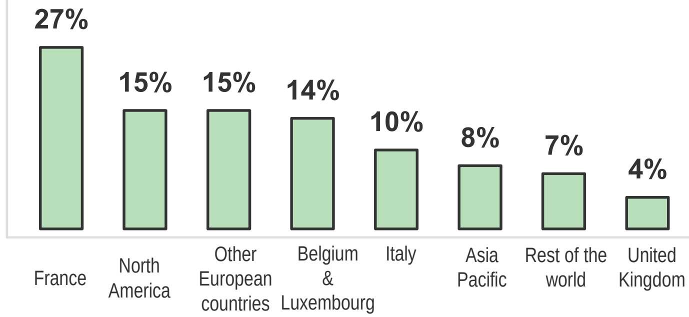
## A major role in the transition towards a low carbon economy

- Reduce our carbon footprint based on a best standards internal policy, in compliance with the International Energy Agency's 2°C scenario
- Increase the amount of financing devoted to renewable energies to €15bn in 2020 (x2 vs. 2015)
- Invest €100m by 2020 in innovative start-ups that contribute to accelerate energy transition

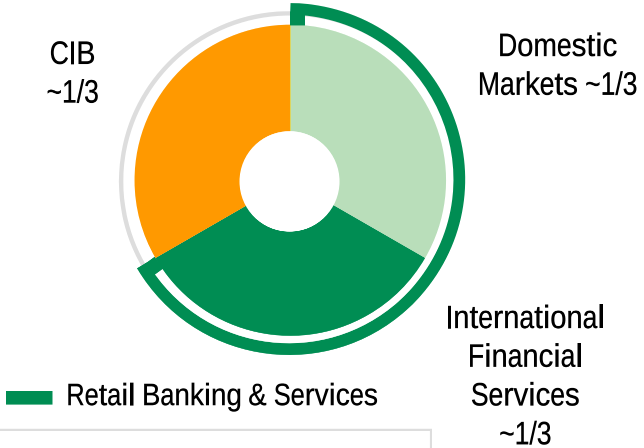
# 2020 Business Development Plan: Leverage the Strength of the Integrated and Diversified Business Model

- A business model diversified by country and business which has demonstrated its strength
  - No country, business or industry concentration
  - Presence primarily in developed countries (>85%)
  - No business unit >20% of allocated equity
  - Business units and regions evolving according to different cycles
- Activities focused on customers' needs
  - A strong cooperation between businesses & regions
- A clear strength in the new environment
  - Sizeable retail banking operations allowing significant investments in digital banking and new technologies
  - Critical mass in market activities that helps to support credit disintermediation
  - A growing presence in stronger potential areas

**Gross commitments* by region: €1,438bn as at 31.12.2016**




**Allocated equity in 2020**




**Confirmation of the well-balanced business model based on 3 pillars: Domestic Markets, IFS and CIB**

* Gross commitments on and off-balance sheet

# An Ambitious Programme of New Customer Experience, Digital Transformation & Savings

## Capitalise on existing initiatives

**Digital applications, products and systems**

Wa! · SMART derivatives · PAY · #DIGIBIZ · Hello bank! · BGZ optima · CORTEX · CENTRIC · CEPTETEB · MySafePlace · ARVAL Active Link · MyAccounts @OneBank

**Tech Labs**

ECHANGEUR · L'ATELIER BNP PARIBAS GROUP · @rdif lab

**Incubators, accelerators and partnerships**

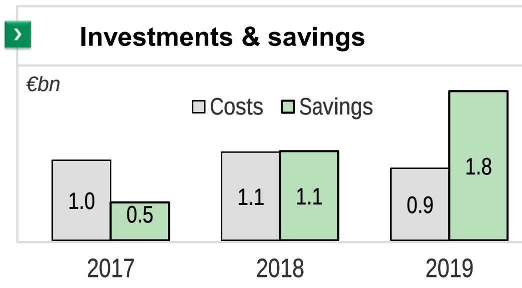
Future Lab · WAi · CO.STATION · BNP PARIBAS INTERNATIONAL HACKATHON · LUISS EnLabs

## Invest in a new customer experience, digital transformation and operating efficiency…

**~€3bn in transformation costs** between 2017 and 2019 …

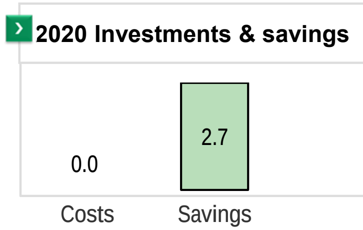
- New customer experience
- Digital transformation
- Operating efficiency

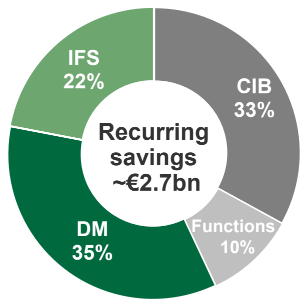
**… financed by ~ €3.4bn in savings during the same period**




## …and generate ~€2.7bn in recurrent annual savings starting from 2020

- Balanced contribution of all the Group's businesses and functions to savings
- ~150 programmes
- A new IT function organisation in the Group



# 2020 Business Development Plan: 5 Levers for a New Customer Experience & a More Effective and Digital Bank

| | | |
|---|---|---|
| 1 | **Implement new customer journeys** | ■ New digitalised, expanded, seamless and personalised customer journeys (more services, more attractiveness, choice of channel, etc.)<br>■ Upgraded service models (better customer segmentation based on user habits, "the right product at the right time and through the right channel," etc.)<br>■ Digitalisation of distribution by developing digital customer interfaces<br>■ New services made available |
| 2 | **Upgrade the operational model** | ■ Streamlining and automatisation of end-to-end processes<br>■ Simplification of the organisations<br>■ Shared platforms and smart sourcing |
| 3 | **Adapt information systems** | ■ Evolution of information systems and incorporation of new technologies in order to accelerate digital<br>■ Improvement of IT efficiency and agile practices<br>■ Promotion of innovation |
| 4 | **Make better use of data to serve clients** | ■ Better reliability of data and enhancement of data use for the benefit of customers<br>■ Reinforcement of data storage, protection and analysis capacities<br>■ Use of cutting-edge technologies (artificial intelligence, machine learning, etc.) |
| 5 | **Work differently** | ■ More digital, collaborative and agile work practices<br>■ Day-to-day digital environment & digital and innovation driven culture<br>■ Staff training |

# Domestic Markets 2020: Reinvent Customer Experience and Accelerate Digital Transformation

## New client expectations influenced by digital usages

- Choice and transparency
- Easiness
- Personalisation
- Autonomy
- Reliability and Security
- New usages

**New customer experience relying on the journeys' digitalisation and a better use of data…**

**…and development of new services**

| Digitalised service models | Reinvent customer journeys | Enhance customer knowledge | Boost digital acquisition & sales | Integrated service platforms |
|---|---|---|---|---|
| Self<br>WWW<br>Assisted<br>Face to Face Remote<br>Face to Face Offsite | 15 Apps already launched of which:<br>BNL bc: #DIGIBIZ<br>BGL BNPP Wealth Mgt: MySafePlace<br>Home on the Spot BNP Paribas Fortis<br>Entreprise Clients: MyAccounts @OneBank | Usage<br>Data analytics<br>Data management<br>Leverage technological opportunities<br>Best practice sharing across entities<br>Commercial proactivity and reactivity | Target of sales with digital interaction<br>2015: 12%<br>2016: 17%<br>2020: 50%<br>Online purchase of all products | Aggregation of optional services: ARVAL Active Link<br>Universal mobile payment solution(*): Wa! FIVORY |

**Implement the 5 levers for a new customer experience, digital transformation and efficiency improvement**

* Shared solution with Crédit Mutuel (CM11-CIC)

# Domestic Markets 2020: Strengthen the Sales and Marketing Drive and Improve Operating Efficiency

**Strengthen the sales and marketing drive in an environment that is improving only gradually**

- Strong headwinds (low interest rates, MIFID 2,…) still in 2017 and 2018
- Strengthen the sales and marketing drive: enhance the attractiveness of the offering, offer new services, gain new customers…
- Disciplined growth of risk-weighted assets
- Maintain leading position in Belgium, continue the commercial development in France and selective growth in Italy

**A risk environment that continues to be favourable**

- Continued improvement in particular in Italy (50 bp in 2020 versus 124 bp in 2016)

**Generate €1bn in recurring cost savings**

- Actively continue to adapt the branch networks by 2020
- Transform the operational model and adapt the information systems
- 2017-2020 transformation costs: €0.8bn(1)

(1) *Presented in the Corporate Centre*

**Main financial targets***

| **2020 Targets** *vs. 2016* | **Revenues** (CAGR) | **Cost income ratio** |
|---|---|---|
| **Domestic Markets** | **>+0.5%** | **-3 pts** |

**2020 RONE**: >17.5%** (+2 pts vs. 2016)

**Significant income growth by 2020**

** Including 100% of Private Banking, excluding PEL/CEL; ** Return on notional equity*

# International Financial Services 2020
# Continued Growth, Innovation and Digitalisation

## Personal Finance

- **Develop partnerships** in the automotive, banking, retail and other new sectors (telecoms, etc.)
- **Pursue international business development:** United States, Nordic countries, Germany, Austria, etc.
- **Broaden the business model:** develop digital banks (Hello bank! by Cetelem) by leveraging the large customer bases

## Insurance

- **Expand the non-life insurance offering** (new partner in France: Matmut)
- **Consolidate international growth:** Europe, Latin America, Asia-Pacific
- **Renew and consolidate distribution partnerships**

Implement the 5 levers for a new customer experience, digital transformation and efficiency improvement

## Wealth and Asset Management

- **Wealth Management:** continue **business development in Asia-Pacific** and extend **collaborations with retail banking**
- **Investment Partners: improve the product offering** and continue **to grow asset inflows**
- **Real Estate Services: growth in service businesses** (in particular in Germany and France)

## International Retail Banking

- **Step up the growth in the United States:** continue in particular to strengthen cooperations with the Group (corporate clients, PF, Leasing, Wealth Management)
- **Controlled development of TEB in Turkey** and consolidate positions in other countries
- **Complete the integration of BGŻ BNP Paribas**, expand the customer offering and market penetration thanks to the roll-out of the business offering

# International Financial Services 2020
# A Growth Engine for the Group

**Strengthen our positions in a context of transformation**

- Step up the pace of growth (new offerings, new partnerships, new regions, etc.) and adapt to the evolution of customers' habits
- Consolidate our leading positions in the business units by leveraging best in class offers
- Continue to expand retail banking outside the Eurozone (Poland, United States, Turkey, etc.) and cooperations with the Group
- Prepare for forthcoming constraints (MIFID 2, regulatory impacts, etc.)

**Improve operating efficiency: €0.6bn in cost savings**

- Digital initiatives specific to each of the businesses (customer distribution and acquisition, product lifecycle management, new full digital products, etc.)
- Initiatives to streamline and pool processes that support the business units
- 2017-2020 transformation costs: €0.9bn[1]

[1] *Presented in the Corporate Centre*

**Main financial targets***

| 2020 Targets vs. *2016* | Revenues (CAGR) | Cost income ratio |
|---|---|---|
| IFS | >+5% | -5 pts |

**2020 RONE**: >20%** (+2pts vs. 2016)

**Sustained revenue and income growth by 2020**

** Excluding FHB; ** Return on notional equity*

# CIB 2020: Momentum Generated by the Transformation Plan Implemented from 2016

**Good start of the transformation plan in 2016**

| Resources optimisation<br>FOCUS | Cost reduction<br>IMPROVE | Revenue growth<br>GROW |
|---|---|---|
| **-€8.3bn of RWA in 2016**<br>(~42% of the target of -€20bn in 2019) | **~-€0.3bn of costs savings in 2016**<br>(~35% of the 2019 target of -€0.95bn) | **~+€200m of revenues* in 2016**<br>**+€2.9bn of RWA* in 2016** |

**Of which:**

- **Right-sizing sub-profitable** businesses or portfolios: -€4.4bn in risk-weighted assets in Global Markets (sale of legacy, etc.)
- **Actively managing financial resources:** -€3.1bn in risk-weighted assets in Corporate Banking (securitisation, sale of outstandings, etc.)

**Of which:**

- **Simplifying and streamlining processes:** €91m of savings in 2016 in Global Markets and €85m in support functions (IT, etc.)
- **Headcount reduction** under way:
  - Voluntary departure plan in France
  - Simplifying the organisation and smart sourcing initiatives

**Of which:**

- **Global Markets:** revenues +1.6% vs. 2015** despite a challenging environment
- **Securities Services:** robust business activity and targeted business development focused on institutional clients
- **Corporate Banking:** new clients' acquisition and good development of the businesses

**Capitalise on the good start of the transformation plan**

** Excluding Focus initiatives and non-recurring items; ** At constant scope and exchange rates*

# CIB 2020: Step up the Operational and Digital Transformation & Business Development in Europe

### Extend the transformation plan to 2020

- Continue resources optimisation, cost reduction and revenue growth
- Grow the corporate and institutional client franchises
- Continue growing fee businesses (advisory services, cash management, Securities Services)
- Continue to leverage well adapted regional positioning and to develop cross-border business

### Implement the 5 levers for efficiency, digitalisation and new customer experience

- Accelerate the digital transformation
- >€200m of additional cost savings generated by End-to-End programmes
- 2020 savings target: ~-€0.9bn vs. 2016 (reminder: ~-€0.3bn achieved in 2016 vs. 2015)
- 2017-2020 transformation costs: €1.1bn(1)

*(1) Presented in the Corporate Centre*

### Step up the expansion of the customer base in Europe

- Grow the corporate customer base (2020 target: +350 new customer groups vs. 2015)
- Specific focus on Northern Europe (Germany, The Netherlands, United Kingdom, Scandinavia)
- Develop cooperations with other business units in the Group

### Main financial targets

| 2020 Targets vs. *2016* | Revenues (CAGR) | Cost income ratio |
|---|---|---|
| CIB | >+4.5% | -8 pts |

**2020 RONE*: >19%** (+6pts vs. 2016)

## Sustained revenue and income growth by 2020

** Return on notional equity*

# Group's 2020 Business Development Plan Financial Targets

| | | | 2020 Target |
|---|---|---|---|
| Growth | Revenues growth | | 2016-2020 CAGR[1] ≥ +2.5% |
| Efficiency | Plan's savings target | | ~€2.7bn in recurring cost savings starting from 2020 |
| | Cost income ratio | 2016: 66.8%[2] | 63% |
| Profitability | ROE | 2016: 9.4%[2] | 10% |
| Capital | Fully loaded Basel 3 CET1 ratio | 11.5% in 2016 | 12%[3] |
| | Pay-out ratio | 2016: 45%[4] | 50%[4] |

- Average growth of dividend per share[4] > 9% per year (CAGR) until 2020

**An ambitious plan that aims to generate an average increase in net income > 6.5% a year until 2020**

*[1] Compounded annual growth rate; [2] Excluding exceptional items; [3] Assuming constant regulatory framework; [4] Subject to shareholder approval*

# Conclusion

**Good Group performance in 2016**

**Net income attributable to equity holders: €7.7bn**

**Success of the 2014-2016 business development plan**

**Progress on all the major strategic priorities**

**ROE in line with the objective of the plan**

**Launch of the new 2017-2020 business development plan**

**Leverage the strength of the integrated and diversified business model**

**Build the bank of the future by accelerating digital transformation**

**Conduct an ambitious Corporate Social Responsibility policy**

# Main Exceptional Items - 4Q16

| | 4Q16 | 4Q15 |
|---|---|---|
| ● **Revenues** | | |
| ■ Own credit adjustment and DVA *(Corporate Centre)* | -€18m | +€160m |
| | *-€18m* | *+€160m* |
| ● **Operating expenses** | | |
| ■ Simple & Efficient transformation costs *(Corporate Centre)* | | -€232m |
| ■ CIB transformation costs and restructuring costs of acquisitions* (Corporate Centre) | - €146m | -€54m |
| ■ Restructuring costs of Businesses** | -€144m | |
| ■ Compulsory contribution to the resolution process of 4 Italian banks*** | -€52m | - €69m |
| | *-€342m* | *-€355m* |
| ● **Costs related to the comprehensive settlement with U.S. authorities** *(Corporate Centre)* | | |
| ■ Costs related to the remediation plan | | -€100m |
| | *€0m* | *-€100m* |
| ● **Other non operating elements** | | |
| ■ Goodwill impairments**** *(Corporate Centre)* | -€127m | -€993m |
| ■ Sale of the stake in Klépierre-Corio *(Corporate Centre)* | | +€352m |
| | *-€127m* | *-€641m* |
| *Total exceptional items (pre-tax)* | -€487m | -€936m |
| *Total exceptional items (after tax)* | -€372m | -€922m |

** LaSer, Bank BGZ, DAB Bank, GE LLD; ** BNL bc (-€50m), BRB (-€80m), WAM (-€7m), Corporate Centre (-€7m); *** BNL bc (-€47m in 4Q16, -€65m in 4Q15), Personal Finance (-€5m in 4Q16, -€4m in 4Q15);*
***** Of which full goodwill impairment of BGZ: -€127m in 4Q16 and of BNL bc: -€917m in 4Q15*

# BNP Paribas Group - 4Q16

| €m | 4Q16 | 4Q15 | 4Q16 / 4Q15 | 3Q16 | 4Q16 / 3Q16 | 2016 | 2015 | 2016 / 2015 |
|---|---|---|---|---|---|---|---|---|
| Revenues | 10,656 | 10,449 | +2.0% | 10,589 | +0.6% | 43,411 | 42,938 | +1.1% |
| Operating Expenses and Dep. | -7,444 | -7,406 | +0.5% | -7,217 | +3.1% | -29,378 | -29,254 | +0.4% |
| Gross Operating Income | 3,212 | 3,043 | +5.6% | 3,372 | -4.7% | 14,033 | 13,684 | +2.6% |
| Cost of Risk | -950 | -968 | -1.9% | -764 | +24.3% | -3,262 | -3,797 | -14.1% |
| Costs related to the comprehensive settlement with US authorities | 0 | -100 | n.s. | 0 | n.s. | 0 | -100 | n.s. |
| Operating Income | 2,262 | 1,975 | +14.5% | 2,608 | -13.3% | 10,771 | 9,787 | +10.1% |
| Share of Earnings of Equity-Method Entities | 151 | 154 | -1.9% | 163 | -7.4% | 633 | 589 | +7.5% |
| Other Non Operating Items | -146 | -656 | -77.7% | 9 | n.s. | -194 | 3 | n.s. |
| Non Operating Items | 5 | -502 | n.s. | 172 | -97.1% | 439 | 592 | -25.8% |
| Pre-Tax Income | 2,267 | 1,473 | +53.9% | 2,780 | -18.5% | 11,210 | 10,379 | +8.0% |
| Corporate Income Tax | -721 | -719 | +0.3% | -790 | -8.7% | -3,095 | -3,335 | -7.2% |
| Net Income Attributable to Minority Interests | -104 | -89 | +16.9% | -104 | -0.0% | -413 | -350 | +18.0% |
| Net Income Attributable to Equity Holders | 1,442 | 665 | n.s. | 1,886 | -23.5% | 7,702 | 6,694 | +15.1% |
| Cost/Income | 69.9% | 70.9% | -1.0 pt | 68.2% | +1.7 pt | 67.7% | 68.1% | -0.4 pt |

- Corporate income tax: average rate of 28.8% in 2016
  - Positive effect of the low fiscal impact on the capital gain on the sale of Visa Europe shares (long term capital gains regime)
  - No significant impact from reevaluation of differed taxes due to lower income tax rate in France in 2020 (« Loi de Finance 2017 »)

# Retail Banking and Services - 4Q16

| €m | 4Q16 | 4Q15 | 4Q16 / 4Q15 | 3Q16 | 4Q16 / 3Q16 | 2016 | 2015 | 2016 / 2015 |
|---|---|---|---|---|---|---|---|---|
| Revenues | 7,758 | 7,681 | +1.0% | 7,735 | +0.3% | 30,651 | 30,552 | +0.3% |
| Operating Expenses and Dep. | -5,200 | -5,049 | +3.0% | -4,813 | +8.0% | -19,880 | -19,460 | +2.2% |
| Gross Operating Income | 2,558 | 2,632 | -2.8% | 2,922 | -12.5% | 10,771 | 11,092 | -2.9% |
| Cost of Risk | -824 | -882 | -6.5% | -704 | +17.1% | -3,005 | -3,533 | -14.9% |
| Operating Income | 1,733 | 1,750 | -1.0% | 2,218 | -21.9% | 7,765 | 7,559 | +2.7% |
| Share of Earnings of Equity-Method Entities | 130 | 138 | -6.1% | 140 | -7.1% | 530 | 509 | +4.1% |
| Other Non Operating Items | -5 | -8 | -35.9% | 9 | n.s. | 10 | 1 | n.s. |
| Pre-Tax Income | 1,858 | 1,881 | -1.2% | 2,367 | -21.5% | 8,305 | 8,069 | +2.9% |
| Cost/Income | 67.0% | 65.7% | +1.3 pt | 62.2% | +4.8 pt | 64.9% | 63.7% | +1.2 pt |
| Allocated Equity (€bn) | | | | | | 49.0 | 48.4 | +1.4% |

*Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium, Luxembourg, at BancWest and TEB for the Revenues to Pre-tax income line items*

# Domestic Markets - 4Q16

| €m | 4Q16 | 4Q15 | 4Q16 / 4Q15 | 3Q16 | 4Q16 / 3Q16 | 2016 | 2015 | 2016 / 2015 |
|---|---|---|---|---|---|---|---|---|
| Revenues | 3,866 | 3,905 | -1.0% | 3,923 | -1.5% | 15,715 | 15,797 | -0.5% |
| Operating Expenses and Dep. | -2,794 | -2,713 | +3.0% | -2,567 | +8.8% | -10,629 | -10,393 | +2.3% |
| Gross Operating Income | 1,072 | 1,191 | -10.0% | 1,356 | -20.9% | 5,086 | 5,404 | -5.9% |
| Cost of Risk | -399 | -471 | -15.3% | -329 | +21.3% | -1,515 | -1,812 | -16.4% |
| Operating Income | 674 | 721 | -6.5% | 1,028 | -34.5% | 3,572 | 3,592 | -0.6% |
| Share of Earnings of Equity-Method Entities | 14 | 22 | -37.2% | 18 | -26.0% | 54 | 50 | +8.8% |
| Other Non Operating Items | -6 | -7 | -13.6% | 8 | n.s. | 2 | -34 | n.s. |
| Pre-Tax Income | 681 | 735 | -7.3% | 1,054 | -35.4% | 3,628 | 3,608 | +0.6% |
| Income Attributable to Wealth and Asset Management | -59 | -60 | -1.6% | -61 | -3.2% | -246 | -273 | -9.9% |
| Pre-Tax Income of Domestic Markets | 622 | 675 | -7.8% | 993 | -37.4% | 3,382 | 3,335 | +1.4% |
| Cost/Income | 72.3% | 69.5% | +2.8 pt | 65.4% | +6.9 pt | 67.6% | 65.8% | +1.8 pt |
| Allocated Equity (€bn) | | | | | | 23.0 | 22.7 | +1.3% |

*Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg for the Revenues to Pre-tax income items*

- Revenues: -1.0% vs. 4Q15
  - Persistently low interest rate environment
  - Good growth at BRB, LRB and in the specialised businesses (Arval, Personal Investors)
- Operating expenses: +3.0% vs. 4Q15
  - -0.5% vs. 4Q15 excluding the impact of exceptional items*
  - Effect of the cost saving measures
- Pre-tax income: -7.8% vs. 4Q15
  - +5.2% vs. 4Q15 excluding the impact of exceptional items*
  - Decrease in the cost of risk in Italy

** Additional compulsory contribution of BNL bc to the resolution process of 4 Italian banks: -€47m (-€65m in 4Q15) & restructuring costs: BNL bc -€50m (-€20m in 4Q15); BRB -€80m (0 in 4Q15)*

# Domestic Markets
# French Retail Banking - 4Q16 (excluding PEL/CEL effets)

| €m | 4Q16 | 4Q15 | 4Q16 / 4Q15 | 3Q16 | 4Q16 / 3Q16 | 2016 | 2015 | 2016 / 2015 |
|---|---|---|---|---|---|---|---|---|
| Revenues | 1,548 | 1,603 | -3.4% | 1,601 | -3.3% | 6,401 | 6,597 | -3.0% |
| *Incl. Net Interest Income* | *899* | *946* | *-5.0%* | *923* | *-2.5%* | *3,676* | *3,804* | *-3.4%* |
| *Incl. Commissions* | *649* | *657* | *-1.2%* | *678* | *-4.3%* | *2,725* | *2,793* | *-2.4%* |
| Operating Expenses and Dep. | -1,216 | -1,207 | +0.7% | -1,178 | +3.2% | -4,673 | -4,641 | +0.7% |
| Gross Operating Income | 332 | 396 | -16.1% | 423 | -21.5% | 1,728 | 1,956 | -11.7% |
| Cost of Risk | -124 | -88 | +41.6% | -72 | +73.2% | -342 | -343 | -0.2% |
| Operating Income | 208 | 308 | -32.5% | 351 | -40.9% | 1,386 | 1,613 | -14.1% |
| Non Operating Items | 1 | 1 | -25.5% | 0 | n.s. | 3 | 4 | -29.8% |
| Pre-Tax Income | 209 | 309 | -32.5% | 351 | -40.6% | 1,389 | 1,617 | -14.1% |
| Income Attributable to Wealth and Asset Management | -32 | -34 | -3.6% | -34 | -5.8% | -138 | -159 | -13.4% |
| Pre-Tax Income of French Retail Banking | 177 | 276 | -36.0% | 317 | -44.3% | 1,251 | 1,458 | -14.2% |
| Cost/Income | 78.5% | 75.3% | +3.2 pt | 73.6% | +4.9 pt | 73.0% | 70.3% | +2.7 pt |
| Allocated Equity (€bn) | | | | | | 8.7 | 8.3 | +5.5% |

*Including 100% of French Private Banking for the Revenues to Pre-tax income line items (excluding PEL/CEL effects)**

- Revenues: -3.4% vs. 4Q15
  - Net interest income: -5.0%, persistently low interest rate environment (decrease in margin on deposits and on renegotiated loans but gradual effect of the rise in outstandings)
  - Fees: -1.2% but +3.2% excluding non recurring item, rise in financial fees and banking fees
- Operating expenses: +0.7% vs. 4Q15
  - Cost control
- Increase in the cost of risk due to a specific file

** PEL/CEL effects: -€2m in 2016 (-€31m in 2015) and +€8m in 4Q16 (+€5m in 4Q15)*

# Domestic Markets
# French Retail Banking - Volumes

| *Average outstandings (€bn)* | Outstandings 4Q16 | %Var/4Q15 | %Var/3Q16 | Outstandings 2016 | %Var/2015 |
|---|---|---|---|---|---|
| **LOANS** | **148.8** | **+4.2%** | **+1.9%** | **144.8** | **+0.3%** |
| Individual Customers | 80.3 | +4.8% | +3.1% | 77.4 | -0.4% |
| Incl. Mortgages | 70.0 | +4.9% | +3.1% | 67.4 | -0.2% |
| Incl. Consumer Lending | 10.3 | +4.5% | +3.5% | 10.0 | -0.1% |
| Corporates | 68.5 | +3.6% | +0.6% | 67.4 | +1.1% |
| **DEPOSITS AND SAVINGS** | **147.6** | **+8.6%** | **+1.5%** | **143.1** | **+5.4%** |
| Current Accounts | 83.2 | +21.7% | +2.5% | 78.2 | +22.0% |
| Savings Accounts | 57.8 | -0.8% | -1.4% | 58.2 | -2.3% |
| Market Rate Deposits | 6.6 | -28.5% | +14.7% | 6.7 | -44.3% |

| *€bn* | 31.12.16 | %Var/ 31.12.15 | %Var/ 30.09.16 |
|---|---|---|---|
| **OFF BALANCE SHEET SAVINGS** | | | |
| Life Insurance | 85.5 | +2.6% | +0.1% |
| Mutual Funds | 46.3 | +0.6% | +2.8% |

- Loans: +4.2% vs. 4Q15, rise in corporate loans, good pick-up in loan origination on individual customers
- Deposits: +8.6% vs. 4Q15, strong growth in current accounts, significant decrease in market rate deposits
- Off balance sheet savings: increase in life insurance vs. 31.12.15

# Domestic Markets
# BNL banca commerciale - 4Q16

| €m | 4Q16 | 4Q15 | 4Q16 / 4Q15 | 3Q16 | 4Q16 / 3Q16 | 2016 | 2015 | 2016 / 2015 |
|---|---|---|---|---|---|---|---|---|
| Revenues | 745 | 781 | -4.6% | 741 | +0.6% | 2,972 | 3,150 | -5.7% |
| Operating Expenses and Dep. | -543 | -550 | -1.3% | -448 | +21.3% | -1,885 | -1,903 | -0.9% |
| Gross Operating Income | 202 | 230 | -12.5% | 293 | -31.1% | 1,086 | 1,247 | -12.9% |
| Cost of Risk | -229 | -300 | -23.9% | -215 | +6.5% | -959 | -1,248 | -23.1% |
| Operating Income | -27 | -70 | -61.5% | 78 | n.s. | 127 | -2 | n.s. |
| Non Operating Items | 0 | 0 | n.s. | 0 | +19.8% | 0 | -1 | n.s. |
| Pre-Tax Income | -27 | -70 | -61.8% | 78 | n.s. | 127 | -3 | n.s. |
| Income Attributable to Wealth and Asset Management | -10 | -10 | -8.1% | -9 | +12.4% | -37 | -41 | -9.5% |
| Pre-Tax Income of BNL bc | -36 | -80 | -54.8% | 70 | n.s. | 90 | -44 | n.s. |
| Cost/Income | 72.9% | 70.5% | +2.4 pt | 60.5% | +12.4 pt | 63.4% | 60.4% | +3.0 pt |
| Allocated Equity (€bn) | | | | | | 5.7 | 6.5 | -11.3% |

*Including 100% of the Italian Private Banking for the Revenues to Pre-tax income line items*

- Revenues: -4.6% vs. 4Q15
  - Net interest income: -4.2% vs. 4Q15, impact of the low interest rate environment and last effects of the repositioning on the better corporate clients
  - Fees: -5.2% vs. 4Q15, decrease of banking fees
- Operating expenses: -1.3% vs. 4Q15
  - -4.3% vs. 4Q15 excluding the impact of exceptional items*: effect of cost reduction measures
- Cost of risk: -23.9% vs. 4Q15
  - Continued decrease in the cost of risk
- Pre-tax income: -54.8% vs. 4Q15
  - €61m excluding the impact of exceptional items*

** Additional compulsory contribution to the resolution process of 4 Italian banks: -€47m (-€65m in 4Q15) & one-off transformation costs: -€50m (-€20m in 4Q15)*

# Domestic Markets
# BNL banca commerciale - Volumes

| *Average outstandings (€bn)* | Outstandings 4Q16 | %Var/4Q15 | %Var/3Q16 | Outstandings 2016 | %Var/2015 |
|---|---|---|---|---|---|
| **LOANS** | **78.6** | **+1.4%** | **+0.8%** | **77.9** | **+0.5%** |
| Individual Customers | 39.4 | +0.9% | +0.5% | 39.2 | +1.5% |
| Incl. Mortgages | 24.5 | -2.2% | -0.4% | 24.8 | -1.0% |
| Incl. Consumer Lending | 4.2 | +3.3% | +1.0% | 4.2 | +3.3% |
| Corporates | 39.2 | +1.9% | +1.1% | 38.7 | -0.5% |
| **DEPOSITS AND SAVINGS** | **39.9** | **+14.9%** | **+3.8%** | **38.0** | **+12.6%** |
| Individual Deposits | 26.4 | +12.3% | +2.3% | 25.6 | +13.2% |
| Incl. Current Accounts | 26.1 | +12.6% | +2.4% | 25.2 | +13.7% |
| Corporate Deposits | 13.5 | +20.2% | +6.9% | 12.4 | +11.4% |

| *€bn* | 31.12.16 | %Var/ 31.12.15 | %Var/ 30.09.16 |
|---|---|---|---|
| **OFF BALANCE SHEET SAVINGS** | | | |
| Life Insurance | 18.3 | +9.8% | +1.4% |
| Mutual Funds | 13.8 | +7.2% | +1.4% |

- Loans: +1.4% vs. 4Q15
  - Individuals: +0.9% vs. 4Q15, gradual recovery in volumes
  - Corporates: +1.9% vs. 4Q15, good growth in particular on the better corporate clients
- Deposits: +14.9% vs. 4Q15
  - Individuals and corporates: strong rise in current accounts
- Off balance sheet savings: good asset inflows in life insurance, rise in mutual fund outstandings

# Domestic Markets
# Belgian Retail Banking - 4Q16

| €m | 4Q16 | 4Q15 | 4Q16 / 4Q15 | 3Q16 | 4Q16 / 3Q16 | 2016 | 2015 | 2016 / 2015 |
|---|---|---|---|---|---|---|---|---|
| Revenues | 908 | 882 | +2.9% | 914 | -0.6% | 3,661 | 3,552 | +3.1% |
| Operating Expenses and Dep. | -661 | -588 | +12.5% | -575 | +15.1% | -2,582 | -2,462 | +4.9% |
| Gross Operating Income | 247 | 295 | -16.3% | 339 | -27.3% | 1,079 | 1,090 | -1.0% |
| Cost of Risk | -9 | -52 | -82.3% | -19 | -52.4% | -98 | -85 | +15.1% |
| Operating Income | 237 | 243 | -2.2% | 320 | -25.7% | 981 | 1,005 | -2.4% |
| Non Operating Items | 2 | 7 | -78.7% | 3 | -55.0% | 6 | -9 | n.s. |
| Pre-Tax Income | 239 | 250 | -4.4% | 323 | -26.0% | 987 | 996 | -0.9% |
| Income Attributable to Wealth and Asset Management | -17 | -14 | +15.2% | -18 | -5.9% | -69 | -68 | +1.1% |
| Pre-Tax Income of Belgian Retail Banking | 222 | 235 | -5.6% | 305 | -27.2% | 918 | 928 | -1.1% |
| Cost/Income | 72.8% | 66.6% | +6.2 pt | 62.9% | +9.9 pt | 70.5% | 69.3% | +1.2 pt |
| Allocated Equity (€bn) | | | | | | 4.7 | 4.5 | +6.2% |

*Including 100% of Belgian Private Banking for the Revenues to Pre-tax income line items*

- Revenues: +2.9% vs. 4Q15
  - Net interest income: +3.5% vs. 4Q15, due to volume growth
  - Fees: +1.3% vs. 4Q15, rise in banking fees
- Operating expenses: +12.5% vs. 4Q15
  - -1.0% vs. 4Q15 excluding exceptional item*
  - Effect of the cost reduction measures
- Pre-tax income: -5.6% vs. 4Q15
  - +28.3% vs. 4Q15 excluding exceptional item*

* *Restructuring costs: -€80m in 4Q16*

# Domestic Markets
# Belgian Retail Banking - Volumes

| *Average outstandings (€bn)* | Outstandings 4Q16 | %Var/4Q15 | %Var/3Q16 | Outstandings 2016 | %Var/2015 |
|---|---|---|---|---|---|
| **LOANS** | **97.0** | **+3.9%** | **+0.3%** | **96.0** | **+4.7%** |
| Individual Customers | 65.5 | +3.8% | +0.5% | 64.7 | +5.6% |
| Incl. Mortgages | 46.8 | +3.8% | +0.7% | 46.2 | +6.3% |
| Incl. Consumer Lending | 0.2 | +21.3% | -29.5% | 0.2 | -40.2% |
| Incl. Small Businesses | 18.5 | +3.8% | +0.4% | 18.4 | +4.8% |
| Corporates and Local Governments | 31.5 | +4.1% | -0.1% | 31.3 | +2.8% |
| **DEPOSITS AND SAVINGS** | **117.9** | **+6.5%** | **-0.2%** | **116.0** | **+5.8%** |
| Current Accounts | 47.4 | +16.7% | -0.7% | 45.4 | +17.4% |
| Savings Accounts | 67.2 | +3.1% | +0.3% | 66.5 | +1.7% |
| Term Deposits | 3.4 | -32.9% | -3.3% | 4.0 | -27.4% |

| *€bn* | 31.12.16 | %Var/ 31.12.15 | %Var/ 30.09.16 |
|---|---|---|---|
| **OFF BALANCE SHEET SAVINGS** | | | |
| Life Insurance | 24.7 | +0.1% | -0.6% |
| Mutual Funds | 30.4 | +0.4% | +1.0% |

- Loans: +3.9% vs. 4Q15
  - Individuals: +3.8% vs. 4Q15, rise in particular of mortgage loans
  - Corporates: +4.1% vs. 4Q15, good increase in loans to SMEs
- Deposits: +6.5% vs. 4Q15
  - Individuals and corporates: strong growth in current accounts

# Domestic Markets
# Other Activities - 4Q16

| €m | 4Q16 | 4Q15 | 4Q16 / 4Q15 | 3Q16 | 4Q16 / 3Q16 | 2016 | 2015 | 2016 / 2015 |
|---|---|---|---|---|---|---|---|---|
| Revenues | 666 | 638 | +4.2% | 669 | -0.4% | 2,681 | 2,498 | +7.3% |
| Operating Expenses and Dep. | -374 | -368 | +1.5% | -367 | +1.8% | -1,488 | -1,387 | +7.3% |
| Gross Operating Income | 292 | 270 | +8.0% | 302 | -3.2% | 1,193 | 1,111 | +7.4% |
| Cost of Risk | -37 | -31 | +19.5% | -23 | +60.1% | -115 | -136 | -15.2% |
| Operating Income | 255 | 240 | +6.5% | 279 | -8.4% | 1,078 | 975 | +10.5% |
| Share of Earnings of Equity-Method Entities | 10 | 18 | -43.7% | 13 | -17.6% | 43 | 36 | +18.8% |
| Other Non Operating Items | -6 | -13 | -52.9% | 10 | n.s. | 5 | -14 | n.s. |
| Pre-Tax Income | 260 | 245 | +5.8% | 301 | -13.8% | 1,125 | 997 | +12.8% |
| Income Attributable to Wealth and Asset Management | 0 | -1 | -77.0% | 0 | -0.7% | -2 | -5 | -55.2% |
| Pre-Tax Income of Other Domestic Markets | 259 | 244 | +6.3% | 301 | -13.8% | 1,123 | 993 | +13.1% |
| Cost/Income | 56.1% | 57.6% | -1.5 pt | 54.9% | +1.2 pt | 55.5% | 55.5% | +0.0 pt |
| Allocated Equity (€bn) | | | | | | 3.8 | 3.5 | +8.5% |

*Including 100% of Private Banking in Luxembourg for the Revenues to Pre-tax income line items*

- Scope effect linked to the acquisition of GE Fleet Services Europe (Arval)
- At constant scope and exchange rates vs. 4Q15
  - Revenues*: +4.2%, rise across all business lines
  - Operating expenses*: -0.2%, effect of the first cost synergies between DAB Bank and Consors bank! in Germany (Personal Investors)
  - Pre-tax income**: +8.6%

** Including 100% of Private Banking in Luxembourg; ** Including 2/3 of Private Banking in Luxembourg*

# Domestic Markets
# LRB - Personal Investors

## Luxembourg Retail Banking (LRB)

| *Average outstandings (€bn)* | 4Q16 | %Var/4Q15 | %Var/3Q16 | 2016 | %Var/2015 |
|---|---|---|---|---|---|
| **LOANS** | **8.5** | **+1.5%** | **+2.0%** | **8.4** | **+1.5%** |
| Individual Customers | 6.1 | +2.2% | +0.4% | 6.0 | +2.2% |
| Corporates and Local Governments | 2.5 | -0.4% | +6.1% | 2.4 | -0.3% |
| **DEPOSITS AND SAVINGS** | **17.6** | **+16.3%** | **+3.9%** | **16.4** | **+14.4%** |
| Current Accounts | 8.6 | +23.1% | +12.6% | 7.5 | +14.6% |
| Savings Accounts | 8.2 | +23.5% | -1.4% | 8.0 | +32.3% |
| Term Deposits | 0.7 | -50.3% | -21.0% | 0.9 | -47.6% |

| *€bn* | 31.12.16 | %Var/ 31.12.15 | %Var/ 30.09.16 |
|---|---|---|---|
| **OFF BALANCE SHEET SAVINGS** | | | |
| Life Insurance | 0.9 | +2.4% | +0.5% |
| Mutual Funds | 1.7 | -4.9% | +0.8% |

- Loans vs. 4Q15: increase in mortgage loans
- Deposits vs. 4Q15: increase in sight deposits and savings accounts particularly in the corporate client segment

## Personal Investors

| *Average outstandings (€bn)* | 4Q16 | %Var/4Q15 | %Var/3Q16 | 2016 | %Var/2015 |
|---|---|---|---|---|---|
| **LOANS** | **0.5** | **-1.0%** | **+0.5%** | **0.5** | **+0.8%** |
| **DEPOSITS** | **20.4** | **+1.2%** | **+1.8%** | **20.0** | **-0.6%** |

| *€bn* | 31.12.16 | %Var/ 31.12.15 | %Var/ 30.09.16 |
|---|---|---|---|
| **ASSETS UNDER MANAGEMENT** | **84.0** | **+12.3%** | **+9.0%** |
| **European Customer Orders** (millions) | **4.2** | **-2.8%** | **+3.5%** |


- Assets under management vs. 4Q15:
  - Effect of the acquisition of Sharekhan*
  - +6.8% at constant scope and exchange rates: positive asset inflows and effect of rising markets
- Digital: success of the launch of Video Legitimation in Germany (opening an account fully online)
- Cortal Consors named Best Online-Broker 2016 by Focus Money

* *Closed on 23 November 2016 (€4bn of assets under management)*

# Domestic Markets
# Arval - Leasing Solutions

## Arval

| Average outstandings (€bn) | 4Q16 | %Var*/4Q15 | %Var*/3Q16 | 2016 | %Var*/2015 |
|---|---|---|---|---|---|
| Consolidated Outstandings | 14.0 | +12.0% | +3.1% | 13.5 | +12.6% |
| Financed vehicles ('000 of vehicles) | 1,028 | +8.4% | +2.7% | 997 | +10.1% |

- Consolidated outstandings: +12.0%* vs. 4Q15, good growth in all regions
- Financed vehicles: +8.4%* vs. 4Q15, very good sales and marketing drive, now over 1 million financed vehicles

## Leasing Solutions

| Average outstandings (€bn) | 4Q16 | %Var*/4Q15 | %Var*/3Q16 | 2016 | %Var*/2015 |
|---|---|---|---|---|---|
| Consolidated Outstandings | 16.8 | +6.7% | +3.5% | 16.6 | +4.8% |

- Consolidated outstandings: +6.7%* vs. 4Q15, good growth in the outstandings of the core portfolio and continued reduction of the non-core portfolio

** At constant scope and exchange rates*

# International Financial Services - 4Q16

| €m | 4Q16 | 4Q15 | 4Q16 / 4Q15 | 3Q16 | 4Q16 / 3Q16 | 2016 | 2015 | 2016 / 2015 |
|---|---|---|---|---|---|---|---|---|
| Revenues | 4,025 | 3,903 | +3.1% | 3,946 | +2.0% | 15,479 | 15,295 | +1.2% |
| Operating Expenses and Dep. | -2,481 | -2,403 | +3.2% | -2,319 | +7.0% | -9,544 | -9,334 | +2.3% |
| Gross Operating Income | 1,544 | 1,500 | +2.9% | 1,627 | -5.1% | 5,935 | 5,961 | -0.4% |
| Cost of Risk | -425 | -411 | +3.6% | -376 | +13.1% | -1,496 | -1,722 | -13.1% |
| Operating Income | 1,118 | 1,089 | +2.7% | 1,251 | -10.6% | 4,439 | 4,239 | +4.7% |
| Share of Earnings of Equity-Method Entities | 116 | 117 | -0.2% | 122 | -4.2% | 477 | 460 | +3.6% |
| Other Non Operating Items | 1 | 0 | n.s. | 1 | +66.6% | 8 | 35 | -76.0% |
| Pre-Tax Income | 1,236 | 1,206 | +2.5% | 1,373 | -10.0% | 4,924 | 4,734 | +4.0% |
| Cost/Income | 61.6% | 61.6% | +0.0 pt | 58.8% | +2.8 pt | 61.7% | 61.0% | +0.7 pt |
| Allocated Equity (€bn) | | | | | | 26.1 | 25.7 | +1.4% |

- Limited foreign exchange effect this quarter
- At constant scope and exchange rates vs. 4Q15
  - Revenues: +3.3%  growth across all the business lines
  - Operating expenses: +3.6% (+3.3% excluding exceptional costs*)
  - Operating income: +2.0%
  - Pre-tax income: +2.4%

** Restructuring costs of WAM (-€7m in 4Q16) and Personal Finance's compulsory contribution to the resolution process of 4 Italian banks (-€5 m in 4Q16, -€4m in 4Q15)*

# International Financial Services
# Personal Finance - 4Q16

| €m | 4Q16 | 4Q15 | 4Q16 / 4Q15 | 3Q16 | 4Q16 / 3Q16 | 2016 | 2015 | 2016 / 2015 |
|---|---|---|---|---|---|---|---|---|
| Revenues | 1,185 | 1,161 | +2.1% | 1,177 | +0.7% | 4,679 | 4,661 | +0.4% |
| Operating Expenses and Dep. | -598 | -580 | +3.2% | -544 | +10.0% | -2,298 | -2,315 | -0.7% |
| Gross Operating Income | 587 | 581 | +0.9% | 632 | -7.2% | 2,381 | 2,346 | +1.5% |
| Cost of Risk | -269 | -309 | -12.7% | -240 | +12.2% | -979 | -1,176 | -16.7% |
| Operating Income | 317 | 273 | +16.4% | 392 | -19.1% | 1,401 | 1,170 | +19.8% |
| Share of Earnings of Equity-Method Entities | 18 | 21 | -12.5% | 18 | -2.4% | 42 | 74 | -43.7% |
| Other Non Operating Items | -2 | -1 | n.s. | 0 | n.s. | -1 | 0 | n.s. |
| Pre-Tax Income | 334 | 293 | +14.0% | 411 | -18.7% | 1,442 | 1,244 | +15.9% |
| Cost/Income | 50.5% | 49.9% | +0.6 pt | 46.3% | +4.2 pt | 49.1% | 49.7% | -0.6 pt |
| Allocated Equity (€bn) | | | | | | 4.9 | 4.5 | +9.4% |

- At constant scope and exchange rates
  - Revenues: +2.5% vs. 4Q15, in connection with the rise in volumes and the positioning on products with a better risk profile; revenue growth in Germany, Italy and Spain
  - Operating expenses: +3.6% vs. 4Q15, as a result of the good business development
  - Pre-tax income: +16.7% vs. 4Q15 (decrease in the cost of risk)

# International Financial Services
# Personal Finance - Volumes and risks

| Average outstandings (€bn) | Outstandings 4Q16 | %Var/4Q15 historical | %Var/4Q15 at constant scope and exchange rates | %Var/3Q16 historical | %Var/3Q16 at constant scope and exchange rates | Outstandings 2016 | %Var/2015 historical | %Var/2015 at constant scope and exchange rates |
|---|---|---|---|---|---|---|---|---|
| TOTAL CONSOLIDATED OUTSTANDINGS | 65.3 | +8.7% | +9.6% | +2.5% | +2.6% | 63.0 | +7.5% | +8.8% |
| TOTAL OUTSTANDINGS UNDER MANAGEMENT (1) | 75.7 | +7.9% | +8.2% | +2.7% | +2.6% | 73.1 | +6.8% | +8.1% |

*(1) Including 100% of outstandings of subsidiaries not fully owned as well as of all partnerships*

- Very good sales and marketing drive

## Cost of risk/outstandings

| *Annualised cost of risk/outstandings as at beginning of period* | 4Q15 | 1Q16 | 2Q16 | 3Q16 | 4Q16 |
|---|---|---|---|---|---|
| France | 1.60% | 2.23% | 1.62% | 1.35% | 1.46% |
| Italy | 2.54% | 0.94% | 1.84% | 1.17% | 1.44% |
| Spain | 1.96% | 0.40% | 1.04% | 1.72% | 1.93% |
| Other Western Europe | 1.57% | 0.91% | 1.35% | 1.28% | 1.47% |
| Eastern Europe | 2.30% | 0.57% | 0.22% | 0.77% | 1.77% |
| Brazil | 10.7%* | 7.76% | 5.65% | 6.89% | 6.15% |
| Others | 2.58% | 1.20% | 2.03% | 2.15% | 1.89% |
| **Personal Finance** | **2.16%** | **1.49%** | **1.64%** | **1.54%** | **1.70%** |

** Exceptional adjustment for the whole year 2015*

# International Financial Services Europe-Mediterranean - 4Q16

| €m | 4Q16 | 4Q15 | 4Q16 / 4Q15 | 3Q16 | 4Q16 / 3Q16 | 2016 | 2015 | 2016 / 2015 |
|---|---|---|---|---|---|---|---|---|
| Revenues | 630 | 626 | +0.6% | 659 | -4.3% | 2,513 | 2,516 | -0.1% |
| Operating Expenses and Dep. | -431 | -444 | -2.9% | -413 | +4.2% | -1,705 | -1,707 | -0.1% |
| Gross Operating Income | 200 | 183 | +9.1% | 245 | -18.7% | 808 | 809 | -0.0% |
| Cost of Risk | -127 | -96 | +31.8% | -127 | -0.5% | -437 | -466 | -6.2% |
| Operating Income | 73 | 87 | -16.1% | 118 | -38.3% | 371 | 342 | +8.4% |
| Non Operating Items | 48 | 47 | +2.3% | 48 | +0.7% | 197 | 174 | +13.3% |
| Pre-Tax Income | 121 | 134 | -9.6% | 166 | -27.1% | 568 | 516 | +10.0% |
| Income Attributable to Wealth and Asset Management | -1 | -1 | +32.2% | 0 | n.s. | -2 | -3 | -18.7% |
| Pre-Tax Income of Europe-Mediterranean | 120 | 133 | -9.8% | 165 | -27.5% | 566 | 513 | +10.2% |
| Cost/Income | 68.3% | 70.8% | -2.5 pt | 62.7% | +5.6 pt | 67.8% | 67.9% | -0.1 pt |
| Allocated Equity (€bn) | | | | | | 5.2 | 5.4 | -2.5% |

*Including 100% of Turkish Private Banking for the Revenue to Pre-tax income line items*

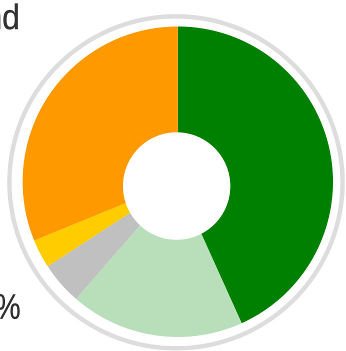
- Foreign exchange effect due in particular to the depreciation of the Turkish lira
  - TRY vs. EUR*: -10.3% vs. 4Q15, -6.7% vs. 3Q16, -9.7% vs. 2015
- At constant scope and exchange rates vs. 4Q15
  - Revenues: +5.9%, as a result of the rise in volumes and margins
  - Operating expenses: +1.1% (+3.4% excluding the development of taxes and contributions in Poland**)
  - Cost of risk: rise in Turkey
  - Non operating items: good contribution from associated companies in Asia
  - Pre-tax income: -1.2% (increase in the cost of risk in Turkey offset by the rise in margins)

** Average rates; ** Introduction of a banking tax in 2016 (-€13m in 4Q16) and contribution to the deposit guarantee fund & to the support fund for borrowers in 2015 (-€31m in 4Q15)*

# International Financial Services
# Europe-Mediterranean - Volumes and Risks

| *Average outstandings (€bn)* | Outstandings 4Q16 | %Var/4Q15 historical | %Var/4Q15 at constant scope and exchange rates | %Var/3Q16 historical | %Var/3Q16 at constant scope and exchange rates | Outstandings 2016 | %Var/2015 historical | %Var/2015 at constant scope and exchange rates |
|---|---|---|---|---|---|---|---|---|
| **LOANS** | 38.1 | -1.3% | +4.7% | -1.6% | +1.4% | 38.3 | -1.1% | +5.5% |
| **DEPOSITS** | 35.5 | +5.5% | +11.3% | +0.2% | +3.0% | 34.9 | +3.5% | +9.8% |

## Geographic distribution of 4Q16 outstanding loans




## Cost of risk/outstandings

| *Annualised cost of risk / outstandings as at beginning of period* | 4Q15 | 1Q16 | 2Q16 | 3Q16 | 4Q16 |
|---|---|---|---|---|---|
| Turkey | 1.28% | 1.20% | 1.29% | 1.82% | 1.77% |
| Ukraine | 2.51% | 1.40% | 0.59% | 4.62% | -2.12% |
| Poland | 0.43% | 0.42% | 0.67% | 0.44% | 0.77% |
| Others | 1.09% | 1.30% | 0.40% | 0.89% | 1.47% |
| **Europe-Mediterranean** | **1.01%** | **1.00%** | **0.89%** | **1.29%** | **1.29%** |

## TEB: a solid and well capitalised bank

- 14.4% solvency ratio* as at 31.12.16
- Largely self financed
- 1.1% of the Group’s commitments**
- Limited exposure to Turkish government bonds
- 1.9 % of the Group’s pre-tax income

** Capital Adequacy Ratio (CAR); ** Gross commitments, on and off balance sheet, unweighted*

# International Financial Services
# BancWest - 4Q16

| €m | 4Q16 | 4Q15 | 4Q16 / 4Q15 | 3Q16 | 4Q16 / 3Q16 | 2016 | 2015 | 2016 / 2015 |
|---|---|---|---|---|---|---|---|---|
| Revenues | 795 | 735 | +8.2% | 728 | +9.1% | 2,984 | 2,834 | +5.3% |
| Operating Expenses and Dep. | -521 | -481 | +8.2% | -501 | +3.9% | -2,038 | -1,882 | +8.3% |
| Gross Operating Income | 274 | 253 | +8.2% | 227 | +20.6% | 947 | 952 | -0.5% |
| Cost of Risk | -23 | 4 | n.s. | -14 | +60.3% | -85 | -50 | +69.9% |
| Operating Income | 251 | 257 | -2.5% | 213 | +18.0% | 862 | 902 | -4.4% |
| Non Operating Items | 4 | 2 | +86.1% | 1 | n.s. | 16 | 31 | -48.6% |
| Pre-Tax Income | 255 | 260 | -1.7% | 214 | +19.5% | 878 | 933 | -5.9% |
| Income Attributable to Wealth and Asset Management | -5 | -3 | +69.5% | -4 | +26.0% | -15 | -10 | +52.1% |
| Pre-Tax Income of BANCWEST | 251 | 257 | -2.5% | 210 | +19.4% | 862 | 923 | -6.6% |
| Cost/Income | 65.5% | 65.6% | -0.1 pt | 68.8% | -3.3 pt | 68.3% | 66.4% | +1.9 pt |
| Allocated Equity (€bn) | | | | | | 6.3 | 6.3 | +1.0% |

*Including 100% of U.S Private Banking for the Revenues to Pre-tax income line items*

- Limited USD vs. EUR* foreign exchange effect: +1.6% vs. 4Q15, +3.6% vs. 3Q16, ~stable vs. 2015
- Revenues: +6.5%** vs. 4Q15
  - Effect of the increase in volumes
- Operating expenses: +6.5%** vs. 4Q15
  - +5.3%** excluding the increase in regulatory costs*** and non recurring costs related to the IPO of First Hawaiian Bank
  - Strengthening of the commercial set up
- Pre-tax income: -4.1%** vs. 4Q15

** Average rates; ** At constant scope and exchange rates; *** CCAR and Intermediate Holding Company*

# International Financial Services
# BancWest - Volumes

| *Average outstandings (€bn)* | Outstandings 4Q16 | %Var/4Q15 historical | %Var/4Q15 at constant scope and exchange rates | %Var/3Q16 historical | %Var/3Q16 at constant scope and exchange rates | Outstandings 2016 | %Var/2015 historical | %Var/2015 at constant scope and exchange rates |
|---|---|---|---|---|---|---|---|---|
| **LOANS** | **65.0** | **+11.0%** | **+9.2%** | **+6.3%** | **+2.6%** | **61.1** | **+8.8%** | **+8.5%** |
| Individual Customers | 28.6 | +8.2% | +6.5% | +6.7% | +3.0% | 27.0 | +5.6% | +5.3% |
| Incl. Mortgages | 11.5 | +9.4% | +7.6% | +6.5% | +2.8% | 10.8 | +4.3% | +4.0% |
| Incl. Consumer Lending | 17.1 | +7.4% | +5.7% | +6.8% | +3.1% | 16.2 | +6.5% | +6.2% |
| Commercial Real Estate | 17.8 | +13.4% | +11.6% | +4.6% | +1.0% | 16.8 | +12.9% | +12.6% |
| Corporate Loans | 18.5 | +13.1% | +11.3% | +7.3% | +3.6% | 17.3 | +10.2% | +9.8% |
| **DEPOSITS AND SAVINGS** | **69.6** | **+11.8%** | **+10.0%** | **+6.6%** | **+2.9%** | **64.6** | **+8.3%** | **+7.9%** |
| Deposits Excl. Jumbo CDs | 58.7 | +9.2% | +7.5% | +5.9% | +2.3% | 55.2 | +7.8% | +7.5% |

- Loans: +9.2%* vs. 4Q15
  - Increase in individual and corporate loans
- Deposits: +10.0%* vs. 4Q15
  - Good growth in current and savings accounts

** At constant scope and exchange rates*

# International Financial Services
# Insurance and WAM* - Business

| | 31.12.16 | 31.12.15 | %Var/ 31.12.15 | 30.09.16 | %Var/ 30.09.16 |
|---|---|---|---|---|---|
| **Assets under management (€bn)** | **1,010** | **954** | **+5.8%** | **1,004** | **+0.6%** |
| Asset Management | 416 | 390 | +6.7% | 413 | +0.7% |
| Wealth Management | 344 | 327 | +5.0% | 341 | +0.7% |
| Real Estate Services | 24 | 22 | +9.5% | 23 | +5.5% |
| Insurance | 226 | 215 | +5.1% | 227 | -0.4% |

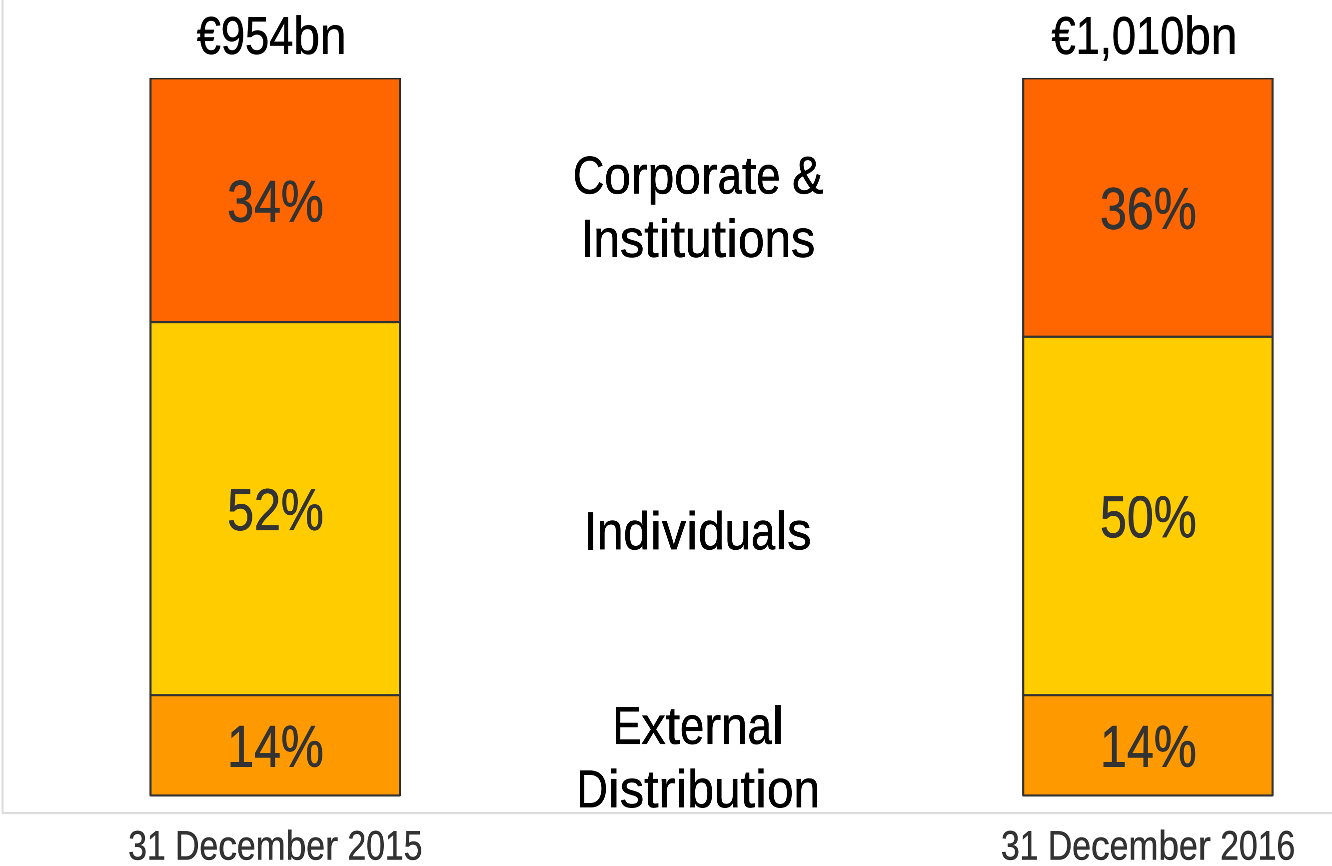
| | 4Q16 | 4Q15 | %Var/ 4Q15 | 3Q16 | %Var/ 3Q16 |
|---|---|---|---|---|---|
| **Net asset flows (€bn)** | **2.0** | **15.3** | **-87.0%** | **17.3** | **-88.6%** |
| Asset Management | -2.7 | 11.9 | n.s. | 13.6 | n.s. |
| Wealth Management | 3.6 | 1.9 | +90.2% | 2.3 | +57.2% |
| Real Estate Services | 0.3 | 0.5 | -43.7% | 0.3 | +15.1% |
| Insurance | 0.8 | 0.9 | -7.0% | 1.2 | -28.9% |

- In 4Q16
  - Positive net asset flows (+€2.0bn) driven by Wealth Management
  - Slightly positive performance effect (+€0.4bn)
  - Largely positive foreign exchange effect (+€12.6bn)

** Wealth and Asset Management*

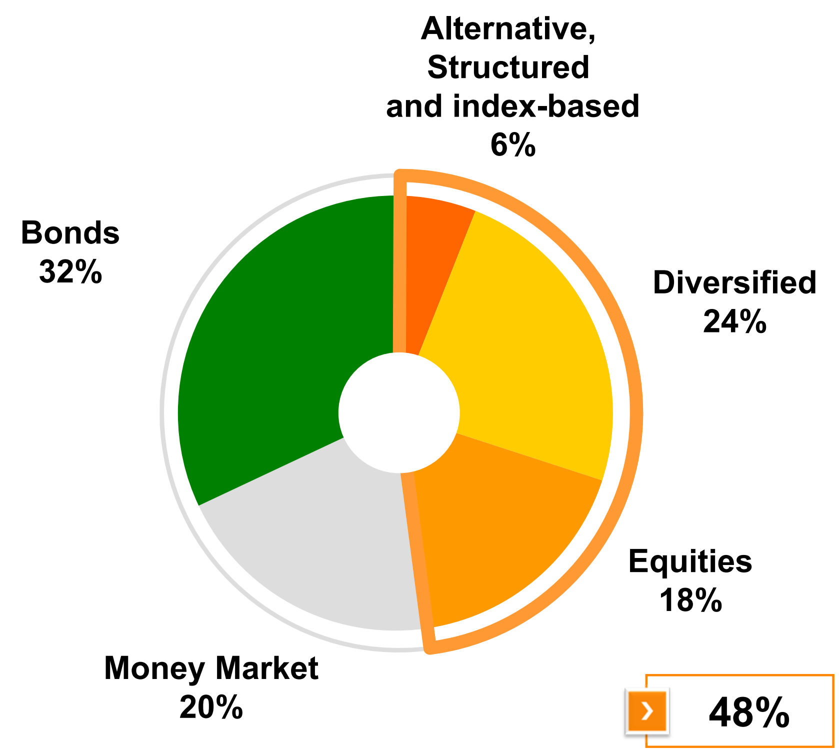
# International Financial Services - Insurance & WAM
# Breakdown of Assets by Customer Segment

## Breakdown of assets by customer segment



# International Financial Services - Asset Management
## Breakdown of Managed Assets

**31.12.16**




**€416bn**

# International Financial Services
# Insurance - 4Q16

| €m | 4Q16 | 4Q15 | 4Q16 / 4Q15 | 3Q16 | 4Q16 / 3Q16 | 2016 | 2015 | 2016 / 2015 |
|---|---|---|---|---|---|---|---|---|
| Revenues | 636 | 604 | +5.3% | 679 | -6.3% | 2,382 | 2,320 | +2.7% |
| Operating Expenses and Dep. | -315 | -302 | +4.4% | -299 | +5.5% | -1,201 | -1,156 | +3.8% |
| Gross Operating Income | 321 | 302 | +6.3% | 380 | -15.6% | 1,181 | 1,164 | +1.5% |
| Cost of Risk | -1 | -4 | -73.7% | 3 | n.s. | 2 | -5 | n.s. |
| Operating Income | 320 | 298 | +7.3% | 383 | -16.5% | 1,183 | 1,158 | +2.1% |
| Share of Earnings of Equity-Method Entities | 36 | 40 | -9.7% | 44 | -17.9% | 189 | 170 | +10.9% |
| Other Non Operating Items | 0 | -1 | -67.1% | 0 | n.s. | -3 | 1 | n.s. |
| Pre-Tax Income | 356 | 337 | +5.4% | 427 | -16.7% | 1,369 | 1,329 | +3.0% |
| Cost/Income | 49.6% | 50.0% | -0.4 pt | 44.0% | +5.6 pt | 50.4% | 49.8% | +0.6 pt |
| Allocated Equity (€bn) | | | | | | 7.5 | 7.4 | +1.3% |

- Technical reserves: +4.9% vs. 4Q15
- Revenues: +5.3% vs. 4Q15
  - Increase in particular of the protection business in Europe
- Operating expenses: +4.4% vs. 4Q15
  - As a result of business development and higher regulatory costs

# International Financial Services
# Wealth and Asset Management - 4Q16

| €m | 4Q16 | 4Q15 | 4Q16 / 4Q15 | 3Q16 | 4Q16 / 3Q16 | 2016 | 2015 | 2016 / 2015 |
|---|---|---|---|---|---|---|---|---|
| Revenues | 794 | 789 | +0.5% | 718 | +10.6% | 2,977 | 3,012 | -1.2% |
| Operating Expenses and Dep. | -626 | -605 | +3.3% | -572 | +9.5% | -2,341 | -2,308 | +1.4% |
| Gross Operating Income | 168 | 184 | -8.7% | 146 | +14.9% | 636 | 704 | -9.7% |
| Cost of Risk | -5 | -7 | -21.3% | 3 | n.s. | 3 | -25 | n.s. |
| Operating Income | 163 | 177 | -8.3% | 149 | +9.3% | 639 | 679 | -5.9% |
| Share of Earnings of Equity-Method Entities | 13 | 11 | +25.3% | 12 | +13.2% | 46 | 43 | +7.3% |
| Other Non Operating Items | 0 | -3 | -100.0% | 0 | -99.3% | 0 | 3 | n.s. |
| Pre-Tax Income | 176 | 185 | -5.0% | 161 | +9.7% | 685 | 725 | -5.4% |
| Cost/Income | 78.8% | 76.7% | +2.1 pt | 79.6% | -0.8 pt | 78.6% | 76.6% | +2.0 pt |
| Allocated Equity (€bn) | | | | | | 2.1 | 2.2 | -3.9% |

- Revenues: +0.5% vs. 4Q15
  - Slight increase driven by Wealth Management
- Operating expenses: +3.3% vs. 4Q15
  - +2.3% vs. 4Q15 excluding the impact of one exceptional item*
  - Increase related in particular to the development of Wealth Management

** Restructuring costs (-€7m)*

# Corporate and Institutional Banking - 4Q16

| €m | 4Q16 | 4Q15 | 4Q16 / 4Q15 | 3Q16 | 4Q16 / 3Q16 | 2016 | 2015 | 2016 / 2015 |
|---|---|---|---|---|---|---|---|---|
| Revenues | 2,821 | 2,612 | +8.0% | 2,905 | -2.9% | 11,469 | 11,506 | -0.3% |
| Operating Expenses and Dep. | -1,914 | -1,976 | -3.2% | -2,022 | -5.4% | -8,309 | -8,458 | -1.8% |
| Gross Operating Income | 907 | 636 | +42.6% | 883 | +2.7% | 3,160 | 3,049 | +3.6% |
| Cost of Risk | -70 | -63 | +11.4% | -74 | -5.7% | -217 | -212 | +2.3% |
| Operating Income | 837 | 574 | +46.0% | 809 | +3.5% | 2,943 | 2,836 | +3.8% |
| Share of Earnings of Equity-Method Entities | 9 | 10 | -17.9% | 2 | n.s. | 20 | 34 | -39.8% |
| Other Non Operating Items | -5 | -27 | -80.7% | 1 | n.s. | -1 | 127 | n.s. |
| Pre-Tax Income | 841 | 558 | +50.8% | 812 | +3.6% | 2,962 | 2,997 | -1.2% |
| Cost/Income | 67.8% | 75.6% | -7.8 pt | 69.6% | -1.8 pt | 72.4% | 73.5% | -1.1 pt |
| Allocated Equity (€bn) | | | | | | 22.2 | 21.6 | +2.8% |

- Revenues: +8.0% vs. 4Q15
  - Strong growth at Global Markets (+21.9%), good growth at Securities Services (+7.6%) and decrease at Corporate Banking (-4.9%) compared to a good 4Q15
- Operating expenses: -3.2% vs. 4Q15
  - Effect of the cost saving measures
  - Very good cost control despite business growth

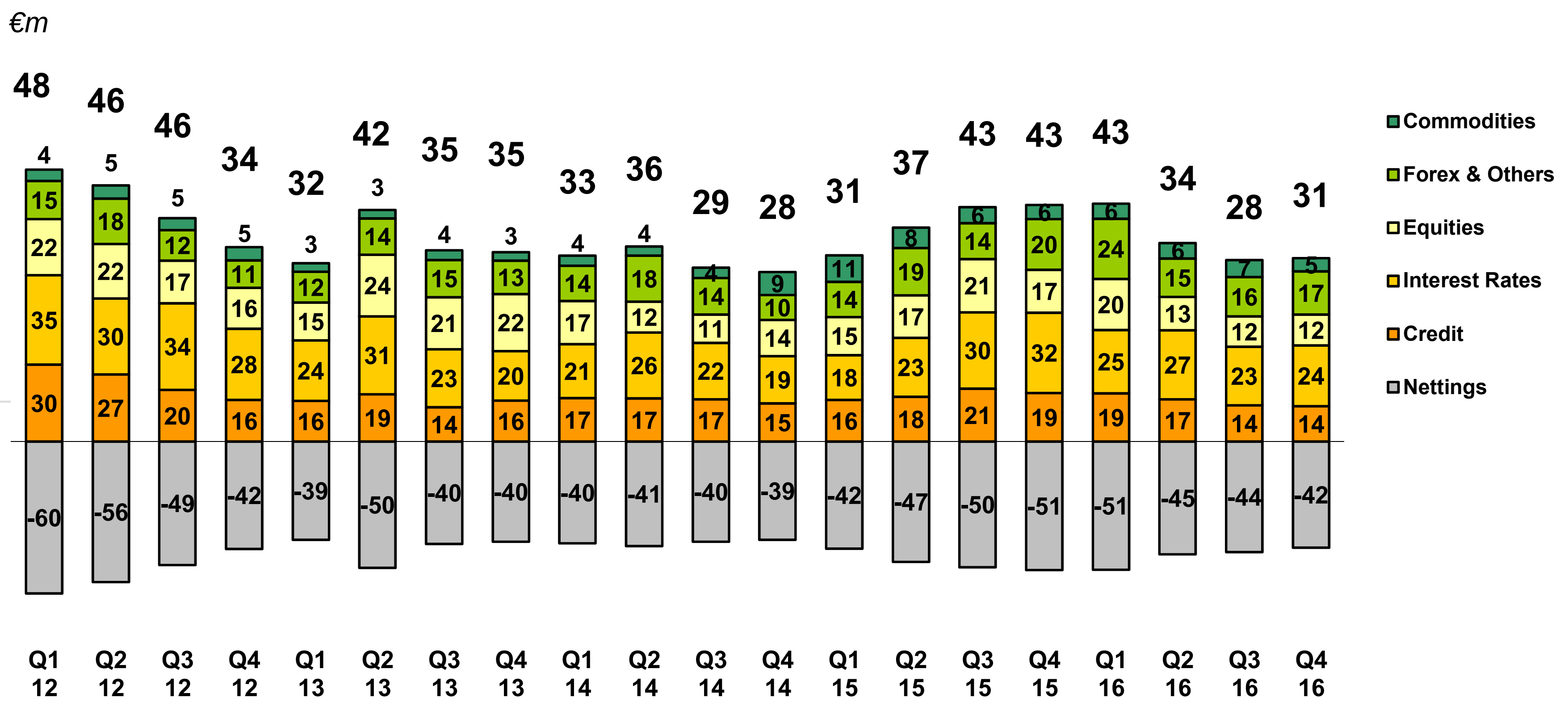
# Corporate and Institutional Banking
# Global Markets - 4Q16

| €m | 4Q16 | 4Q15 | 4Q16 / 4Q15 | 3Q16 | 4Q16 / 3Q16 | 2016 | 2015 | 2016 / 2015 |
|---|---|---|---|---|---|---|---|---|
| Revenues | 1,284 | 1,053 | +21.9% | 1,490 | -13.8% | 5,650 | 5,710 | -1.1% |
| *incl. FICC* | 838 | 682 | +22.9% | 1,082 | -22.6% | 3,860 | 3,507 | +10.0% |
| *incl. Equity & Prime Services* | 446 | 371 | +20.2% | 408 | +9.4% | 1,791 | 2,203 | -18.7% |
| Operating Expenses and Dep. | -967 | -980 | -1.3% | -1,065 | -9.2% | -4,355 | -4,504 | -3.3% |
| Gross Operating Income | 317 | 73 | n.s. | 425 | -25.5% | 1,295 | 1,206 | +7.4% |
| Cost of Risk | 44 | 4 | n.s. | 5 | n.s. | 72 | -80 | n.s. |
| Operating Income | 361 | 77 | n.s. | 430 | -16.0% | 1,367 | 1,125 | +21.5% |
| Share of Earnings of Equity-Method Entities | -3 | 6 | n.s. | 5 | n.s. | 8 | 17 | -51.4% |
| Other Non Operating Items | -8 | -12 | -33.2% | 0 | n.s. | -3 | -15 | -77.3% |
| Pre-Tax Income | 350 | 72 | n.s. | 435 | -19.5% | 1,372 | 1,127 | +21.7% |
| Cost/Income | 75.3% | 93.0% | -17.7 pt | 71.4% | +3.9 pt | 77.1% | 78.9% | -1.8 pt |
| Allocated Equity (€bn) | | | | | | 9.0 | 9.5 | -5.1% |

- Revenues: +21.9% vs. 4Q15
  - Positive environment this quarter, robust client business
  - Very good growth of FICC driven by rates, credit and bond issues
  - Strong rise of Equity & Prime Services, good volumes growth
- Operating expenses: -1.3% vs. 4Q15
  - Positive effect of cost saving measures
  - Good cost control despite business growth
- Cost of risk: positive impact of net write-backs this quarter

# Corporate and Institutional Banking
# Market Risks - 4Q16

## Average 99% 1-day interval VaR




- VaR still at a very low level this quarter*
  - One backtesting event this quarter (“hypothetical” loss** greater than VaR)
  - Reminder: only 15 days of losses greater than VaR since 01.01.2007, *i.e.* less than 2 per year over a long period including the financial crisis, which confirms the soundness of the internal VaR calculation model (1 day, 99%)

** VaR calculated for the monitoring of market limits; ** Theoretical loss excluding intraday result, costs and commissions earned*

# Corporate and Institutional Banking
# Corporate Banking - 4Q16

| €m | 4Q16 | 4Q15 | 4Q16 / 4Q15 | 3Q16 | 4Q16 / 3Q16 | 2016 | 2015 | 2016 / 2015 |
|---|---|---|---|---|---|---|---|---|
| Revenues | 1,071 | 1,126 | -4.9% | 958 | +11.8% | 3,994 | 4,007 | -0.3% |
| Operating Expenses and Dep. | -567 | -606 | -6.5% | -591 | -4.0% | -2,451 | -2,470 | -0.8% |
| Gross Operating Income | 504 | 520 | -3.1% | 368 | +37.1% | 1,544 | 1,536 | +0.5% |
| Cost of Risk | -115 | -69 | +67.1% | -79 | +46.2% | -292 | -138 | n.s. |
| Operating Income | 388 | 451 | -13.8% | 289 | +34.6% | 1,251 | 1,398 | -10.5% |
| Non Operating Items | 14 | -10 | n.s. | -3 | n.s. | 13 | 159 | -91.7% |
| Pre-Tax Income | 402 | 441 | -8.7% | 286 | +40.9% | 1,265 | 1,558 | -18.8% |
| Cost/Income | 52.9% | 53.8% | -0.9 pt | 61.6% | -8.7 pt | 61.4% | 61.7% | -0.3 pt |
| Allocated Equity (€bn) | | | | | | 12.4 | 11.4 | +8.7% |

- Revenues: -4.9% vs. 4Q15
  - Decrease in Europe and in North America compared to a very good level in 4Q15 in which significant transactions had been booked, growth in Asia Pacific region
- Operating expenses: -6.5% vs. 4Q15
  - Effect of the cost saving measures
- Cost of risk
  - Impact of a specific file this quarter

# Corporate and Institutional Banking
# Securities Services - 4Q16

| €m | 4Q16 | 4Q15 | 4Q16 / 4Q15 | 3Q16 | 4Q16 / 3Q16 | 2016 | 2015 | 2016 / 2015 |
|---|---|---|---|---|---|---|---|---|
| Revenues | 466 | 433 | +7.6% | 457 | +1.9% | 1,824 | 1,790 | +1.9% |
| Operating Expenses and Dep. | -380 | -390 | -2.6% | -367 | +3.5% | -1,503 | -1,483 | +1.3% |
| Gross Operating Income | 86 | 43 | n.s. | 90 | -4.6% | 321 | 307 | +4.8% |
| Cost of Risk | 2 | 3 | -35.6% | 0 | n.s. | 3 | 6 | -46.5% |
| Operating Income | 87 | 45 | +93.3% | 90 | -3.0% | 324 | 312 | +3.8% |
| Non Operating Items | 1 | 0 | n.s. | 1 | -11.4% | 1 | -1 | n.s. |
| Pre-Tax Income | 88 | 45 | +94.7% | 91 | -3.1% | 325 | 312 | +4.4% |
| Cost/Income | 81.6% | 90.1% | -8.5 pt | 80.3% | +1.3 pt | 82.4% | 82.9% | -0.5 pt |
| Allocated Equity (€bn) | | | | | | 0.8 | 0.7 | +13.1% |

| Securities Services | 31.12.16 | 31.12.15 | %Var/ 31.12.15 | 30.09.16 | %Var/ 30.09.16 |
|---|---|---|---|---|---|
| Assets under custody (€bn) | 8,610 | 8,068 | +6.7% | 8,521 | +1.0% |
| Assets under administration (€bn) | 1,962 | 1,848 | +6.2% | 1,934 | +1.5% |
| | 4Q16 | 4Q15 | 4Q16/4Q15 | 3Q16 | 4Q16/3Q16 |
| Number of transactions (million) | 21.8 | 18.9 | +15.2% | 20.4 | +6.9% |

- Revenues: +7.6% vs. 4Q15
  - In connection with the growth in outstandings and transaction volumes
- Operating expenses: -2.6% vs. 4Q15
  - Effect of the cost saving measures

# Corporate and Institutional Banking Transactions - 4Q16

| | |
|---|---|
| DANONE | **France / USA: Danone**<br>In the context of the USD 12.5bn planned acquisition of WhiteWave Foods:<br>- Bookrunner, MLA and Underwriter of the USD 13.1bn bridge-to-bond<br>- Joint Global Coordinator of EUR 6.2bn and USD 5.5bn bond issues<br>*July & October 2016* |
| SCOR The Art & Science of Risk | **France: SCOR**<br>EUR 300m 3-year Contingent Capital Equity Line<br>Sole Structurer and Sole Underwriter<br>*December 2016* |
| SIEMENS | **Germany / USA: Siemens**<br>USD 4.5bn planned acquisition of **Mentor Graphics Corp.**<br>Financial Advisor<br>*November 2016* |
| ups | **USA: UPS**<br>EUR 500m 12-year senior unsecured bond issue<br>Active Bookrunner<br>*October 2016* |

| | |
|---|---|
| ICBC 工银租赁 | **China: ICBC Financial Leasing Company Limited**<br>USD 1.4bn dual-tranche bond issuance,<br>1st bond mandate from a Chinese Bank's on-shore leasing company<br>Joint Global Coordinator / Joint Bookrunner / Joint Lead Manager<br>*October 2016* |
| MINISTRY OF FINANCE | **Saudi Arabia: The Kingdom of Saudi Arabia**<br>USD 17.5bn multi-tranche inaugural issuance<br>Joint Bookrunner and Joint Lead Manager<br>*October 2016* |
| GEOX | **Italy: Geox**<br>EUR 70m Supplier Finance Programme, to support Geox's supplier base and to optimize its payment terms.<br>*November 2016* |
| CNP assurances | **France: CNP Assurances**<br>EUR 1bn Tier 3 bond, maturity 2022<br>First EUR insurance Tier 3 ever and First publicly placed<br>Awarded Insurance "Deal of the year" by Global Capital<br>Sole Structuring Advisor and Joint Bookrunner<br>*October 2016* |

# Corporate and Institutional Banking
# Ranking and Awards - 2016

- **World's Best Bank 2016** *(Euromoney, September 2016)*

- **Global Markets:**
  - Euro Bond House of the Year, Europe IG Corporate Bond House of the Year *(IFR Awards, December 2016)*
  - #1 All bonds in EUR and #1 Corporate bonds in EUR *(Dealogic, 2016)*
  - #9 All International bonds All Currencies *(Dealogic, 2016)*
  - Equity Derivatives House of the Year *(IFR Awards, December 2016)*
  - Institutional Structurer of the Year, Retail Structurer of the Year *(Structured Products Awards Europe, 2016)*

- **Securities Services:**
  - Best Provider of ESG Investor Services *(Global Custodian Industry Leaders Awards, 2016)*

- **Corporate Banking:**
  - #1 EMEA Syndicated Loan Bookrunner by volume and number of deals *(Dealogic, 2016)*
  - Aviation House of the Year (*Global Transport Finance, 2016*)
  - Global Best Trade Finance Bank *(Global Finance World's Best Trade Finance Providers, 2017)*
  - Global Bank of the Year for Financial Supply Chain Management *(TMI Awards for Innovation & Excellence, 2016)*
  - #1 EMEA Equity-Linked Bookrunner by number of deals and # 2 by volume *(Dealogic, 2016)*
  - #8 Global Equity-Linked and #10 EMEA All ECM Bookrunner by volume *(Dealogic, 2016)*

# Corporate Centre - 4Q16

| €m | 4Q16 | 4Q15 | 3Q16 | 2016 | 2015 |
|---|---|---|---|---|---|
| Revenues | 70 | 151 | -45 | 1,294 | 910 |
| Operating Expenses and Dep. | -330 | -381 | -381 | -1,189 | -1,336 |
| *Incl. Restructuring and Transformation Costs* | -154 | -286 | -253 | -561 | -793 |
| Gross Operating income | -260 | -230 | -426 | 105 | -426 |
| Cost of Risk | -56 | -24 | 13 | -39 | -51 |
| Costs related to the comprehensive settlement with US authorities | 0 | -100 | 0 | 0 | -100 |
| Operating Income | -316 | -354 | -413 | 66 | -577 |
| Share of Earnings of Equity-Method Entities | 13 | 5 | 22 | 83 | 46 |
| Other non operating items | -136 | -622 | 0 | -204 | -125 |
| Pre-Tax Income | -440 | -970 | -391 | -55 | -656 |

- Revenues
  - Own Credit Adjustment (OCA)* and own credit risk included in derivatives (DVA)*: -€18m (+€160m in 4Q15)
  - Good contribution of Principal Investments
- Operating expenses
  - Restructuring costs of the acquisitions (LaSer, Bank BGZ, DAB Bank, GE LLD): -€48m (-€54m in 4Q15)
  - CIB transformation costs: -€98m (€0m in 4Q15)
  - Exceptional restructuring costs: -€7m (€0m in 4Q15)
  - Reminder: Simple & Efficient transformation costs: €0m (-€232m in 4Q15)
- Other non operating elements
  - Goodwill impairments: -€127m, full goodwill impairment of BGZ<br>(-€993m in 4Q15, of which -€917m due to full goodwill impairment of BNL bc)
  - Reminder: sale of the stake in Klépierre-Corio in 4Q15: +€352m

** Fair value takes into account any change in value attributable to issuer risk relating to the BNP Paribas Group. It is the replacement value of instruments, calculated by discounting the expected liabilities' profile, stemming from derivatives or securities issued by the Bank, using a discount rate corresponding to that of a similar instrument that could be issued by the BNP Paribas Group at the closing date*

# Corporate Centre - 2016

- Revenues
  - Capital gain on the sale of Visa Europe shares: +€597m
  - Own Credit Adjustment (OCA)* and own credit risk included in derivatives (DVA)*: -€59m (+€314m in 2015)
  - Very good contribution of Principal Investments

- Operating expenses
  - Restructuring costs related to the acquisitions (LaSer, Bank BGZ, DAB Bank and GE LLD): -€159m (-€171m in 2015)
  - CIB transformation costs: -€395m (€0m in 2015)
  - Exceptional restructuring costs: -€7m (€0m in 2015)
  - Reminder: Simple & Efficient transformation costs: €0m (-€622m in 2015)

- Other non operating items
  - Goodwill impairments of subsidiaries' shares: -€181m, of which -€127m for the full goodwill impairment of BGZ (-€993m in 2015, of which -€917m for the full goodwill impairment of BNL bc)
  - 2015 reminders:
    - Sale of the stake in Klépierre-Corio: +€716m
    - Dilution capital gain due to the merger between Klépierre and Corio: +€123m
    - Capital gain from the sale of a non-core investment: +€20m (€74m at CIB-Corporate Banking)

** Fair value takes into account any change in value attributable to issuer risk relating to the BNP Paribas Group. It is the replacement value of instruments, calculated by discounting the expected liabilities' profile, stemming from derivatives or securities issued by the Bank, using a discount rate corresponding to that of a similar instrument that could be issued by the BNP Paribas Group at the closing date*

# Number of Shares and Earnings per Share

## Number of Shares

| *in millions* | 31-Dec-16 | 31-Dec-15 |
|---|---|---|
| Number of Shares (end of period) | 1,247 | 1,246 |
| Number of Shares excluding Treasury Shares (end of period) | 1,246 | 1,245 |
| Average number of Shares outstanding excluding Treasury Shares | 1,244 | 1,243 |

## Earnings per Share

| *in millions* | 2016 | 2015 |
|---|---|---|
| Average number of Shares outstanding excluding Treasury Shares | 1,244 | 1,243 |
| Net income attributable to equity holders | 7,702 | 6,694 |
| Remuneration net of tax of Undated Super Subordinated Notes | -357 | -282 |
| Exchange rate effect on reimbursed Undated Super Subordinated Notes | 125 | -27 |
| Net income attributable to equity holders, after remuneration and exchange rate effect on Undated Super Subordinated Notes | 7,470 | 6,385 |
| Net Earnings per Share (EPS) in euros | 6.00 | 5.14 |

# Capital Ratios, Book Value per Share and Permanent Shareholders' Equity

## Capital Ratios

| | 31-Dec-16 | 31-Dec-15 |
|---|---|---|
| Total Capital Ratio (a) | 14.5% | 13.6% |
| Tier 1 Ratio (a) | 12.9% | 12.2% |
| Common equity Tier 1 ratio (a) | 11.6% | 11.0% |

(a) Basel 3 (CRD4), taking into consideration CRR transitory provisions (but with full deduction of goodwill), on risk-weighted assets of €630 bn as at 31.12.15 and of €638 bn as at 31.12.16. Subject to the provisions of article 26.2 of (EU) regulation n° 575/2013. As at 31.12.16, the capital surplus of the financial conglomerate was estimated at €33.5bn

## Book Value per Share

| *in millions of euros* | 31-Dec-16 | 31-Dec-15 | |
|---|---|---|---|
| Shareholders' Equity Group share | 100,665 | 96,269 | (1) |
| of which changes in assets and liabilities recognised directly in equity (valuation reserve) | 6,169 | 6,736 | |
| of which Undated Super Subordinated Notes | 8,430 | 7,855 | (2) |
| of which remuneration net of tax payable to holders of Undated Super Subordinated Notes | 91 | 99 | (3) |
| Net Book Value (a) | 92,144 | 88,315 | (1)-(2)-(3) |
| Goodwill and intangibles | 13,218 | 13,421 | |
| Tangible Net Book Value (a) | 78,926 | 74,894 | |
| Number of Shares excluding Treasury Shares (end of period) in millions | 1,246 | 1,245 | |
| Book Value per Share (euros) | 73.9 | 70.9 | |
| *of which book value per share excluding valuation reserve (euros)* | *69.0* | *65.5* | |
| Net Tangible Book Value per Share (euros) | 63.3 | 60.2 | |

(a) Excluding Undated Super Subordinated Notes and remuneration net of tax payable to holders of Undated Super Subordinated Notes

## Permanent Shareholders' Equity Group share, not revaluated

| *in millions of euros* | 31-Dec-16 | 31-Dec-15 | |
|---|---|---|---|
| Net Book Value | 92,144 | 88,315 | (1) |
| of which changes in assets and liabilities recognised directly in equity (valuation reserve) | 6,169 | 6,736 | (2) |
| of which proposed distribution of dividends | 3,364 | 2,875 | (3) |
| Permanent shareholders' equity, not revaluated (a) | 82,611 | 78,704 | (1)-(2)-(3) |
| Tangible permanent shareholders' equity, not revaluated (a) | 69,393 | 65,283 | |

(a) Excluding Undated Super Subordinated Notes, remuneration net of tax payable to holders of Undated Super Subordinated Notes and after proposed distribution of dividends

# Return on Equity

## Calculation of Return on Equity

| *in millions of euros* | 31-Dec-16 | 31-Dec-15 |
|---|---|---|
| Net income Group share | 7,702 | 6,694 |
| Remuneration net of tax of Undated Super Subordinated Notes | -357 | -282 |
| Exchange rate effect on reimbursed Undated Super Subordinated Notes | 125 | -27 |
| Net income Group share used for the calculation of ROE / ROTE | 7,470 | 6,385 |
| Exceptional items (after tax) (a) | -100 | -644 |
| Average permanent shareholders' equity, not revaluated (b) | 80,657 | 76,772 |
| Return on Equity | 9.3% | 8.3% |
| Return on Equity excluding exceptional items | 9.4% | 9.2% |
| Average tangible permanent shareholders' equity, not revaluated (c) | 67,338 | 63,298 |
| Return on Tangible Equity | 11.1% | 10.1% |
| Return on Tangible Equity excluding exceptional items | 11.2% | 11.1% |

a) See slides 5 of FY 2016 results and of FY 2015 results
b) Average Permanent shareholders' equity: average of beginning of the year and end of the period, including notably net income excluding exceptional items.
(Permanent Shareholders' equity = Shareholders' equity attributable to shareholders - changes in assets and liabilities recognised directly in equity - Undated Super Subordinated Notes - remuneration net of tax payable to holders of Undated Super Subordinated Notes - proposed distribution of dividends)
c) Average Tangible permanent shareholders' equity: average of beginning of the year and end of the period including notably net income excluding exceptional items.
(Tangible permanent shareholders' equity = permanent shareholders' equity - goodwill - intangible assets)

# A Solid Financial Structure

## Doubtful loans/gross outstandings

| | 31-Dec-16 | 31-Dec-15 |
|---|---|---|
| Doubtful loans (a) / Loans (b) | 3.8% | 4.0% |

(a) Doubtful loans to customers and credit institutions excluding repos, netted of guarantees

(b) Gross outstanding loans to customers and credit institutions excluding repos

## Coverage ratio

| *€bn* | 31-Dec-16 | 31-Dec-15 |
|---|---|---|
| Doubtful loans (a) | 31.2 | 30.7 |
| Allowance for loan losses (b) | 27.8 | 26.9 |
| Coverage ratio | 89% | 88% |

(a) Gross doubtful loans, balance sheet and off-balance sheet, netted of guarantees and collaterals

(b) Specific and on a portfolio basis

## Immediately available liquidity reserve

| *€bn* | 31-Dec-16 | 31-Dec-15 |
|---|---|---|
| Immediately available liquidity reserve (counterbalancing capacity) (a) | 305 | 266 |

(a) Liquid market assets or eligible to central banks taking into account prudential standards, notably US standards, minus intra-day payment systems needs

# Ratio Common Equity Tier 1

## Basel 3 fully loaded common equity Tier 1 ratio*
**(Accounting capital to prudential capital reconciliation)**

| €bn | 31-Dec-16 | 30-Sep-16 | 31-Dec-15 |
|---|---|---|---|
| Consolidated Equity | 105.2 | 103.2 | 100.1 |
| Undated super subordinated notes | -8.4 | -7.7 | -7.9 |
| Proposed distribution of dividends | -3.4** | -2.7 | -2.9 |
| Regulatory adjustments on equity*** | -1.8 | -2.9 | -2.8 |
| Regulatory adjustments on minority interests | -2.6 | -2.4 | -2.1 |
| Goodwill and intangible assets | -13.4 | -13.2 | -13.5 |
| Deferred tax assets related to tax loss carry forwards | -0.9 | -0.9 | -1.0 |
| Other regulatory adjustments | -1.1 | -1.1 | -1.0 |
| Common Equity Tier One capital | 73.6 | 72.2 | 68.9 |
| Risk-weighted assets | 641 | 633 | 634 |
| Common Equity Tier 1 Ratio | 11.5% | 11.4% | 10.9% |

** CRD4, taking into account all the rules of the CRD4 with no transitory provisions. Subject to the provisions of article 26.2 of (EU) regulation n°575/2013;*
*** Subject to the approval of AGM of 23 May 2017; *** Including Prudent Valuation Adjustment*

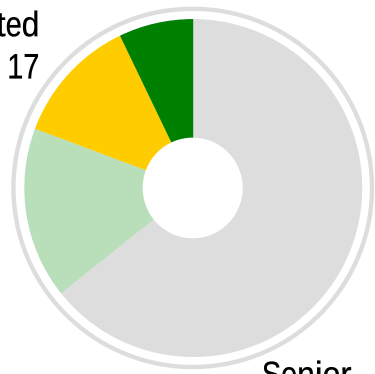
# Wholesale Medium/Long-Term Funding 2016 Programme

## 2016: €25bn MLT funding programme completed

- Additional Tier 1: €2.0bn issued*
  - $750m issued on 7 December 2016, perpetual Non Call 5.25, 6.75% coupon, over $5bn order book, 364 investors
  - Reminder: $1.5bn AT1 issued on 23 March 2016, perpetual Non Call 5, 7.625% coupon , 325 investors
- Tier 2: €4.5bn issued*
  - Mid-swap +198 bp on average, average maturity of 10.3 years**
- Senior debt: €18.5bn issued*
  - Average maturity of 5.8 years, mid-swap +51 bp on average
  - Of which €6.8bn of senior unsecured debt eligible to the 2.5% MREL allowance as at 01.01.2019
  - Of which €500m issued in covered bond at 7 years, mid-swap -10 bp by BNP Paribas Fortis in October 2016
  - Of which €500m inaugural issuance of green bond at 5.5 years, mid-swap +40 pb, in November 2016

## Wholesale MLT funding structure breakdown: €139bn as at 31.12.16

(excluding TLTRO)




**2016 issuance programme completed at favourable conditions**

** As at 31 December 2016; ** Including the Tier 2 prefunding of €750m issued in November 2015; *** Debt qualified prudentially as Tier 1 booked as subordinated debt or as equity*

# Wholesale Medium/Long-Term Funding 2017 Programme

## 2017: €25bn MLT funding programme

- Of which issues of capital instruments to be carried out with a total target objective of 3% by 2020*
- Of which non-preferred senior debt: €10bn (€2.7bn already completed as at 3 January 2017)
  - Inaugural issue of $1.75bn in non-preferred senior debt, maturity of 7 years, T + 160 bp, order book of over $5.5bn
  - Inaugural issue of €1.0bn in non-preferred senior debt, maturity of 6.75 years, mid-swap + 92 bp, order book of over €2.6bn
- Remaining part of the programme to be completed with structured products and, to a lesser extent, with covered bonds

**Evolution of existing Tier 1 and Tier 2 debt (outstanding as at 01.01.17; eligible or admitted to grandfathering)****

| *in €bn* | 01.01.17 | 01.01.2018 | 01.01.2019 |
|---|---|---|---|
| AT1 | 9 | 8 | 7 |
| T2 | 13 | 12 | 12 |

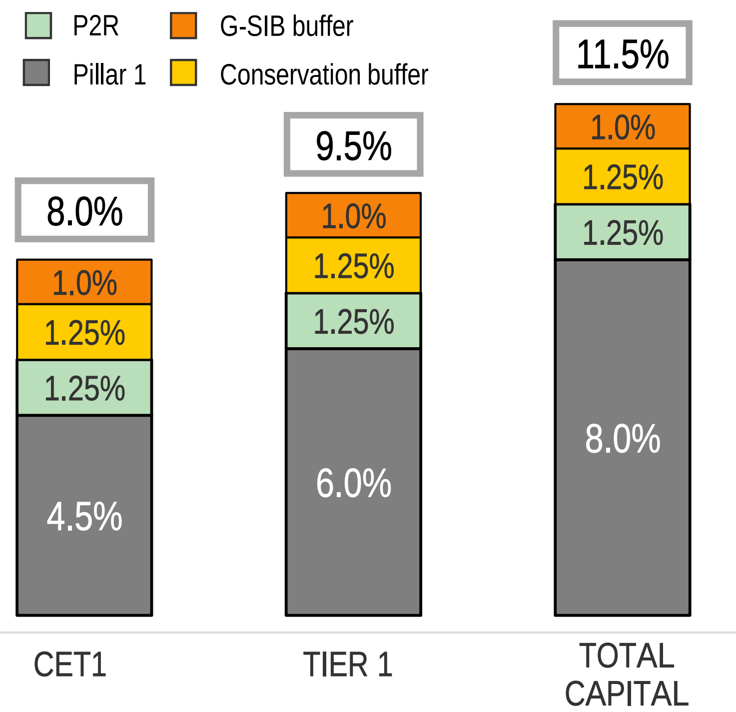
**Success of both inaugural issues of non-preferred senior debt**

* Subject to market conditions; ** Evolution taking into account prudential amortisation of instruments outstanding as at 01.01.17, excluding future issuances, assuming callable institutional instruments are called at the first call date

# Distance to Maximum Distributable Amount Restrictions

- Reminder: since 2016 SREP, Pillar 2 is composed of:
  - “Pillar 2 Requirement ” (public), applicable to CET1, Tier 1 and Total Capital ratios
  - “Pillar 2 Guidance” (non public), non applicable for distributable amount restrictions (MDA - Maximum Distributable Amount*)
- 2017 Capital requirements:
  - CET1: 8.0%
  - Tier 1: 9.5%
  - Total Capital: 11.5%
- Distance as at 01.01.17 to Maximum Distributable Amount* restrictions equal to the lowest of the 3 calculated amounts: <u>€19.1bn</u>

**Capital requirements as at 01.01.17**



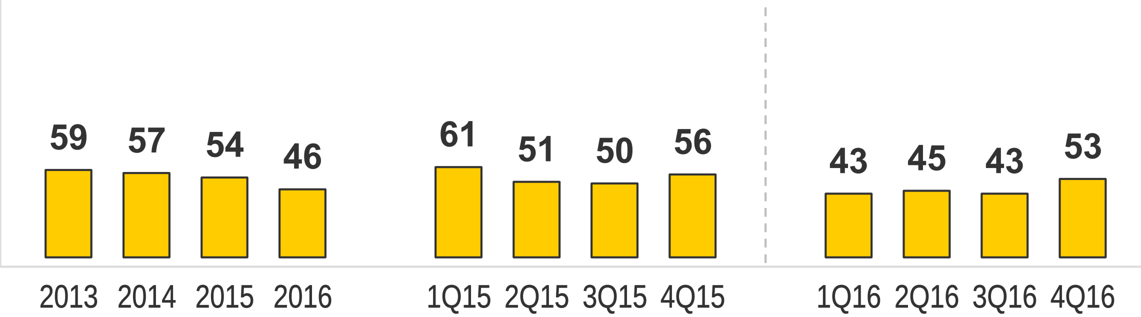

| | CET1 | TIER 1 | TOTAL CAPITAL |
|---|---|---|---|
| Phased in ratios of BNP Paribas as at 31.12.2016 | 11.6% | 12.9% | 14.5% |
| Distance** as at 01.01.17 to Maximum Distributable Amount* restrictions | 3.6%<br>€23.0bn | 3.4%<br>€21.5bn | 3.0%<br>€19.1bn |

** As defined by the Art. 141 of CRD4; ** Calculated on the basis of RWA of €638bn (phased in)*

# Variation in the Cost of Risk by Business Unit (1/3)

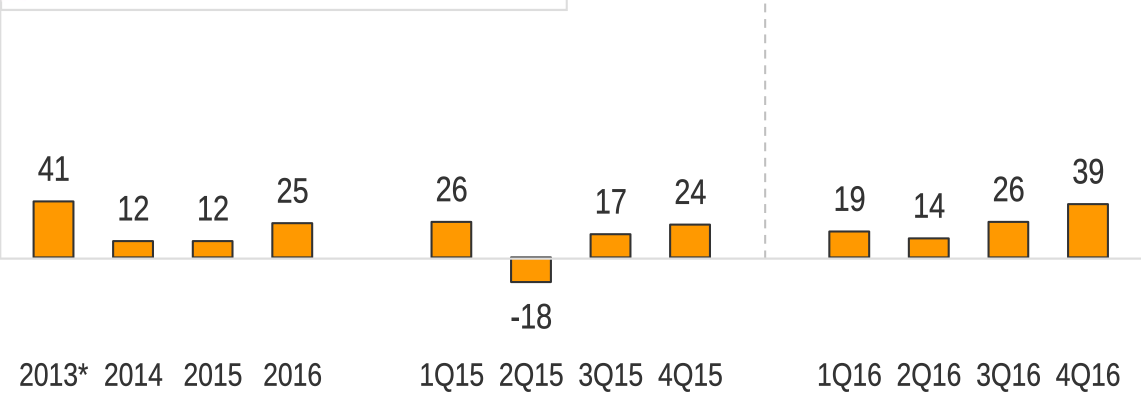
*Cost of risk/Customer loans at the beginning of the period (in annualised bp)*

## Group




- Cost of risk: €950m
  - +€186m vs. 3Q16
  - -€18m vs. 4Q15
- Decrease in the cost of risk vs. 4Q15

## CIB - Corporate Banking



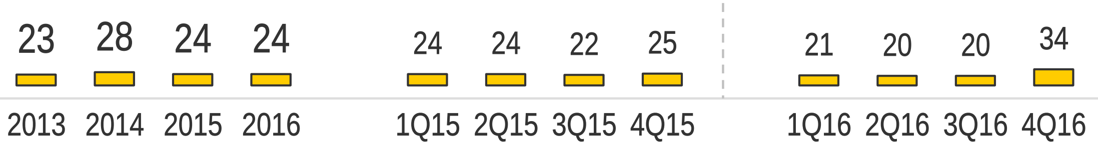

- Cost of risk: €115m
  - +€37m vs. 3Q16
  - +€46m vs. 4Q15
- Cost of risk still low
  - Impact of a specific file

** Restated*

# Variation in the Cost of Risk by Business Unit (2/3)

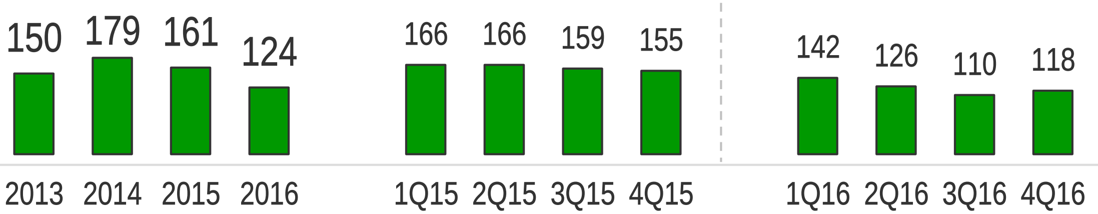
*Cost of risk/Customer loans at the beginning of the period (in annualised bp)*

## FRB



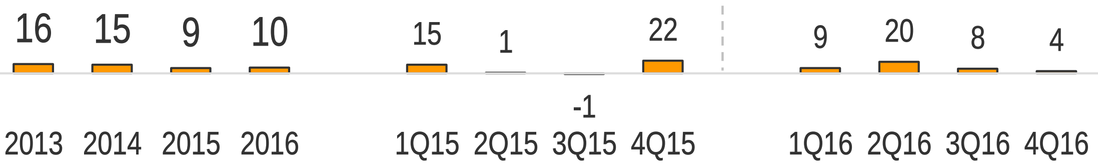

- Cost of risk: €124m
  - +€53m vs. 3Q16
  - +€37m vs. 4Q15
- Cost of risk still low
  - Impact of a specific file

## BNL bc




- Cost of risk: €229m
  - +€14m vs. 3Q16
  - -€72m vs. 4Q15
- Continued decrease in the cost of risk

## BRB

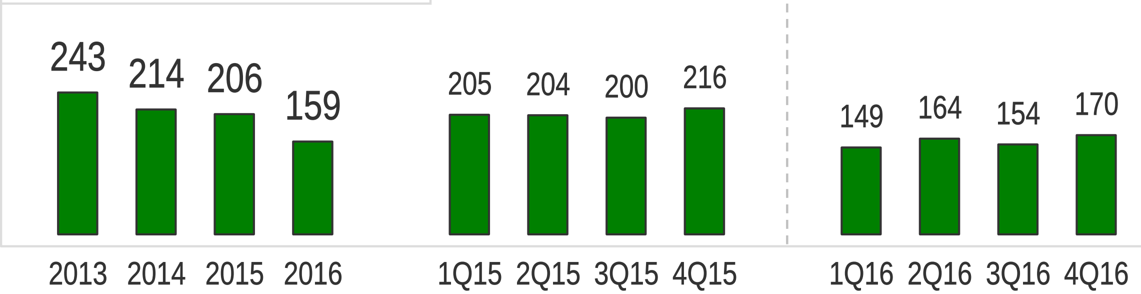



- Cost of risk: €9m
  - -€10m vs. 3Q16
  - -€43m vs. 4Q15
- Very low cost of risk

# Variation in the Cost of Risk by Business Unit (3/3)

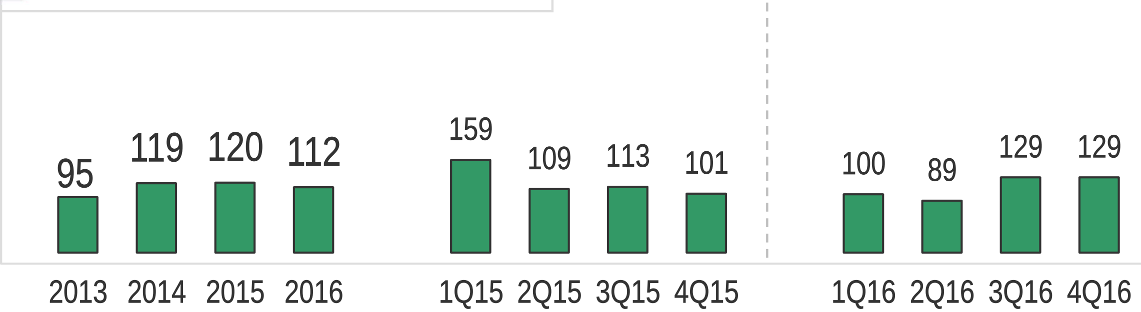
*Cost of risk/Customer loans at the beginning of the period (in annualised bp)*

## Personal Finance



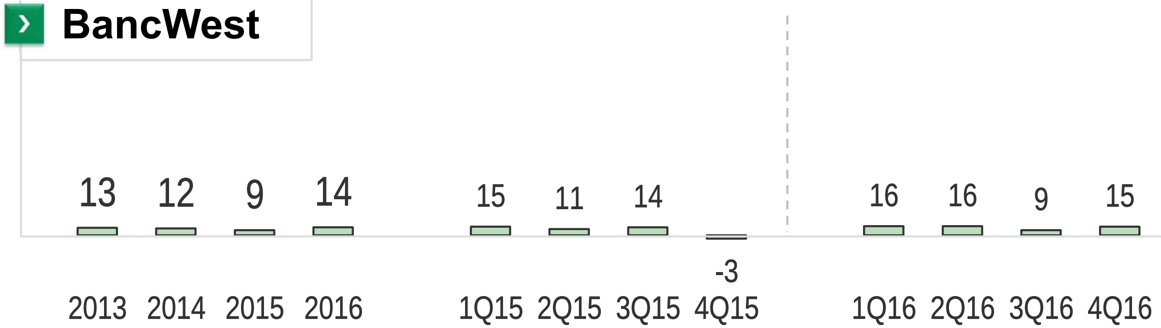

- Cost of risk: €269m
  - +€29m vs. 3Q16
  - -€39m vs. 4Q15
- Sharp decline in the cost of risk vs. 4Q15
  - Effect of low interest rates and the growing positioning on products with a better risk profile (car loans in particular)

## Europe-Mediterranean




- Cost of risk: €127m
  - Stable vs. 3Q16
  - +€31m vs. 4Q15
- Rise in the cost of risk in Turkey (~stable vs. 3Q16)

## BancWest




- Cost of risk: €23m
  - +€9m vs. 3Q16
  - +€27m vs. 4Q15
- Cost of risk still low

# Cost of Risk on Outstandings (1/2)

## Cost of risk/Customer loans at the beginning of the period *(in annualised bp)*

| | 2013 | 2014 | 1Q15 | 2Q15 | 3Q15 | 4Q15 | 2015 | 1Q16 | 2Q16 | 3Q16 | 4Q16 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Domestic Markets* | | | | | | | | | | | | |
| Loan outstandings as of the beg. of the quarter (€bn) | 340.5 | 335.2 | 338.4 | 338.3 | 341.5 | 338.4 | 339.2 | 341.4 | 341.1 | 347.2 | 348.0 | 344.4 |
| Cost of risk (€m) | 1,848 | 2,074 | 490 | 433 | 419 | 471 | 1,812 | 399 | 388 | 329 | 399 | 1,515 |
| Cost of risk (in annualised bp) | 54 | 62 | 58 | 51 | 49 | 56 | 53 | 47 | 46 | 38 | 46 | 44 |
| FRB* | | | | | | | | | | | | |
| Loan outstandings as of the beg. of the quarter (€bn) | 147.1 | 143.4 | 145.6 | 145.2 | 146.1 | 142.1 | 144.7 | 142.9 | 142.0 | 145.4 | 146.8 | 144.3 |
| Cost of risk (€m) | 343 | 402 | 89 | 87 | 79 | 88 | 343 | 73 | 72 | 72 | 124 | 342 |
| Cost of risk (in annualised bp) | 23 | 28 | 24 | 24 | 22 | 25 | 24 | 21 | 20 | 20 | 34 | 24 |
| BNL bc* | | | | | | | | | | | | |
| Loan outstandings as of the beg. of the quarter (€bn) | 80.1 | 78.1 | 77.5 | 76.8 | 77.6 | 77.6 | 77.4 | 77.3 | 76.9 | 78.1 | 77.4 | 77.4 |
| Cost of risk (€m) | 1,205 | 1,398 | 321 | 318 | 309 | 300 | 1,248 | 274 | 242 | 215 | 229 | 959 |
| Cost of risk (in annualised bp) | 150 | 179 | 166 | 166 | 159 | 155 | 161 | 142 | 126 | 110 | 118 | 124 |
| BRB* | | | | | | | | | | | | |
| Loan outstandings as of the beg. of the quarter (€bn) | 87.7 | 88.4 | 90.1 | 90.8 | 92.0 | 93.0 | 91.5 | 95.0 | 96.1 | 97.4 | 97.1 | 96.4 |
| Cost of risk (€m) | 142 | 131 | 34 | 2 | -2 | 52 | 85 | 21 | 49 | 19 | 9 | 98 |
| Cost of risk (in annualised bp) | 16 | 15 | 15 | 1 | -1 | 22 | 9 | 9 | 20 | 8 | 4 | 10 |

**With Private Banking at 100%*

# Cost of Risk on Outstandings (2/2)

## Cost of risk/Customer loans at the beginning of the period *(in annualised bp)*

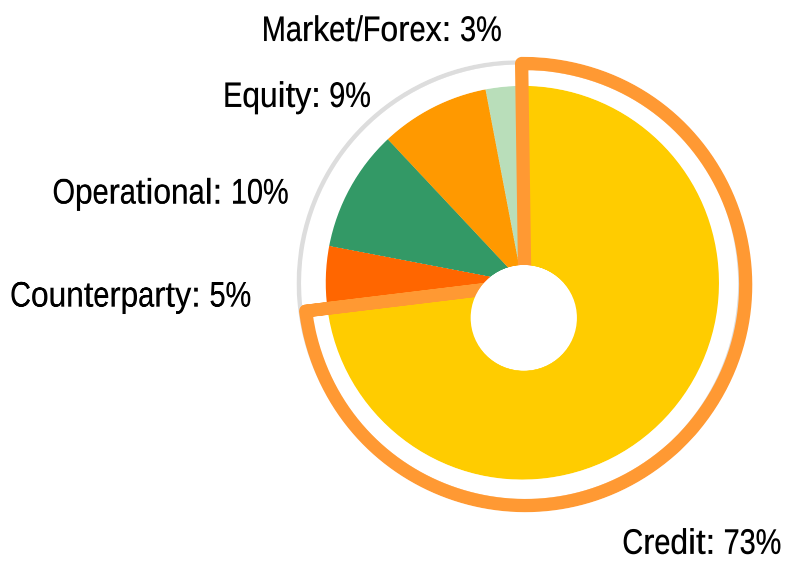
| | 2013 | 2014 | 1Q15 | 2Q15 | 3Q15 | 4Q15 | 2015 | 1Q16 | 2Q16 | 3Q16 | 4Q16 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BancWest* | | | | | | | | | | | | |
| Loan outstandings as of the beg. of the quarter (€bn) | 41.8 | 43.3 | 50.5 | 57.1 | 55.7 | 56.8 | 55.0 | 60.1 | 58.0 | 61.1 | 61.8 | 60.3 |
| Cost of risk (€m) | 54 | 50 | 19 | 16 | 19 | -4 | 50 | 25 | 23 | 14 | 23 | 85 |
| Cost of risk (in annualised bp) | 13 | 12 | 15 | 11 | 14 | -3 | 9 | 16 | 16 | 9 | 15 | 14 |
| Europe-Mediterranean* | | | | | | | | | | | | |
| Loan outstandings as of the beg. of the quarter (€bn) | 28.5 | 30.0 | 37.6 | 40.0 | 39.6 | 38.0 | 38.8 | 38.6 | 39.0 | 39.5 | 39.3 | 39.1 |
| Cost of risk (€m) | 272 | 357 | 150 | 109 | 112 | 96 | 466 | 96 | 87 | 127 | 127 | 437 |
| Cost of risk (in annualised bp) | 95 | 119 | 159 | 109 | 113 | 101 | 120 | 100 | 89 | 129 | 129 | 112 |
| Personal Finance | | | | | | | | | | | | |
| Loan outstandings as of the beg. of the quarter (€bn) | 45.2 | 51.3 | 56.9 | 56.5 | 57.4 | 57.1 | 57.0 | 59.4 | 60.6 | 62.3 | 63.4 | 61.4 |
| Cost of risk (€m) | 1,098 | 1,095 | 292 | 288 | 287 | 309 | 1,176 | 221 | 248 | 240 | 269 | 979 |
| Cost of risk (in annualised bp) | 243 | 214 | 205 | 204 | 200 | 216 | 206 | 149 | 164 | 154 | 170 | 159 |
| CIB - Corporate Banking | | | | | | | | | | | | |
| Loan outstandings as of the beg. of the quarter (€bn) | 106.0 | 105.3 | 113.6 | 118.8 | 118.7 | 114.9 | 116.5 | 117.9 | 118.2 | 120.4 | 118.3 | 118.7 |
| Cost of risk (€m) | 437 | 131 | 73 | -55 | 50 | 69 | 138 | 55 | 42 | 79 | 115 | 292 |
| Cost of risk (in annualised bp) | 41 | 12 | 26 | -18 | 17 | 24 | 12 | 19 | 14 | 26 | 39 | 25 |
| Group** | | | | | | | | | | | | |
| Loan outstandings as of the beg. of the quarter (€bn) | 644.5 | 647.2 | 682.0 | 709.9 | 710.9 | 692.7 | 698.9 | 703.2 | 702.2 | 717.5 | 716.1 | 709.8 |
| Cost of risk (€m) | 3,801 | 3,705 | 1,044 | 903 | 882 | 968 | 3,797 | 757 | 791 | 764 | 950 | 3,262 |
| Cost of risk (in annualised bp) | 59 | 57 | 61 | 51 | 50 | 56 | 54 | 43 | 45 | 43 | 53 | 46 |

** With Private Banking at 100%; ** Including cost of risk of market activities, Investment Solutions (until end 2014), International Financial Services and Corporate Centre*

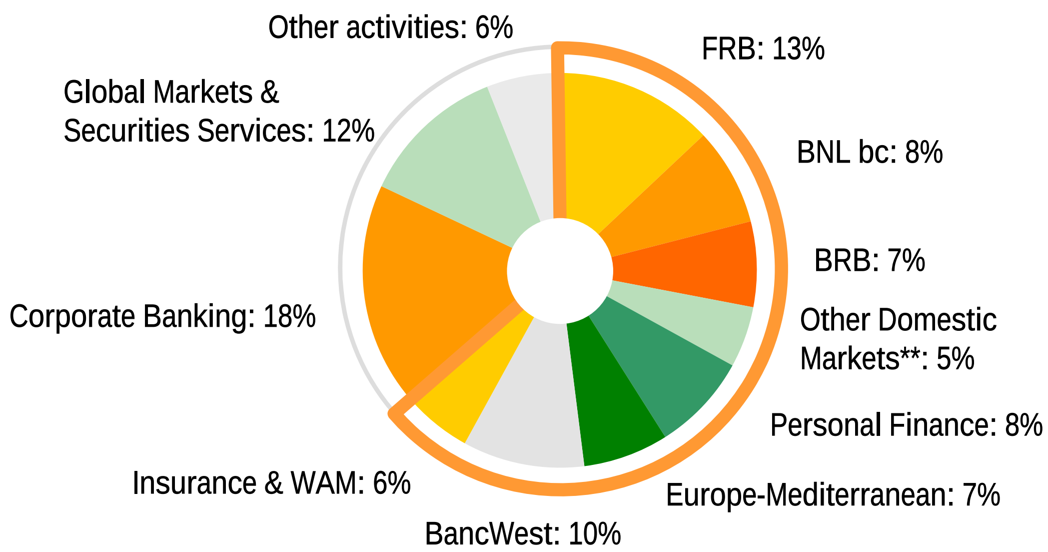
# Basel 3* Risk-Weighted Assets

- Basel 3* risk-weighted assets: €641bn (€634bn as at 31.12.15)
  - Increase in particular of risk-weighted assets related to credit risk and counterparty risks

**Basel 3* risk weighted assets by type of risk as at 31.12.2016**



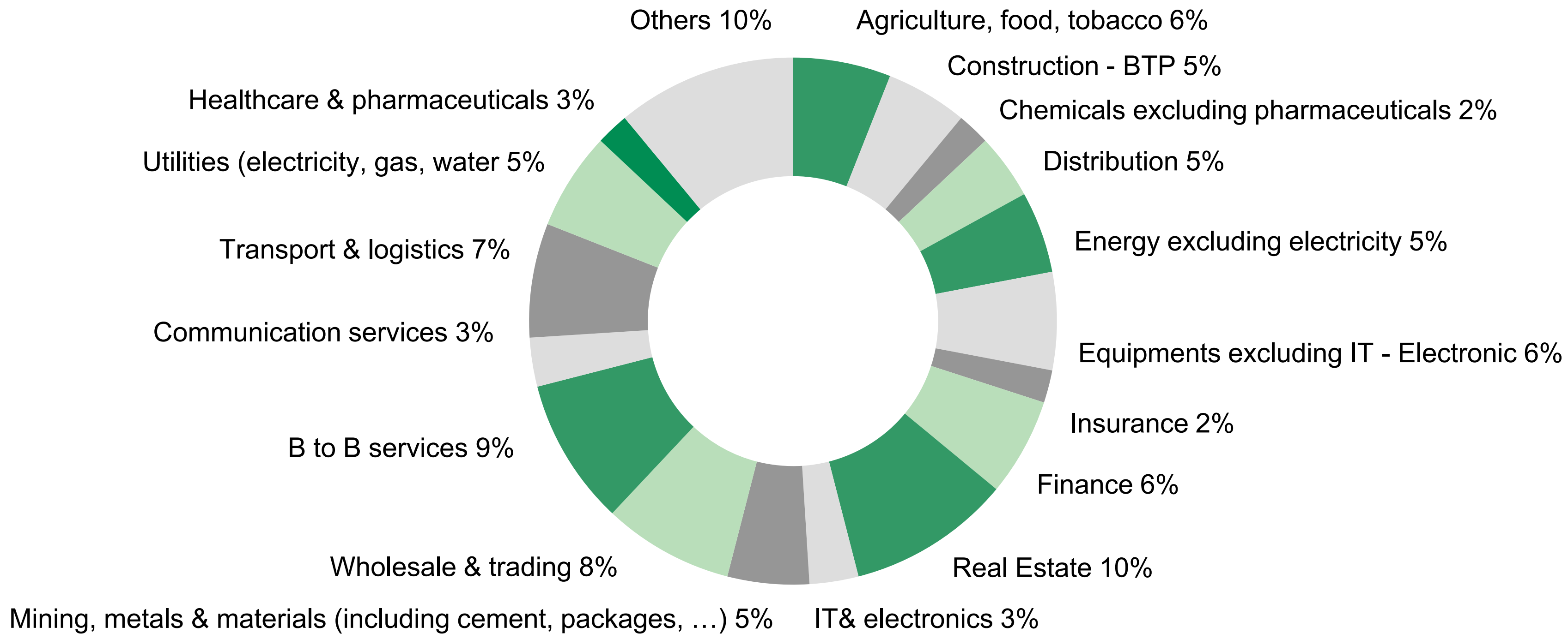

**Basel 3* risk-weighted assets by business as at 31.12.2016**




**Retail Banking and Services: 64%**

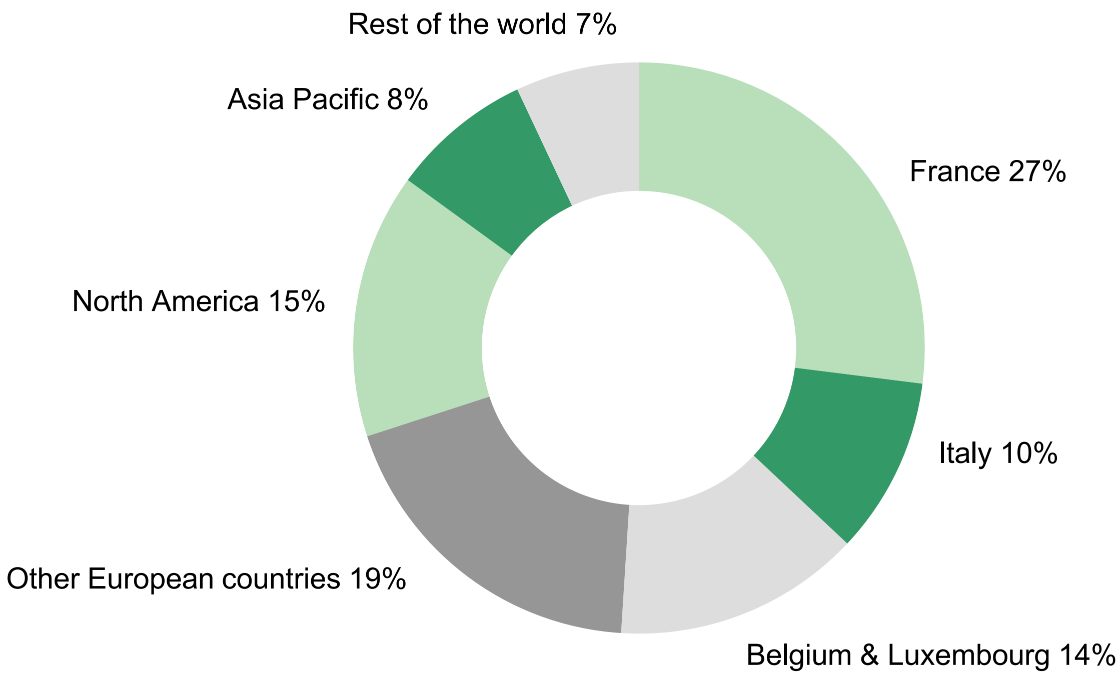
** CRD4; ** Including Luxembourg*

# Breakdown of Commitments by Industry (Corporate Asset Class)




**Total gross commitments on and off-balance sheet, unweighted (corporate asset class) = €621bn as at 31.12.2016**

# Breakdown of Commitments by Region




**Total gross commitments on and off balance sheet, unweighted = €1,438bn as at 31.12.2016**

## PUBLICATION OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF BNP PARIBAS FOR THE YEAR ENDED 31 DECEMBER 2016

BNP Paribas have released the following audited Consolidated Financial Statements for the year ended 31 December 2016 on 7 March 2017.

# CONSOLIDATED FINANCIAL STATEMENTS

## Year ended 31 December 2016

BNP PARIBAS

The bank
for a changing
world

# CONTENTS

# CONSOLIDATED FINANCIAL STATEMENTS

## Prepared in accordance with International Financial Reporting Standards as adopted by the European Union

*The consolidated financial statements of the BNP Paribas Group are presented for the years ended 31 December 2016 and 31 December 2015. In accordance with Article 20.1 of Annex I of European Commission Regulation (EC) 809/2004, the consolidated financial statements for 2014 are provided in the registration document filed with the Autorité des marchés financiers on 9 March 2016 under number D.16-0126.*

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2016

| In millions of euros | Notes | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|---|
| Interest income | 2.a | 40,894 | 41,381 |
| Interest expense | 2.a | (18,518) | (18,828) |
| Commission income | 2.b | 12,765 | 13,335 |
| Commission expense | 2.b | (5,563) | (5,720) |
| Net gain on financial instruments at fair value through profit or loss | 2.c | 6,189 | 6,054 |
| Net gain on available-for-sale financial assets and other financial assets not measured at fair value | 2.d | 2,211 | 1,485 |
| Income from other activities | 2.e | 36,532 | 38,289 |
| Expense on other activities | 2.e | (31,099) | (33,058) |
| **REVENUES** | | **43,411** | **42,938** |
| Salary and employee benefit expense | 6.a | (16,402) | (16,061) |
| Other operating expenses | 2.f | (11,279) | (11,539) |
| Depreciation, amortisation and impairment of property, plant and equipment and intangible assets | 4.n | (1,697) | (1,654) |
| **GROSS OPERATING INCOME** | | **14,033** | **13,684** |
| Cost of risk | 2.g | (3,262) | (3,797) |
| Costs related to the comprehensive settlement with US authorities | 2.h | - | (100) |
| **OPERATING INCOME** | | **10,771** | **9,787** |
| Share of earnings of equity-method entities | 4.m | 633 | 589 |
| Net gain on non-current assets | | (12) | 996 |
| Goodwill | 4.o | (182) | (993) |
| **PRE-TAX INCOME** | | **11,210** | **10,379** |
| Corporate income tax | 2.i | (3,095) | (3,335) |
| **NET INCOME** | | **8,115** | **7,044** |
| Net income attributable to minority interests | | 413 | 350 |
| **NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS** | | **7,702** | **6,694** |
| Basic earnings per share | 7.a | 6.00 | 5.14 |
| Diluted earnings per share | 7.a | 6.00 | 5.13 |

# STATEMENT OF NET INCOME AND CHANGES IN ASSETS AND LIABILITIES RECOGNISED DIRECTLY IN EQUITY

| In millions of euros | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|
| **Net income for the period** | **8,115** | **7,044** |
| **Changes in assets and liabilities recognised directly in equity** | **(805)** | **1,086** |
| **Items that are or may be reclassified to profit or loss** | **(589)** | **629** |
| - Changes in exchange rate items | 324 | 531 |
| - Changes in fair value of available-for-sale financial assets, including those reclassified as loans and receivables | 500 | 619 |
| - Changes in fair value of available-for-sale financial assets reported in net income, including those reclassified as loans and receivables | (1,132) | (441) |
| - Changes in fair value of hedging instruments | (196) | (176) |
| - Changes in fair value of hedging instruments reported in net income | (2) | (22) |
| - Changes in equity-method investments | (83) | 118 |
| **Items that will not be reclassified to profit or loss** | **(216)** | **457** |
| - Remeasurement gains (losses) related to post-employment benefit plans | (202) | 455 |
| - Changes in equity-method investments | (14) | 2 |
| **Total** | **7,310** | **8,130** |
| - Attributable to equity shareholders | 6,925 | 7,790 |
| - Attributable to minority interests | 385 | 340 |

# BALANCE SHEET AT 31 DECEMBER 2016

| In millions of euros | Notes | 31 December 2016 | 31 December 2015 |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and amounts due from central banks | | 160,400 | 134,547 |
| Financial instruments at fair value through profit or loss | | | |
| Trading securities | 4.a | 123,679 | 133,500 |
| Loans and repurchase agreements | 4.a | 152,242 | 131,783 |
| Instruments designated as at fair value through profit or loss | 4.a | 87,644 | 83,076 |
| Derivative financial instruments | 4.a | 328,162 | 336,624 |
| Derivatives used for hedging purposes | 4.b | 18,133 | 18,063 |
| Available-for-sale financial assets | 4.c | 267,559 | 258,933 |
| Loans and receivables due from credit institutions | 4.f | 47,411 | 43,427 |
| Loans and receivables due from customers | 4.g | 712,233 | 682,497 |
| Remeasurement adjustment on interest-rate risk hedged portfolios | | 4,664 | 4,555 |
| Held-to-maturity financial assets | 4.j | 6,100 | 7,757 |
| Current and deferred tax assets | 4.k | 7,966 | 7,865 |
| Accrued income and other assets | 4.l | 115,967 | 108,018 |
| Equity-method investments | 4.m | 6,910 | 6,896 |
| Investment property | 4.n | 1,911 | 1,639 |
| Property, plant and equipment | 4.n | 22,523 | 21,593 |
| Intangible assets | 4.n | 3,239 | 3,104 |
| Goodwill | 4.o | 10,216 | 10,316 |
| **TOTAL ASSETS** | | **2,076,959** | **1,994,193** |
| **LIABILITIES** | | | |
| Due to central banks | | 233 | 2,385 |
| Financial instruments at fair value through profit or loss | | | |
| Trading securities | 4.a | 70,326 | 82,544 |
| Borrowings and repurchase agreements | 4.a | 183,206 | 156,771 |
| Instruments designated as at fair value through profit or loss | 4.a | 54,076 | 53,118 |
| Derivative financial instruments | 4.a | 318,740 | 325,828 |
| Derivatives used for hedging purposes | 4.b | 19,626 | 21,068 |
| Due to credit institutions | 4.f | 75,660 | 84,146 |
| Due to customers | 4.g | 765,953 | 700,309 |
| Debt securities | 4.i | 153,422 | 159,447 |
| Remeasurement adjustment on interest-rate risk hedged portfolios | | 4,202 | 3,946 |
| Current and deferred tax liabilities | 4.k | 3,087 | 2,993 |
| Accrued expenses and other liabilities | 4.l | 99,407 | 88,629 |
| Technical reserves of insurance companies | 4.p | 193,626 | 185,043 |
| Provisions for contingencies and charges | 4.q | 11,801 | 11,345 |
| Subordinated debt | 4.i | 18,374 | 16,544 |
| **TOTAL LIABILITIES** | | **1,971,739** | **1,894,116** |
| **CONSOLIDATED EQUITY** | | | |
| *Share capital, additional paid-in capital and retained earnings* | | *86,794* | *82,839* |
| *Net income for the period attributable to shareholders* | | *7,702* | *6,694* |
| Total capital, retained earnings and net income for the period attributable to shareholders | | 94,496 | 89,533 |
| Changes in assets and liabilities recognised directly in equity | | 6,169 | 6,736 |
| **Shareholders' equity** | | **100,665** | **96,269** |
| Retained earnings and net income for the period attributable to minority interests | | 4,460 | 3,691 |
| Changes in assets and liabilities recognised directly in equity | | 95 | 117 |
| **Total minority interests** | | **4,555** | **3,808** |
| **TOTAL CONSOLIDATED EQUITY** | | **105,220** | **100,077** |
| **TOTAL LIABILITIES AND EQUITY** | | **2,076,959** | **1,994,193** |

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

| In millions of euros | Notes | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|---|
| **Pre-tax income** | | **11,210** | **10,379** |
| **Non-monetary items included in pre-tax net income and other adjustments** | | **12,474** | **18,354** |
| Net depreciation/amortisation expense on property, plant and equipment and intangible assets | | 4,444 | 3,764 |
| Impairment of goodwill and other non-current assets | | 155 | 989 |
| Net addition to provisions | | 10,241 | 12,662 |
| Share of earnings of equity-method entities | | (633) | (589) |
| Net expense (income) from investing activities | | 56 | (889) |
| Net expense from financing activities | | 1,232 | 2,545 |
| Other movements | | (3,021) | (128) |
| **Net increase (decrease) in cash related to assets and liabilities generated by operating activities** | | **1,977** | **(8,408)** |
| Net decrease in cash related to transactions with credit institutions | | (19,515) | (7,121) |
| Net increase (decrease) in cash related to transactions with customers | | 25,749 | (1,780) |
| Net increase in cash related to transactions involving other financial assets and liabilities | | 3,045 | 7,021 |
| Net decrease in cash related to transactions involving non-financial assets and liabilities | | (5,163) | (4,153) |
| Taxes paid | | (2,139) | (2,375) |
| **NET INCREASE IN CASH AND EQUIVALENTS GENERATED BY OPERATING ACTIVITIES** | | **25,661** | **20,325** |
| Net increase in cash related to acquisitions and disposals of consolidated entities | | 468 | 150 |
| Net decrease related to property, plant and equipment and intangible assets | | (1,485) | (1,756) |
| **NET DECREASE IN CASH AND EQUIVALENTS RELATED TO INVESTING ACTIVITIES** | | **(1,017)** | **(1,606)** |
| Decrease in cash and equivalents related to transactions with shareholders | | (1,834) | (645) |
| Decrease in cash and equivalents generated by other financing activities | | (2,608) | (5,069) |
| **NET DECREASE IN CASH AND EQUIVALENTS RELATED TO FINANCING ACTIVITIES** | | **(4,442)** | **(5,714)** |
| **EFFECT OF MOVEMENT IN EXCHANGE RATES ON CASH AND EQUIVALENTS** | | **2,587** | **8,176** |
| **NET INCREASE IN CASH AND EQUIVALENTS** | | **22,789** | **21,181** |
| **Balance of cash and equivalent accounts at the start of the period** | | **133,174** | **111,993** |
| Cash and amounts due from central banks | | 134,547 | 117,473 |
| Due to central banks | | (2,385) | (1,680) |
| On demand deposits with credit institutions | 4.f | 9,346 | 7,924 |
| On demand loans from credit institutions | 4.f | (8,527) | (11,618) |
| Deduction of receivables and accrued interest on cash and equivalents | | 193 | (106) |
| **Balance of cash and equivalent accounts at the end of the period** | | **155,963** | **133,174** |
| Cash and amounts due from central banks | | 160,400 | 134,547 |
| Due to central banks | | (233) | (2,385) |
| On demand deposits with credit institutions | 4.f | 6,513 | 9,346 |
| On demand loans from credit institutions | 4.f | (10,775) | (8,527) |
| Deduction of receivables and accrued interest on cash and equivalents | | 58 | 193 |
| **NET INCREASE IN CASH AND EQUIVALENTS** | | **22,789** | **21,181** |

# STATEMENT OF CHANGES IN SHAREHOLDERS'

| | Capital and retained earnings | | | | | | |
|---|---|---|---|---|---|---|---|
| | Attributable to shareholders | | | | Minority interests | | |
| In millions of euros | Share capital and additional paid-in capital | Undated Super Subordinated Notes | Non-distributed reserves | Total | Capital and retained earnings | Preferred shares eligible as Tier 1 capital | Total |
| **Capital and retained earnings at 31 December 2014** | **26,971** | **6,589** | **49,807** | **83,367** | **4,025** | **73** | **4,098** |
| **Appropriation of net income for 2014** | | | **(1,867)** | **(1,867)** | **(131)** | | **(131)** |
| Increases in capital and issues | 19 | 2,094 | | 2,113 | | | - |
| Reduction or redemption of capital | | (862) | (29) | (891) | | | - |
| Movements in own equity instruments | (93) | 34 | (56) | (115) | | | - |
| Share-based payment plans | | | 7 | 7 | | | - |
| Remuneration on preferred shares and undated super subordinated notes | | | (257) | (257) | (2) | | (2) |
| Impact of internal transactions on minority shareholders (note 7.d) | | | (2) | (2) | 2 | | 2 |
| Movements in consolidation scope impacting minority shareholders | | | (2) | (2) | (521) | | (521) |
| Acquisitions of additional interests or partial sales of interests (note 7.d) | | | (3) | (3) | (4) | | (4) |
| Change in commitments to repurchase minority shareholders' interests | | | 49 | 49 | (103) | | (103) |
| Other movements | | | (11) | (11) | (4) | | (4) |
| Changes in assets and liabilities recognised directly in equity | | | 451 | 451 | 6 | | 6 |
| **Net income for 2015** | | | **6,694** | **6,694** | **350** | | **350** |
| **Capital and retained earnings at 31 December 2015** | **26,897** | **7,855** | **54,781** | **89,533** | **3,618** | **73** | **3,691** |
| **Appropriation of net income for 2015** | | | **(2,877)** | **(2,877)** | **(112)** | | **(112)** |
| Increases in capital and issues | 29 | 2,035 | (5) | 2,059 | | | - |
| Reduction or redemption of capital | (3) | (1,437) | 125 | (1,315) | | | - |
| Movements in own equity instruments | 25 | (23) | 3 | 5 | | | - |
| Share-based payment plans | | | 1 | 1 | | | - |
| Remuneration on preferred shares and undated super subordinated notes | | | (365) | (365) | (2) | | (2) |
| Impact of internal transactions on minority shareholders (note 7.d) | | | 4 | 4 | (4) | | (4) |
| Movements in consolidation scope impacting minority shareholders | | | | - | 3 | | 3 |
| Acquisitions of additional interests or partial sales of interests (note 7.d) | | | (32) | (32) | 494 | | 494 |
| Change in commitments to repurchase minority shareholders' interests | | | (2) | (2) | (7) | | (7) |
| Other movements | | | (7) | (7) | (10) | | (10) |
| Changes in assets and liabilities recognised directly in equity | | | (210) | (210) | (6) | | (6) |
| **Net income for 2016** | | | **7,702** | **7,702** | **413** | | **413** |
| **Capital and retained earnings at 31 December 2016** | **26,948** | **8,430** | **59,118** | **94,496** | **4,387** | **73** | **4,460** |

# EQUITY BETWEEN 1 JAN. 2015 AND 31 DEC. 2016

| Changes in assets and liabilities recognised directly in equity | | | | | Total equity |
|---|---|---|---|---|---|
| Attributable to shareholders | | | | Minority interests | |
| Exchange rates | Financial assets available for sale and reclassified as loans and receivables | Derivatives used for hedging purposes | Total | | |
| **(291)** | **4,865** | **1,517** | **6,091** | **133** | **93,689** |
| | | | | | **(1,998)** |
| | | | | | 2,113 |
| | | | | | (891) |
| | | | | | (115) |
| | | | | | 7 |
| | | | | | (259) |
| | | | | | - |
| | | | | | (523) |
| | | | | | (7) |
| | | | | | (54) |
| | | | | | (15) |
| 616 | 201 | (172) | 645 | (16) | 1,086 |
| | | | | | **7,044** |
| **325** | **5,066** | **1,345** | **6,736** | **117** | **100,077** |
| | | | | | **(2,989)** |
| | | | | | 2,059 |
| | | | | | (1,315) |
| | | | | | 5 |
| | | | | | 1 |
| | | | | | (367) |
| | | | | | - |
| | | | | | 3 |
| | | | | | 462 |
| | | | | | (9) |
| | | | | | (17) |
| 320 | (694) | (193) | (567) | (22) | (805) |
| | | | | | **8,115** |
| **645** | **4,372** | **1,152** | **6,169** | **95** | **105,220** |

# NOTES TO THE FINANCIAL STATEMENTS

## Prepared in accordance with International Financial Reporting Standards as adopted by the European Union

# 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED BY THE BNP PARIBAS GROUP

## 1.a ACCOUNTING STANDARDS

### 1.a.1 APPLICABLE ACCOUNTING STANDARDS

The consolidated financial statements of the BNP Paribas Group have been prepared in accordance with international accounting standards (International Financial Reporting Standards – IFRS), as adopted for use in the European Union[1]. Accordingly, certain provisions of IAS 39 on hedge accounting have been excluded, and certain recent texts have not yet undergone the approval process.

The introduction of standards which are mandatory as of 1 January 2016 has no effect on the 2016 financial statements.

The Group did not choose to early-adopt the new standards, amendments, and interpretations adopted by the European Union, whose application in 2016 was optional.

Information on the nature and extent of risks relating to financial instruments as required by IFRS 7 “Financial Instruments: Disclosures” and to insurance contracts as required by IFRS 4 “Insurance Contracts”, along with information on regulatory capital required by IAS 1 “Presentation of Financial Statements” is presented in Chapter 5 of the Registration document. This information, which is an integral part of the notes to the BNP Paribas Group’s consolidated financial statements, is covered by the opinion of the Statutory Auditors concerning the consolidated financial statements, and is identified in the Annual Report by the word “Audited”.

### 1.a.2 NEW MAJOR ACCOUNTING STANDARDS, PUBLISHED BUT NOT YET APPLICABLE

**IFRS 9 “Financial Instruments”**

IFRS 9 “Financial Instruments”, issued by the IASB in July 2014, will replace IAS 39 Financial Instruments: recognition and measurement, related to the classification and measurement of financial instruments. It sets out the new principles for the classification and measurement of financial instruments, for impairment for credit risk on debt instruments measured at amortised cost or at fair value through shareholders’ equity, loan commitments given, financial guarantee contracts, lease receivables and contract assets, as well as for general hedge accounting (i.e. micro hedging).

IFRS 9, which was adopted by the European Union on 22 November 2016, is mandatory for annual periods beginning on or after 1 January 2018.

---

[1] The full set of standards adopted for use in the European Union can be found on the website of the European Commission at: http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission.

*Classification and measurement*

According to IFRS 9, classification and measurement of financial assets will depend on the business model and the contractual characteristics of the instruments. On initial recognition, financial assets will be measured at amortised cost, at fair value through shareholders' equity (on a separate line), or at fair value through profit or loss.

It will no longer be possible to recognise derivatives embedded in financial assets separately from the host contract.

Application of the criteria relating to the business model and the contractual characteristics of the instruments may lead to different classification and measurement of some financial assets compared with IAS 39.

Debt instruments (loans, receivables or debt securities) will be classified at amortised cost, at fair value through shareholders' equity (on a separate line), or at fair value through profit or loss.

- They will be classified at amortised cost if the business model objective is to hold the financial assets in order to collect contractual cash flows, and if the contractual cash flows solely consist of payments relating to principal and interest on the principal.
- They will be classified at fair value through shareholders' equity if the business model is achieved by both holding the financial assets in order to collect contractual cash flows and selling the assets and if the cash flows solely consist of payments relating to principal and interest on the principal. Upon disposal, amounts previously recognised in shareholders' equity will be transferred to profit or loss.
- All debt instruments not eligible for classification at amortised cost or at fair value through shareholders' equity will be presented at fair value through profit or loss.

Debt instruments may only be designated as at fair value through profit or loss if the use of this option enables the entity to eliminate or significantly reduce an accounting mismatch in profit or loss.

Investments in equity instruments such as shares will be classified as instruments at fair value through profit or loss, or, as an option, as instruments at fair value through shareholders' equity (on a separate line). In the latter case, upon disposal of equity instruments classified at fair value through shareholders' equity, amounts previously recognised in shareholders' equity shall not be transferred to profit or loss. Only dividends will be recognised in profit or loss.

With respect to financial liabilities, the only change introduced by IFRS 9 relates to recognition of changes in fair value attributable to changes in the credit risk of the liabilities designated as at fair value through profit or loss (fair value option), which will be recognised on a separate line in shareholders' equity and no longer through profit or loss.

The provisions of IAS 39 concerning the derecognition of financial assets and financial liabilities have been maintained in IFRS 9 without any modification. Moreover, IFRS 9 provides details on the accounting treatment of modified assets, depending on whether they are derecognised or not.

Based on existing business models, the main classifications would be expected to be as follows:

- Apart from those not complying with the contractual characteristics criterion, loans and receivables due from credit institutions and customers and repurchase agreements recognised in "Loans and receivables" under IAS 39 should be eligible to amortised cost under IFRS 9;
- Treasury bills, Government bonds and other fixed-income securities classified as "Available-for-sale financial assets" under IAS 39 should be recognised at amortised cost or at fair value through shareholders' equity depending on the business model, apart from those not complying with the contractual characteristics criterion;
- Financial assets classified at fair value through profit or loss under IAS 39 should remain in this category under IFRS 9;
- The majority of investments in equity instruments are likely to be classified as instruments at fair value through profit or loss, making income more volatile than under IAS 39. Some of these investments are likely to be classified at fair value through shareholders' equity.

*Impairment*

IFRS 9 establishes a new credit risk impairment model based on expected losses.

This model will apply to loans and debt instruments measured at amortised cost or at fair value through shareholders' equity (on a separate line), to loan commitments and financial guarantees not recognised at fair value, as well as to lease receivables.

Under the impairment model in IAS 39, an impairment loss is recognised when there is an objective evidence of a decrease in value. Counterparties that are not individually impaired are risk-assessed on the basis of portfolios with similar characteristics, and groups of counterparties which, as a result of events occurring since inception of the loans, present objective indication of impairment, are subject to a portfolio-based impairment. Moreover, the Group may recognise additional collective impairment with respect to a given economic sector or geographic area affected by exceptional economic events.

The new impairment model under IFRS 9 requires accounting for 12-month expected credit losses (that result from the risk of default in the next 12 months) on the financial instruments issued or acquired, as of the date of initial recognition on the balance sheet.

Expected credit losses at maturity (that result from the risk of default over the life of the financial instrument) must be recognised if the credit risk has increased significantly since initial recognition.

Financial assets for which a 12-month expected credit loss will be recognised, will be included in "Stage 1". Interest income will be measured according to the effective interest method using the financial asset's gross value (before impairment).

Financial assets for which the credit risk has increased significantly since the initial recognition will be included in "Stage 2". Interest income will be measured according to the effective interest method using the financial asset's gross value (before impairment).

Significant increase in the credit risk will be assessed on an individual basis or on a collective basis (by grouping the financial instruments according to common credit risk characteristics) by taking into consideration all reasonable and supportable information and comparing the default risk of the financial instrument at the reporting date with the default risk on the date of its initial recognition.

Assessment of deterioration will be measured by comparing probability of default/ratings on the date of initial recognition and those existing on the reporting date.

Under the standard, there is also a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

The standard suggests that it may be assumed that the credit risk of a financial instrument has not increased significantly since initial recognition if this risk is considered to be low on the reporting date (for example, a financial instrument which has an 'investment grade' rating). This provision could be applied to debt securities.

The amount of expected credit loss will be measured on the basis of probability-weighted scenarios, in view of past events, current conditions and reasonable and supportable economic forecasts.

Financial assets for which there is objective evidence of a decrease in value as a result of an event occurring after inception of the loan or acquisition of the asset will be considered as impaired and be included in "Stage 3". Criteria for identifying impaired assets will be similar to those prevailing under IAS 39. Interest income will be measured according to the effective interest method using the financial asset's net value (after impairment).

Treatment of restructuring for financial difficulties is likely to remain similar to that prevailing under IAS 39.

The new impairment model is likely to result in an increase in impairment for credit risk since all financial assets will be subject to a 12-month expected credit loss assessment. Moreover, the scope of the assets for which there is a significant increase in credit risk could be different from the scope of assets for which portfolio-based impairment was recognised under IAS 39.

Furthermore, the impairment model of IFRS 9 is based on more forward-looking information than that of IAS 39, inducing a more volatile amount of expected credit losses.

The Group is considering using existing concepts and methods (in particular the Basel framework) on exposures for which the capital requirement for credit risk is measured according to the IRBA methodology. This method will also need to be applied to portfolios for which the capital requirement for credit risk is measured according to the standardised approach. Moreover, the Basel framework will need to be supplemented with the specific provisions of IFRS 9, in particular the use of forward-looking information.

Methods of measuring expected credit losses will be based on 3 main parameters: the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") in light of amortisation profiles. Expected credit losses will be measured as the product of the PD, LGD and EAD.

*Hedge accounting*

The objective of the hedge accounting model under IFRS 9 is to better reflect risk management, especially by expanding the eligible hedging instruments and eliminating some overly prescriptive rules. On initial application of IFRS 9, the Group may choose either to apply the new hedge accounting provisions or to maintain the hedge accounting principles under IAS 39 until the new macro hedging standard comes into force. Irrespective of the chosen hedge accounting option, additional information will be required in the notes to the financial statements concerning risk management and the impacts of the hedge accounting on the financial statements.

IFRS 9 does not explicitly address the fair value hedge of the interest rate risk on a portfolio of financial assets or liabilities. The provisions of IAS 39 for these portfolio hedges, as adopted by the European Union, will continue to apply.

Based on the analyses made to date, the Group is considering maintaining all the provisions of IAS 39 for hedge accounting.

*Transition*

The IFRS 9 classification and measurement provisions, as well as its new impairment model, are applicable retrospectively by adjusting the opening balance sheet on the date of first application, without any obligation to restate the comparative figures for prior periods.

IFRS 9 allows early application of the requirements for the presentation of gains and losses attributable to changes in the credit risk of the financial liabilities designated as at fair value through profit or loss (fair value option). However, the Group does not envisage an early application of these requirements.

*Implementation of IFRS 9 within the Group*

The implementation of IFRS 9 within the Group relies on a set of projects corresponding to each of the different phases of the standard. Steering committees bringing together the heads of the Risk and Finance functions have been set up, as well as operational committees dedicated to the various issues associated with the implementation of the new standard.

The project on classification and measurement is managed by the Finance Department, through dedicated governance.

The work relating to the analysis of business models and the contractual cash flows characteristics of the Group's assets is being finalised. Meanwhile, the required IT developments and adaptations have proceeded through 2016 and will be finalised in 2017.

The project on the impairment model is conducted under the joint responsibility of the Finance and Risk Departments.

The work conducted to this day has led to the definition of the Group methodology for the new impairment model (see above). The model is currently being adapted to operational requirements and refined.

Operational implementation is based on the convergence of Finance, Risk and Liquidity reporting streams with the aim of guaranteeing high quality data.

**IFRS 15 Revenue from contracts with customers**

IFRS 15 Revenue from Contracts with Customers, issued in May 2014, will supersede a number of standards and interpretations on revenue recognition (in particular IAS 18 Revenue and IAS 11 Construction Contracts). Revenues from lease contracts, insurance contracts or financial instruments are excluded from the scope of this standard.

Adopted by the European Union on 22 September 2016, IFRS 15 will become mandatory for years beginning on, or after, 1 January 2018.

IFRS 15 defines a single model for recognising revenue based on five-step principles. These five steps make it notably possible to identify the distinct performance obligations in the contracts with customers and to allocate the transaction price to them. The transaction price amounts that are allocated to the different performance obligations are recognised as revenue when the performance obligations are satisfied, namely when the control of the promised goods or services has been transferred.

The Group is in the process of analysing the standard and its potential impacts. Revenues from net banking income falling within the scope of application concern in particular the commissions received for banking and similar services provided (except those arising from the effective interest rate), revenues from property development and revenues from services provided in connection with lease contracts.

The implementation of IFRS 15 within the Group is based on a project structure managed by the Finance Department. The analysis of the standard and the documentation and identification of its potential impacts will be finalised in 2017. Impacts are not expected to be material.

**IFRS 16 Leases**

IFRS 16 Leases, issued in January 2016, will supersede IAS 17 Leases and the interpretations relating to the accounting of such contracts. The new definition of leases relies on both the identification of an asset and the right to control the identified asset by the lessee.

From the lessor's point of view, the expected impact should be limited, as the requirements of IFRS 16 remain mostly unchanged from the current IAS 17.

For the lessee, IFRS 16 will require recognition in the balance sheet of all leases, in the form of a right-of-use on the leased asset presented under fixed assets, along with the recognition of a financial liability for the rent and other payments to be made over the leasing period. The right-of-use assets will be amortised on a straight-line basis and the financial liabilities will be amortised on an actuarial basis over the lease period. The main change induced by this new standard is related to contracts which, under IAS 17, met the definition of operating leases, and as such, did not require recognition in the balance sheet of the leased assets.

IFRS 16 will become mandatory for annual periods beginning on or after 1 January 2019, after its adoption by the European Union for application in Europe. Following the publication of the standard, the Group has started to analyse the standard and define its potential impacts.

# 1.b CONSOLIDATION

## 1.b.1 SCOPE OF CONSOLIDATION

The consolidated financial statements of BNP Paribas include entities that are controlled by the Group, jointly controlled, and under significant influence, with the exception of those entities whose consolidation is regarded as immaterial to the Group. The consolidation of an entity is regarded as immaterial if its contribution to the consolidated financial statements is below the following three thresholds: EUR 15 million of consolidated revenues, EUR 1 million of consolidated net income before tax, EUR 500 million of total consolidated assets. Companies that hold shares in consolidated companies are also consolidated.

Subsidiaries are consolidated from the date on which the Group obtains effective control. Entities under temporary control are included in the consolidated financial statements until the date of disposal.

## 1.b.2 CONSOLIDATION METHODS

Controlled enterprises are fully consolidated. The Group controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

For entities governed by voting rights, the Group generally controls the entity if it directly or indirectly holds the majority of voting rights and if there are no other agreements altering the power of these voting rights.

Structured entities are defined as entities that are not governed by voting rights, such as when those voting rights relate to administrative tasks only, whereas the relevant activities are directed by means of contractual arrangements. They often have the following features or attributes: restricted activities, a narrow and well-defined objective and insufficient equity to permit them to finance their activities without subordinated financial support.

For these entities, the analysis of control shall consider the purpose and design of the entity, the risks to which the entity is designed to be exposed and to what extent the Group absorbs the related variability. The assessment of control shall consider all facts and circumstances able to determine the Group's practical ability to make decisions that could significantly affect its returns, even if such decisions are contingent on uncertain future events or circumstances.

In assessing whether it has power, the Group considers only substantive rights which it holds or which are held by third parties. For a right to be substantive, the holder must have the practical ability to exercise that right when decisions about the relevant activities of the entity need to be made.

Control shall be reassessed if facts and circumstances indicate that there are changes to one or more of the elements of control.

Where the Group contractually holds the decision-making power, for instance where the Group acts as fund manager, it shall determine whether it is acting as agent or principal. Indeed, when associated with a certain level of exposure to the variability of returns, this decision-making power may indicate that the Group is acting on its own account and that it thus has control over those entities.

Where the Group carries out an activity with one or more partners, sharing control by virtue of a contractual agreement which requires unanimous consent on relevant activities (those that significantly affect the entity’s returns), the Group exercises joint control over the activity. Where the jointly controlled activity is structured through a separate vehicle in which the partners have rights to the net assets, this joint venture is accounted for using the equity method. Where the jointly controlled activity is not structured through a separate vehicle or where the partners have rights to the assets and obligations for the liabilities of the jointly controlled activity, the Group accounts for its share of the assets, liabilities, revenues and expenses in accordance with the applicable IFRSs.

Enterprises over which the Group exercises significant influence (associates) are accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decisions of an enterprise without exercising control. Significant influence is presumed to exist when the Group holds, directly or indirectly, 20% or more of the voting power of an enterprise. Interests of less than 20% are excluded from consolidation unless they represent a strategic investment and the Group effectively exercises significant influence. This applies to companies developed in partnership with other groups, where the BNP Paribas Group participates in strategic decisions of the enterprise through representation on the Board of Directors or equivalent governing body, exercises influence over the enterprise's operational management by supplying management systems or senior managers, or provides technical assistance to support the enterprise's development.

Changes in the net assets of associates (companies accounted for under the equity method) are recognised on the assets side of the balance sheet under "Investments in equity-method entities" and in the relevant component of shareholders' equity. Goodwill on associates is also included under "Investments in equity-method entities".

Whenever there is an indication of impairment, the carrying amount of the investment consolidated under the equity method (including goodwill) is subjected to an impairment test, by comparing its recoverable value (the higher of value-in-use and market value less costs to sell) to its carrying amount. Where appropriate, impairment is recognised under "Share of earnings of equity-method entities" in the consolidated income statement and can be reversed at a later date.

If the Group's share of losses of an equity-method entity equals or exceeds the carrying amount of its investment in this entity, the Group discontinues including its share of further losses. The investment is reported at nil value. Additional losses of the equity-method entity are provided for only to the extent that the Group has a legal or constructive obligation to do so, or has made payments on behalf of this entity.

Minority interests are presented separately in the consolidated profit and loss account and balance sheet within consolidated equity. The calculation of minority interests takes into account the outstanding cumulative preferred shares classified as equity instruments issued by subsidiaries, when such shares are held outside the Group.

As regards fully consolidated funds, units held by third-party investors are recognised as debts at fair value through profit or loss, inasmuch as they are redeemable at market value at the subscriber's initiative.

For transactions resulting in a loss of control, any equity interest retained by the Group is remeasured at its fair value through profit or loss.

Realised gains and losses on investments in consolidated undertakings are recognised in the profit and loss account under "Net gain on non-current assets".

### 1.b.3 CONSOLIDATION PROCEDURES

The consolidated financial statements are prepared using uniform accounting policies for reporting like transactions and other events in similar circumstances.

- **Elimination of intragroup balances and transactions**

Intragroup balances arising from transactions between consolidated enterprises, and the transactions themselves (including income, expenses and dividends), are eliminated. Profits and losses arising from intragroup sales of assets are eliminated, except where there is an indication that the asset sold is impaired. Unrealised gains and losses included in the value of available-for-sale assets are maintained in the consolidated financial statements.

- **Translation of financial statements expressed in foreign currencies**

The consolidated financial statements of BNP Paribas are prepared in euros.

The financial statements of enterprises whose functional currency is not the euro are translated using the closing rate method. Under this method, all assets and liabilities, both monetary and non-monetary, are translated using the spot exchange rate at the balance sheet date. Income and expense items are translated at the average rate for the period.

The same method is applied to the financial statements of enterprises located in hyperinflationary economies, after adjusting for the effects of inflation by applying a general price index.

Differences arising from the translation of balance sheet items and profit and loss items are recorded in shareholders' equity under "Exchange rates" for the portion attributable to shareholders, and in "Minority interests" for the portion attributable to outside investors. Under the optional treatment permitted by IFRS 1, the Group has reset to zero all translation differences, by booking all cumulative translation differences attributable to shareholders and to minority interests in the opening balance sheet at 1 January 2004 to retained earnings.

On liquidation or disposal of some or all of an interest held in a foreign enterprise located outside the euro zone, leading to a change in the nature of the investment (loss of control, loss of significant influence or loss of joint control without keeping a significant influence), the cumulative translation adjustment at the date of liquidation or sale, determined according to the step method, is recognised in the profit and loss account.

Should the interest percentage held change without any modification in the nature of the investment, the translation adjustment is reallocated between the portion attributable to shareholders and that attributable to minority interests, if the enterprise is fully consolidated. For enterprises consolidated under the equity method, the portion related to the interest sold is recognised in the profit and loss account.

### 1.b.4 BUSINESS COMBINATIONS AND MEASUREMENT OF GOODWILL

- **Business combinations**

Business combinations are accounted for using the purchase method.

Under this method, the acquiree's identifiable assets and liabilities assumed are measured at fair value at the acquisition date except for non-current assets classified as assets held for sale, which are accounted for at fair value less costs to sell.

The acquiree's contingent liabilities are not recognised in the consolidated balance sheet unless they represent a present obligation on the acquisition date and their fair value can be measured reliably.

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued to obtain control of the acquiree. Costs directly attributable to the business combination are treated as a separate transaction and recognised through profit or loss.

Any contingent consideration is included in the cost, as soon as control is obtained, at fair value on the date when control was acquired. Subsequent changes in the value of any contingent consideration recognised as a financial liability are recognised through profit or loss.

The Group may recognise any adjustments to the provisional accounting within 12 months of the acquisition date.

Goodwill represents the difference between the cost of the combination and the acquirer's interest in the net fair value of the identifiable assets and liabilities of the acquiree at the acquisition date. Positive goodwill is recognised in the acquirer's balance sheet, while negative goodwill is recognised immediately in profit or loss, on the acquisition date. Minority interests are measured at their share of the fair value of the acquiree's identifiable assets and liabilities. However, for each business combination, the Group can elect to measure minority interests at fair value, in which case a proportion of goodwill is allocated to them. To date, the Group has never used this latter option.

Goodwill is recognised in the functional currency of the acquiree and translated at the closing exchange rate.

On the acquisition date, any previously held equity interest in the acquiree is remeasured at its fair value through profit or loss. In the case of a step acquisition, the goodwill is therefore determined by reference to the acquisition-date fair value.

Since the revised IFRS 3 is applied prospectively, business combinations completed prior to 1 January 2010 were not restated for the effects of changes to IFRS 3.

As permitted under IFRS 1, business combinations that took place before 1 January 2004 and were recorded in accordance with the previously applicable accounting standards (French GAAP), have not been restated in accordance with the principles of IFRS 3.

- **Measurement of goodwill**

The BNP Paribas Group tests goodwill for impairment on a regular basis.

- Cash-generating units

The BNP Paribas Group has split all its activities into cash-generating units[2] representing major business lines. This split is consistent with the Group's organisational structure and management methods, and reflects the independence of each unit in terms of results and management approach. It is reviewed on a regular basis in order to take account of events likely to affect the composition of cash-generating units, such as acquisitions, disposals and major reorganisations.

- Testing cash-generating units for impairment

Goodwill allocated to cash-generating units is tested for impairment annually and whenever there is an indication that a unit may be impaired, by comparing the carrying amount of the unit with its recoverable amount. If the recoverable amount is less than the carrying amount, an irreversible impairment loss is recognised, and the goodwill is written down by the excess of the carrying amount of the unit over its recoverable amount.

- Recoverable amount of a cash-generating unit

The recoverable amount of a cash-generating unit is the higher of the fair value of the unit less costs to sell, and its value in use.

Fair value is the price that would be obtained from selling the unit at the market conditions prevailing at the date of measurement, as determined mainly by reference to actual prices of recent transactions involving similar entities or on the basis of stock market multiples for comparable companies.

Value in use is based on an estimate of the future cash flows to be generated by the cash-generating unit, derived from the annual forecasts prepared by the unit's management and approved by Group Executive Management, and from analyses of changes in the relative positioning of the unit's activities on their market. These cash flows are discounted at a rate that reflects the return that investors would require from an investment in the business sector and region involved.

(2) As defined by IAS 36.

# 1.c FINANCIAL ASSETS AND FINANCIAL LIABILITIES

## 1.c.1 LOANS AND RECEIVABLES

Loans and receivables include credit provided by the Group, the Group's share in syndicated loans, and purchased loans that are not quoted in an active market, unless they are held for trading purposes. Loans that are quoted in an active market are classified as "Available-for-sale financial assets" and measured using the methods applicable to this category.

Loans and receivables are initially measured at fair value or equivalent, which is usually the net amount disbursed at inception including directly attributable origination costs and certain types of fees or commission (syndication commission, commitment fees and handling charges) that are regarded as an adjustment to the effective interest rate on the loan.

Loans and receivables are subsequently measured at amortised cost. The income from the loan, representing interest plus transaction costs and fees/commission included in the initial value of the loan, is calculated using the effective interest method and taken to profit or loss over the life of the loan.

Commission earned on financing commitments prior to the inception of a loan is deferred and included in the value of the loan when the loan is made.

Commission earned on financing commitments when the probability of drawdown is low, or when there is uncertainty as to the timing and amount of drawdowns, is recognised on a straight-line basis over the life of the commitment.

## 1.c.2 REGULATED SAVINGS AND LOAN CONTRACTS

Home savings accounts (*Comptes Épargne-Logement* – "CEL") and home savings plans *(Plans d'Épargne Logement* – "PEL") are government-regulated retail products sold in France. They combine a savings phase and a loan phase which are inseparable, with the loan phase contingent upon the savings phase.

These products contain two types of obligations for BNP Paribas: an obligation to pay interest on the savings for an indefinite period, at a rate set by the government at the inception of the contract (in the case of PEL products) or at a rate reset every six months using an indexation formula set by law (in the case of CEL products); and an obligation to lend to the customer (at the customer's option) an amount contingent upon the rights acquired during the savings phase, at a rate set at the inception of the contract (in the case of PEL products) or at a rate contingent upon the savings phase (in the case of CEL products).

The Group's future obligations with respect to each generation (in the case of PEL products, a generation comprises all products with the same interest rate at inception; in the case of CEL products, all such products constitute a single generation) are measured by discounting potential future earnings from at-risk outstandings for that generation.

At-risk outstandings are estimated on the basis of a historical analysis of customer behaviour, and are equivalent to:

- for the loan phase: statistically probable loans outstanding and actual loans outstanding;
- for the savings phase: the difference between statistically probable outstandings and minimum expected outstandings, with minimum expected outstandings being deemed equivalent to unconditional term deposits.

Earnings for future periods from the savings phase are estimated as the difference between the reinvestment rate and the fixed savings interest rate on at-risk savings outstanding for the period in question. Earnings for future periods from the loan phase are estimated as the difference between the refinancing rate and the fixed loan interest rate on at-risk loans outstanding for the period in question.

The reinvestment rate for savings and the refinancing rate for loans are derived from the swap yield curve and from the spreads expected on financial instruments of similar type and maturity. Spreads are determined on the basis of actual spreads on fixed rate home loans in the case of the loan phase and products offered to individual clients in the case of the savings phase. In order to reflect the uncertainty of future interest rate trends, and the impact of such trends on customer behaviour models and on at-risk outstandings, the obligations are estimated using the Monte-Carlo method.

Where the sum of the Group's estimated future obligations with respect to the savings and loan phases of any generation of contracts indicates a potentially unfavourable situation for the Group, a provision is recognised (with no offset between generations) in the balance sheet in "Provisions for contingencies and charges". Movements in this provision are recognised as interest income in the profit and loss account.

### 1.c.3 SECURITIES

- **Categories of securities**

Securities held by the Group are classified into one of four categories.

- Financial assets at fair value through profit or loss

Apart from derivative instruments, financial assets at fair value through profit or loss are composed of:

- financial assets held for trading purposes;
- financial assets that the Group has designated, on initial recognition, at fair value through profit or loss using the fair value option available under IAS 39. The conditions for applying the fair value option are set out in section 1.c.11.

Securities in this category are measured at fair value at the balance sheet date. Transaction costs are directly posted in the profit and loss account. Changes in fair value (excluding accrued interest on fixed-income securities) are presented in the profit and loss account under "Net gain/loss on financial instruments at fair value through profit or loss", along with dividends from variable-income securities and realised gains and losses on disposal.

Income earned on fixed-income securities classified into this category is shown under "Interest income" in the profit and loss account.

- Loans and receivables

Securities with fixed or determinable payments that are not traded on an active market, apart from securities for which the owner may not recover almost all of its initial investment due to reasons other than credit deterioration, are classified as "Loans and receivables" if they do not meet the criteria to be classified as "Financial assets at fair value through profit or loss". These securities are measured and recognised as described in section 1.c.1.

- Held-to-maturity financial assets

Held-to-maturity financial assets are investments with fixed or determinable payments and fixed maturity that the Group has the intention and ability to hold until maturity. Hedges contracted to cover assets in this category against interest rate risk do not qualify for hedge accounting as defined in IAS 39.

Assets in this category are accounted for at amortised cost using the effective interest method, which builds in amortisation of premium and discount (corresponding to the difference between the purchase price and redemption value of the asset) and acquisition costs (where material). Income earned from this category of assets is included in “Interest income” in the profit and loss account.

- Available-for-sale financial assets

Available-for-sale financial assets are fixed-income and variable-income securities other than those classified as “fair value through profit or loss” or “held-to-maturity” or “loans and receivables”.

Assets included in the available-for-sale category are initially recorded at fair value, plus transaction costs where material. At the balance sheet date, they are remeasured at fair value, with changes in fair value (excluding accrued interest) shown on a separate line in shareholders’ equity. Upon disposal, these unrealised gains and losses are transferred from shareholders’ equity to the profit and loss account, where they are shown on the line “Net gain/loss on available-for-sale financial assets”. The same applies in the event of impairment.

Income recognised using the effective interest method for fixed-income available-for-sale securities is recorded under “Interest income” in the profit and loss account. Dividend income from variable-income securities is recognised under “Net gain/loss on available-for-sale financial assets” when the Group’s right to receive payment is established.

- **Repurchase agreements and securities lending/borrowing**

Securities temporarily sold under repurchase agreements continue to be recorded in the Group’s balance sheet in the category of securities to which they belong. The corresponding liability is recognised in the appropriate debt category on the balance sheet except in the case of repurchase agreements contracted for trading purposes where the corresponding liability is classified under “Financial liabilities at fair value through profit or loss”.

Securities temporarily acquired under reverse repurchase agreements are not recognised in the Group’s balance sheet. The corresponding receivable is recognised under “Loans and receivables” except in the case of reverse repurchase agreements contracted for trading purposes, where the corresponding receivable is recognised under “Financial assets at fair value through profit or loss”.

Securities lending transactions do not result in derecognition of the lent securities, and securities borrowing transactions do not result in recognition of the borrowed securities on the balance sheet. In cases where the borrowed securities are subsequently sold by the Group, the obligation to deliver the borrowed securities on maturity is recognised on the balance sheet under “Financial liabilities at fair value through profit or loss”.

- **Date of recognition for securities transactions**

Securities classified as at fair value through profit or loss, held-to-maturity or available-for-sale financial assets are recognised at the trade date.

Regardless of their classification (at fair value through profit or loss, loans and receivables or debt), temporary sales of securities as well as sales of borrowed securities are initially recognised at the settlement date. For reverse repurchase agreements and repurchase agreements, a financing commitment, respectively given and received, is recognized between the trade date and the settlement date when the transactions are recognised, respectively, as "Loans and receivables" and "Liabilities". When reverse repurchase agreements and repurchase agreements are recognised, respectively, as "Financial assets at fair value through profit or loss" and "Financial liabilities at fair value through profit or loss", the repurchase commitment is recognised as a derivative financial instrument.

Securities transactions are carried on the balance sheet until the Group’s rights to receive the related cash flows expire, or until the Group has substantially transferred all the risks and rewards related to ownership of the securities.

### 1.c.4 FOREIGN CURRENCY TRANSACTIONS

The methods used to account for assets and liabilities relating to foreign currency transactions entered into by the Group, and to measure the foreign exchange risk arising on such transactions, depend on whether the asset or liability in question is classified as a monetary or a non-monetary item.

- Monetary assets and liabilities[3] expressed in foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into the functional currency of the relevant Group entity at the closing rate. Translation differences are recognised in the profit and loss account, except for those arising from financial instruments designated as a cash flow hedge or a net foreign investment hedge, which are recognised in shareholders' equity.

- Non-monetary assets and liabilities expressed in foreign currencies

Non-monetary assets may be measured either at historical cost or at fair value. Non-monetary assets expressed in foreign currencies are translated using the exchange rate at the date of the transaction if they are measured at historical cost, and at the closing rate if they are measured at fair value.

Translation differences on non-monetary assets expressed in foreign currencies and measured at fair value (variable-income securities) are recognised in the profit and loss account if the asset is classified under "Financial assets at fair value through profit or loss", and in shareholders' equity if the asset is classified under "Available-for-sale financial assets", unless the financial asset in question is designated as an item hedged against foreign exchange risk in a fair value hedging relationship, in which case the translation difference is recognised in the profit and loss account.

### 1.c.5 IMPAIRMENT AND RESTRUCTURING OF FINANCIAL ASSETS

- **Doubtful assets**

Doubtful assets are defined as assets where the Bank considers that there is a risk that the debtors will be unable to honour all or part of their commitments.

- **Impairment of loans and receivables and held-to-maturity financial assets, provisions for financing and guarantee commitments**

An impairment loss is recognised against loans and held-to-maturity financial assets where (i) there is objective evidence of a decrease in value as a result of an event occurring after inception of the loan or acquisition of the asset; (ii) the event affects the amount or timing of future cash flows; and (iii) the consequences of the event can be reliably measured. Loans are initially assessed for evidence of impairment on an individual basis, and subsequently on a portfolio basis. Similar principles are applied to financing and guarantee commitments given by the Group, with the probability of drawdown taken into account in any assessment of financing commitments.

(3) Monetary assets and liabilities are assets and liabilities to be received or paid in fixed or determinable amounts of cash.

At an individual level, objective evidence that a financial asset is impaired includes observable data regarding the following events:

- the existence of accounts that are more than three months past due;
- knowledge or indications that the borrower meets significant financial difficulty, such that a risk can be considered to have arisen regardless of whether the borrower has missed any payments;
- concessions with respect to the credit terms granted to the borrower that the lender would not have considered had the borrower not been meeting financial difficulty (see section “Restructuring of assets classified as "Loans and receivables"”).

The amount of the impairment is the difference between the carrying amount before impairment and the present value, discounted at the original effective interest rate of the asset, of those components (principal, interest, collateral, etc.) regarded as recoverable. Changes in the amount of impairment losses are recognised in the profit and loss account under “Cost of risk”. Any subsequent decrease in an impairment loss that can be related objectively to an event occurring after the impairment loss was recognised is credited to the profit and loss account, also under “Cost of risk”. Once an asset has been impaired, the theoretical income earned on the carrying amount of the asset calculated at the original effective interest rate used to discount the estimated recoverable cash flows is recognised under “Interest income” in the profit and loss account.

Impairment losses on loans and receivables are usually recorded in a separate provision account which reduces the amount for which the loan or receivable was recorded in assets upon initial recognition. Provisions relating to off-balance sheet financial instruments, financing and guarantee commitments or disputes are recognised in liabilities. Impaired receivables are written off in whole or in part and the corresponding provision is reversed for the amount of the loss when all other means available to the Bank for recovering the receivables or guarantees have failed, or when all or part of the receivables have been waived.

Counterparties that are not individually impaired are risk-assessed on a portfolio basis with similar characteristics. This assessment draws upon an internal rating system based on historical data, adjusted as necessary to reflect circumstances prevailing at the balance sheet date. It enables the Group to identify groups of counterparties which, as a result of events occurring since inception of the loans, have collectively acquired a probability of default at maturity that provides objective evidence of impairment of the entire portfolio, but without it being possible at that stage to allocate the impairment to individual counterparties. This assessment also estimates the amount of the loss on the portfolios in question, taking account of trends in the economic cycle during the assessment period. Changes in the amount of portfolio impairments are recognised in the profit and loss account under “Cost of risk”.

Based on the experienced judgement of the Bank’s divisions or Risk Management, the Group may recognise additional collective impairment provisions with respect to a given economic sector or geographic area affected by exceptional economic events. This may be the case when the consequences of these events cannot be measured with sufficient accuracy to adjust the parameters used to determine the collective provision recognised against affected portfolios of loans with similar characteristics.

- **Impairment of available-for-sale financial assets**

Impairment of available-for-sale financial assets (which mainly comprise securities) is recognised on an individual basis if there is objective evidence of impairment as a result of one or more events occurring since acquisition.

In the case of variable-income securities quoted in an active market, the control system identifies securities that may be impaired on a long term basis and is based on criteria such as a significant decline in quoted price below the acquisition cost or a prolonged decline, which prompts the Group to carry out an additional individual qualitative analysis. This may lead to the recognition of an impairment loss calculated on the basis of the quoted price.

Apart from the identification criteria, the Group has determined three indications of impairment, one being a significant decline in price, defined as a fall of more than 50% of the acquisition price, another being a prolonged decline over two consecutive years and the final one being a decline on average of at least 30% over an observation period of one year. The Group believes that a period of two years is what is necessary for a moderate decline in price below the purchase cost to be considered as something more than just the effect of random volatility inherent in the stock markets or a cyclical change lasting a few years, but which represents a lasting phenomenon justifying an impairment.

A similar method is applied for variable-income securities not quoted in an active market. Any impairment is then determined based on the model value.

In the case of fixed-income securities, impairment is assessed based on the same criteria applied to individually impaired loans and receivables. For securities quoted in an active market, impairment is determined based on the quoted price. For all the others, it is determined based on model value.

Impairment losses taken against variable-income securities are recognised as a component of Revenues on the line “Net gain/loss on available-for-sale financial assets”, and may not be reversed through the profit and loss account until these securities are sold. Any subsequent decline in fair value constitutes an additional impairment loss, recognised in the profit and loss account.

Impairment losses taken against fixed-income securities are recognised under “Cost of risk”, and may be reversed through the profit and loss account in the event of an increase in fair value that relates objectively to an event occurring after the last impairment was recognised.

- **Restructuring of assets classified as "Loans and receivables"**

The restructuring of an asset classified in loans and receivables is considered to be a troubled debt restructuring when the Bank, for economic or legal reasons related to the borrower's financial difficulties, agrees to a modification of terms of the original transaction that it would not otherwise consider, resulting in the borrower's contractual obligation to the Bank, measured at present value, being reduced compared with the original terms.

At the time of restructuring, a discount is applied to the loan to reduce its carrying amount to the present value of the new expected future cash flows discounted at the original effective interest rate.

The decrease in the asset value is recognised in the profit and loss account under "Cost of risk".

When the restructuring consists of a partial or full settlement with other substantially different assets, the original debt (see note 1.c.14) and the assets received in settlement are recognised at their fair value on the settlement date. The difference in value is recognised in profit or loss under "Cost of risk".

### 1.c.6 RECLASSIFICATION OF FINANCIAL ASSETS

The only authorised reclassifications of financial assets are the following:

- For a non-derivative financial asset which is no longer held for the purposes of selling it in the near-term, out of “Financial assets at fair value through profit or loss” and into:
  - “Loans and receivables” if the asset meets the definition for this category and the Group has the intention and ability to hold the asset for the foreseeable future or until maturity; or

- Other categories only under rare circumstances when justified and provided that the reclassified assets meet the conditions applicable to the host portfolio.

- Out of “Available-for-sale financial assets” and into:
  - “Loans and receivables” with the same conditions as set out above for "Financial assets at fair value through profit or loss”;
  - “Held-to-maturity financial assets,” for assets that have a maturity, or “Financial assets at cost,” for unlisted variable-income assets.

Financial assets are reclassified at fair value, or at the value calculated by a model, on the reclassification date. Any derivatives embedded in the reclassified financial assets are recognised separately and changes in fair value are recognised through profit or loss.

After reclassification, assets are recognised according to the provisions applied to the host portfolio. The transfer price on the reclassification date is deemed to be the initial cost of the asset for the purpose of determining any impairment.

In the event of reclassification from "Available-for-sale financial assets" to another category, gains or losses previously recognised through equity are amortised to profit or loss over the residual life of the instrument using the effective interest method.

Any upward revisions to the estimated recoverable amounts are recognised through an adjustment to the effective interest rate as of the date on which the estimate is revised. Downward revisions are recognised through an adjustment to the financial asset's carrying amount.

### 1.c.7 ISSUES OF DEBT SECURITIES

Financial instruments issued by the Group are qualified as debt instruments if the Group company issuing the instruments has a contractual obligation to deliver cash or another financial asset to the holder of the instrument. The same applies if the Group is required to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group, or to deliver a variable number of the Group’s own equity instruments.

Issues of debt securities are initially recognised at the issue value including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Bonds redeemable for or convertible into equity instruments of the Group are accounted for as hybrid instruments with a debt component and an equity component, determined on initial recognition.

### 1.c.8 OWN EQUITY INSTRUMENTS AND OWN EQUITY INSTRUMENT DERIVATIVES

The term “own equity instruments” refers to shares issued by the parent company (BNP Paribas SA) and by its fully consolidated subsidiaries. External costs that are directly attributable to an issue of new shares are deducted from equity net of all related taxes.

Own equity instruments held by the Group, also known as treasury shares, are deducted from consolidated shareholders’ equity irrespective of the purpose for which they are held. Gains and losses arising on such instruments are eliminated from the consolidated profit and loss account.

When the Group acquires equity instruments issued by subsidiaries under the exclusive control of BNP Paribas, the difference between the acquisition price and the share of net assets acquired is recorded in retained earnings attributable to BNP Paribas shareholders. Similarly, the liability corresponding to put options granted to minority shareholders in such subsidiaries, and changes in the value of that liability, are offset initially against minority interests, with any surplus offset against retained earnings attributable to BNP Paribas shareholders. Until these options have been exercised, the portion of net income attributable to minority interests is allocated to minority interests in the profit and loss account. A decrease in the Group’s interest in a fully consolidated subsidiary is recognised in the Group's accounts as a change in shareholders' equity.

Own equity instrument derivatives are treated as follows, depending on the method of settlement:

- as equity instruments if they are settled by physical delivery of a fixed number of own equity instruments for a fixed amount of cash or other financial asset. Such instruments are not revalued;
- as derivatives if they are settled in cash, or by choice, depending on whether they are settled by physical delivery of the shares or in cash. Changes in value of such instruments are taken to the profit and loss account.

If the contract includes an obligation, whether contingent or not, for the bank to repurchase its own shares, the bank must recognise the debt at its present value with an offsetting entry in equity.

### 1.c.9 DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

All derivative instruments are recognised in the balance sheet on the trade date at the transaction price, and are remeasured to fair value on the balance sheet date.

- **Derivatives held for trading purposes**

Derivatives held for trading purposes are recognised in the balance sheet in “Financial assets at fair value through profit or loss” when their fair value is positive, and in “Financial liabilities at fair value through profit or loss” when their fair value is negative. Realised and unrealised gains and losses are recognised in the profit and loss account on the line “Net gain/loss on financial instruments at fair value through profit or loss”.

- **Derivatives and hedge accounting**

Derivatives contracted as part of a hedging relationship are designated according to the purpose of the hedge.

Fair value hedges are particularly used to hedge interest rate risk on fixed rate assets and liabilities, both for identified financial instruments (securities, debt issues, loans, borrowings) and for portfolios of financial instruments (in particular, demand deposits and fixed rate loans).

Cash flow hedges are particularly used to hedge interest rate risk on floating-rate assets and liabilities, including rollovers, and foreign exchange risks on highly probable forecast foreign currency revenues.

At the inception of the hedge, the Group prepares formal documentation which details the hedging relationship, identifying the instrument, or portion of the instrument, or portion of risk that is being hedged, the hedging strategy and the type of risk hedged, the hedging instrument, and the methods used to assess the effectiveness of the hedging relationship.

On inception and at least quarterly, the Group assesses, in consistency with the original documentation, the actual (retrospective) and expected (prospective) effectiveness of the hedging relationship. Retrospective effectiveness tests are designed to assess whether the ratio of actual changes in the fair value or cash flows of the hedging instrument to those in the hedged item is within a range of 80% to 125%. Prospective effectiveness tests are designed to ensure that expected changes in the fair value or cash flows of the derivative over the residual life of the hedge adequately offset those of the hedged item. For highly probable forecast transactions, effectiveness is assessed largely on the basis of historical data for similar transactions.

Under IAS 39 as adopted by the European Union, which excludes certain provisions on portfolio hedging, interest rate risk hedging relationships based on portfolios of assets or liabilities qualify for fair value hedge accounting as follows:

- the risk designated as being hedged is the interest rate risk associated with the interbank rate component of interest rates on commercial banking transactions (loans to customers, savings accounts and demand deposits);
- the instruments designated as being hedged correspond, for each maturity band, to a portion of the interest rate gap associated with the hedged underlyings;
- the hedging instruments used consist exclusively of “plain vanilla” swaps;
- prospective hedge effectiveness is established by the fact that all derivatives must, on inception, have the effect of reducing interest rate risk in the portfolio of hedged underlyings. Retrospectively, a hedge will be disqualified from hedge accounting once a shortfall arises in the underlyings specifically associated with that hedge for each maturity band (due to prepayment of loans or withdrawals of deposits).

The accounting treatment of derivatives and hedged items depends on the hedging strategy.

In a fair value hedging relationship, the derivative instrument is remeasured at fair value in the balance sheet, with changes in fair value recognised in profit or loss in “Net gain/loss on financial instruments at fair value through profit or loss”, symmetrically with the remeasurement of the hedged item to reflect the hedged risk. In the balance sheet, the fair value remeasurement of the hedged component is recognised in accordance with the classification of the hedged item in the case of a hedge of identified assets and liabilities, or under “Remeasurement adjustment on interest rate risk hedged portfolios” in the case of a portfolio hedging relationship.

If a hedging relationship ceases or no longer fulfils the effectiveness criteria, the hedging instrument is transferred to the trading book and accounted for using the treatment applied to this category. In the case of identified fixed-income instruments, the remeasurement adjustment recognised in the balance sheet is amortised at the effective interest rate over the remaining life of the instrument. In the case of interest rate risk hedged fixed-income portfolios, the adjustment is amortised on a straight-line basis over the remainder of the original term of the hedge. If the hedged item no longer appears in the balance sheet, in particular due to prepayments, the adjustment is taken to the profit and loss account immediately.

In a cash flow hedging relationship, the derivative is measured at fair value in the balance sheet, with changes in fair value taken to shareholders’ equity on a separate line, “Unrealised or deferred gains or losses”. The amounts taken to shareholders’ equity over the life of the hedge are transferred to the profit and loss account under “Net interest income” as and when the cash flows from the hedged item impact profit or loss. The hedged items continue to be accounted for using the treatment specific to the category to which they belong.

If the hedging relationship ceases or no longer fulfils the effectiveness criteria, the cumulative amounts recognised in shareholders’ equity as a result of the remeasurement of the hedging instrument remain in equity until the hedged transaction itself impacts profit or loss, or until it becomes clear that the transaction will not occur, at which point they are transferred to the profit and loss account.

If the hedged item ceases to exist, the cumulative amounts recognised in shareholders' equity are immediately taken to the profit and loss account.

Whatever the hedging strategy used, any ineffective portion of the hedge is recognised in the profit and loss account under "Net gain/loss on financial instruments at fair value through profit or loss".

Hedges of net foreign currency investments in subsidiaries and branches are accounted for in the same way as cash flow hedges. Hedging instruments may be currency derivatives or any other non-derivative financial instrument.

- **Embedded derivatives**

Derivatives embedded in hybrid financial instruments are separated from the value of the host contract and accounted for separately as a derivative if the hybrid instrument is not recorded as a financial asset or liability at fair value through profit or loss, and if the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract.

## 1.c.10 DETERMINATION OF FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market or most advantageous market, at the measurement date.

The Group determines the fair value of financial instruments either by using prices obtained directly from external data or by using valuation techniques. These valuation techniques are primarily market and income approaches encompassing generally accepted models (e.g. discounted cash flows, Black-Scholes model, and interpolation techniques). They maximize the use of observable inputs and minimize the use of unobservable inputs. They are calibrated to reflect current market conditions and valuation adjustments are applied as appropriate, when some factors such as model, liquidity and credit risks are not captured by the models or their underlying inputs but are nevertheless considered by market participants when setting the exit price.

The unit of measurement is generally the individual financial asset or financial liability but a portfolio-based measurement can be elected, subject to certain conditions. Accordingly, the Group retains this portfolio-based measurement exception to determine the fair value when some group of financial assets and financial liabilities and other contracts within the scope of the standard relating to financial instruments with substantially similar and offsetting market risks or credit risks are managed on the basis of a net exposure, in accordance with the documented risk management strategy.

Assets and liabilities measured or disclosed at fair value are categorised into the three following levels of the fair value hierarchy:

- Level 1: fair values are determined using directly quoted prices in active markets for identical assets and liabilities. Characteristics of an active market include the existence of a sufficient frequency and volume of activity and of readily available prices.
- Level 2: fair values are determined based on valuation techniques for which significant inputs are observable market data, either directly or indirectly. These techniques are regularly calibrated and the inputs are corroborated with information from active markets.
- Level 3: fair values are determined using valuation techniques for which significant inputs are unobservable or cannot be corroborated by market-based observations, due for instance to illiquidity of the instrument and significant model risk. An unobservable input is a parameter for which there are no market data available and that is therefore derived from proprietary assumptions about what other market participants would consider when assessing fair value. The assessment of whether a product is illiquid or subject to significant model risks is a matter of judgment.

The level in the fair value hierarchy within which the asset or liability is categorised in its entirety is based upon the lowest level input that is significant to the entire fair value.

For financial instruments disclosed in Level 3 of the fair value hierarchy, a difference between the transaction price and the fair value may arise at initial recognition. This “Day One Profit” is deferred and released to the profit and loss account over the period during which the valuation parameters are expected to remain non-observable. When parameters that were originally non-observable become observable, or when the valuation can be substantiated in comparison with recent similar transactions in an active market, the unrecognised portion of the day one profit is released to the profit and loss account.

### 1.c.11 FINANCIAL ASSETS AND LIABILITIES DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS (FAIR VALUE OPTION)

Financial assets or financial liabilities may be designated on initial recognition as at fair value through profit or loss, in the following cases:

- hybrid financial instruments containing one or more embedded derivatives which otherwise would have been separated and accounted for separately;
- where using the option enables the entity to eliminate or significantly reduce a mismatch in the measurement and accounting treatment of assets and liabilities that would arise if they were to be classified in separate categories;
- when a group of financial assets and/or financial liabilities is managed and measured on the basis of fair value, in accordance with a documented risk management and investment strategy.

### 1.c.12 INCOME AND EXPENSES ARISING FROM FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Income and expenses arising from financial instruments measured at amortised cost and from fixed-income securities classified in “Available-for-sale financial assets” are recognised in the profit and loss account using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the asset or liability in the balance sheet. The effective interest rate calculation takes into account all fees received or paid that are an integral part of the effective interest rate of the contract, transaction costs, and premiums and discounts.

The method used by the Group to recognise service-related commission income and expenses depends on the nature of the service. Commission treated as an additional component of interest is included in the effective interest rate, and is recognised in the profit and loss account in “Net interest income”. Commission payable or receivable on execution of a significant transaction is recognised in the profit and loss account in full on execution of the transaction, under “Commission income and expense”. Commission payable or receivable for recurring services is recognised over the term of the service, also under “Commission income and expense”.

Commission received in respect of financial guarantee commitments is regarded as representing the fair value of the commitment. The resulting liability is subsequently amortised over the term of the commitment, under commission income in Revenues.

### 1.c.13 COST OF RISK

Cost of risk includes movements in provisions for impairment of fixed-income securities and loans and receivables due from customers and credit institutions, movements in provisions for financing and guarantee commitments given, losses on irrecoverable loans and amounts recovered on loans written off. This caption also includes impairment losses recorded with respect to default risk incurred on counterparties for over-the-counter financial instruments, as well as expenses relating to fraud and to disputes inherent to the financing business.

### 1.c.14 DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group derecognises all or part of a financial asset either when the contractual rights to the cash flows from the asset expire or when the Group transfers the contractual rights to the cash flows from the asset and substantially all the risks and rewards of ownership of the asset. Unless these conditions are fulfilled, the Group retains the asset in its balance sheet and recognises a liability for the obligation created as a result of the transfer of the asset.

The Group derecognises all or part of a financial liability when the liability is extinguished in full or in part.

### 1.c.15 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A financial asset and a financial liability are offset and the net amount presented in the balance sheet if, and only if, the Group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Repurchase agreements and derivatives traded with clearing houses that meet the two criteria set out in the accounting standard are offset in the balance sheet.

## 1.d ACCOUNTING STANDARDS SPECIFIC TO THE INSURANCE BUSINESS

The specific accounting policies relating to assets and liabilities generated by insurance contracts and financial contracts with a discretionary participation feature written by fully consolidated insurance companies are retained for the purposes of the consolidated financial statements. These policies comply with IFRS 4.

All other insurance company assets and liabilities are accounted for using the policies applied to the Group’s assets and liabilities generally, and are included in the relevant balance sheet and profit and loss account headings in the consolidated financial statements.

### 1.d.1 ASSETS

Financial assets and property are accounted for using the policies described elsewhere in this note. The only exceptions are shares in civil property companies (SCIs) held in unit-linked insurance contract portfolios, which are measured at fair value on the balance sheet date with changes in fair value taken to profit or loss.

Financial assets and property representing technical provisions related to unit-linked business are shown respectively in “Financial assets at fair value through profit or loss” and in “Investment property”, and are stated at the realisable value of the underlying assets at the balance sheet date.

## 1.d.2 LIABILITIES

The Group's obligations to policyholders and beneficiaries are shown in "Technical reserves of insurance companies" and are comprised of liabilities relating to insurance contracts carrying a significant insurance risk (e.g., mortality or disability) and to financial contracts with a discretionary participation feature, which are covered by IFRS 4. A discretionary participation feature is one which gives life policyholders the right to receive a share of actual profits as a supplement to guaranteed benefits.

Liabilities relating to other financial contracts, which are covered by IAS 39, are shown in "Due to customers".

Unit-linked contract liabilities are measured in reference to the fair value of the underlying assets at the balance sheet date.

The benefits offered for life insurance relate mainly to the risk of death (term life insurance, annuities, loan repayment, guaranteed minimum on unit-linked contracts) and, for borrowers' insurance, to disability, incapacity and unemployment risks. These types of risks are controlled by the use of appropriate mortality tables (certified tables in the case of annuity-holders), medical screening appropriate to the level of benefit offered, statistical monitoring of insured populations, and reinsurance programmes.

For life insurance, technical reserves consist mainly of mathematical reserves which correspond, as a minimum, to the surrender value of the contract.

Non-life technical reserves consist of unearned premium reserves (corresponding to the portion of written premiums relating to future periods) and outstanding claims reserves, inclusive of claims handling costs.

The adequacy of technical reserves (net of unamortised acquisition costs) is tested at the balance sheet date by comparing them with the average value of future cash flows as derived from stochastic analyses. Any adjustments to technical reserves are taken to the profit and loss account for the period.

A capitalisation reserve is set up in individual statutory accounts of French life-insurance companies on the sale of amortisable securities in order to defer part of the net realised gain and hence maintain the yield to maturity on the portfolio of admissible assets. In the consolidated financial statements, this reserve is reclassified into "Policyholders' surplus" on the liabilities side of the consolidated balance sheet, to the extent that it is highly probable it will be used.

The policyholders' surplus reserve also includes amounts resulting from the application of shadow accounting representing the interest of policyholders, mainly within French life insurance subsidiaries, in unrealised gains and losses on assets where the benefit paid under the policy is linked to the return on those assets. This interest is an average derived from stochastic analyses of unrealised gains and losses attributable to policyholders in various scenarios.

In the event of an unrealised loss on shadow accounted assets, a policyholders' loss reserve is recognised on the assets side of the consolidated balance sheet in an amount equal to the probable deduction from the policyholders' future profit share. The recoverability of the policyholders' loss reserve is assessed prospectively, taking into account policyholders' surplus reserves recognised elsewhere, capital gains on financial assets that are not shadow accounted due to accounting elections made (held-to-maturity financial assets and property investments measured at cost) and the company's ability and intention to hold the assets carrying the unrealised loss. The policyholders' loss reserve is recognised symmetrically with the corresponding assets and shown on the assets side of the balance sheet under the line item "Accrued income and other assets".

### 1.d.3 PROFIT AND LOSS ACCOUNT

Income and expenses arising on insurance contracts written by the Group are recognised in the profit and loss account under “Income from other activities” and “Expense on other activities”.

Other insurance company income and expenses are included in the relevant profit and loss account item. Consequently, movements in the policyholders’ surplus reserve are shown on the same line as gains and losses on the assets that generated the movements.

## 1.e PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment and intangible assets shown in the consolidated balance sheet are composed of assets used in operations and investment property.

Assets used in operations are those used in the provision of services or for administrative purposes, and include non-property assets leased by the Group as lessor under operating leases.

Investment property comprises property assets held to generate rental income and capital gains.

Property, plant and equipment and intangible assets are initially recognised at purchase price plus directly attributable costs, together with borrowing costs where a long period of construction or adaptation is required before the asset can be brought into service.

Software developed internally by the BNP Paribas Group that fulfils the criteria for capitalisation is capitalised at direct development cost, which includes external costs and the labour costs of employees directly attributable to the project.

Subsequent to initial recognition, property, plant and equipment and intangible assets are measured at cost less accumulated depreciation or amortisation and any impairment losses. The only exceptions are shares in civil property companies (SCIs) held in unit-linked insurance contract portfolios, which are measured at fair value on the balance sheet date, with changes in fair value taken to profit or loss.

The depreciable amount of property, plant and equipment and intangible assets is calculated after deducting the residual value of the asset. Only assets leased by the Group as the lessor under operating leases are presumed to have a residual value, as the useful life of property, plant and equipment and intangible assets used in operations is generally the same as their economic life.

Property, plant and equipment and intangible assets are depreciated or amortised using the straight-line method over the useful life of the asset. Depreciation and amortisation expense is recognised in the profit and loss account under “Depreciation, amortisation and impairment of property, plant and equipment and intangible assets”.

Where an asset consists of a number of components which may require replacement at regular intervals, or which have different uses or generate economic benefits at different rates, each component is recognised separately and depreciated using a method appropriate to that component. The BNP Paribas Group has adopted the component-based approach for property used in operations and for investment property.

The depreciation periods used for office property are as follows: 80 years or 60 years for the shell (for prime and other property respectively); 30 years for facades; 20 years for general and technical installations; and 10 years for fixtures and fittings.

Software is amortised, depending on its type, over periods of no more than 8 years in the case of infrastructure developments and 3 years or 5 years in the case of software developed primarily for the purpose of providing services to customers.

Software maintenance costs are expensed as incurred. However, expenditure that is regarded as upgrading the software or extending its useful life is included in the initial acquisition or production cost.

Depreciable property, plant and equipment and intangible assets are tested for impairment if there is an indication of potential impairment at the balance sheet date. Non-depreciable assets are tested for impairment at least annually, using the same method as for goodwill allocated to cash-generating units.

If there is an indication of impairment, the new recoverable amount of the asset is compared with the carrying amount. If the asset is found to be impaired, an impairment loss is recognised in the profit and loss account. This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. Impairment losses are taken to the profit and loss account in “Depreciation, amortisation and impairment of property, plant and equipment and intangible assets”.

Gains and losses on disposals of property, plant and equipment and intangible assets used in operations are recognised in the profit and loss account in “Net gain on non-current assets”.

Gains and losses on disposals of investment property are recognised in the profit and loss account in “Income from other activities” or “Expense on other activities”.

## 1.f LEASES

Group companies may either be the lessee or the lessor in a lease agreement.

### 1.f.1 LESSOR ACCOUNTING

Leases contracted by the Group as lessor are categorised as either finance leases or operating leases.

- **Finance leases**

In a finance lease, the lessor transfers substantially all the risks and rewards of ownership of an asset to the lessee. It is treated as a loan made to the lessee to finance the purchase of the asset.

The present value of the lease payments, plus any residual value, is recognised as a receivable. The net income earned from the lease by the lessor is equal to the amount of interest on the loan, and is taken to the profit and loss account under “Interest income”. The lease payments are spread over the lease term, and are allocated to reduction of the principal and to interest such that the net income reflects a constant rate of return on the net investment outstanding in the lease. The rate of interest used is the rate implicit in the lease.

Individual and portfolio impairments of lease receivables are determined using the same principles as applied to other loans and receivables.

- **Operating leases**

An operating lease is a lease under which substantially all the risks and rewards of ownership of an asset are not transferred to the lessee.

The asset is recognised under property, plant and equipment in the lessor’s balance sheet and depreciated on a straight-line basis over the its useful life. The depreciable amount excludes the residual value of the asset. The lease payments are taken to the profit and loss account in full on a straight-line basis over the lease term. Lease payments and depreciation expenses are taken to the profit and loss account under “Income from other activities” and “Expense on other activities”.

### 1.f.2 LESSEE ACCOUNTING

Leases contracted by the Group as lessee are categorised as either finance leases or operating leases.

- **Finance leases**

A finance lease is treated as an acquisition of an asset by the lessee, financed by a loan. The leased asset is recognised in the balance sheet of the lessee at the lower of its fair value or the present value of the minimum lease payments calculated at the interest rate implicit in the lease. A matching liability, equal to the fair value of the leased asset or the present value of the minimum lease payments, is also recognised in the balance sheet of the lessee. The asset is depreciated using the same method as that applied to owned assets, after deducting the residual value from the amount initially recognised, over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life. The lease obligation is accounted for at amortised cost.

- **Operating leases**

The asset is not recognised in the balance sheet of the lessee. Lease payments made under operating leases are taken to the profit and loss account of the lessee on a straight-line basis over the lease term.

## 1.g NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Where the Group decides to sell non-current assets and it is highly probable that the sale will occur within 12 months, these assets are shown separately in the balance sheet, on the line “Non-current assets held for sale”. Any liabilities associated with these assets are also shown separately in the balance sheet, on the line “Liabilities associated with non-current assets held for sale”.

Once classified in this category, non-current assets and groups of assets and liabilities are measured at the lower of carrying amount or fair value less costs to sell.

Such assets are no longer depreciated. If an asset or group of assets and liabilities becomes impaired, an impairment loss is recognised in the profit and loss account. Impairment losses may be reversed.

Where a group of assets and liabilities held for sale represents a cash generating unit, it is categorised as a “discontinued operation”. Discontinued operations include operations that are held for sale, operations that have been shut down, and subsidiaries acquired exclusively with a view to resell.

All gains and losses related to discontinued operations are shown separately in the profit and loss account, on the line “Post-tax gain/loss on discontinued operations and assets held for sale”. This line includes the post-tax profits or losses of discontinued operations, the post-tax gain or loss arising from remeasurement at fair value less costs to sell, and the post-tax gain or loss on disposal of the operation.

## 1.h EMPLOYEE BENEFITS

Employee benefits are classified in one of four categories:

- short-term benefits, such as salary, annual leave, incentive plans, profit-sharing and additional payments;
- long-term benefits, including compensated absences, long-service awards, and other types of cash-based deferred compensation;
- termination benefits;
- post-employment benefits, including top-up banking industry pensions and retirement bonuses in France and pension plans in other countries, some of which are operated through pension funds.

- **Short-term benefits**

The Group recognises an expense when it has used services rendered by employees in exchange for employee benefits.

- **Long-term benefits**

These are benefits, other than short-term benefits, post-employment benefits and termination benefits. This relates, in particular, to compensation deferred for more than 12 months and not linked to the BNP Paribas share price, which is accrued in the financial statements for the period in which it is earned.

The actuarial techniques used are similar to those used for defined-benefit post-employment benefits, except that the revaluation items are recognised in the profit and loss account and not in equity.

- **Termination benefits**

Termination benefits are employee benefits payable in exchange for the termination of an employee's contract as a result of either a decision by the Group to terminate a contract of employment before the legal retirement age, or a decision by an employee to accept voluntary redundancy in exchange for these benefits. Termination benefits due more than 12 months after the balance sheet date are discounted.

- **Post-employment benefits**

In accordance with IFRS, the BNP Paribas Group draws a distinction between defined-contribution plans and defined-benefit plans.

Defined-contribution plans do not give rise to an obligation for the Group and do not require a provision. The amount of the employer's contributions payable during the period is recognised as an expense.

Only defined-benefit schemes give rise to an obligation for the Group. This obligation must be measured and recognised as a liability by means of a provision.

The classification of plans into these two categories is based on the economic substance of the plan, which is reviewed to determine whether the Group has a legal or constructive obligation to pay the agreed benefits to employees.

Post-employment benefit obligations under defined-benefit plans are measured using actuarial techniques that take demographic and financial assumptions into account.

The net liability recognised with respect to post-employment benefit plans is the difference between the present value of the defined-benefit obligation and the fair value of any plan assets.

The present value of the defined-benefit obligation is measured on the basis of the actuarial assumptions applied by the Group, using the projected unit credit method. This method takes into account various parameters, specific to each country or Group entity, such as demographic assumptions, the probability that employees will leave before retirement age, salary inflation, a discount rate, and the general inflation rate.

When the value of the plan assets exceeds the amount of the obligation, an asset is recognised if it represents a future economic benefit for the Group in the form of a reduction in future contributions or a future partial refund of amounts paid into the plan.

The annual expense recognised in the profit and loss account under “Salaries and employee benefits”, with respect to defined-benefit plans includes the current service cost (the rights vested by each employee during the period in return for service rendered), the net interests linked to the effect of discounting the net defined-benefit liability (asset), the past service cost arising from plan amendments or curtailments, and the effect of any plan settlements.

Remeasurements of the net defined-benefit liability (asset) are recognised in shareholders’ equity and are never reclassified to profit or loss. They include actuarial gains and losses, the return on plan assets and any change in the effect of the asset ceiling (excluding amounts included in net interest on the defined-benefit liability or asset).

## 1.i SHARE-BASED PAYMENTS

Share-based payment transactions are payments based on shares issued by the Group, whether the transaction is settled in the form of equity or cash of which the amount is based on trends in the value of BNP Paribas shares.

IFRS 2 requires share-based payments granted after 7 November 2002 to be recognised as an expense. The amount recognised is the value of the share-based payment granted to the employee.

The Group grants employees stock subscription option plans and deferred share-based or share price-linked cash-settled compensation plans, and also offers them the possibility to purchase specially-issued BNP Paribas shares at a discount, on condition that they retain the shares for a specified period.

- **Stock option and share award plans**

The expense related to stock option and share award plans is recognised over the vesting period, if the benefit is conditional upon the grantee’s continued employment.

Stock options and share award expenses are recorded under salary and employee benefits expenses, with a corresponding adjustment to shareholders' equity. They are calculated on the basis of the overall plan value, determined at the date of grant by the Board of Directors.

In the absence of any market for these instruments, financial valuation models are used that take into account any performance conditions related to the BNP Paribas share price. The total expense of a plan is determined by multiplying the unit value per option or share awarded by the estimated number of options or shares awarded vested at the end of the vesting period, taking into account the conditions regarding the grantee’s continued employment.

The only assumptions revised during the vesting period, and hence resulting in a remeasurement of the expense, are those relating to the probability that employees will leave the Group and those relating to performance conditions that are not linked to the price value of BNP Paribas shares.

- **Share price-linked cash-settled deferred compensation plans**

The expense related to these plans is recognised in the year during which the employee rendered the corresponding services.

If the payment of share-based variable compensation is explicitly subject to the employee's continued presence at the vesting date, the services are presumed to have been rendered during the vesting period and the corresponding compensation expense is recognised on a pro rata basis over that period. The expense is recognised under salary and employee benefits expenses with a corresponding liability in the balance sheet. It is revised to take into account any non-fulfilment of the continued presence or performance conditions and the change in BNP Paribas share price.

If there is no continued presence condition, the expense is not deferred, but recognised immediately with a corresponding liability in the balance sheet. This is then revised on each reporting date until settlement to take into account any performance conditions and the change in the BNP Paribas share price.

- **Share subscriptions or purchases offered to employees under the company savings plan**

Share subscriptions or purchases offered to employees under the company savings plan (*Plan d'Épargne Entreprise*) at lower-than-market rates over a specified period do not include a vesting period. However, employees are prohibited by law from selling shares acquired under this plan for a period of five years. This restriction is taken into account when measuring the benefit to the employees, which is reduced accordingly. Therefore, the benefit equals the difference, at the date the plan is announced to employees, between the fair value of the share (after allowing for the restriction on sale) and the acquisition price paid by the employee, multiplied by the number of shares acquired.

The cost of the mandatory five-year holding period is equivalent to the cost of a strategy involving the forward sale of shares subscribed at the time of the capital increase reserved for employees and the cash purchase of an equivalent number of BNP Paribas shares on the market, financed by a loan repaid at the end of a five-year period out of the proceeds from the forward sale transaction. The interest rate on the loan is the rate that would be applied to a five-year general purpose loan taken out by an individual with an average risk profile. The forward sale price for the shares is determined on the basis of market parameters.

## 1.j PROVISIONS RECORDED UNDER LIABILITIES

Provisions recorded under liabilities (other than those relating to financial instruments, employee benefits and insurance contracts) mainly relate to restructuring, claims and litigation, fines and penalties, and tax risks.

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation arising from a past event, and a reliable estimate can be made of the amount of the obligation. The amount of such obligations is discounted, where the impact of discounting is material, in order to determine the amount of the provision.

## 1.k CURRENT AND DEFERRED TAXES

The current income tax charge is determined on the basis of the tax laws and tax rates in force in each country in which the Group operates during the period in which the income is generated.

Deferred taxes are recognised when temporary differences arise between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax liabilities are recognised for all taxable temporary differences other than:

- taxable temporary differences on initial recognition of goodwill;
- taxable temporary differences on investments in enterprises under the exclusive or joint control of the Group, where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and unused carryforwards of tax losses only to the extent that it is probable that the entity in question will generate future taxable profits against which these temporary differences and tax losses can be offset.

Deferred tax assets and liabilities are measured using the liability method, using the tax rate which is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been or will have been enacted by the balance sheet date of that period. They are not discounted.

Deferred tax assets and liabilities are offset when they arise within the same tax group, they fall under the jurisdiction of a single tax authority, and there is a legal right to offset.

Current and deferred taxes are recognised as tax income or expenses in the profit and loss account, except for those relating to a transaction or an event directly recognised in shareholders' equity, which are also recognised in shareholders' equity.

When tax credits on revenues from receivables and securities are used to settle corporate income tax payable for the period, the tax credits are recognised on the same line as the income to which they relate. The corresponding tax expense continues to be carried in the profit and loss account under "Corporate income tax".

## 1.l CASH FLOW STATEMENT

The cash and cash equivalents balance is composed of the net balance of cash accounts and accounts with central banks, and the net balance of interbank demand loans and deposits.

Changes in cash and cash equivalents related to operating activities reflect cash flows generated by the Group's operations, including cash flows related to investment property, held-to-maturity financial assets and negotiable certificates of deposit.

Changes in cash and cash equivalents related to investing activities reflect cash flows resulting from acquisitions and disposals of subsidiaries, associates or joint ventures included in the consolidated group, as well as acquisitions and disposals of property, plant and equipment excluding investment property and property held under operating leases.

Changes in cash and cash equivalents related to financing activities reflect the cash inflows and outflows resulting from transactions with shareholders, cash flows related to bonds and subordinated debt, and debt securities (excluding negotiable certificates of deposit).

## 1.m USE OF ESTIMATES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

Preparation of the financial statements requires managers of core businesses and corporate functions to make assumptions and estimates that are reflected in the measurement of income and expense in the profit and loss account and of assets and liabilities in the balance sheet, and in the disclosure of information in the notes to the financial statements. This requires the managers in question to exercise their judgement and to make use of information available at the date of the preparation of the financial statements when making their estimates. The actual future results from operations where managers have made use of estimates may in reality differ significantly from those estimates, mainly according to market conditions. This may have a material effect on the financial statements.

This applies in particular to:

- impairment losses recognised to cover credit risks inherent in banking intermediation activities;
- the use of internally-developed models to measure positions in financial instruments that are not quoted in active markets;
- calculations of the fair value of unquoted financial instruments classified in “Available-for-sale financial assets”, “Financial assets at fair value through profit or loss” or “Financial liabilities at fair value through profit or loss”, and more generally calculations of the fair value of financial instruments subject to a fair value disclosure requirement;
- whether a market is active or inactive for the purposes of using a valuation technique;
- impairment losses on variable-income financial assets classified as "Available-for-sale";
- impairment tests performed on intangible assets;
- the appropriateness of the designation of certain derivative instruments such as cash flow hedges, and the measurement of hedge effectiveness;
- estimates of the residual value of assets leased under finance leases or operating leases, and more generally of assets on which depreciation is charged net of their estimated residual value;
- the measurement of provisions for contingencies and charges.

This is also the case for assumptions applied to assess the sensitivity of each type of market risk and the sensitivity of valuations to non-observable parameters.

# 2. NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2016

## 2.a NET INTEREST INCOME

The BNP Paribas Group includes in “Interest income” and “Interest expense” all income and expense from financial instruments measured at amortised cost (interest, fees/commissions, transaction costs), and from financial instruments measured at fair value that do not meet the definition of a derivative instrument. These amounts are calculated using the effective interest method. The change in fair value on financial instruments at fair value through profit or loss (excluding accrued interest) is recognised under “Net gain/loss on financial instruments at fair value through profit or loss”.

Interest income and expense on derivatives accounted for as fair value hedges are included with the revenues generated by the hedged item. Similarly, interest income and expense arising from derivatives used to hedge transactions designated as at fair value through profit or loss is allocated to the same accounts as the interest income and expense relating to the underlying transactions.

| In millions of euros | Year to 31 Dec. 2016 | | | Year to 31 Dec. 2015 | | |
|---|---|---|---|---|---|---|
| | Income | Expense | Net | Income | Expense | Net |
| **Customer items** | **24,635** | **(7,082)** | **17,553** | **25,204** | **(7,498)** | **17,706** |
| Deposits, loans and borrowings | 23,412 | (6,969) | 16,443 | 23,998 | (7,438) | 16,560 |
| Repurchase agreements | 29 | (58) | (29) | 38 | (11) | 27 |
| Finance leases | 1,194 | (55) | 1,139 | 1,168 | (49) | 1,119 |
| **Interbank items** | **1,483** | **(1,716)** | **(233)** | **1,368** | **(1,305)** | **63** |
| Deposits, loans and borrowings | 1,459 | (1,548) | (89) | 1,310 | (1,165) | 145 |
| Repurchase agreements | 24 | (168) | (144) | 58 | (140) | (82) |
| **Debt securities issued** | | **(1,662)** | **(1,662)** | | **(1,805)** | **(1,805)** |
| **Cash flow hedge instruments** | **3,893** | **(2,567)** | **1,326** | **4,249** | **(3,334)** | **915** |
| **Interest rate portfolio hedge instruments** | **3,468** | **(3,356)** | **112** | **3,105** | **(3,409)** | **(304)** |
| **Financial instruments at fair value through profit or loss** | **2,289** | **(2,135)** | **154** | **2,231** | **(1,477)** | **754** |
| Fixed-income securities | 858 | | 858 | 1,406 | | 1,406 |
| Loans / borrowings | 57 | (418) | (361) | 187 | (348) | (161) |
| Repurchase agreements | 1,374 | (1,513) | (139) | 638 | (778) | (140) |
| Debt securities | | (204) | (204) | | (351) | (351) |
| **Available-for-sale financial assets** | **4,789** | | **4,789** | **4,840** | | **4,840** |
| **Held-to-maturity financial assets** | **337** | | **337** | **384** | | **384** |
| **Total interest income/(expense)** | **40,894** | **(18,518)** | **22,376** | **41,381** | **(18,828)** | **22,553** |

Interest income on individually impaired loans amounted to EUR 600 million in the year ended 31 December 2016 compared with EUR 546 million in the year ended 31 December 2015.

## 2.b COMMISSION INCOME AND EXPENSE

Commission income and expense on financial instruments not measured at fair value through profit or loss amounted to EUR 2,592 million and EUR 282 million respectively in 2016, compared with income of EUR 2,975 million and expense of EUR 355 million in 2015.

Net commission income related to trust and similar activities through which the Group holds or invests assets on behalf of clients, trusts, pension and personal risk funds or other institutions amounted to EUR 2,482 million in 2016, compared with EUR 2,539 million in 2015.

## 2.c NET GAIN ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net gain on financial instruments at fair value through profit or loss includes all profit and loss items (including dividends) relating to financial instruments managed in the trading book and financial instruments that the Group has designated as at fair value through profit or loss under the fair value option, other than interest income and expense which are recognised in "Net interest income" (note 2.a).

Gains and losses on financial instruments designated as at fair value through profit or loss are mainly related to instruments whose changes in value may be compensated by changes in the value of economic hedging trading book instruments.

| In millions of euros | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|
| **Trading book** | **6,406** | **2,622** |
| Interest rate and credit instruments | 1,186 | 1,637 |
| Equity financial instruments | 1,096 | 3,416 |
| Foreign exchange financial instruments | 3,166 | (1,676) |
| Other derivatives | 991 | (782) |
| Repurchase agreements | (33) | 27 |
| **Financial instruments designated as at fair value through profit or loss** | **(177)** | **3,352** |
| *of which debt remeasurement effect arising from BNP Paribas Group issuer risk (note 4.d)* | *25* | *266* |
| **Impact of hedge accounting** | **(40)** | **80** |
| Fair value hedging derivatives | (319) | 609 |
| Hedged items in fair value hedge | 279 | (529) |
| **Total** | **6,189** | **6,054** |

Net gains on the trading book in 2016 and 2015 include a non-material amount related to the ineffective portion of cash flow hedges.

## 2.d NET GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS AND OTHER FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE

| In millions of euros | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|
| **Loans and receivables, fixed-income securities** [(1)] | **843** | **510** |
| Disposal gains and losses | 843 | 510 |
| **Equities and other variable-income securities** | **1,368** | **975** |
| Dividend income | 611 | 580 |
| Additions to impairment provisions | (376) | (333) |
| Net disposal gains | 1,133 | 728 |
| **Total** | **2,211** | **1,485** |

(1) Interest income from fixed-income financial instruments is included in "Net interest income" (note 2.a), and impairment losses related to potential issuer default are included in "Cost of risk" (note 2.g).

After the impact of insurance policyholders' surplus reserve, unrealised gains and losses previously recorded under "Changes in assets and liabilities recognised directly in shareholders' equity" and included in the pre-tax income, amount to a gain of EUR 1,373 million for the year ended 31 December 2016 compared with a net gain of EUR 635 million for the year ended 31 December 2015.

The application of the automatic impairment criteria and qualitative analysis led to a first impairment of variable-income securities, for the following amounts:

- EUR 106 million linked to a decline in price of more than 50% of the acquisition price (EUR 40 million in 2015),
- EUR 45 million linked to the observation of an unrealised loss over two consecutive years (EUR 39 million in 2015),
- No impairment linked to the observation of an unrealised loss of at least an average of 30% over one year (EUR 9 million in 2015),
- EUR 85 million linked to an additional qualitative analysis (EUR 28 million in 2015).

## 2.e NET INCOME FROM OTHER ACTIVITIES

| In millions of euros | Year to 31 Dec. 2016 | | | Year to 31 Dec. 2015 | | |
|---|---|---|---|---|---|---|
| | Income | Expense | Net | Income | Expense | Net |
| Net income from insurance activities | 26,545 | (22,782) | 3,763 | 29,184 | (25,435) | 3,749 |
| Net income from investment property | 97 | (47) | 50 | 74 | (60) | 14 |
| Net income from assets held under operating leases | 7,564 | (6,207) | 1,357 | 6,249 | (5,019) | 1,230 |
| Net income from property development activities | 806 | (632) | 174 | 1,031 | (834) | 197 |
| Other net income | 1,520 | (1,431) | 89 | 1,751 | (1,710) | 41 |
| **Total net income from other activities** | **36,532** | **(31,099)** | **5,433** | **38,289** | **(33,058)** | **5,231** |

- **Net income from insurance activities**

| In millions of euros | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|
| Gross premiums written | 22,599 | 23,633 |
| Policy benefit expenses | (14,738) | (14,763) |
| Changes in technical reserves | (4,828) | (7,024) |
| Change in value of admissible investments related to unit-linked policies | 979 | 2,143 |
| Reinsurance ceded | (335) | (320) |
| Other net income | 86 | 80 |
| **Total net income from insurance activities** | **3,763** | **3,749** |

"Policy benefit expenses" include expenses arising from surrenders, maturities and claims relating to insurance contracts. "Changes in technical reserves" reflect changes in the value of financial contracts, in particular unit-linked policies. Interest paid on such contracts is recognised in interest expense related to customer items.

## 2.f OTHER OPERATING EXPENSES

| In millions of euros | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|
| External services and other operating expenses | (9,581) | (9,950) |
| Taxes[1] | (1,698) | (1,589) |
| **Total other operating expenses** | **(11,279)** | **(11,539)** |

[1]Taxes notably include the contribution to the Single Resolution Fund which amounts to EUR 508 million in 2016 compared with EUR 336 million in 2015.

## 2.g COST OF RISK

"Cost of risk" represents the net amount of impairment losses recognised in respect to credit risks inherent in the Group's banking intermediation activities, plus any impairment losses in the cases of known counterparty risks on over-the-counter financial instruments.

- **Cost of risk for the period**

| In millions of euros | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|
| Net allowances to impairment | (3,304) | (3,739) |
| Recoveries on loans and receivables previously written off | 545 | 589 |
| Irrecoverable loans and receivables not covered by impairment provisions | (503) | (647) |
| **Total cost of risk for the period** | **(3,262)** | **(3,797)** |

Cost of risk for the period by asset type

| In millions of euros | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|
| Loans and receivables due from credit institutions | 44 | (10) |
| Loans and receivables due from customers | (3,199) | (3,639) |
| Available-for-sale financial assets | (8) | (18) |
| Financial instruments of trading activities | (3) | (16) |
| Other assets | (5) | (17) |
| Commitments given and other items | (91) | (97) |
| **Total cost of risk for the period** | **(3,262)** | **(3,797)** |
| *Cost of risk on a specific basis* | *(3,682)* | *(3,961)* |
| *Cost of risk on a collective basis* | *420* | *164* |

- **Credit risk impairment**

Impairment variance during the period

| In millions of euros | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|
| **Total impairment at beginning of year** | **27,676** | **27,945** |
| Net allowance to impairment | 3,304 | 3,739 |
| Impairment provisions used | (2,648) | (4,342) |
| Effect of exchange rate movements and other items | 143 | 334 |
| **Total impairment at end of year** | **28,475** | **27,676** |

Impairment by asset type

| In millions of euros | 31 December 2016 | 31 December 2015 |
|---|---|---|
| **Impairment of assets** | | |
| Loans and receivables due from credit institutions (note 4.f) | 188 | 241 |
| Loans and receivables due from customers (note 4.g) | 27,045 | 26,194 |
| Financial instruments of trading activities | 112 | 141 |
| Available-for-sale financial assets (note 4.c) | 78 | 75 |
| Other assets | 54 | 50 |
| **Total impairment of financial assets** | **27,477** | **26,701** |
| *of which specific impairment* | *24,335* | *23,200* |
| *of which collective provisions* | *3,142* | *3,501* |
| **Provisions recognised as liabilities** | | |
| Provisions for commitments given | | |
| - to credit institutions | 7 | 16 |
| - to customers | 477 | 422 |
| Other specific provisions | 514 | 537 |
| **Total provisions recognised for credit commitments (note 4.q)** | **998** | **975** |
| *of which specific impairment for commitments given* | *378* | *317* |
| *of which collective provisions* | *106* | *120* |
| **Total impairment and provisions** | **28,475** | **27,676** |

## 2.h COSTS RELATED TO THE COMPREHENSIVE SETTLEMENT WITH US AUTHORITIES

On 30 June 2014, the Group has come to a comprehensive settlement of the pending investigation relating to US dollar transactions involving parties subject to US sanctions, including agreements with the U.S. Department of Justice, the U.S. Attorney's Office for the Southern District of New York, the New York County District Attorney's Office, the Board of Governors of the U.S. Federal Reserve System (FED), the New York State Department of Financial Services (DFS), and the US Department of the Treasury's Office of Foreign Assets Control (OFAC).

The settlement includes guilty pleas entered into by BNP Paribas SA in relation to violations of certain US laws and regulations regarding economic sanctions against certain countries and related recordkeeping. BNP Paribas also agrees to pay a total of USD 8.97 billion (EUR 6.55 billion). Beyond what had already been provisioned as at 31 December 2013 (EUR 0.8 billion), this resulted in an exceptional charge of EUR 5.75 billion recorded in the second quarter of 2014. An uncertainty remains regarding the fiscal rule that will apply eventually to the different Group entities involved in the settlement. BNP Paribas has also accepted a temporary suspension of one year, starting 1 January 2015, of the USD direct clearing focused mainly on the Oil & Gas Energy & Commodity Finance business line in certain locations.

In 2014, the Group recorded a EUR 250 million provision for implementation costs related to the remediation plan agreed upon with US authorities, bringing the total costs related to the comprehensive settlement to EUR 6 billion for the year ended 31 December 2014.

In 2015, the Group reassessed the costs related to the remediation plan and recognised an additional allowance of EUR 100 million.

## 2.i CORPORATE INCOME TAX

| Reconciliation of the effective tax expense to the theoretical tax expense at standard tax rate in France | Year to 31 Dec. 2016 | | Year to 31 Dec. 2015 | |
|---|---|---|---|---|
| | in millions of euros | tax rate | in millions of euros | tax rate |
| **Corporate income tax expense on pre-tax income at standard tax rate in France [(1)]** | **(3,704)** | **34.4%** | **(4,098)** | **38.0%** |
| Impact of differently taxed foreign profits | 232 | -2.2% | 450 | -4.2% |
| Impact of dividends and securities disposals taxed at reduced rate | 278 | -2.5% | 334 | -3.1% |
| Tax impact of the non-deductibility of bank levies [(2)] | (187) | 1.7% | (150) | 1.4% |
| Tax impact of previously unrecognised deferred taxes (tax losses and temporary differences) | 268 | -2.4% | 7 | -0.1% |
| Tax impact of using tax losses for which no deferred tax asset was previously recognised | 9 | -0.1% | 30 | -0.3% |
| Other items | 9 | -0.1% | 92 | -0.8% |
| **Corporate income tax expense** | **(3,095)** | **28.8%** | **(3,335)** | **30.9%** |
| *of which* | | | | |
| *Current tax expense for the year to 31 December* | *(2,366)* | | *(2,428)* | |
| *Deferred tax expense for the year to 31 December (note 4.k)* | *(729)* | | *(907)* | |

(1) Restated for the share of profits in equity-method entities and goodwill impairment.

(2) Bank levies are related to the contribution to the Single Resolution Fund and non-deductible systemic bank levies.

# 3. SEGMENT INFORMATION

The Group is composed of two operating divisions:

- Retail Banking and Services, which covers Domestic Markets and International Financial Services. Domestic Markets include retail banking networks in France (FRB), Italy (BNL banca commerciale), Belgium (BRB), and Luxembourg (LRB), as well as certain specialised retail banking divisions (Personal Investors, Leasing Solutions and Arval). International Financial Services is composed of all BNP Paribas Group retail banking businesses out of the Eurozone, split between Europe Mediterranean and BancWest in the United States, as well as Personal Finance and the Insurance and Wealth and Asset Management activities (Wealth Management, Investment Partners and Real Estate);
- Corporate and Institutional Banking (CIB), which includes Corporate Banking (Europe, Middle East, Africa, Asia, Americas, and Corporate Finance activities), Global Markets (Fixed Income, Currency and Commodities, as well as Equity and Prime Services), and Securities Services to management companies, financial institutions and other corporations.

Other activities mainly include Principal Investments, activities related to the Group's central treasury function, some costs related to cross-business projects, the residential mortgage lending business of Personal Finance (a significant part of which is managed in run-off), and certain investments.

They also include non-recurring items resulting from applying the rules on business combinations. In order to provide consistent and relevant economic information for each core business, the impact of amortising fair value adjustments recognised in the net equity of entities acquired and restructuring costs incurred in respect to the integration of entities, have been allocated to the "Other Activities" segment. The same applies to transformation costs relating to the Group's cross-business savings programmes.

Inter-segment transactions are conducted at arm's length. The segment information presented comprises agreed inter-segment transfer prices.

The capital allocation is carried out on the basis of risk exposure, taking into account various conventions relating primarily to the capital requirement of the business as derived from the risk-weighted asset calculations required under capital adequacy rules. Normalised equity income by segment is determined by attributing to each segment the income of its allocated equity. The equity allocation to segments is based on 11% of weighted assets. The breakdown of balance sheet by core business follows the same rules as the breakdown of the profit or loss by core business.

So as to be comparable with 2016, the segment information for 2015 has been restated of the following main effects as if these had occurred from 1 January 2015:

1. The capital allocated to each business line is now based on 11% of risk-weighted assets, compared to 9% previously. Furthermore, the capital allocated to the Insurance business is henceforth based on Solvency 2 standards.
2. Subordination costs of Additional Tier 1 and Tier 2 debt issued by the Group have been charged to the divisions and business lines. The Group has also reviewed the way it charges and remunerates liquidity between the Corporate Centre and the business lines. The allocation practices for revenues and operating expenses of Treasury activities within CIB have been adapted to take into account the new regulations on liquidity.
3. The contribution to the Single Resolution Fund, the reduction of the French systemic tax and the new contributions to the deposit guarantee funds of BNL bc and Luxembourg Retail Banking had been temporarily booked in the operating expenses of the Corporate Centre. These items have been allocated to the divisions and business lines.
4. Some limited internal transfers of activities and results have been made, the main one being the transfer of Cortal Consors France from Other Domestic Markets Activities (Personal Investors) to French Retail Banking.

These changes do not affect the Group income but only its analytical breakdown.

- **Income by business segment**

| In millions of euros | Year to 31 Dec. 2016 | | | | | | Year to 31 Dec. 2015 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Revenues | Operating expenses | Cost of risk | Operating income | Non-operating items | Pre-tax income | Revenues | Operating expenses | Cost of risk | Exceptional costs[(2)] | Operating income | Non-operating items | Pre-tax income |
| **Retail Banking & Services** | | | | | | | | | | | | | |
| **Domestic Markets** | | | | | | | | | | | | | |
| French Retail Banking [(1)] | **6,113** | (4,525) | (341) | **1,247** | 2 | **1,249** | **6,274** | (4,508) | (341) | | **1,425** | 3 | **1,428** |
| BNL banca commerciale [(1)] | **2,895** | (1,846) | (959) | **90** | | **90** | **3,073** | (1,868) | (1,248) | | **(42)** | (1) | **(44)** |
| Belgian Retail Banking [(1)] | **3,490** | (2,484) | (95) | **912** | 6 | **918** | **3,392** | (2,370) | (86) | | **936** | (9) | **928** |
| Other Domestic Markets activities [(1)] | **2,671** | (1,481) | (115) | **1,076** | 47 | **1,123** | **2,487** | (1,380) | (136) | | **970** | 22 | **993** |
| **International Financial Services** | | | | | | | | | | | | | |
| Personal Finance | **4,679** | (2,298) | (979) | **1,401** | 40 | **1,442** | **4,661** | (2,315) | (1,176) | | **1,170** | 74 | **1,244** |
| International Retail Banking | | | | | | | | | | | | | |
| *Europe-Mediterranean* [(1)] | **2,505** | (1,699) | (437) | **369** | 197 | **566** | **2,507** | (1,701) | (466) | | **339** | 174 | **513** |
| *BancWest* [(1)] | **2,937** | (2,006) | (85) | **846** | 16 | **862** | **2,795** | (1,853) | (50) | | **892** | 31 | **923** |
| Insurance | **2,382** | (1,201) | 2 | **1,183** | 186 | **1,369** | **2,320** | (1,156) | (5) | | **1,158** | 171 | **1,329** |
| Wealth and Asset Management | **2,977** | (2,341) | 3 | **639** | 46 | **685** | **3,012** | (2,308) | (25) | | **679** | 46 | **725** |
| **Corporate & Institutional Banking** | | | | | | | | | | | | | |
| Corporate Banking | **3,994** | (2,451) | (292) | **1,251** | 13 | **1,265** | **4,007** | (2,470) | (138) | | **1,398** | 159 | **1,558** |
| Global Markets | **5,650** | (4,355) | 72 | **1,367** | 5 | **1,372** | **5,710** | (4,504) | (80) | | **1,125** | 2 | **1,127** |
| Securities Services | **1,824** | (1,503) | 3 | **324** | 1 | **325** | **1,790** | (1,483) | 6 | | **312** | (1) | **312** |
| **Other Activities** | **1,294** | (1,189) | (39) | **66** | (121) | **(55)** | **910** | (1,336) | (51) | (100) | **(577)** | (79) | **(656)** |
| **Total Group** | **43,411** | **(29,378)** | **(3,262)** | **10,771** | **439** | **11,210** | **42,938** | **(29,254)** | **(3,797)** | **(100)** | **9,787** | **592** | **10,379** |

(1) French Retail Banking, BNL banca commerciale, Belgian Retail Banking, Luxembourg Retail Banking, Europe-Mediterranean and BancWest after the reallocation within Wealth and Asset Management of one-third of the Wealth Management activities in France, Italy, Belgium, Luxembourg, Turkey and the United States.
(2) Costs related to the comprehensive settlement with US authorities.

- **Assets and liabilities by business segment**

| In millions of euros | 31 December 2016 | | 31 December 2015 | |
|---|---|---|---|---|
| | Asset | Liability | Asset | Liability |
| **Retail Banking & Services** | | | | |
| **Domestic Markets** | **428,209** | **450,921** | **409,243** | **409,515** |
| French Retail Banking | 174,374 | 183,049 | 158,579 | 165,318 |
| BNL banca commerciale | 75,694 | 67,122 | 73,850 | 55,169 |
| Belgian Retail Banking | 129,417 | 152,880 | 126,383 | 144,818 |
| Other Domestic Markets activities | 48,724 | 47,870 | 50,431 | 44,210 |
| **International Financial Services** | **449,480** | **413,948** | **420,915** | **390,116** |
| Personal Finance | 65,128 | 14,542 | 57,784 | 14,090 |
| International Retail Banking | 145,026 | 133,420 | 133,956 | 122,659 |
| *Europe-Mediterranean* | *52,166* | *47,172* | *51,674* | *45,735* |
| *BancWest* | *92,860* | *86,248* | *82,282* | *76,924* |
| Insurance | *222,742* | *216,029* | *211,172* | *205,092* |
| Wealth and Asset Management | 16,584 | 49,957 | 18,003 | 48,275 |
| **Corporate and Institutional Banking** | **1,121,096** | **1,068,811** | **1,084,212** | **1,027,433** |
| **Other Activities** | **78,174** | **143,279** | **79,823** | **167,129** |
| **Total Group** | **2,076,959** | **2,076,959** | **1,994,193** | **1,994,193** |

Information by business segment relating to goodwill is presented in note 4.o Goodwill.

- **Information by geographic area**

The geographic split of segment results, assets and liabilities is based on the region in which they are recognised for accounting purposes, adjusted as per the managerial origin of the business activity. It does not necessarily reflect the counterparty's nationality or the location of operational businesses.

- Revenues by geographic area

| In millions of euros | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|
| Europe | 31,712 | 31,484 |
| North America | 5,167 | 5,067 |
| Asia & Pacific | 3,075 | 3,223 |
| Others | 3,457 | 3,164 |
| **Total Group** | **43,411** | **42,938** |

- Assets and liabilities, in contribution to the consolidated accounts, by geographic area

| In millions of euros | 31 December 2016 | 31 December 2015 |
|---|---|---|
| Europe | 1,676,686 | 1,565,574 |
| North America | 189,186 | 231,988 |
| Asia & Pacific | 155,342 | 143,390 |
| Others | 55,745 | 53,241 |
| **Total Group** | **2,076,959** | **1,994,193** |

# 4. NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2016

## 4.a FINANCIAL ASSETS, FINANCIAL LIABILITIES AND DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and financial liabilities at fair value through profit or loss consist of held-for-trading transactions - including derivatives - and certain assets and liabilities designated by the Group as at fair value through profit or loss at the time of acquisition or issuance.

| | 31 December 2016 | | 31 December 2015 | |
|---|---|---|---|---|
| In millions of euros | Trading book | Instruments designated as at fair value through profit or loss | Trading book | Instruments designated as at fair value through profit or loss |
| Securities portfolio | 123,679 | 87,583 | 133,500 | 83,043 |
| Loans and repurchase agreements | 152,242 | 61 | 131,783 | 33 |
| **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS** | **275,921** | **87,644** | **265,283** | **83,076** |
| Securities portfolio | 70,326 | | 82,544 | |
| Borrowings and repurchase agreements | 183,206 | 3,017 | 156,771 | 2,384 |
| Debt securities (note 4.i) | | 47,710 | | 46,330 |
| Subordinated debt (note 4.i) | | 1,012 | | 1,382 |
| Debt representative of shares of consolidated funds held by third parties | | 2,337 | | 3,022 |
| **FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS** | **253,532** | **54,076** | **239,315** | **53,118** |

Detail of these assets and liabilities is provided in note 4.d.

FINANCIAL INSTRUMENTS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS

- **Financial assets designated as at fair value through profit or loss**

Assets designated by the Group as at fair value through profit or loss mainly include admissible investments related to unit-linked insurance policies and the insurance general fund, and to a lesser extent, assets with embedded derivatives that have not been separated from the host contract.

Admissible investments related to unit-linked insurance policies include securities issued by the Group's consolidated entities, which are not eliminated upon consolidation in order to keep the figures shown in respect of the assets invested under these contracts at the same level as the technical reserves set aside in respect of the corresponding policyholder liabilities. The fixed-income securities (certificates and Euro Medium Term Notes) not eliminated upon consolidation amounted to EUR 785 million at 31 December 2016 compared with EUR 588 million at 31 December 2015, and variable-income securities (shares mainly issued by BNP Paribas SA) amounted to EUR 62 million at 31 December 2016 compared with EUR 89 million at 31 December 2015. Eliminating these securities would not have a material impact on the financial statements for the period.

- **Financial liabilities designated as at fair value through profit or loss**

Financial liabilities at fair value through profit or loss mainly consist of debt securities in issue, originated and structured on behalf of customers, where the risk exposure is managed in combination with the hedging strategy. These types of debt securities in issue contain significant embedded derivatives, whose changes in value may be compensated by changes in the value of economic hedging derivatives.

The redemption value of debt issued and designated as at fair value through profit or loss at 31 December 2016 was EUR 52,358 million (EUR 51,325 million at 31 December 2015).

DERIVATIVE FINANCIAL INSTRUMENTS

The majority of derivative financial instruments held for trading are related to transactions initiated for trading purposes. They may result from market-making or arbitrage activities. BNP Paribas actively trades in derivatives. Transactions include trades in "ordinary" instruments such as credit default swaps, and structured transactions with complex risk profiles tailored to meet the needs of its customers. The net position is in all cases subject to limits.

Some derivative instruments are also contracted to hedge financial assets or financial liabilities for which the Group has not documented a hedging relationship, or which do not qualify for hedge accounting under IFRS. This applies in particular to credit derivative transactions which are primarily contracted to protect the Group's loan book.

| In millions of euros | 31 December 2016 | | 31 December 2015 | |
|---|---|---|---|---|
| | Positive market value | Negative market value | Positive market value | Negative market value |
| Interest rate derivatives | 165,979 | 153,811 | 203,605 | 187,177 |
| Foreign exchange derivatives | 112,761 | 109,490 | 79,844 | 78,135 |
| Credit derivatives | 10,754 | 9,886 | 14,738 | 14,213 |
| Equity derivatives | 33,146 | 40,702 | 31,077 | 40,242 |
| Other derivatives | 5,522 | 4,851 | 7,360 | 6,061 |
| **Derivative financial instruments** | **328,162** | **318,740** | **336,624** | **325,828** |

The table below shows the total notional amount of trading derivatives. The notional amounts of derivative instruments are merely an indication of the volume of the Group's activities in financial instruments markets, and do not reflect the market risks associated with such instruments.

| In millions of euros | 31 December 2016 | | | | 31 December 2015 | | | |
|---|---|---|---|---|---|---|---|---|
| | Exchange-traded | Over-the-counter, cleared through central clearing houses | Over-the-counter | Total | Exchange-traded | Over-the-counter, cleared through central clearing houses | Over-the-counter | Total |
| Interest rate derivatives | 891,549 | 10,106,567 | 5,565,534 | 16,563,650 | 1,129,822 | 12,127,765 | 7,120,229 | 20,377,816 |
| Foreign exchange derivatives | 1,024 | 43,241 | 4,995,579 | 5,039,844 | 1,647 | 57,466 | 4,498,135 | 4,557,248 |
| Credit derivatives | | 249,262 | 727,007 | 976,269 | | 155,129 | 968,859 | 1,123,988 |
| Equity derivatives | 955,415 | 5,707 | 664,689 | 1,625,811 | 799,075 | 9,250 | 651,221 | 1,459,546 |
| Other derivatives | 95,365 | 33,769 | 57,128 | 186,262 | 100,915 | 12,336 | 30,268 | 143,519 |
| **Derivative financial instruments** | **1,943,353** | **10,438,546** | **12,009,937** | **24,391,836** | **2,031,459** | **12,361,946** | **13,268,712** | **27,662,117** |

Cross currency swaps, previously included in interest rate derivatives, are now included in foreign exchange derivatives.

## 4.b DERIVATIVES USED FOR HEDGING PURPOSES

The table below shows the fair value of derivatives used for hedging purposes.

| In millions of euros | 31 December 2016 | | 31 December 2015 | |
|---|---|---|---|---|
| | Positive fair value | Negative fair value | Positive fair value | Negative fair value |
| **Fair value hedges** | **15,301** | **18,405** | **15,071** | **17,905** |
| Interest rate derivatives | 14,819 | 18,192 | 14,949 | 17,874 |
| Foreign exchange derivatives | 482 | 213 | 122 | 31 |
| **Cash flow hedges** | **2,789** | **1,220** | **2,888** | **3,162** |
| Interest rate derivatives | 2,402 | 729 | 2,756 | 1,229 |
| Foreign exchange derivatives | 313 | 491 | 119 | 1,929 |
| Other derivatives | 74 | | 13 | 4 |
| **Net foreign investment hedges** | **43** | **1** | **104** | **1** |
| Foreign exchange derivatives | 43 | 1 | 104 | 1 |
| **Derivatives used for hedging purposes** | **18,133** | **19,626** | **18,063** | **21,068** |

The total notional amount of derivatives used for hedging purposes stood at EUR 949,767 million at 31 December 2016, compared with EUR 993,828 million at 31 December 2015.

## 4.c AVAILABLE-FOR-SALE FINANCIAL ASSETS

| In millions of euros | 31 December 2016 | | | 31 December 2015 | | |
|---|---|---|---|---|---|---|
| | Net | of which impairment | of which changes in value taken directly to equity | Net | of which impairment | of which changes in value taken directly to equity |
| **Fixed-income securities** | **248,072** | **(78)** | **13,784** | **239,899** | **(75)** | **13,554** |
| Treasury bills and government bonds | 138,298 | (1) | 8,561 | 131,269 | (4) | 8,559 |
| Other fixed-income securities | 109,774 | (77) | 5,223 | 108,630 | (71) | 4,995 |
| **Equities and other variable-income securities** | **19,487** | **(3,192)** | **4,216** | **19,034** | **(3,090)** | **4,238** |
| Listed securities | 5,950 | (823) | 1,591 | 5,595 | (836) | 1,583 |
| Unlisted securities | 13,537 | (2,369) | 2,625 | 13,439 | (2,254) | 2,655 |
| **Total available-for-sale financial assets** | **267,559** | **(3,270)** | **18,000** | **258,933** | **(3,165)** | **17,792** |

The gross amount of impaired fixed-income securities is EUR 99 million at 31 December 2016 (EUR 131 million at 31 December 2015).

The Visa Europe shares, included in the unlisted variable-income securities as at 31 December 2015 for EUR 430 million, were sold in accordance with the terms of the agreement with Visa Inc.
A net disposal gain of EUR 597 million before tax was recognised in the profit and loss account in 2016.

Changes in value taken directly to equity are detailed as follows:

| In millions of euros | 31 December 2016 | | | 31 December 2015 | | |
|---|---|---|---|---|---|---|
| | Fixed-income securities | Equities and other variable-income securities | Total | Fixed-income securities | Equities and other variable-income securities | Total |
| **Non-hedged changes in value of securities, recognised in "Available-for-sale financial assets"** | **13,784** | **4,216** | **18,000** | **13,554** | **4,238** | **17,792** |
| Deferred tax linked to these changes in value | (4,504) | (948) | (5,452) | (4,548) | (856) | (5,404) |
| Insurance policyholders' surplus reserve from insurance entities, after deferred tax | (7,587) | (1,315) | (8,902) | (6,960) | (1,119) | (8,079) |
| Group share of changes in value of available-for-sale securities owned by equity-method entities, after deferred tax and insurance policyholders' surplus reserve | 807 | 99 | 906 | 889 | 92 | 981 |
| Unamortised changes in value of available-for-sale securities reclassified as loans and receivables | (16) | | (16) | (39) | | (39) |
| Other variations | (53) | (2) | (55) | (55) | (7) | (62) |
| **Changes in value of assets taken directly to equity under the heading "Financial assets available for sale and reclassified as loans and receivables"** | **2,431** | **2,050** | **4,481** | **2,841** | **2,348** | **5,189** |
| Attributable to equity shareholders | 2,339 | 2,033 | 4,372 | 2,735 | 2,331 | 5,066 |
| Attributable to minority interests | 92 | 17 | 109 | 106 | 17 | 123 |

Maturity schedule of available-for-sale fixed-income securities by contractual maturity:

| In millions of euros, at 31 December 2016 | < 1 month | 1 to 3 months | 3 months to 1 year | 1 to 5 years | More than 5 years | TOTAL |
|---|---|---|---|---|---|---|
| Fixed-income securities | 6,936 | 8,020 | 19,056 | 77,884 | 136,176 | **248,072** |

| In millions of euros, at 31 December 2015 | < 1 month | 1 to 3 months | 3 months to 1 year | 1 to 5 years | More than 5 years | TOTAL |
|---|---|---|---|---|---|---|
| Fixed-income securities | 11,348 | 9,924 | 17,900 | 85,614 | 115,113 | **239,899** |

## 4.d MEASUREMENT OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

### VALUATION PROCESS

BNP Paribas has retained the fundamental principle that it should have a unique and integrated processing chain for producing and controlling the valuations of financial instruments that are used for the purpose of daily risk management and financial reporting. All these processes are based on a common economic valuation which is a core component of business decisions and risk management strategies.

Economic value is composed of mid-market value, to which add valuation adjustments.

Mid-market value is derived from external data or valuation techniques that maximise the use of observable and market-based data. Mid-market value is a theoretical additive value which does not take account of i) the direction of the transaction or its impact on the existing risks in the portfolio, ii) the nature of the counterparties, and iii) the aversion of a market participant to particular risks inherent in the instrument, the market in which it is traded, or the risk management strategy.

Valuation adjustments take into account valuation uncertainty and include market and credit risk premiums to reflect costs that could be incurred in case of an exit transaction in the principal market. When valuation techniques are used for the purpose of deriving fair value, funding assumptions related to the future expected cash flows are an integral part of the mid-market valuation, notably through the use of appropriate discount rates. These assumptions reflect what the Bank anticipates as being the effective funding conditions of the instrument that a market participant would consider. This notably takes into account the existence and terms of any collateral agreement. In particular, for non- or imperfectly collateralized derivative instruments, they include an explicit adjustment to the interbank interest rate (Funding Valuation Adjustment – FVA).

Fair value generally equals the economic value, subject to limited adjustments, such as own credit adjustments, which are specifically required by IFRS standards.

The main valuation adjustments are presented in the section below.

### VALUATION ADJUSTMENTS

Valuation adjustments retained by BNP Paribas for determining fair values are as follows:

***Bid/offer adjustments***: the bid/offer range reflects the additional exit cost for a price taker and symmetrically the compensation sought by dealers to bear the risk of holding the position or closing it out by accepting another dealer’s price.

BNP Paribas assumes that the best estimate of an exit price is the bid or offer price, unless there is evidence that another point in the bid/offer range would provide a more representative exit price.

***Input uncertainty adjustments***: when the observation of prices or data inputs required by valuation techniques is difficult or irregular, an uncertainty exists on the exit price. There are several ways to gauge the degree of uncertainty on the exit price such as measuring the dispersion of the available price indications or estimating the possible ranges of the inputs to a valuation technique.

***Model uncertainty adjustments***: these relate to situations where valuation uncertainty is due to the valuation technique used, even though observable inputs might be available. This situation arises when the risks inherent in the instruments are different from those available in the observable data, and therefore the valuation technique involves assumptions that cannot be easily corroborated.

***Credit valuation adjustment (CVA)***: the CVA adjustment applies to valuations and market quotations whereby the credit worthiness of the counterparty is not reflected. It aims to account for the possibility that the counterparty may default and that BNP Paribas may not receive the full fair value of the transactions.

In determining the cost of exiting or transferring counterparty risk exposures, the relevant market is deemed to be an inter-dealer market. However, the determination of CVA remains judgemental due to i) the possible absence or lack of price discovery in the inter-dealer market, ii) the influence of the regulatory landscape relating to counterparty risk on the market participants' pricing behaviour and iii) the absence of a dominant business model for managing counterparty risk.

The CVA model is grounded on the same exposures as those used for regulatory purposes. The model attempts to estimate the cost of an optimal risk management strategy based on i) implicit incentives and constraints inherent in the regulations in force and their evolutions, ii) market perception of the probability of default and iii) default parameters used for regulatory purposes.

***Own-credit valuation adjustment for debts (OCA) and for derivatives (debit valuation adjustment - DVA):*** OCA and DVA are adjustments reflecting the effect of credit worthiness of BNP Paribas, on respectively the value of debt securities designated as at fair value through profit or loss and derivatives. Both adjustments are based on the expected future liability profiles of such instruments. The own credit worthiness is inferred from the market-based observation of the relevant bond issuance levels. The DVA adjustment is determined after taking into account the Funding Valuation Adjustment (FVA).

Thus, the carrying value of debt securities designated as at fair value though profit or loss is increased by EUR 391 million as at 31 December 2016, compared with an increase in value of EUR 416 million as at 31 December 2015, i.e. a EUR 25 million variation recognised in net gain on financial instruments at fair value through profit or loss (note 2.c).

## INSTRUMENT CLASSES AND CLASSIFICATION WITHIN THE FAIR VALUE HIERARCHY FOR ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

As explained in the summary of significant accounting policies (note 1.c.10), financial instruments measured at fair value are categorised into a fair value hierarchy consisting of three levels.

The disaggregation of assets and liabilities into risk classes is meant to provide further insight into the nature of the instruments:

– Securitised exposures are further broken down by collateral type.
– For derivatives, fair values are broken down by dominant risk factor, namely interest rate, foreign exchange, credit and equity. Derivatives used for hedging purposes are mainly interest rate derivatives.

| In millions of euros | 31 December 2016 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Trading book | | | | Instruments designated as at fair value through profit or loss | | | | Available-for-sale financial assets | | | |
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| **Securities portfolio** | **101,261** | **21,251** | **1,167** | **123,679** | **69,800** | **13,849** | **3,934** | **87,583** | **214,489** | **44,790** | **8,280** | **267,559** |
| Treasury bills and government bonds | 45,488 | 4,283 | | 49,771 | 867 | | | 867 | 130,806 | 7,492 | | 138,298 |
| Asset Backed Securities (1) | - | 8,748 | 618 | 9,366 | - | 7 | - | 7 | - | 4,588 | 72 | 4,660 |
| *CDOs / CLOs (2)* | | *1,391* | *613* | *2,004* | | *7* | | *7* | | *56* | | *56* |
| *Other Asset Backed Securities* | | *7,357* | *5* | *7,362* | | | | *-* | | *4,532* | *72* | *4,604* |
| Other fixed-income securities | 9,695 | 7,702 | 169 | 17,566 | 1,392 | 5,809 | 110 | 7,311 | 75,420 | 28,783 | 911 | 105,114 |
| Equities and other variable-income securities | 46,078 | 518 | 380 | 46,976 | 67,541 | 8,033 | 3,824 | 79,398 | 8,263 | 3,927 | 7,297 | 19,487 |
| **Loans and repurchase agreements** | **-** | **151,511** | **731** | **152,242** | **-** | **61** | **-** | **61** | | | | |
| Loans | | 525 | | 525 | | 61 | | 61 | | | | |
| Repurchase agreements | | 150,986 | 731 | 151,717 | | | | - | | | | |
| **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND AVAILABLE-FOR-SALE FINANCIAL ASSETS** | **101,261** | **172,762** | **1,898** | **275,921** | **69,800** | **13,910** | **3,934** | **87,644** | **214,489** | **44,790** | **8,280** | **267,559** |
| **Securities portfolio** | **67,167** | **2,862** | **297** | **70,326** | **-** | **-** | **-** | **-** | | | | |
| Treasury bills and government bonds | 50,320 | 383 | | 50,703 | | | | - | | | | |
| Other fixed-income securities | 6,752 | 2,457 | 297 | 9,506 | | | | - | | | | |
| Equities and other variable-income securities | 10,095 | 22 | | 10,117 | | | | - | | | | |
| **Borrowings and repurchase agreements** | **-** | **181,808** | **1,398** | **183,206** | **-** | **2,557** | **460** | **3,017** | | | | |
| Borrowings | | 4,190 | | 4,190 | | 2,557 | 460 | 3,017 | | | | |
| Repurchase agreements | | 177,618 | 1,398 | 179,016 | | | | - | | | | |
| **Debt securities (note 4.i)** | **-** | **-** | **-** | **-** | **-** | **34,964** | **12,746** | **47,710** | | | | |
| **Subordinated debt (note 4.i)** | **-** | **-** | **-** | **-** | **-** | **1,012** | **-** | **1,012** | | | | |
| **Debt representative of shares of consolidated funds held by third parties** | **-** | **-** | **-** | **-** | **1,719** | **618** | **-** | **2,337** | | | | |
| **FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS** | **67,167** | **184,670** | **1,695** | **253,532** | **1,719** | **39,151** | **13,206** | **54,076** | | | | |

| In millions of euros | 31 December 2015 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Trading book | | | | Instruments designated as at fair value through profit or loss | | | | Available-for-sale financial assets | | | |
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| **Securities portfolio** | **102,232** | **29,517** | **1,751** | **133,500** | **67,177** | **12,123** | **3,743** | **83,043** | **204,988** | **44,625** | **9,320** | **258,933** |
| Treasury bills and government bonds | 48,509 | 4,632 | | 53,141 | 1,849 | | | 1,849 | 125,702 | 5,567 | | 131,269 |
| Asset Backed Securities (1) | - | 12,059 | 1,329 | 13,388 | - | - | - | - | - | 3,312 | 7 | 3,319 |
| *CDOs / CLOs (2)* | | *832* | *1,305* | *2,137* | | | | *-* | | *16* | | *16* |
| *Other Asset Backed Securities* | | *11,227* | *24* | *11,251* | | | | *-* | | *3,296* | *7* | *3,303* |
| Other fixed-income securities | 12,531 | 10,889 | 238 | 23,658 | 1,405 | 4,949 | 77 | 6,431 | 71,220 | 32,400 | 1,691 | 105,311 |
| Equities and other variable-income securities | 41,192 | 1,937 | 184 | 43,313 | 63,923 | 7,174 | 3,666 | 74,763 | 8,066 | 3,346 | 7,622 | 19,034 |
| **Loans and repurchase agreements** | **-** | **130,928** | **855** | **131,783** | **-** | **33** | **-** | **33** | | | | |
| Loans | | 433 | | 433 | | 33 | | 33 | | | | |
| Repurchase agreements | | 130,495 | 855 | 131,350 | | | | - | | | | |
| **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND AVAILABLE-FOR-SALE FINANCIAL ASSETS** | **102,232** | **160,445** | **2,606** | **265,283** | **67,177** | **12,156** | **3,743** | **83,076** | **204,988** | **44,625** | **9,320** | **258,933** |
| **Securities portfolio** | **75,894** | **6,231** | **419** | **82,544** | **-** | **-** | **-** | **-** | | | | |
| Treasury bills and government bonds | 55,724 | 1,383 | | 57,107 | | | | - | | | | |
| Other fixed-income securities | 5,387 | 4,797 | 417 | 10,601 | | | | - | | | | |
| Equities and other variable-income securities | 14,783 | 51 | 2 | 14,836 | | | | - | | | | |
| **Borrowings and repurchase agreements** | **-** | **154,499** | **2,272** | **156,771** | **-** | **2,296** | **88** | **2,384** | | | | |
| Borrowings | | 3,893 | | 3,893 | | 2,296 | 88 | 2,384 | | | | |
| Repurchase agreements | | 150,606 | 2,272 | 152,878 | | | | - | | | | |
| **Debt securities (note 4.i)** | **-** | **-** | **-** | **-** | **-** | **35,137** | **11,193** | **46,330** | | | | |
| **Subordinated debt (note 4.i)** | **-** | **-** | **-** | **-** | **-** | **1,382** | **-** | **1,382** | | | | |
| **Debt representative of shares of consolidated funds held by third parties** | **-** | **-** | **-** | **-** | **2,415** | **607** | **-** | **3,022** | | | | |
| **FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS** | **75,894** | **160,730** | **2,691** | **239,315** | **2,415** | **39,422** | **11,281** | **53,118** | | | | |

(1) These amounts do not represent the total amount of securitisation assets held by BNP Paribas, particularly those classified at inception as "Loans and Receivables", and those reclassified as presented in note 4.e.
(2) Collateralised Debt Obligations / Collateralised Loan Obligations

| In millions of euros | 31 December 2016 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Positive market value | | | | Negative market value | | | |
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Interest rate derivatives | 482 | 162,034 | 3,463 | 165,979 | 613 | 150,733 | 2,465 | 153,811 |
| Foreign exchange derivatives | 13 | 112,129 | 619 | 112,761 | 12 | 108,957 | 521 | 109,490 |
| Credit derivatives | | 10,079 | 675 | 10,754 | | 8,693 | 1,193 | 9,886 |
| Equity derivatives | 8,597 | 22,811 | 1,738 | 33,146 | 6,584 | 28,193 | 5,925 | 40,702 |
| Other derivatives | 749 | 4,724 | 49 | 5,522 | 889 | 3,856 | 106 | 4,851 |
| **Derivative financial instruments not used for hedging purposes** | **9,841** | **311,777** | **6,544** | **328,162** | **8,098** | **300,432** | **10,210** | **318,740** |
| **Derivative financial instruments used for hedging purposes** | **-** | **18,133** | **-** | **18,133** | **-** | **19,626** | **-** | **19,626** |

| In millions of euros | 31 December 2015 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Positive market value | | | | Negative market value | | | |
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Interest rate derivatives | 626 | 197,263 | 5,716 | 203,605 | 704 | 184,008 | 2,465 | 187,177 |
| Foreign exchange derivatives | | 79,822 | 22 | 79,844 | 1 | 78,059 | 75 | 78,135 |
| Credit derivatives | | 13,677 | 1,061 | 14,738 | | 13,022 | 1,191 | 14,213 |
| Equity derivatives | 5,646 | 23,845 | 1,586 | 31,077 | 5,824 | 29,547 | 4,871 | 40,242 |
| Other derivatives | 913 | 6,367 | 80 | 7,360 | 853 | 4,894 | 314 | 6,061 |
| **Derivative financial instruments not used for hedging purposes** | **7,185** | **320,974** | **8,465** | **336,624** | **7,382** | **309,530** | **8,916** | **325,828** |
| **Derivative financial instruments used for hedging purposes** | **-** | **18,063** | **-** | **18,063** | **-** | **21,068** | **-** | **21,068** |

Transfers between levels may occur when an instrument fulfils the criteria defined, which are generally market and product dependent. The main factors influencing transfers are changes in the observation capabilities, passage of time, and events during the transaction lifetime. The timing of recognising transfers is determined at the beginning of the reporting period.

During 2016, transfers between Level 1 and Level 2 were not significant.

## DESCRIPTION OF MAIN INSTRUMENTS IN EACH LEVEL

The following section provides a description of the instruments in each level in the hierarchy. It describes notably instruments classified in Level 3 and the associated valuation methodologies.
For main trading book instruments and derivatives classified in Level 3, further quantitative information is provided about the inputs used to derive fair value.

### Level 1

This level encompasses all derivatives and securities that are listed on exchanges or quoted continuously in other active markets.

Level 1 includes notably equity securities and liquid bonds, shortselling of these instruments, derivative instruments traded on organised markets (futures, options, …). It includes shares of funds and UCITS, for which the net asset value is calculated on a daily basis, as well as debt representative of shares of consolidated funds held by third parties.

**Level 2**

***The Level 2 stock of securities*** is composed of securities which are less liquid than the Level 1 bonds. They are predominantly government bonds, corporate debt securities, mortgage backed securities, fund shares and short-term securities such as certificates of deposit. They are classified in Level 2 notably when external prices for the same security can be regularly observed from a reasonable number of market makers that are active in this security, but these prices do not represent directly tradable prices. This comprises amongst other, consensus pricing services with a reasonable number of contributors that are active market makers as well as indicative runs from active brokers and/or dealers. Other sources such as primary issuance market, collateral valuation and counterparty collateral valuation matching may also be used where relevant.

***Repurchase agreements*** are classified predominantly in Level 2. The classification is primarily based on the observability and liquidity of the repo market, depending on the underlying collateral.

***Debts issued*** designated as at fair value through profit and loss, are classified in the same level as the one that would apply to the embedded derivative taken individually. The issuance spread is considered observable.

***Derivatives*** classified in Level 2 comprise mainly the following instruments:

- Vanilla instruments such as interest rate swaps, caps, floors and swaptions, credit default swaps, equity/foreign exchange (FX)/commodities forwards and options;
- Structured derivatives such as exotic FX options, mono- and multi-underlying equity/funds derivatives, single curve exotic interest rate derivatives and derivatives based on structured rates.

The above derivatives are classified in Level 2 when there is a documented stream of evidence supporting one of the following:

- Fair value is predominantly derived from prices or quotations of other Level 1 and Level 2 instruments, through standard market interpolation or stripping techniques whose results are regularly corroborated by real transactions;
- Fair value is derived from other standard techniques such as replication or discounted cash flows that are calibrated to observable prices, that bear limited model risk and enable an effective offset of the risks of the instrument through trading Level 1 or Level 2 instruments;
- Fair value is derived from more sophisticated or proprietary valuation techniques but is directly evidenced through regular back-testing using external market-based data.

Determining of whether an over-the-counter (OTC) derivative is eligible for Level 2 classification involves judgement. Consideration is given to the origin, transparency and reliability of external data used, and the amount of uncertainty associated with the use of models. It follows that the Level 2 classification criteria involve multiple analysis axis within an “observability zone” whose limits are determined by i) a predetermined list of product categories and ii) the underlying and maturity bands. These criteria are regularly reviewed and updated, together with the applicable valuation adjustments, so that the classification by level remains consistent with the valuation adjustment policy.

**Level 3**

***Level 3 securities*** of the trading book mainly comprise CLOs and CDOs of ABSs linked to legacy activity. Other Level 3 securities designated as at fair value through profit or loss or classified as available for sale comprise units of funds and unquoted equity shares.

CLOs represent the large majority of the Level 3 trading book stock. Fair value is determined using a methodology that takes into consideration both the available external indicative prices as well as discounted expected cash flows. Constant prepayment rates are amongst the main unobservable inputs required to model the underlying pool of cash flow payments. Other unobservable inputs are related to the cash/synthetic funding basis and the discounting margin.

CDOs of ABSs collateral pools comprise Commercial Real Estate Loans, Commercial Mortgage Backed Securities – CMBSs and Residential Mortgage Backed Securities – RMBSs. The fair value of CDOs is based on a "liquidation approach" and a "discounted expected cash flow" approach, depending on the distressed nature of the collateral.

For RMBSs, prices are obtained to a large extent from external sources, while for Commercial Real Estate Loans prices are independently valued by an external provider.

The Discounted Expected Cash flow approach for CDOs takes in consideration both an internal and an external independent set of hypotheses to derive expectations about the underlying cash flow payments. Such cash flow expectations are then passed through the CDO waterfall modelled in external platforms, allowing deriving cash flow expectations of the considered CDO tranche. Similarly to the above, fair value requires assumptions about the cash/synthetic funding basis and a discount margin.

Fund units relate to real estate funds for which the valuation of the underlying investments is not frequent, as well as hedge funds for which the observation of the net asset value is not frequent.

Unlisted private equities are systematically classified as Level 3, with the exception of UCITS with a daily net asset value, presented as unlisted securities in note 4.c, but which are classified in the Level 1 of the fair value hierarchy.

Shares and other unlisted variable income securities in level 3 are valued using one of the following methods: a share of reevaluated net book value, multiples of comparable companies, future cash flows method, multi-criteria approach.

***Repurchase agreements: mainly long-term or structured repurchase agreements on corporate bonds and ABSs***: The valuation of these transactions requires proprietary methodologies given the bespoke nature of the transactions and the lack of activity and price discovery in the long-term repo market. The curves used in the valuation are corroborated using available data such as the implied basis of the relevant benchmark bond pool, recent long-term repo trade data and price enquiry data. Valuation adjustments applicable to these exposures are commensurate with the degree of uncertainty inherent in the modelling choices and amount of data available.

***Debts issued*** designated as at fair value through profit or loss, are classified in the same level as the one that would apply to the embedded derivative taken individually. The issuance spread is considered observable.

***Derivatives***

**Vanilla derivatives** are classified in Level 3 when the exposure is beyond the observation zone for rate curves or volatility surfaces, or relates to less liquid markets such as tranches on old credit index series or emerging markets interest rates markets. The main instruments are:

- ***Interest rate derivatives***: exposures mainly comprise swap products in less liquid currencies. Classification is driven by the lower liquidity of some maturities, while observation capabilities through consensus may be available. The valuation technique is standard, and uses external market information and extrapolation techniques.

- ***Credit derivatives (CDS)***: exposures mainly comprise CDSs beyond the maximum observable maturity and, to a much lesser extent, CDSs on illiquid or distressed names and CDSs on loan indices. Classification is driven by the lack of liquidity while observation capabilities may be available notably through consensus. Level 3 exposures also comprise CDS and Total Return Swaps (TRS) positions on securitised assets. These are priced along the same modelling techniques as the underlying bonds, taking into consideration the funding basis and specific risk premium.

- ***Equity derivatives***: exposures essentially comprise long dated forward or volatility products or exposures where there is a limited market for optional products. The marking of the forward curves and volatility surfaces beyond the maximum observable maturity relies on extrapolation techniques. However, when there is no market for model input, volatility or forward is generally determined on the basis of proxy or historical analysis.

These vanilla derivatives are subject to valuation adjustments linked to uncertainty on liquidity, specialised by nature of underlying and liquidity bands.

**Structured derivatives** classified in Level 3 predominantly comprise structured derivatives of which hybrid products (FX/Interest Rates hybrids, Equity hybrids), credit correlation products, prepayment-sensitive products, some stock basket optional products and some interest rate optional instruments. The main exposures are described below, with insight into the related valuation techniques and on the source of uncertainty :

- ***Structured interest rate options*** are classified in Level 3 when they involve currencies where there is not sufficient observation or when they include a quanto feature where the pay-off is measured with a forex forward fixed rate (except for the main currencies). Long term structured derivatives are also classified in Level 3.

- ***Hybrid FX/Interest rate products*** essentially comprise a specific product family known as Power Reverse Dual Currency (PRDC). The valuation of PRDCs requires sophisticated modelling of joint behaviour of FX and interest rate, and is notably sensitive to the unobservable FX/ interest rate correlations. PRDCs valuations are corroborated with recent trade data and consensus data.

- ***Securitisation swaps*** mainly comprise fixed rate swaps, cross currency or basis swaps whose notional is indexed to the prepayment behaviour of some underlying portfolio. The estimation of the maturity profile of securitisation swaps is corroborated by statistical estimates using external historical data.

- ***Forward volatility options*** are generally products whose pay-off is indexed to the future variability of a rate index such as volatility swaps. These products involve material model risk as it is difficult to infer forward volatility information from the market-traded instruments. The valuation adjustment framework is calibrated to the uncertainty inherent in the product, and to the range of uncertainty from the existing external consensus data.

- ***Inflation derivatives*** classified in Level 3 mainly comprise swap products on inflation indices that are not associated with a liquid indexed bond market, optional products on inflation indices (such as caps and floors) and other forms of inflation indices involving optionality on the inflation indices or on the inflation annual rate. Valuation techniques used for inflation derivatives are predominantly standard market models. Proxy techniques are used for a few limited exposures. Although the valuations are corroborated through monthly consensus data, these products are classified as Level 3 due to their lack of liquidity and some uncertainties inherent in the calibration.

- The valuation of ***bespoke CDOs*** requires correlation of default events. This information is inferred from the active index tranche market through a proprietary projection technique and involves proprietary extrapolation and interpolation techniques. Multi-geography CDOs further require an additional correlation assumption. Finally, the bespoke CDO model also involves proprietary assumptions and parameters related to the dynamic of the recovery factor. CDO modelling, is calibrated on the observable index tranche markets, and is regularly back-tested against consensus data on standardised pools. The uncertainty arises from the model risk associated with the projection and geography mixing technique, and the uncertainty of associated parameters, together with the recovery modelling.

- ***N to Default baskets*** are other forms of credit correlation products, modelled through standard copula techniques. The main inputs required are the pair-wise correlations between the basket components which can be observed in the consensus and the transactions. Linear baskets are considered observable.

- ***Equity and equity-hybrid correlation products*** are instruments whose pay-off is dependent on the joint behaviour of a basket of equities/indices leading to a sensitivity of the fair value measurement to the correlation amongst the basket components. Hybrid versions of these instruments involve baskets that mix equity and non-equity underlyings such as commodity indices. Only a subset of the Equity/index correlation matrix is regularly observable and traded, while most cross-asset correlations are not active. Therefore, classification in Level 3 depends on the composition of the basket, the maturity, and the hybrid nature of the product. The correlation input is derived from a proprietary model combining historical estimators, and other adjustment factors, that are corroborated by reference to recent trades or external data. The correlation matrix is essentially available from consensus services, and when a correlation between two underlying instruments is not available, it might be obtained from extrapolation or proxy techniques.

These structured derivatives are subject to specific valuation adjustments to cover uncertainties linked to liquidity, parameters and model risk.

***Valuation adjustments (CVA, DVA and FVA)***

The valuation adjustment for counterparty credit risk (CVA), own-credit risk for derivatives (DVA) and the explicit funding valuation adjustment (FVA) are deemed to be unobservable components of the valuation framework and therefore classified in Level 3. This does not impact, in general cases, the classification of individual transactions into the fair value hierarchy. However, a specific process allows to identify individual deals for which the marginal contribution of these adjustments and related uncertainty is significant. Are particularly concerned some insufficiently collateralized vanilla interest rate instruments with very long residual maturity.

The below table provides the range of values of main unobservable inputs for the valuation of level 3 financial instruments. The ranges displayed correspond to a variety of different underlying instruments and are meaningful only in the context of the valuation technique implemented by BNP Paribas. The weighted averages, where relevant and available, are based on fair values, nominal amounts or sensitivities.

The main unobservable parameters used for the valuation of debt issued in level 3 are equivalent to these of their economic hedge derivative. Information on those derivatives, displayed in the following table, is also applicable to these debts.

| Risk classes | Balance Sheet valuation (in millions of euros) Asset | Liability | Main product types composing the Level 3 stock within the risk class | Valuation technique used for the product types considered | Main unobservable inputs for the product types considered | Range of unobservable input across Level 3 population considered | Weighted average |
|---|---|---|---|---|---|---|---|
| **Cash instruments** | 613 | | Collateralised Loan Obligations (CLO)<br>CDOs of ABSs (RMBSs, Commercial Real Estate Loans, CMBSs) | Combination of liquidation approach and discounted future cash flow approach | Discount margin | 26 bp to 1,303 bp (1) | 201 bp (a) |
| | | | | | Constant payment rate (CLOs) | 0 to 10% | 10% (b) |
| | | | | | Cash / synthetic funding basis (€) | 3 bp to 8 bp | not meaningful |
| **Repurchase agreements** | 731 | 1,398 | Long-term repo and reverse-repo agreements | Proxy techniques, based amongst other on the funding basis of a benchmark bond pool, that is actively traded and representative of the repo underlying | Long-term repo spread on private bonds (High Yield, High Grade) and on ABSs | 0 bp to 79 bp | 42 bp (c) |
| **Interest rate derivatives** | 3,463 | 2,465 | Hybrid Forex / Interest rates derivatives | Hybrid Forex interest rate option pricing model | Correlation between FX rate and interest rates. Main currency pairs are EUR/JPY, USD/JPY, AUD/JPY | 13% to 56% | 42% (c) |
| | | | Hybrid inflation rates / Interest rates derivatives | Hybrid Forex interest rate option pricing model | Correlation between interest rates and inflation rates mainly in Europe. | 3% to 42% | 32% (c) |
| | | | Floors and caps on inflation rate or on the cumulative inflation (such as redemption floors), predominantly on European and French inflation | Inflation pricing model | Volatility of cumulative inflation | 0.7% to 10.3% | (d) |
| | | | | | Volatility of the year on year inflation rate | 0.3% to 2.0% | |
| | | | Forward Volatility products such as volatility swaps, mainly in euro | Interest rates option pricing model | Forward volatility of interest rates | 0.3% to 0.7% | (d) |
| | | | Balance-guaranteed fixed rate, basis or cross currency swaps, predominantly on European collateral pools | Prepayment modelling<br>Discounted cash flows | Constant prepayment rates | 0.0 % to 40% | 9% (c) |
| **Credit Derivatives** | 675 | 1,193 | Collateralised Debt Obligations and index tranches for inactive index series | Base correlation projection technique and recovery modelling | Base correlation curve for bespoke portfolios | 20% to 99% | (d) |
| | | | | | Inter-regions default cross correlation | 80 % to 90% | 90%(a) |
| | | | | | Recovery rate variance for single name underlyings | 0 to 25% | (d) |
| | | | N-to-default baskets | Credit default model | Default correlation | 50% to 91% | 85% (c) |
| | | | Single name Credit Default Swaps (other than CDS on ABSs and loans indices) | Stripping, extrapolation and interpolation | Credit default spreads beyond observation limit (10 years) | 55 bp to 312 bp (2) | 253 bp (a) |
| | | | | | Illiquid credit default spread curves (across main tenors) | 8 bp to 2,581 bp (3) | 139 bp (a) |
| **Equity Derivatives** | 1,738 | 5,925 | Simple and complex derivatives on multi-underlying baskets on stocks | Various volatility option models | Unobservable equity volatility | 0% to 94% (4) | (d) |
| | | | | | Unobservable equity correlation | 15% to 98% | 60% (a) |

(1) The lower part of the range is relative to short-dated securities, while the upper relates to US CDOs of ABSs, which are not significant to the balance sheet since their prices are close to zero. Removing these outliers, the discount margin would range from 26bp to 771bp.

(2) The upper part of the range relates to non-material balance sheet and net risk position on a European corporate. The other part relates mainly to sovereign issuers.

(3) The upper bound of the range relates to a materials sector issuer that represents an insignificant portion of the balance sheet on CDSs with illiquid underlying. Removing this risk factor which has the highest spread, the upper bound of the range would be 750bp.

(4) The upper part of the range relates to 4 equity instruments representing a non-material portion of the balance sheet on options with equity underlying instruments. Removing this outlier, the upper bound of the range would be around 94 %.

(a) Weighting is not based on risks, but on an alternative methodology in relation with the Level 3 instruments (PV or notional)

(b) The upper bound of the range relates to CLOs which represent the large majority of the exposures

(c) Weights based on relevant risk axis at portfolio level

(d) No weighting since no explicit sensitivity is attributed to these inputs

## TABLE OF MOVEMENTS IN LEVEL 3 FINANCIAL INSTRUMENTS

For Level 3 financial instruments, the following movements occurred between 1 January 2015 and 31 December 2016:

| | Financial Assets | | | | Financial Liabilities | | |
|---|---|---|---|---|---|---|---|
| In millions of euros | Financial instruments at fair value through profit or loss held for trading | Financial instruments designated as at fair value through profit or loss | Available-for-sale financial assets | TOTAL | Financial instruments at fair value through profit or loss held for trading | Financial instruments designated as at fair value through profit or loss | TOTAL |
| **At 31 December 2014** | **19,955** | **2,803** | **9,233** | **31,991** | **(25,479)** | **(11,732)** | **(37,211)** |
| Purchases | 4,818 | 4,161 | 2,019 | **10,998** | | | **-** |
| Issues | | | | **-** | (2,128) | (9,021) | **(11,149)** |
| Sales | (2,291) | (3,470) | (1,292) | **(7,053)** | | | **-** |
| Settlements [1] | (11,355) | (89) | (999) | **(12,443)** | 15,159 | 8,519 | **23,678** |
| Transfers to level 3 | 1,012 | 130 | 245 | **1,387** | (463) | (1,607) | **(2,070)** |
| Transfers from level 3 | (1,750) | (63) | (440) | **(2,253)** | 1,440 | 2,464 | **3,904** |
| Gains (or losses) recognised in profit or loss with respect to transactions expired or terminated during the period | (1,778) | 122 | (162) | **(1,818)** | 1,339 | 250 | **1,589** |
| Gains (or losses) recognised in profit or loss with respect to unexpired instruments at the end of the period | 1,834 | 149 | (58) | **1,925** | (716) | 83 | **(633)** |
| Changes in fair value of assets and liabilities recognised directly in equity | | | | | | | |
| - Items related to exchange rate movements | 626 | | 131 | **757** | (759) | (237) | **(996)** |
| - Changes in fair value of assets and liabilities recognised in equity | | | 643 | **643** | | | **-** |
| **At 31 December 2015** | **11,071** | **3,743** | **9,320** | **24,134** | **(11,607)** | **(11,281)** | **(22,888)** |
| Purchases | 2,061 | 1,308 | 1,133 | **4,502** | | | **-** |
| Issues | | | | **-** | (2,266) | (5,720) | **(7,986)** |
| Sales | (1,429) | (1,210) | (2,098) | **(4,737)** | | | **-** |
| Settlements [1] | (1,706) | (115) | (123) | **(1,944)** | (1,486) | 3,889 | **2,403** |
| Transfers to level 3 | 427 | 7 | 654 | **1,088** | (430) | (1,393) | **(1,823)** |
| Transfers from level 3 | (4,283) | (218) | (653) | **(5,154)** | 903 | 1,401 | **2,304** |
| Gains (or losses) recognised in profit or loss with respect to transactions expired or terminated during the period | (148) | 376 | (278) | **(50)** | 3,071 | 6 | **3,077** |
| Gains (or losses) recognised in profit or loss with respect to unexpired instruments at the end of the period | 2,612 | 43 | (15) | **2,640** | 148 | (41) | **107** |
| Changes in fair value of assets and liabilities recognised directly in equity | | | | | | | |
| - Items related to exchange rate movements | (163) | | | **(163)** | (238) | (67) | **(305)** |
| - Changes in fair value of assets and liabilities recognised in equity | | | 340 | **340** | | | **-** |
| **At 31 December 2016** | **8,442** | **3,934** | **8,280** | **20,656** | **(11,905)** | **(13,206)** | **(25,111)** |

[1] For the assets, includes redemptions of principal, interest payments as well as cash inflows and outflows relating to derivatives. For the liabilities, includes principal redemptions, interest payments as well as cash inflows and outflows relating to derivatives the fair value of which is negative.

Transfers out of Level 3 of derivatives at fair value include mainly the update of the observability tenor of certain yield curves, but also the effect of derivatives becoming only or mainly sensitive to observable inputs due to the shortening of their lifetime.

Transfers into Level 3 of instruments at fair value reflect the effect of the regular update of the observability zones.

Transfers have been reflected as if they had taken place at the beginning of the reporting period.

The Level 3 financial instruments may be hedged by other Level 1 and Level 2 instruments, the gains and losses of which are not shown in this table. Consequently, the gains and losses shown in this table are not representative of the gains and losses arising from management of the net risk on all these instruments.

## SENSITIVITY OF FAIR VALUE TO REASONABLY POSSIBLE CHANGES IN LEVEL 3 ASSUMPTIONS

The following table summarises those financial assets and financial liabilities classified as Level 3 for which alternative assumptions in one or more of the unobservable inputs would change fair value significantly.

The amounts disclosed are intended to illustrate the range of possible uncertainty inherent to the judgement applied when estimating Level 3 parameters, or when selecting valuation techniques. These amounts reflect valuation uncertainties that prevail at the measurement date, and even though such uncertainties predominantly derive from the portfolio sensitivities that prevailed at that measurement date, they are not predictive or indicative of future movements in fair value, nor do they represent the effect of market stress on the portfolio value.

In estimating sensitivities, BNP Paribas either remeasured the financial instruments using reasonably possible inputs, or applied assumptions based on the valuation adjustment policy.

For the sake of simplicity, the sensitivity on cash instruments that are not relating to securitised instruments was based on a uniform 1% shift in the price. More specific shifts were however calibrated for each class of the Level 3 securitised exposures, based on the possible ranges of the unobservable inputs.

For derivative exposures, the sensitivity measurement is based on the credit valuation adjustment (CVA), the explicit funding valuation adjustment (FVA) and the parameter and model uncertainty adjustments related to Level 3.

Regarding the credit valuation adjustment (CVA) and the explicit funding valuation adjustment (FVA), the uncertainty was calibrated based on prudent valuation adjustments described in the technical standard "Prudent Valuation" published by the European Banking Authority. For other valuation adjustments, two scenarios were considered: a favourable scenario where all or portion of the valuation adjustment is not considered by market participants, and an unfavourable scenario where market participants would require twice the amount of valuation adjustments considered by BNP Paribas for entering into a transaction.

| | 31 December 2016 | | 31 December 2015 | |
|---|---|---|---|---|
| In millions of euros | Potential impact on income | Potential impact on equity | Potential impact on income | Potential impact on equity |
| Treasury bills and government bonds | | | | |
| Asset Backed Securities (ABS) | +/-12 | +/-1 | +/-27 | |
| *CDOs / CLOs* | *+/-12* | | *+/-26* | |
| *Other Asset Backed Securities* | | *+/-1* | *+/-1* | |
| Other fixed-income securities | +/-2 | +/-9 | +/-3 | +/-17 |
| Equities and other variable-income securities | +/-42 | +/-73 | +/-39 | +/-76 |
| Repurchase agreements | +/-7 | | +/-14 | |
| Derivative financial instruments | +/-844 | | +/-856 | |
| *Interest rate and foreign exchange derivatives* | *+/-605* | | *+/-623* | |
| *Credit derivatives* | *+/-59* | | *+/-45* | |
| *Equity derivatives* | *+/-169* | | *+/-179* | |
| *Other derivatives* | *+/-11* | | *+/-9* | |
| **Sensitivity of Level 3 financial instruments** | **+/-907** | **+/-83** | **+/-939** | **+/-93** |

**DEFERRED MARGIN ON FINANCIAL INSTRUMENTS MEASURED USING TECHNIQUES DEVELOPED INTERNALLY AND BASED ON INPUTS PARTLY UNOBSERVABLE IN ACTIVE MARKETS**

Deferred margin on financial instruments ("Day One Profit") only concerns the scope of market activities eligible for Level 3.

The day one profit is calculated after setting aside valuation adjustments for uncertainties as described previously and released to profit or loss over the expected period for which the inputs will be unobservable. The unamortised amount is included under "Financial instruments at fair value through profit or loss" as a reduction in the fair value of the relevant transactions.

| In millions of euros | Deferred margin at 31 December 2015 | Deferred margin on transactions during the year | Margin taken to the profit and loss account during the year | Deferred margin at 31 December 2016 |
|---|---|---|---|---|
| Interest rate and foreign exchange derivatives | 316 | 107 | (92) | 331 |
| Credit derivatives | 119 | 47 | (62) | 104 |
| Equity derivatives | 313 | 192 | (190) | 315 |
| Other derivatives | 8 | | (2) | 6 |
| **Derivative financial instruments** | **756** | **346** | **(346)** | **756** |

## 4.e RECLASSIFICATION OF FINANCIAL INSTRUMENTS INITIALLY RECOGNISED AS AT FAIR VALUE THROUGH PROFIT OR LOSS HELD FOR TRADING PURPOSES OR AS AVAILABLE-FOR-SALE ASSETS

The amendments to IAS 39 and IFRS 7 adopted by the European Union on 15 October 2008 permit the reclassification of instruments initially held for trading or available-for-sale within the customer loan portfolios or as available-for-sale securities.

| In millions of euros | Reclassification date | 31 December 2016 | | 31 December 2015 | |
|---|---|---|---|---|---|
| | | Carrying value | Market or model value | Carrying value | Market or model value |
| **Structured transactions and other fixed-income securities from the available-for-sale portfolio** | | **509** | **604** | **562** | **696** |
| of which Portuguese sovereign securities | 30 June 2011 | 274 | 301 | 333 | 388 |
| of which Irish sovereign securities | 30 June 2011 | 235 | 303 | 229 | 308 |
| **Structured transactions and other fixed-income securities from the trading portfolio** | 1 October 2008 / 30 June 2009 | **961** | **940** | **1,395** | **1,388** |

Without these reclassifications, the Group's net income would not have been significantly different for the year ended 31 December 2016, nor for the year ended 31 December 2015. Similarly, changes in value of assets and liabilities recognised directly in equity would not have been significantly different in 2016, nor in 2015.

## 4.f INTERBANK AND MONEY-MARKET ITEMS

- **Loans and receivables due from credit institutions**

| In millions of euros | 31 December 2016 | 31 December 2015 |
|---|---|---|
| On demand accounts | 6,513 | 9,346 |
| Loans [(1)] | 37,664 | 31,780 |
| Repurchase agreements | 3,422 | 2,542 |
| **Total loans and receivables due from credit institutions, before impairment** | **47,599** | **43,668** |
| *of which doubtful loans* | *274* | *355* |
| **Impairment of loans and receivables due from credit institutions (note 2.g)** | **(188)** | **(241)** |
| specific impairment | (167) | (203) |
| collective provisions | (21) | (38) |
| **Total loans and receivables due from credit institutions, net of impairment** | **47,411** | **43,427** |

[(1)] Loans and receivables due from credit institutions include term deposits made with central banks, which amounted to EUR 2,192 million as at 31 December 2016 (EUR 1,665 million as at 31 December 2015).

- **Due to credit institutions**

| In millions of euros | 31 December 2016 | 31 December 2015 |
|---|---|---|
| On demand accounts | 10,775 | 8,527 |
| Borrowings | 60,189 | 70,109 |
| Repurchase agreements | 4,696 | 5,510 |
| **Total due to credit institutions** | **75,660** | **84,146** |

## 4.g CUSTOMER ITEMS

- **Loans and receivables due from customers**

| In millions of euros | 31 December 2016 | 31 December 2015 |
|---|---|---|
| On demand accounts | 45,672 | 46,790 |
| Loans to customers | 663,329 | 628,796 |
| Repurchase agreements | 1,723 | 5,448 |
| Finance leases | 28,554 | 27,657 |
| **Total loans and receivables due from customers, before impairment** | **739,278** | **708,691** |
| *of which doubtful loans* | *41,779* | *41,251* |
| **Impairment of loans and receivables due from customers (note 2.g)** | **(27,045)** | **(26,194)** |
| specific impairment | (23,924) | (22,730) |
| collective provisions | (3,121) | (3,464) |
| **Total loans and receivables due from customers, net of impairment** | **712,233** | **682,497** |

- **Breakdown of finance leases**

| In millions of euros | 31 December 2016 | 31 December 2015 |
|---|---|---|
| Gross investment | 31,755 | 31,400 |
| *Receivable within 1 year* | *9,479* | *8,741* |
| *Receivable after 1 year but within 5 years* | *17,576* | *17,134* |
| *Receivable beyond 5 years* | *4,700* | *5,525* |
| **Unearned interest income** | **(3,201)** | **(3,743)** |
| Net investment before impairment | 28,554 | 27,657 |
| *Receivable within 1 year* | *8,562* | *7,728* |
| *Receivable after 1 year but within 5 years* | *15,731* | *14,994* |
| *Receivable beyond 5 years* | *4,261* | *4,935* |
| **Impairment provisions** | **(990)** | **(1,058)** |
| Net investment after impairment | 27,564 | 26,599 |

- **Due to customers**

| In millions of euros | 31 December 2016 | 31 December 2015 |
|---|---|---|
| On demand deposits | 443,379 | 399,364 |
| Savings accounts | 145,273 | 135,254 |
| Term accounts and short-term notes | 174,943 | 160,498 |
| Repurchase agreements | 2,358 | 5,193 |
| Total due to customers | 765,953 | 700,309 |

## 4.h PAST-DUE AND DOUBTFUL LOANS

The following tables present the carrying amounts of financial assets that are past due but not impaired and impaired assets and related collateral or other guarantees. The amounts shown are stated before any provision on a portfolio basis.

The amounts shown for collateral and other guarantees correspond to the lower of the value of the collateral or other guarantee and the value of the secured assets.

## • Past-due but not impaired loans

| In millions of euros | 31 December 2016 | | | | | |
|---|---|---|---|---|---|---|
| | < 90 days | > 90 days < 180 days | > 180 days < 1 year | > 1 year | Total | Collateral received |
| Loans and receivables due from credit institutions | 253 | 1 | | 1 | 255 | 42 |
| Loans and receivables due from customers | 11,271 | 296 | 166 | 333 | 12,066 | 5,809 |
| **Total past-due but not impaired loans** | **11,524** | **297** | **166** | **334** | **12,321** | **5,851** |

| In millions of euros | 31 December 2015 | | | | | |
|---|---|---|---|---|---|---|
| | < 90 days | > 90 days < 180 days | > 180 days < 1 year | > 1 year | Total | Collateral received |
| Loans and receivables due from credit institutions | 164 | 15 | | | 179 | 315 |
| Loans and receivables due from customers | 13,433 | 466 | 263 | 308 | 14,470 | 7,793 |
| **Total past-due but not impaired loans** | **13,597** | **481** | **263** | **308** | **14,649** | **8,108** |

## • Doubtful loans

| In millions of euros | 31 December 2016 | | | |
|---|---|---|---|---|
| | Doubtful loans | | | Collateral received |
| | Gross value | Impairment | Net | |
| Available-for-sale financial assets (excl. variable-income securities) (note 4.c) | 99 | (78) | 21 | |
| Loans and receivables due from credit institutions (note 4.f) | 274 | (167) | 107 | 351 |
| Loans and receivables due from customers (note 4.g) | 41,779 | (23,924) | 17,855 | 11,981 |
| **Doubtful assets** | **42,152** | **(24,169)** | **17,983** | **12,332** |
| Financing commitments given | 1,055 | (29) | 1,026 | 1,058 |
| Guarantee commitments given | 1,374 | (349) | 1,025 | - |
| **Off-balance sheet doubtful commitments** | **2,429** | **(378)** | **2,051** | **1,058** |
| **Total** | **44,581** | **(24,547)** | **20,034** | **13,390** |

| In millions of euros | 31 December 2015 | | | |
|---|---|---|---|---|
| | Doubtful loans | | | Collateral received |
| | Gross value | Impairment | Net | |
| Available-for-sale financial assets (excl. variable-income securities) (note 4.c) | 131 | (75) | 56 | |
| Loans and receivables due from credit institutions (note 4.f) | 355 | (203) | 152 | 303 |
| Loans and receivables due from customers (note 4.g) | 41,251 | (22,730) | 18,521 | 11,814 |
| **Doubtful assets** | **41,737** | **(23,008)** | **18,729** | **12,117** |
| Financing commitments given | 619 | (32) | 587 | 515 |
| Guarantee commitments given | 1,002 | (285) | 717 | |
| **Off-balance sheet doubtful commitments** | **1,621** | **(317)** | **1,304** | **515** |
| **Total** | **43,358** | **(23,325)** | **20,033** | **12,632** |

## 4.i DEBT SECURITIES AND SUBORDINATED DEBT

This note covers all debt securities in issue and subordinated debt measured at amortised cost and designated as at fair value through profit or loss.

DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (note 4.a)

| Issuer / Issue date<br>In millions of euros | Currency | Original amount in foreign currency (millions) | Date of call or interest step-up | Interest rate | Interest step-up | Conditions precedent for coupon payment (1) | Amount (2) eligible to Tier 1 | Amount (2) eligible to Tier 2 | 31 December 2016 | 31 December 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Debt securities** | | | | | | | | | **47,710** | **46,330** |
| **Subordinated debt** | | | | | | | **162** | **166** | **1,012** | **1,382** |
| **- Redeemable subordinated debt** | | | (3) | | | | **-** | **166** | **424** | **473** |
| **- Perpetual subordinated debt** | | | | | | | **162** | **-** | **588** | **909** |
| BNP Paribas Fortis Dec. 2007 | EUR | 3,000 | Dec.-14 | 3-month Euribor +200 bp | | A | 162 | | 588 | 889 |
| Others | | | | | | | | - | - | 20 |

(1) Conditions precedent for coupon payment:

A Coupon payments are halted should the issuer have insufficient capital or the underwriters become insolvent or when the dividend declared for Ageas shares falls below a certain threshold.

(2) Given the eligibility criteria and prudential adjustments, including the own credit risk and amortisation of instruments.

(3) After agreement from the banking supervisory authority and at the issuer's initiative, these debt issues may contain a call provision authorising the Group to redeem the securities prior to maturity by repurchasing them in the stock market, via public tender offers, or in the case of private placements over the counter. Debt issued by BNP Paribas SA or foreign subsidiaries of the Group via placements in the international markets may be subject to early redemption of the capital and early payment of interest due at maturity at the issuer's discretion on or after a date stipulated in the issue particulars (call option), or in the event that changes in the applicable tax rules oblige the BNP Paribas Group issuer to compensate debt-holders for the consequences of such changes. Redemption may be subject to a notice period of between 15 and 60 days, and is in all cases subject to approval by the banking supervisory authorities.

The perpetual subordinated debt recognised at fair value through profit or loss mainly consists of Convertible And Subordinated Hybrid Equity-linked Securities (CASHES) issued by BNP Paribas Fortis (previously Fortis Banque) in December 2007.

The CASHES are perpetual securities but may be exchanged for Ageas (previously Fortis SA/NV) shares at the holder's sole discretion at a price of EUR 239.40. However, as of 19 December 2014, the CASHES will be automatically exchanged into Ageas shares if their price is equal to or higher than EUR 359.10 for twenty consecutive trading days. The principal amount will never be redeemed in cash. The rights of the CASHES holders are limited to the Ageas shares held by BNP Paribas Fortis and pledged to them.

Ageas and BNP Paribas Fortis have entered into a Relative Performance Note (RPN) contract, the value of which varies contractually so as to offset the impact on BNP Paribas Fortis of the relative difference between changes in the value of the CASHES and changes in the value of the Ageas shares.

On 7 May 2015, BNP Paribas and Ageas reached a new agreement which allows BNP Paribas to purchase outstanding CASHES under the condition that these are converted into Ageas shares, leading to a proportional settlement of the RPN. The agreement between Ageas and BNP Paribas expired on 31 December 2016.

On 24 July 2015, BNP Paribas obtained the prior agreement from the European Central Bank to proceed to purchase CASHES within a limit of EUR 200 million nominal amount. In 2016, this agreement was used for EUR 164 million, converted into Ageas shares.

On 8 July 2016, BNP Paribas obtained a new agreement from the European Central Bank to proceed to purchase CASHES within a limit of EUR 200 million nominal amount. This agreement supersedes the previous one.

As at 31 December 2016, the subordinated liability is eligible to Tier 1 capital for EUR 162 million (considering both the transitional period and this agreement).

Maturity schedule of medium and long-term debt securities and redeemable subordinated debt designated as at fair value through profit or loss with a maturity at issuance of more than one year, by contractual maturity:

| Maturity or call option date, in millions of euros | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 - 2026 | After 2026 | Total at 31 Dec. 2016 |
|---|---|---|---|---|---|---|---|---|
| Medium- and long-term debt securities | 11,658 | 6,443 | 6,051 | 6,476 | 4,877 | 8,375 | 3,830 | 47,710 |
| Redeemable subordinated debt | 262 | 43 | - | 67 | 10 | 20 | 22 | 424 |
| **Total** | **11,920** | **6,486** | **6,051** | **6,543** | **4,887** | **8,395** | **3,852** | **48,134** |

| Maturity or call option date, in millions of euros | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 - 2025 | After 2025 | Total at 31 Dec. 2015 |
|---|---|---|---|---|---|---|---|---|
| Medium- and long-term debt securities | 11,894 | 6,255 | 5,141 | 4,367 | 5,944 | 8,487 | 4,242 | 46,330 |
| Redeemable subordinated debt | 19 | 271 | 45 | - | 67 | 30 | 41 | 473 |
| **Total** | **11,913** | **6,526** | **5,186** | **4,367** | **6,011** | **8,517** | **4,283** | **46,803** |

## DEBT SECURITIES MEASURED AT AMORTISED COST

| Issuer / Issue date<br>In millions of euros | Currency | Original amount in foreign currency (millions) | Date of call or interest step-up | Interest rate | Interest step-up | Conditions precedent for coupon payment [1] | Amount [2] eligible to Tier 1 | Amount [2] eligible to Tier 2 | 31 December 2016 | 31 December 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Debt securities** | | | | | | | | | **153,422** | **159,447** |
| **- Debt securities in issue with an initial maturity of less than one year** | | | | | | | | | **78,726** | **80,488** |
| Negotiable debt securities | | | | | | | | | 78,726 | 80,488 |
| **- Debt securities in issue with an initial maturity of more than one year** | | | | | | | | | **74,696** | **78,959** |
| Negotiable debt securities | | | | | | | | | 70,379 | 70,918 |
| Bonds | | | | | | | | | 4,317 | 8,041 |
| **Subordinated debt** | | | | | | | **-** | **12,985** | **18,374** | **16,544** |
| **- Redeemable subordinated debt** | | | (3) | | | | **-** | **12,152** | **16,511** | **14,700** |
| **- Undated subordinated notes** | | | (3) | | | | **-** | **611** | **1,627** | **1,613** |
| BNP Paribas SA Oct. 85 | EUR | 305 | - | TMO - 0.25% | - | B | | 254 | 254 | 254 |
| BNP Paribas SA Sept. 86 | USD | 500 | - | 6 month-Libor + 0.075% | - | C | | 260 | 260 | 252 |
| BNP Paribas Cardif Nov. 14 | EUR | 1,000 | Nov. - 25 | 4.032% | 3-month Euribor + 393 bp | D | | | 1,000 | 1,000 |
| Others | | | | | | | | 97 | 113 | 107 |
| **- Participating notes** | | | | | | | **-** | **222** | **222** | **222** |
| BNP Paribas SA July 84 [4] | EUR | 337 | - | (5) | - | NA | | 215 | 215 | 215 |
| Others | | | | | | | | 7 | 7 | 7 |
| **- Expenses and commission, related debt** | | | | | | | **-** | **-** | **14** | **9** |

[1] Conditions precedent for coupon payment

B Payment of the interest is mandatory, unless the Board of Directors decides to postpone these payments after the Shareholders' General Meeting has officially noted that there is no income available for distribution, where this occurs within the 12-month period preceding the due date for payment of the interest. Interest payments are cumulative and are payable in full once dividend payments resume.

C Payment of the interest is mandatory, unless the Board of Directors decides to postpone these payments after the Shareholders' General Meeting in ordinary session has validated the decision not to pay out a dividend, where this occurs within the 12-month period preceding the due date for payment of the interest. Interest payments are cumulative and are payable in full once dividend payments resume. The bank has the option of resuming payment of interest arrears, even where no dividend is paid out.

D Payment of the interest is mandatory, except for cases of regulatory deficiency, in agreement with the regulator, or of suspension of payments. Interest payments are cumulative and are payable in full, once coupon payments resume, or, if these events occur before, when the issuance is redeemed or when the issuer is liquidated.

[2] Given the eligibility criteria and prudential adjustments, including amortisation of instruments.

[3] See reference relating to "Debt securities at fair value through profit or loss".

[4] The participating notes issued by BNP Paribas SA may be repurchased as provided for in the law of 3 January 1983. The number of notes in the market is 1,434,092.

[5] Depending on net income subject to a minimum of 85% of the TMO rate and a maximum of 130% of the TMO rate.

Maturity schedule of medium and long-term debt securities and redeemable subordinated debt carried at amortised cost with a maturity at issuance of more than one year, by contractual maturity:

| Maturity or call option date, in millions of euros | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 - 2026 | After 2026 | Total at 31 Dec. 2016 |
|---|---|---|---|---|---|---|---|---|
| Medium- and long-term debt securities | 16,490 | 7,580 | 7,699 | 9,596 | 10,561 | 20,622 | 2,148 | 74,696 |
| Redeemable subordinated debt | 4,170 | 548 | 216 | 27 | 8 | 9,170 | 2,372 | 16,511 |
| **Total** | **20,660** | **8,128** | **7,915** | **9,623** | **10,569** | **29,792** | **4,520** | **91,207** |

| Maturity or call option date, in millions of euros | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 - 2025 | After 2025 | Total at 31 Dec. 2015 |
|---|---|---|---|---|---|---|---|---|
| Medium- and long-term debt securities | 13,835 | 15,636 | 6,957 | 7,760 | 9,371 | 23,806 | 1,594 | 78,959 |
| Redeemable subordinated debt | 2,705 | 3,385 | 484 | 177 | 147 | 4,743 | 3,059 | 14,700 |
| **Total** | **16,540** | **19,021** | **7,441** | **7,937** | **9,518** | **28,549** | **4,653** | **93,659** |

## 4.j HELD-TO-MATURITY FINANCIAL ASSETS

| In millions of euros | 31 December 2016 | 31 December 2015 |
|---|---|---|
| Treasury bills and government bonds | 5,937 | 7,587 |
| Other fixed-income securities | 163 | 170 |
| **Total held-to-maturity financial assets** | **6,100** | **7,757** |

No held-to-maturity financial asset was impaired as at 31 December 2016, nor as at 31 December 2015.

Maturity schedule of held-to-maturity financial assets by contractual maturity:

| In millions of euros, at 31 December 2016 | < 1 month | 1 to 3 months | 3 months to 1 year | 1 to 5 years | More than 5 years | TOTAL |
|---|---|---|---|---|---|---|
| Held-to-maturity financial assets | - | 160 | 1,393 | 3,460 | 1,087 | **6,100** |

| In millions of euros, at 31 December 2015 | < 1 month | 1 to 3 months | 3 months to 1 year | 1 to 5 years | More than 5 years | TOTAL |
|---|---|---|---|---|---|---|
| Held-to-maturity financial assets | 141 | 187 | 1,460 | 4,456 | 1,513 | **7,757** |

## 4.k CURRENT AND DEFERRED TAXES

| In millions of euros | 31 December 2016 | 31 December 2015 |
|---|---|---|
| Current taxes | 1,869 | 1,487 |
| Deferred taxes | 6,097 | 6,378 |
| **Current and deferred tax assets** | **7,966** | **7,865** |
| Current taxes | 920 | 826 |
| Deferred taxes | 2,167 | 2,167 |
| **Current and deferred tax liabilities** | **3,087** | **2,993** |

Change in deferred tax over the period:

| In millions of euros | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|
| **Net deferred taxes at start of period** | **4,211** | **5,032** |
| Net losses arising from deferred taxes (note 2.i) | (729) | (907) |
| Changes in deferred taxes linked to changes in value and reversal through profit or loss of changes in value of available-for-sale financial assets, including those reclassified as loans and receivables | 241 | 89 |
| Changes in deferred taxes linked to changes in value and reversal through profit or loss of changes in value of cash flow hedge derivatives | 208 | 14 |
| Changes in deferred taxes linked to items recognised directly in equity that will not be reclassified to profit and loss | 98 | (199) |
| Effect of exchange rate, scope and other movements | (99) | 182 |
| **Net deferred taxes at end of period** | **3,930** | **4,211** |

Breakdown of deferred tax assets and liabilities by nature:

| In millions of euros | 31 December 2016 | 31 December 2015 |
|---|---|---|
| Available-for-sale financial assets, including those reclassified as loans and receivables | (978) | (1,219) |
| Unrealised finance lease reserve | (613) | (629) |
| Provisions for employee benefit obligations | 1,105 | 1,048 |
| Provisions for credit risk | 2,840 | 3,092 |
| Other items | (375) | (166) |
| Tax loss carryforwards | 1,951 | 2,085 |
| **Net deferred taxes** | **3,930** | **4,211** |
| Deferred tax assets | 6,097 | 6,378 |
| Deferred tax liabilities | (2,167) | (2,167) |

Unrecognised deferred tax assets totalled EUR 1,645 million at 31 December 2016 compared with EUR 2,177 million at 31 December 2015.

In order to determine the size of the tax loss carryforwards recognised as assets, the Group conducts every year a specific review for each relevant entity based on the applicable tax regime, notably incorporating any time limit rules, and a realistic projection of their future revenue and charges in line with their business plan.

Main entities with deferred tax assets recognised on tax loss carryforwards:

| In millions of euros | 31 December 2016 | Statutory time limit on carryforwards | Expected recovery period |
|---|---|---|---|
| BNP Paribas Fortis | 1,507 | unlimited | 6 years |
| BNP Paribas Securities Japan Ltd | 60 | 9 years | 5 years |
| Others | 384 | | |
| **Total deferred tax assets relating to tax loss carryforwards** | **1,951** | | |

## 4.l ACCRUED INCOME/EXPENSE AND OTHER ASSETS/LIABILITIES

| In millions of euros | 31 December 2016 | 31 December 2015 |
|---|---|---|
| Guarantee deposits and bank guarantees paid | 66,722 | 65,590 |
| Settlement accounts related to securities transactions | 14,584 | 11,798 |
| Collection accounts | 555 | 446 |
| Reinsurers' share of technical reserves | 2,866 | 2,909 |
| Accrued income and prepaid expenses | 5,618 | 5,062 |
| Other debtors and miscellaneous assets | 25,622 | 22,213 |
| **Total accrued income and other assets** | **115,967** | **108,018** |
| Guarantee deposits received | 54,249 | 50,284 |
| Settlement accounts related to securities transactions | 11,049 | 7,337 |
| Collection accounts | 695 | 1,085 |
| Accrued expense and deferred income | 7,674 | 7,697 |
| Other creditors and miscellaneous liabilities | 25,740 | 22,226 |
| **Total accrued expense and other liabilities** | **99,407** | **88,629** |

The movement in “Reinsurers’ share of technical reserves” breaks down as follows:

| In millions of euros | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|
| **Reinsurers' share of technical reserves at start of period** | **2,909** | **2,782** |
| Increase in technical reserves borne by reinsurers | 295 | 484 |
| Amounts received in respect of claims and benefits passed on to reinsurers | (378) | (358) |
| Effect of changes in exchange rates and scope of consolidation | 40 | 1 |
| **Reinsurers' share of technical reserves at end of period** | **2,866** | **2,909** |

## 4.m EQUITY-METHOD INVESTMENTS

Cumulated financial information of associates and joint ventures is presented in the following table:

| In millions of euros | Year to 31 Dec. 2016 | | | 31 December 2016 | Year to 31 Dec. 2015 | | | 31 December 2015 |
|---|---|---|---|---|---|---|---|---|
| | *Share of net income* | *Share of changes in assets and liabilities recognised directly in equity* | Share of net income and changes in assets and liabilities recognised directly in equity | Equity-method investments | *Share of net income* | *Share of changes in assets and liabilities recognised directly in equity* | Share of net income and changes in assets and liabilities recognised directly in equity | Equity-method investments |
| Joint ventures | *36* | *11* | 47 | 1,023 | *29* | *(38)* | (9) | 1,059 |
| Associates [(1)] | *597* | *(108)* | 489 | 5,887 | *560* | *158* | 718 | 5,837 |
| **Total equity-method entities** | ***633*** | ***(97)*** | **536** | **6,910** | ***589*** | ***120*** | **709** | **6,896** |

[(1)] Including controlled but non material entities consolidated under the equity method.

Financing and guarantee commitments given by the Group to joint ventures are listed in the note 7.h Other related parties.

The carrying amount of the Group's investment in the main joint ventures and associates is presented in the following table:

| In millions of euros | Country of registration | Activity | 31 December 2016 | | 31 December 2015 | |
|---|---|---|---|---|---|---|
| | | | Interest (%) | Equity-method investments | Interest (%) | Equity-method investments |
| **Joint ventures** | | | | | | |
| Bpost banque | Belgium | Retail banking | 50% | 366 | 50% | 366 |
| Union de Creditos Inmobiliarios | Spain | Retail mortgage | 50% | 267 | 50% | 273 |
| **Associates** | | | | | | |
| AG Insurance | Belgium | Insurance | 25% | 1,613 | 25% | 1,695 |
| Bank of Nanjing | China | Retail banking | 19% | 1,448 | 19% | 1,308 |

## 4.n PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS USED IN OPERATIONS, INVESTMENT PROPERTY

| In millions of euros | 31 December 2016 | | | 31 December 2015 | | |
|---|---|---|---|---|---|---|
| | Gross value | Accumulated depreciation, amortisation and impairment | Carrying amount | Gross value | Accumulated depreciation, amortisation and impairment | Carrying amount |
| **Investment property** | **2,203** | **(292)** | **1,911** | **1,895** | **(256)** | **1,639** |
| Land and buildings | 7,800 | (1,994) | 5,806 | 7,676 | (2,009) | 5,667 |
| Equipment, furniture and fixtures | 7,024 | (4,896) | 2,128 | 7,061 | (5,004) | 2,057 |
| Plant and equipment leased as lessor under operating leases | 18,649 | (5,063) | 13,586 | 17,486 | (4,959) | 12,527 |
| Other property, plant and equipment | 2,088 | (1,085) | 1,003 | 2,406 | (1,064) | 1,342 |
| **Property, plant and equipment** | **35,561** | **(13,038)** | **22,523** | **34,629** | **(13,036)** | **21,593** |
| Purchased software | 3,332 | (2,483) | 849 | 3,270 | (2,487) | 783 |
| Internally-developed software | 4,309 | (3,304) | 1,005 | 4,051 | (3,158) | 893 |
| Other intangible assets | 1,815 | (430) | 1,385 | 1,832 | (404) | 1,428 |
| **Intangible assets** | **9,456** | **(6,217)** | **3,239** | **9,153** | **(6,049)** | **3,104** |

- **Investment property**

Land and buildings leased by the Group as lessor under operating leases, and land and buildings held as investments in connection with the life insurance business, are recorded in “Investment property”.

The estimated fair value of investment property accounted for at amortised cost at 31 December 2016 is EUR 2,143 million, compared with EUR 1,846 million at 31 December 2015.

- **Operating leases**

Operating leases and investment property transactions are in certain cases subject to agreements providing for the following minimum future payments:

| In millions of euros | 31 December 2016 | 31 December 2015 |
|---|---|---|
| **Future minimum lease payments receivable under non-cancellable leases** | **5,676** | **5,650** |
| *Payments receivable within 1 year* | *2,503* | *2,539* |
| *Payments receivable after 1 year but within 5 years* | *3,121* | *3,053* |
| *Payments receivable beyond 5 years* | *52* | *58* |

Future minimum lease payments receivable under non-cancellable leases are payments that the lessee is required to make during the lease term.

- **Intangible assets**

Other intangible assets include leasehold rights, goodwill and trademarks acquired by the Group.

- **Depreciation, amortisation and impairment**

Net depreciation and amortisation expense for the year ended 31 December 2016 was EUR 1,713 million, compared with EUR 1,661 million for the year ended 31 December 2015.

The net decrease in impairment on property, plant, equipment and intangible assets taken to the profit and loss account in the year ended 31 December 2016 amounted to EUR 16 million, compared with EUR 7 million for the year ended 31 December 2015.

## 4.o GOODWILL

| In millions of euros | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|
| **Carrying amount at start of period** | **10,316** | **10,577** |
| Acquisitions | 55 | 296 |
| Divestments | (67) | (9) |
| Impairment recognised during the period | (182) | (993) |
| Exchange rate adjustments | 91 | 440 |
| Other movements | 3 | 5 |
| **Carrying amount at end of period** | **10,216** | **10,316** |
| Gross value | 13,012 | 13,031 |
| Accumulated impairment recognised at the end of period | (2,796) | (2,715) |

Goodwill by cash-generating unit is as follows:

| | Carrying amount | | Impairment recognised during the period | | Acquisitions during the period | |
|---|---|---|---|---|---|---|
| In millions of euros | 31 December 2016 | 31 December 2015 | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 | Year to 31 December 2016 | Year to 31 December 2015 |
| **Retail Banking & Services** | **9,070** | **9,141** | **(182)** | **(993)** | **55** | **268** |
| **Domestic Markets** | **1,269** | **1,275** | **-** | **(917)** | **55** | **248** |
| *Arval* | *509* | *581* | | | *(38)* | *245* |
| *BNL banca commerciale* | | | | *(917)* | | |
| *Leasing Solutions* | *136* | *139* | | | | |
| *Personal Investors* | *618* | *549* | | | *93* | *3* |
| *Others* | *6* | *6* | | | | |
| **International Financial Services** | **7,801** | **7,866** | **(182)** | **(76)** | **-** | **20** |
| *Insurance* | *296* | *298* | | | | *5* |
| *BancWest* | *4,728* | *4,581* | | | | |
| *Bank BGŻ BNP Paribas* | | *131* | *(127)* | | | *29* |
| *Investment Partners* | *177* | *177* | | | | |
| *Personal Finance* | *1,342* | *1,291* | | | | *(14)* |
| *Personal Finance - partnership tested individually* | *384* | *438* | *(54)* | | | |
| *Real Estate* | *370* | *377* | *(1)* | | | |
| *Turk Ekonomi Bankasi A.S* | *191* | *223* | | | | |
| *Wealth Management* | *276* | *319* | | *(76)* | | |
| *Others* | *37* | *31* | | | | |
| **Corporate & Institutional Banking** | **1,143** | **1,172** | **-** | **-** | **-** | **28** |
| *Corporate Banking* | *280* | *278* | | | | |
| *Global Markets* | *438* | *433* | | | | |
| *Securities Services* | *425* | *461* | | | | *28* |
| **Other Activities** | **3** | **3** | | | | |
| **Total goodwill** | **10,216** | **10,316** | **(182)** | **(993)** | **55** | **296** |
| **Change in value of goodwill recognised in the profit and loss account** | | | **(182)** | **(993)** | | |

The homogeneous groups of businesses to which goodwill is allocated are:

**Arval**: Specialist in vehicle long-term leasing, Arval offers corporates (from multinational companies to small business clients) tailored solutions that optimise their employees' mobility and outsource the risks associated with fleet management. Recently, clientele was expanded to include individuals.

**BNL banca commerciale:** Italy's 6th largest bank in terms of total assets and loans to customers. BNL bc provides a comprehensive range of banking, financial and insurance products and services to meet the needs of its diversified client base. BNL bc has a strong position in lending, especially residential mortgages. BNL bc also has a long-stand tradition in supporting large companies and local authorities, with a reputation in cross-border payments, project financing and structured finance, as well as factoring through its specialised subsidiary Ifitalia.

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

**Personal Investors**: BNP Paribas Personal Investors is a digital specialist of banking and investment services. Mainly based in Germany, Austria, Spain and India, it provides a wide range of banking, savings and long and short term investment services to individual clients via the internet, on mobile applications, on the phone and face-to-face. In addition to its activities destined to private clients, Personal Investors offers its services and IT platform to independent financial consultants and asset managers.

**Insurance**: BNP Paribas Cardif, a world leader in personal insurance, has designed, developed and marketed savings and protection products and services to protect individuals, their projects and their assets.

BNP Paribas Cardif has developed new forms of insurance and extended its offer of protection to health insurance, budget insurance, revenue and means of payment insurance, warranty extensions, non-life insurance, unemployment insurance, return-to-work assistance, protection of private digital data, etc.

**BancWest**: In the United States, the Retail Banking business is conducted through Bank of the West and First Hawaiian Bank. Bank of the West markets a very broad range of retail banking products and services to individuals, small businesses and corporate clients, through branches and offices in 19 States in western and mid-western America. It also has strong positions across the USA in several specialized lending activities, such as marine, recreational vehicles, church lending and agribusiness, and develops its commercial set up particularly in Corporate Bankung, Wealth Management and Small and Medium Enterprise businesses. First Hawaiian Bank is Hawaii's leading bank, offering banking services to a local clientele of private individuals and local and international corporates. In August 2016, the Group launched an Initial Public Offer on First Hawaiian Inc and holds as at 31 December 2016 82.6 % of its capital.

**Bank BGŻ BNP Paribas**: Bank BGŻ is a universal commercial bank, one of the leading banks in Poland. Its merger in 2015 with BNP Paribas Bank Polska SA led to the creation of Bank BGŻ BNP Paribas. The integration of these two entities continued in 2016 and the number of agencies in Poland reached 498 at the end of 2016.

**Investment Partners**: BNP Paribas Investment Partners is the dedicated asset management business line of the BNP Paribas Group and offers services to both private and institutional investors (through internal distributors – BNP Paribas private and retail banking – and external distributors) worldwide. To reinforce its local roots and adjust its offer to the specific needs of each client, BNP Paribas Investment Partners adopts a client-focused approach throughout a broad range of expertise (notably equities and bonds of developed markets, sustainable investment, emerging markets, multi-asset solutions).

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

**Real Estate**: BNP Paribas Real Estate serves the needs of its clients, whether institutional investors, corporates, public entities or individuals, at all stages of the life cycle of their property (from the conception of a construction project to its daily management).

**Turk Ekonomi Bankasi**: Present mostly in Turkey, Turk Ekonomi Bankasi offers its customers (Retail, Corporate and SME) a wide array of financial products and services, including retail and private banking, treasury and capital markets services, and financing.

**Wealth Management**: BNP Paribas Wealth Management encompasses the private banking activities of BNP Paribas and serves a clientele of wealthy individuals, shareholder families and entrepreneurs seeking a one-stop shop for all their wealth management and financial needs.

**Corporate Banking:** Corporate Banking combines financing solutions to corporates, all transaction banking products, corporate finance advisory services in mergers and acquisitions and primary equity activities.

**Global Markets**: Global Markets provides investment, hedging, financing and research services across asset classes, to corporate and institutional clients – as well as private and retail banking networks. The sustainable, long-term business model of Global Markets connects clients to capital markets throughout EMEA (Europe, Middle East & Africa), Asia Pacific and the Americas, with innovative solutions and digital platforms. Global Markets includes activities of Fixed Income, Currencies & Commodities and Equity & Prime Services.

**Securities Services**: BNP Paribas Securities Services is one of the major global players in securities services and provides integrated solutions for all actors involved in the investment cycle, sell side, buy side and issuers.

Goodwill impairment tests are based on three different methods: observation of transactions related to comparable businesses, share price data for listed companies with comparable businesses, and discounted future cash flows (DCF).

If one of the two comparables-based methods indicates the need for impairment, the DCF method is used to validate the results and determine the amount of impairment required.

The DCF method is based on a number of assumptions in terms of future revenues, expenses and cost of risk (cash flows) based on medium-term business plans over a period of five years. Cash flow projections beyond the 5-year forecast period are based on a growth rate to perpetuity and are normalised when the short-term environment does not reflect the normal conditions of the economic cycle.

The key parameters which are sensitive to the assumptions made are the cost of capital, the cost/income ratio, the cost of risk and the growth rate to perpetuity.

Cost of capital is determined on the basis of a risk-free rate, an observed market risk premium weighted by a risk factor based on comparables specific to each homogeneous group of businesses. The values of these parameters are obtained from external information sources.

Allocated capital is determined for each homogeneous group of businesses based on the "Common Equity Tier One" regulatory requirements for the legal entity to which the homogeneous group of businesses belongs, with a minimum of 7%.

The growth rate to perpetuity used is 2% for mature economies. For CGUs implemented in countries with high levels of inflation, a specific add-on is taken into account (calculated according to inflation rates disclosed by external sources).

The following table shows the sensitivity of cash generating unit valuations to changes in the value of parameters used in the DCF calculation: the cost of capital, the cost/income ratio in terminal value, the cost of risk in terminal value and the growth rate to perpetuity.

In consideration of the increased regulatory capital requirements for BNL banca commerciale, the goodwill allocated to the BNL bc homogeneous group (EUR 917 million) had been impaired in its entirety in 2015.

In consideration of additional banking levies in Poland and the increase in regulatory capital requirements for BGZ, the allocated goodwill has been impaired in its entirety in 2016 (EUR 127 million).

- **Sensitivity of the main goodwill valuations to a 10-basis point change in the cost of capital, a 1% change in the cost/income ratio in terminal value, a 5 % change of the cost of risk in terminal value and a 50-basis point change in the growth rate to perpetuity**

| In millions of euros | BancWest | Personal Finance |
|---|---|---|
| **Cost of capital** | **7.4%** | **9.3%** |
| Adverse change (+10 basis points) | (172) | (197) |
| Positive change (- 10 basis points) | 179 | 203 |
| **Cost/income ratio** | **60.6%** | **47.4%** |
| Adverse change (+ 1 %) | (367) | (594) |
| Positive change (-1 %) | 367 | 594 |
| **Cost of risk** | **(220)** | **(1,504)** |
| Adverse change (+ 5 %) | (99) | (470) |
| Positive change (- 5 %) | 99 | 470 |
| **Growth rate to perpetuity** | **2.0%** | **2.2%** |
| Adverse change (-50 basis points) | (332) | (501) |
| Positive change (+50 basis points) | 400 | 578 |

For the BancWest and Personal Finance homogeneous groups of businesses, there would be no grounds for goodwill impairment even if the four most adverse scenarios contained in the table were applied to the impairment test.

# 4.p TECHNICAL RESERVES OF INSURANCE COMPANIES

| In millions of euros | 31 December 2016 | 31 December 2015 |
|---|---|---|
| **Liabilities related to insurance contracts** | **141,368** | **135,664** |
| Gross technical reserves | | |
| Unit-linked contracts | 52,314 | 50,082 |
| Other insurance contracts | 89,054 | 85,582 |
| **Liabilities related to financial contracts with discretionary participation feature** | **34,719** | **33,516** |
| **Policyholders' surplus reserve - liability** | **17,539** | **15,863** |
| **Total technical reserves of insurance companies** | **193,626** | **185,043** |
| Liabilities related to unit-linked financial contracts (1) | 3,624 | 2,259 |
| **Total liabilities related to contracts written by insurance companies** | **197,250** | **187,302** |

(1) Liabilities related to unit-linked financial contracts are included in "Due to customers" (note 4.g)

The policyholders' surplus reserve arises from the application of shadow accounting. It represents the interest of policyholders within French and Italian life insurance subsidiaries in unrealised gains and losses and impairment losses on assets where the benefit paid under the policy is linked to the return on those assets. It is obtained from stochastic calculations modelling the unrealised gains and losses attributable to policyholders based on economic scenarios and assumptions as regards rates paid to customers and new business inflows. For France, this resulted in an interest of 90% in 2016, unchanged from 2015.

The movement in liabilities related to insurance contracts breaks down as follows:

| In millions of euros | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|
| **Liabilities related to insurance contracts at start of period** | **187,302** | **177,648** |
| Additions to insurance contract technical reserves and deposits taken on financial contracts related to life insurance | 23,098 | 22,040 |
| Claims and benefits paid | (14,694) | (14,874) |
| Effect of changes in value of admissible investments related to unit-linked business | 979 | 2,143 |
| Effect of movements in exchange rates | 474 | 300 |
| Effect of changes in the scope of consolidation | 91 | 45 |
| **Liabilities related to insurance contracts at end of period** | **197,250** | **187,302** |

See note 4.l for details of reinsurers' share of technical reserves.

# 4.q PROVISIONS FOR CONTINGENCIES AND CHARGES

## • Provisions for contingencies and charges by type

| In millions of euros | 31 Dec. 2015 | Net additions to provisions | Provisions used | Changes in value recognised directly in equity | Effect of movements in exchange rates and other movements | 31 Dec. 2016 |
|---|---|---|---|---|---|---|
| **Provisions for employee benefits** | **6,681** | **995** | **(780)** | **323** | **(30)** | **7,189** |
| of which post-employment benefits (note 6.b) | 4,497 | (13) | (192) | 311 | (13) | 4,590 |
| of which post-employment healthcare benefits (note 6.b) | 150 | (8) | | 12 | 1 | 155 |
| of which provision for other long-term benefits (note 6.c) | 1,182 | 317 | (219) | | (13) | 1,267 |
| of which provision for voluntary departure, early retirement plans, and headcount adaptation plan (note 6.d) | 342 | 233 | (75) | | (5) | 495 |
| of which provision for share-based payments (note 6.e) | 510 | 466 | (294) | | | 682 |
| **Provisions for home savings accounts and plans** | **169** | **5** | **-** | | **-** | **174** |
| **Provisions for credit commitments (note 2.g)** | **975** | **56** | **(48)** | | **15** | **998** |
| **Provisions for litigations** | **1,590** | **297** | **(227)** | | **(25)** | **1,635** |
| **Other provisions for contingencies and charges** | **1,930** | **188** | **(315)** | | **2** | **1,805** |
| **Total provisions for contingencies and charges** | **11,345** | **1,541** | **(1,370)** | **323** | **(38)** | **11,801** |

## • Provisions and discount for home savings accounts and plans

| In millions of euros | 31 December 2016 | 31 December 2015 |
|---|---|---|
| **Deposits collected under home savings accounts and plans** | **17,938** | **17,429** |
| of which deposits collected under home savings plans | 15,663 | 15,016 |
| *Aged more than 10 years* | *3,230* | *3,424* |
| *Aged between 4 and 10 years* | *5,645* | *4,503* |
| *Aged less than 4 years* | *6,788* | *7,089* |
| **Outstanding loans granted under home savings accounts and plans** | **112** | **164** |
| of which loans granted under home savings plans | 19 | 29 |
| **Provisions and discount recognised for home savings accounts and plans** | **176** | **172** |
| provisions recognised for home savings plans | 172 | 166 |
| provisions recognised for home savings accounts | 2 | 3 |
| discount recognised for home savings accounts and plans | 2 | 3 |

## 4.r OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The following tables present the amounts of financial assets and liabilities before and after offsetting. This information, required by IFRS 7, aims to enable the comparability with the accounting treatment applicable in accordance with generally accepted accounting principles in the United States (US GAAP), which are less restrictive than IAS 32 as regards offsetting.

"Amounts set off on the balance sheet" have been determined according to IAS 32. Thus, a financial asset and a financial liability are offset and the net amount presented on the balance sheet when, and only when, the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Amounts set off derive mainly from repurchase agreements and derivative instruments traded with clearing houses.

The "impacts of master netting agreements and similar agreements" are relative to outstanding amounts of transactions within an enforceable agreement, which do not meet the offsetting criteria defined by IAS 32. This is the case of transactions for which offsetting can only be performed in case of default, insolvency or bankruptcy of one of the contracting parties.

"Financial instruments given or received as collateral" include guarantee deposits and securities collateral recognised at fair value. These guarantees can only be exercised in case of default, insolvency or bankruptcy of one of the contracting parties.

Regarding master netting agreements, the guarantee deposits received or given in compensation for the positive or negative fair values of financial instruments are recognised in the balance sheet in accrued income or expenses and other assets or liabilities.

| In millions of euros, at 31 December 2016 | Gross amounts of financial assets | Gross amounts set off on the balance sheet | Net amounts presented on the balance sheet | Impact of Master Netting Agreements (MNA) and similar agreements | Financial instruments received as collateral | Net amounts |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Financial instruments at fair value through profit or loss | | | | | | |
| Trading securities | 123,679 | | 123,679 | | | 123,679 |
| Loans | 525 | | 525 | | | 525 |
| Repurchase agreements | 274,012 | (122,295) | 151,717 | (26,537) | (121,424) | 3,756 |
| Instruments designated as at fair value through profit or loss | 87,734 | (90) | 87,644 | | | 87,644 |
| Derivative financial instruments (including derivatives used for hedging purposes) | 481,412 | (135,117) | 346,295 | (267,679) | (35,163) | 43,453 |
| Loans and receivables due from customers and credit institutions | 760,831 | (1,187) | 759,644 | (900) | (4,118) | 754,626 |
| *of which repurchase agreements* | *5,145* | | *5,145* | *(900)* | *(4,118)* | *127* |
| Accrued income and other assets | 117,254 | (1,287) | 115,967 | | (33,090) | 82,877 |
| *of which guarantee deposits paid* | *66,722* | | *66,722* | | *(33,090)* | *33,632* |
| Other assets not subject to offsetting | 491,488 | | 491,488 | | | 491,488 |
| **TOTAL ASSETS** | **2,336,935** | **(259,976)** | **2,076,959** | **(295,116)** | **(193,795)** | **1,588,048** |

| In millions of euros, at 31 December 2016 | Gross amounts of financial liabilities | Gross amounts set off on the balance sheet | Net amounts presented on the balance sheet | Impact of Master Netting Agreements (MNA) and similar agreements | Financial instruments given as collateral | Net amounts |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| Financial instruments at fair value through profit or loss | | | | | | |
| Trading securities | 70,326 | | 70,326 | | | 70,326 |
| Borrowings | 4,190 | | 4,190 | | | 4,190 |
| Repurchase agreements | 301,311 | (122,295) | 179,016 | (26,397) | (150,329) | 2,290 |
| Instruments designated as at fair value through profit or loss | 54,166 | (90) | 54,076 | | | 54,076 |
| Derivative financial instruments (including derivatives used for hedging purposes) | 473,483 | (135,117) | 338,366 | (267,679) | (35,230) | 35,457 |
| Due to customers and to credit institutions | 842,800 | (1,187) | 841,613 | (1,040) | (5,924) | 834,649 |
| *of which repurchase agreements* | *7,054* | | *7,054* | *(1,040)* | *(5,924)* | *90* |
| Accrued expense and other liabilities | 100,694 | (1,287) | 99,407 | | (30,918) | 68,489 |
| *of which guarantee deposits received* | *54,249* | | *54,249* | | *(30,918)* | *23,331* |
| Other liabilities not subject to offsetting | 384,745 | | 384,745 | | | 384,745 |
| **TOTAL LIABILITIES** | **2,231,715** | **(259,976)** | **1,971,739** | **(295,116)** | **(222,401)** | **1,454,222** |

| In millions of euros, at 31 December 2015 | Gross amounts of financial assets | Gross amounts set off on the balance sheet | Net amounts presented on the balance sheet | Impact of Master Netting Agreements (MNA) and similar agreements | Financial instruments received as collateral | Net amounts |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Financial instruments at fair value through profit or loss | | | | | | |
| Trading securities | 133,500 | | 133,500 | | | 133,500 |
| Loans | 433 | | 433 | | | 433 |
| Repurchase agreements | 252,675 | (121,325) | 131,350 | (19,161) | (111,526) | 663 |
| Instruments designated as at fair value through profit or loss | 83,076 | | 83,076 | | | 83,076 |
| Derivative financial instruments (including derivatives used for hedging purposes) | 486,881 | (132,194) | 354,687 | (272,364) | (34,620) | 47,703 |
| Loans and receivables due from customers and credit institutions | 727,212 | (1,288) | 725,924 | (1,165) | (6,784) | 717,975 |
| *of which repurchase agreements* | *7,990* | | *7,990* | *(1,165)* | *(6,784)* | *41* |
| Accrued income and other assets | 108,703 | (685) | 108,018 | | (38,335) | 69,683 |
| *of which guarantee deposits paid* | *65,590* | | *65,590* | | *(38,335)* | *27,255* |
| Other assets not subject to offsetting | 457,205 | | 457,205 | | | 457,205 |
| **TOTAL ASSETS** | **2,249,685** | **(255,492)** | **1,994,193** | **(292,690)** | **(191,265)** | **1,510,238** |

| In millions of euros, at 31 December 2015 | Gross amounts of financial liabilities | Gross amounts set off on the balance sheet | Net amounts presented on the balance sheet | Impact of Master Netting Agreements (MNA) and similar agreements | Financial instruments given as collateral | Net amounts |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| Financial instruments at fair value through profit or loss | | | | | | |
| Trading securities | 82,544 | | 82,544 | | | 82,544 |
| Borrowings | 3,893 | | 3,893 | | | 3,893 |
| Repurchase agreements | 274,203 | (121,325) | 152,878 | (18,996) | (130,494) | 3,388 |
| Instruments designated as at fair value through profit or loss | 53,118 | | 53,118 | | | 53,118 |
| Derivative financial instruments (including derivatives used for hedging purposes) | 479,090 | (132,194) | 346,896 | (272,364) | (38,496) | 36,036 |
| Due to customers and to credit institutions | 785,743 | (1,288) | 784,455 | (1,330) | (9,136) | 773,989 |
| *of which repurchase agreements* | *10,703* | | *10,703* | *(1,330)* | *(9,136)* | *237* |
| Accrued expense and other liabilities | 89,314 | (685) | 88,629 | | (34,730) | 53,899 |
| *of which guarantee deposits received* | *50,284* | | *50,284* | | *(34,730)* | *15,554* |
| Other liabilities not subject to offsetting | 381,703 | | 381,703 | | | 381,703 |
| **TOTAL LIABILITIES** | **2,149,608** | **(255,492)** | **1,894,116** | **(292,690)** | **(212,856)** | **1,388,570** |

## 4.s Transfers of financial assets

Financial assets that have been transferred but not derecognised by the Group are mainly composed of securities sold temporarily under repurchase agreements or securities lending transactions, as well as securitised assets. The liabilities associated to securities temporarily sold under repurchase agreements consist of debts recognised under the "repurchase agreements" heading. The liabilities associated to securitised assets consist of the securitisation notes purchased by third parties.

- **Securities lending, repurchase agreements and other transactions:**

| | 31 December 2016 | | 31 December 2015 | |
|---|---|---|---|---|
| In millions of euros, at | Carrying amount of transferred assets | Carrying amount of associated liabilities | Carrying amount of transferred assets | Carrying amount of associated liabilities |
| **Securities lending operations** | | | | |
| Securities at fair value through profit or loss | 2,800 | | 3,870 | |
| Securities classified as loans and receivables | - | | 12 | |
| Available-for-sale financial assets | 5,546 | | 2,970 | |
| **Repurchase agreements** | | | | |
| Securities at fair value through profit or loss | 39,642 | 38,121 | 39,631 | 38,602 |
| Securities classified as loans and receivables | 356 | 314 | 1,093 | 1,090 |
| Available-for-sale financial assets | 8,967 | 8,960 | 10,373 | 10,356 |
| **Other transactions** | | | | |
| Securities at fair value through profit or loss | 195 | 195 | 327 | 327 |
| **Total** | **57,506** | **47,590** | **58,276** | **50,375** |

- **Securitisation transactions partially refinanced by external investors, whose recourse is limited to the transferred assets:**

| In millions of euros, at 31 December 2016 | Carrying amount of transferred assets | Carrying amount of associated liabilities | Fair value of transferred assets | Fair value of associated liabilities | Net position |
|---|---|---|---|---|---|
| **Securitisation** | | | | | |
| Loans and receivables | 15,002 | 13,596 | 15,477 | 13,617 | 1,860 |
| Available-for-sale financial assets | 277 | 131 | 279 | 127 | 152 |
| **Total** | **15,279** | **13,727** | **15,756** | **13,744** | **2,012** |

| In millions of euros, at 31 December 2015 | Carrying amount of transferred assets | Carrying amount of associated liabilities | Fair value of transferred assets | Fair value of associated liabilities | Net position |
|---|---|---|---|---|---|
| **Securitisation** | | | | | |
| Loans and receivables | 16,189 | 15,088 | 16,839 | 15,242 | 1,597 |
| Available-for-sale financial assets | 298 | 295 | 299 | 299 | - |
| **Total** | **16,487** | **15,383** | **17,138** | **15,541** | **1,597** |

There have been no significant transfers leading to partial or full derecognition of the financial assets where the Bank has a continuing involvement in them.

# 5. FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS

## 5.a FINANCING COMMITMENTS GIVEN OR RECEIVED

Contractual value of financing commitments given and received by the Group:

| In millions of euros | 31 December 2016 | 31 December 2015 |
|---|---|---|
| **Financing commitments given** | | |
| **- to credit institutions** | **3,833** | **5,879** |
| **- to customers** | **283,326** | **269,937** |
| Confirmed financing commitments | 219,320 | 209,425 |
| Other commitments given to customers | 64,006 | 60,512 |
| **Total financing commitments given** | **287,159** | **275,816** |
| **Financing commitments received** | | |
| **- from credit institutions** | **106,964** | **100,343** |
| **- from customers** | **2,145** | **1,601** |
| **Total financing commitments received** | **109,109** | **101,944** |

## 5.b GUARANTEE COMMITMENTS GIVEN BY SIGNATURE

| In millions of euros | 31 December 2016 | 31 December 2015 |
|---|---|---|
| **Guarantee commitments given** | | |
| **- to credit institutions** | **11,696** | **11,995** |
| **- to customers** | **117,281** | **109,892** |
| Property guarantees | 1,392 | 1,206 |
| Sureties provided to tax and other authorities, other sureties | 46,661 | 45,813 |
| Other guarantees | 69,228 | 62,873 |
| **Total guarantee commitments given** | **128,977** | **121,887** |

## 5.c OTHER GUARANTEE COMMITMENTS

- **Financial instruments given as collateral:**

| In millions of euros | 31 December 2016 | 31 December 2015 |
|---|---|---|
| **Financial instruments (negotiable securities and private receivables) lodged with central banks and eligible for use at any time as collateral for refinancing transactions after haircut** | **121,349** | **113,192** |
| - Used as collateral with central banks | 22,529 | 20,153 |
| - Available for refinancing transactions | 98,820 | 93,039 |
| **Securities sold under repurchase agreements** | **322,308** | **275,497** |
| **Other financial assets pledged as collateral for transactions with credit institutions, financial customers or subscribers of covered bonds issued by the Group (1)** | **141,674** | **120,871** |

(1) Notably including "Société de Financement de l'Économie Française" and "Caisse de Refinancement de l'Habitat" financing.

Financial instruments given as collateral by the Group that the beneficiary is authorised to sell or reuse as collateral amounted to EUR 428,421 million at 31 December 2016 (EUR 357,722 million at 31 December 2015).

- **Financial instruments received as collateral:**

| In millions of euros | 31 December 2016 | 31 December 2015 |
|---|---|---|
| **Financial instruments received as collateral (excluding repurchase agreements)** | **114,550** | **83,649** |
| *of which instruments that the Group is authorised to sell and reuse as collateral* | *90,959* | *59,817* |
| **Securities received under repurchase agreements** | **288,087** | **266,093** |

The financial instruments received as collateral or under repurchase agreements that the Group effectively sold or reused as collateral amounted to EUR 245,149 million at 31 December 2016 (compared with EUR 207,333 million at 31 December 2015).

# 6. SALARIES AND EMPLOYEE BENEFITS

## 6.a SALARY AND EMPLOYEE BENEFIT EXPENSE

| In millions of euros | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|
| Fixed and variable remuneration, incentive bonuses and profit-sharing | 12,067 | 11,882 |
| Employee benefit expense | 3,787 | 3,660 |
| Payroll taxes | 548 | 519 |
| **Total salary and employee benefit expense** | **16,402** | **16,061** |

## 6.b POST-EMPLOYMENT BENEFITS

IAS 19 distinguishes between two categories of plans, each handled differently depending on the risk incurred by the entity. When the entity is committed to paying a fixed amount, stated as a percentage of the beneficiary's annual salary, for example, to an external entity handling payment of the benefits based on the assets available for each plan member, it is described as a defined-contribution plan. Conversely, when the entity's obligation is to manage the financial assets funded through the collection of contributions from employees and to bear the cost of benefits itself or to guarantee the final amount subject to future events, it is described as a defined-benefit plan. The same applies, if the entity entrusts management of the collection of premiums and payment of benefits to a separate entity, but retains the risk arising from management of the assets and/or from future changes in the benefits.

- **Defined-contribution pension plans for Group entities**

The BNP Paribas Group has implemented over the past few years a wide campaign of converting defined-benefit plans into defined-contribution plans.

Thus, in France, the BNP Paribas Group pays contributions to various nationwide basic and top-up pension schemes. BNP Paribas SA and certain subsidiaries have set up a funded pension plan under a company-wide agreement. Under this plan, employees will receive an annuity on retirement in addition to the pension paid by nationwide schemes.

Since defined-benefit plans have been closed to new employees in most countries outside France, they are offered the benefit of joining defined-contribution pension plans.

The amount paid into defined-contribution post-employment plans for the year to 31 December 2016 was EUR 604 million, compared with EUR 606 million for the year to 31 December 2015.

The breakdown by major contributors is determined as follows:

| Contribution amount<br>In millions of euros | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|
| France | 306 | 299 |
| Italy | 62 | 60 |
| UK | 51 | 57 |
| USA | 43 | 38 |
| Turkey | 43 | 43 |
| Others | 99 | 109 |
| **TOTAL** | **604** | **606** |

In Italy, the plan introduced by BNL is funded by employer contributions (4% of salaries) and employee contributions (2% of salaries). Employees can also make additional voluntary contributions.

In the United Kingdom, the employer contributes 12% of salaries for the majority of employees; employees can make additional voluntary contributions.

In the US, the bank matches the voluntary contributions made by employees, within certain limits.

- **Main defined-benefit pension plans for Group entities, of which indemnities payable on retirement**

- Defined-benefit plans

In Belgium, BNP Paribas Fortis funds a defined-benefit plan, based on final salary and number of years of service, for its management and employees who joined the bank before its pension plans were harmonised on 1 January 2002. Actuarial liabilities under this scheme are pre-funded at 94 % at 31 December 2016 (compared with 97 % at 31 December 2015) through AG Insurance, in which the BNP Paribas Group owns a 25% equity interest.

BNP Paribas Fortis senior managers are covered by a top-up pension plan, paying a lump sum based on the number of years of service and final salary. This plan is pre-funded at 83 % as at 31 December 2016 (85 % at 31 December 2015) through AXA Belgium and AG Insurance. Since 1 January 2015, senior managers benefit from a defined-contribution scheme.

The other employees benefit as well from the defined-contribution scheme.

Since there is a legal obligation for the employer to guarantee a minimum return on financial assets invested under defined-benefit pension plans, a provision was recognised for these defined-contribution schemes, as this guarantee is not entirely covered by the insurance company.

In France, BNP Paribas pays a top-up banking industry pension arising from rights acquired to 31 December 1993 by retired employees and active employees in service at that date. At 31 December 2016, the Group's residual obligations for employees of BNP origin were recognised on the balance sheet in full.

The defined-benefit plans previously granted to Group executives formerly employed by BNP, Paribas or Compagnie Bancaire have all been closed to new employees and converted into top-up type schemes. The amounts allocated to residual beneficiaries, subject to their presence within the Group at retirement, were fixed when these schemes were closed. At 31 December 2016, 96 % of these pension plans were funded through insurance companies (93 % at 31 December 2015).

In the United Kingdom, defined-benefit pension plans (pension funds) still exist but are closed to new employees. Under these plans, the defined pension is generally based on final salary and number of years of service. Pension schemes are managed by independent management bodies (Trustees). At 31 December 2016, obligations for all UK entities were 107 % covered by financial assets, compared with 109 % at 31 December 2015.

In Switzerland, liabilities relate to top-up pension plans based on the principle of defined-contribution schemes with guaranteed returns, paying an annuity under pre-defined terms. These schemes are managed by a foundation. At the end of 2016, obligations were 85 % covered by financial assets, compared with 88 % at the end of 2015.

In the United States, defined-benefit pension plans are based on annual vesting rights to a lump sum comprising a pension expressed as a percentage of annual salary and paying interest at a pre-defined rate. These plans are closed to new entrants and have offered almost no new vesting rights since 2012. At 31 December 2016, the obligation was 66 % covered by financial assets, (70 % at 31 December 2015).

In Turkey, the pension plan replaces the national pension scheme (these obligations are measured based on the terms of the eventual transfer to the Turkish State) and offers guarantees exceeding the minimal legal requirements. At the end of 2016, obligations under this plan are fully funded by financial assets held with an external foundation; these financial assets exceed the related obligations, but this surplus is not recognised as an asset by the Group.

- Other post-employment benefits

Group employees also receive various other contractual post-employment benefits, such as indemnities payable on retirement, determined according to minimal legal requirements (Labour Code, collective agreements) or according to specific company-level agreements.

In France, the obligations for these benefits are funded through a contract held with a third-party insurer. At 31 December 2016, this obligation was 92 % covered by financial assets, compared with 85 % at 31 December 2015.

In other countries, the gross obligations of the Group related to these benefits are mainly concentrated in Italy. They are representative of rights vested up to 31 December 2006, when pension reforms changed Italian termination indemnity schemes into defined-contribution plans.

- **Obligations under defined-benefit plans and other post-employment benefits**

- Assets and liabilities recognised on the balance sheet

| In millions of euros, at 31 December 2016 | *Defined-benefit obligation arising from wholly or partially funded plans* | *Defined-benefit obligation arising from unfunded plans* | Present value of defined-benefit obligation | Fair value of plan assets | Fair value of reimbursement rights [1] | Effect of asset ceiling | Net obligation | *of which asset recognised in the balance sheet for defined-benefit plans* | *of which net assets of defined-benefit plans* | *of which fair value of reimbursement rights* | *of which obligation recognised in the balance sheet for defined-benefit plans* |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Belgium | *3,125* | *19* | 3,144 | (52) | (2,877) | | 215 | (2,877) | | *(2,877)* | 3,092 |
| France | *1,327* | *125* | 1,452 | (1,227) | | | 225 | | | | 225 |
| UK | *1,678* | *1* | 1,679 | (1,797) | | | (118) | (133) | *(133)* | | 15 |
| Switzerland | *1,143* | *12* | 1,155 | (972) | | | 183 | | | | 183 |
| USA | *704* | *203* | 907 | (589) | | | 318 | (4) | *(4)* | | 322 |
| Italy | | *387* | 387 | | | | 387 | | | | 387 |
| Turkey | *270* | *35* | 305 | (460) | | 190 | 35 | | | | 35 |
| Others | *604* | *198* | 802 | (475) | (49) | | 278 | (53) | *(4)* | *(49)* | 331 |
| **TOTAL** | ***8,851*** | ***980*** | **9,831** | **(5,572)** | **(2,926)** | **190** | **1,523** | **(3,067)** | ***(141)*** | ***(2,926)*** | **4,590** |

| In millions of euros, at 31 December 2015 | *Defined-benefit obligation arising from wholly or partially funded plans* | *Defined-benefit obligation arising from unfunded plans* | Present value of defined-benefit obligation | Fair value of plan assets | Fair value of reimbursement rights [1] | Effect of asset ceiling | Net obligation | *of which asset recognised in the balance sheet for defined-benefit plans* | *of which net assets of defined-benefit plans* | *of which fair value of reimbursement rights* | *of which obligation recognised in the balance sheet for defined-benefit plans* |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Belgium | *3,011* | *17* | 3,028 | (38) | (2,912) | | 78 | (2,912) | | *(2,912)* | 2,990 |
| France | *1,422* | *134* | 1,556 | (1,224) | | | 332 | | | | 332 |
| UK | *1,460* | *1* | 1,461 | (1,587) | | | (126) | (131) | *(131)* | | 5 |
| Switzerland | *1,080* | *14* | 1,094 | (954) | | | 140 | | | | 140 |
| USA | *681* | *179* | 860 | (604) | | | 256 | (2) | *(2)* | | 258 |
| Italy | | *390* | 390 | | | | 390 | | | | 390 |
| Turkey | *281* | *32* | 313 | (484) | | 203 | 32 | | | | 32 |
| Others | *591* | *228* | 819 | (474) | (27) | | 318 | (32) | *(5)* | *(27)* | 350 |
| **TOTAL** | ***8,526*** | ***995*** | **9,521** | **(5,365)** | **(2,939)** | **203** | **1,420** | **(3,077)** | ***(138)*** | ***(2,939)*** | **4,497** |

[1] The reimbursement rights are principally found on the balance sheet of the Group's insurance subsidiaries and associated companies - notably AG Insurance with respect to BNP Paribas Fortis' defined-benefit plan - to hedge their commitments to other Group entities that were transferred to them to cover the post-employment benefits of certain employee categories.

- Change in the present value of the defined-benefit obligation

| In millions of euros | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|
| **Present value of defined-benefit obligation at start of period** | **9,521** | **9,604** |
| Current service cost | 270 | 293 |
| Interest cost | 201 | 181 |
| Past service cost | (36) | (5) |
| Settlements | (65) | - |
| Actuarial (gains)/losses on change in demographic assumptions | 7 | 22 |
| Actuarial (gains)/losses on change in financial assumptions | 734 | (346) |
| Actuarial (gains)/losses on experience gaps | (86) | (1) |
| Actual employee contributions | 24 | 24 |
| Benefits paid directly by the employer | (112) | (123) |
| Benefits paid from assets/reimbursement rights | (441) | (477) |
| Exchange rate (gains)/losses on obligation | (229) | 241 |
| (Gains)/losses on obligation related to changes in the consolidation scope | 43 | 108 |
| **Present value of defined-benefit obligation at end of period** | **9,831** | **9,521** |

- Change in the fair value of plan assets and reimbursement rights

| | Plan assets | | Reimbursement rights | |
|---|---|---|---|---|
| In millions of euros | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
| **Fair value of assets at start of period** | **5,365** | **5,094** | **2,939** | **2,802** |
| Expected return on assets | 137 | 126 | 55 | 40 |
| Settlements | (57) | | | |
| Actuarial gains/(losses) on assets | 392 | 99 | 18 | 184 |
| Actual employee contributions | 14 | 14 | 10 | 10 |
| Employer contributions | 206 | 112 | 94 | 114 |
| Benefits paid from assets | (234) | (264) | (207) | (213) |
| Exchange rate gains/(losses) on assets | (287) | 179 | | |
| Gains/(losses) on assets related to changes in the consolidation scope | 37 | 4 | 17 | 3 |
| Others | (1) | 1 | | (1) |
| **Fair value of assets at end of period** | **5,572** | **5,365** | **2,926** | **2,939** |

- Components of the cost of defined-benefit plans

| In millions of euros | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|
| **Service costs** | **226** | **288** |
| Current service cost | 270 | 293 |
| Past service cost | (36) | (5) |
| Settlements | (8) | - |
| **Net financial expense** | **27** | **34** |
| Interest cost | 201 | 181 |
| Interest income on plan asset | (119) | (106) |
| Interest income on reimbursement rights | (55) | (41) |
| **Total recognised in salary and employee benefit expense** | **253** | **322** |

- Other items recognised directly in equity

| In millions of euros | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|
| **Other items recognised directly in equity** | **(291)** | **639** |
| Actuarial (losses)/gains on plan assets or reimbursement rights | 410 | 283 |
| Actuarial (losses)/gains of demographic assumptions on the present value of obligations | (7) | (22) |
| Actuarial (losses)/gains of financial assumptions on the present value of obligations | (734) | 346 |
| Experience (losses)/gains on obligations | 86 | 1 |
| Variation of the effect of assets limitation | (46) | 31 |

- Main actuarial assumptions used to calculate obligations

In the Eurozone, United Kingdom and United States, the Group discounts its obligations using the yields of high quality corporate bonds, with a term consistent with the duration of the obligations.

The ranges of rates used are as follows:

| In % | 31 December 2016 | | 31 December 2015 | |
|---|---|---|---|---|
| | Discount rate | Compensation increase rate (1) | Discount rate | Compensation increase rate (1) |
| Belgium | 0.60%-1.40% | 2.60%-3.20% | 0.40%-2.00% | 2.40%-3.30% |
| France | 0.10%-1.30% | 2.00% | 0.60%-2.00% | 2.30%-3.30% |
| UK | 1.50%-2.80% | 2.00%-4.70% | 2.50%-3.70% | 2.00%-4.70% |
| Switzerland | 0.00%-0.60% | 1.40% | 0.40%-0.80% | 1.90% |
| USA | 1.95%-4.15% | 4.00% | 4.40% | 4.00% |
| Italy | 0.80%-1.80% | 1.40%-1.70% | 0.80%-2.00% | 1.80%-2.90% |
| Turkey | 10.00%-10.15% | 6.00% | 10.30% | 6.00% |

(1) Including price increases (inflation)

Observed weighted average rates are as follows:

- In the Eurozone: 1.04 % at 31 December 2016 (1.48 % at 31 December 2015),
- In the United Kingdom: 2.61 % at 31 December 2016 (3.70 % at 31 December 2015),
- In Switzerland: 0.60 % at 31 December 2016 (0.80% at 31 December 2015).

The impact of a 100 bp change in discount rates on the present value of post-employment benefit obligations is as follows:

| Change in the present value of obligations<br>In millions of euros | 31 December 2016 | | 31 December 2015 | |
|---|---|---|---|---|
| | Discount rate -100bp | Discount rate +100bp | Discount rate -100bp | Discount rate +100bp |
| Belgium | 337 | (288) | 277 | (236) |
| France | 167 | (139) | 156 | (131) |
| UK | 409 | (299) | 389 | (292) |
| Switzerland | 114 | (155) | 102 | (140) |
| USA | 111 | (95) | 106 | (91) |
| Italy | 35 | (31) | 30 | (30) |
| Turkey | 16 | (13) | 17 | (14) |

- Actual rate of return on plan assets and reimbursement rights over the period

| In % | Year to 31 Dec. 2016 | | Year to 31 Dec. 2015 | |
|---|---|---|---|---|
| | Range of value *(reflecting the existence of several plans in the same country)* | Weighted average rates | Range of value *(reflecting the existence of several plans in the same country)* | Weighted average rates |
| Belgium | 0.50%-5.00% | 2.60% | 1.10%-6.00% | 3.72% |
| France | 3.20% | 3.20% | 3.50% | 3.50% |
| UK | 3.10%-28.40% | 23.30% | 2.30%-6.90% | 5.82% |
| Switzerland | 1.80%-2.40% | 1.82% | 1.70%-5.10% | 1.84% |
| USA | 1.70%-6.00% | 3.57% | 1.11%-2.00% | 1.48% |
| Turkey | 10.00% | 10.00% | 10.80% | 10.80% |

- Breakdown of plan assets

| In % | 31 December 2016 | | | | | | 31 December 2015 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Governmental bonds | Non-Governmental bonds | Real-estate | Deposit account | Others | Shares | Governmental bonds | Non-Governmental bonds | Real-estate | Deposit account | Others |
| Belgium | 6% | 51% | 22% | 2% | 0% | 19% | 6% | 56% | 18% | 2% | 0% | 18% |
| France(1) | 6% | 67% | 19% | 8% | 0% | 0% | 7% | 66% | 18% | 9% | 0% | 0% |
| UK | 30% | 39% | 8% | 0% | 2% | 21% | 29% | 54% | 9% | 0% | 2% | 6% |
| Switzerland | 31% | 37% | 0% | 17% | 2% | 13% | 38% | 32% | 0% | 14% | 3% | 13% |
| USA | 24% | 36% | 13% | 0% | 2% | 25% | 47% | 35% | 13% | 2% | 1% | 2% |
| Turkey | 0% | 0% | 0% | 5% | 94% | 1% | 0% | 0% | 0% | 5% | 93% | 2% |
| Others | 6% | 12% | 9% | 1% | 16% | 56% | 7% | 13% | 8% | 1% | 19% | 52% |
| **GROUP** | **15%** | **43%** | **13%** | **4%** | **7%** | **18%** | **17%** | **47%** | **12%** | **4%** | **7%** | **13%** |

(1) In France, the breakdown of plan assets reflects the breakdown of the general fund of the insurance company through which the Group's obligations are funded.

The Group introduced an asset management governance for assets backing defined-benefit pension plan commitments, the main objectives of which are the management and control of the risks in term of investment.

It sets out investment principles, in particular, by defining an investment strategy for plan assets, based on financial objectives and financial risk management, to specify the way in which plan assets have to be managed, via financial management servicing contracts.

The investment strategy is based on an assets and liabilities management analysis that should be realised at least on an annual basis for plans with assets in excess of EUR 100 million and every three years for plans with assets of between EUR 20 and EUR 100 million.

- **Post-employment healthcare benefits**

The Group offers some healthcare benefit plans for retired employees, mainly in the United States and Belgium. These plans are mainly closed to new entrants.

At the end of 2016, the healthcare benefit plan of Bank of the West in the United States was closed, rights have been frozen and conditions of eligibility have been modified for some employees.

The current value of post-employment healthcare benefit obligations stood at EUR 155 million at 31 December 2016, compared with EUR 150 million at 31 December 2015, i.e. an increase of EUR 5 million in 2016, of which EUR 12 million recognised directly in shareholders' equity.

## 6.c OTHER LONG-TERM BENEFITS

BNP Paribas offers its employees various long-term benefits, mainly long-service awards, the ability to save up paid annual leave in time savings accounts, and certain guarantees protecting them in the event they become incapacitated. The net provision amounted to EUR 533 million at 31 December 2016 (EUR 546 million at 31 December 2015).

As part of the Group's variable compensation policy, annual deferred compensation plans are set up for certain high-performing employees or pursuant to special regulatory frameworks. Under these plans, payment is deferred over time and is subject to the performance achieved by the business lines, divisions and Group.

Since 2013, BNP Paribas has introduced a Group loyalty scheme with a cash payment, at the end of a three-year vesting period, which fluctuates according to the Group's intrinsic performance. The aim of this loyalty scheme is to make different categories of managerial staff partners in the Group's development and profitability objectives. These personnel are representative of the Group's talent and the breadth of its managerial framework i.e. senior managers, managers in key positions, line managers and experts, high-potential managers, high-performing young executives with good career development prospects and key contributors to the Group's results.

The amounts allocated under this plan are linked to changes in the Group's operational performance over three years (for 80%) and to the achievement of the Group's Corporate Social Responsibility (CSR) targets (for 20%). These nine targets are in line with the four pillars on which the Group's CSR policy is based. In addition, the final payment is subject to continuous service within the Group between the grant date and the payment date, provided that the Group's operating income and pre-tax income for the year prior to payment are strictly positive. For employees subject to special regulatory frameworks, this loyalty scheme is adjusted in accordance with the CRD4 European Directive.

The net obligation related to deferred compensation plans and loyalty schemes amounts to EUR 635 million at 31 December 2016 (EUR 532 million at 31 December 2015).

| In millions of euros | 31 December 2016 | 31 December 2015 |
|---|---|---|
| **Net provisions for other long-term benefits** | **1,168** | **1,078** |
| Asset recognised in the balance sheet under the other long-term benefits | (99) | (104) |
| Obligation recognised in the balance sheet under the other long-term benefits | 1,267 | 1,182 |

## 6.d TERMINATION BENEFITS

BNP Paribas has implemented a number of voluntary redundancy plans and headcount adaptation plans for employees who meet certain eligibility criteria. The obligations to eligible active employees under such plans are provided for as soon as a bilateral agreement or a bilateral agreement proposal for a particular plan is made.

In 2016, in France, CIB activities in BNP Paribas SA and BNP Paribas Arbitrage have set up in their respective scope a 3-year voluntary redundancy plan (from September 2015 to December 2018).

| In millions of euros | 31 December 2016 | 31 December 2015 |
|---|---|---|
| Provision for voluntary departure, early retirement plans, and headcount adaptation plans | 495 | 342 |

## 6.e SHARE-BASED PAYMENTS

SHARE-BASED LOYALTY, COMPENSATION AND INCENTIVE SCHEMES

Until 2012, BNP Paribas set up several share-based payment schemes for certain employees: performance shares plans and stock subscription or purchase plans.

After 2012, only some cash-settled long term compensation plans are still share price-linked, especially for employees whose activities are likely to have an impact on the Group's risk exposure.

- **Deferred share price-linked, cash-settled compensation plans**

As part of the Group’s variable remuneration policy, deferred annual compensation plans offered to certain high-performing employees or set up pursuant to special regulatory frameworks may entitle beneficiaries to variable compensation settled in cash but linked to the share price, payable over several years.

- Variable compensation for employees, subject to special regulatory frameworks

  Since the publication of the Decree by the French ministry of finance on 13 December 2010, and following the provisions of the European Directive CRD4 of 26 July 2013 transposed into the French law in the Monetary and Financial Code by the Order of 20 February 2014 as well as the Decrees and Orders of 3 November 2014 and the delegated European regulation of 4 March 2014, the variable compensation plans apply to Group employees performing activities that may have a material impact on the Group’s risk profile.

  Under these plans, payment is deferred over time and is contingent on the performance achieved by the business lines, core businesses and Group.

  Sums will mostly be paid in cash linked to the increase or decrease in the BNP Paribas share price.

- Deferred variable compensation for other Group employees

  Sums due under the annual deferred compensation plans for high-performing employees are partly paid in cash linked to the increase or decrease in the BNP Paribas share price.

- **Global Share-Based Incentive Plan (until 2012)**

BNP Paribas set up a Global Share-Based Incentive Plan for some Group employees, including stock options and performance share awards.

The option exercise price under these plans is determined at the time of issuance and no discount is offered. The duration of the options granted is 8 years.

Performance shares awarded between 2009 and 2012 vest after a period of 3 or 4 years, depending on the case and provided that the employee is still a member of the Group. The compulsory holding period for performance shares is two years for France-based employees.

Since 2010, the conditional portion granted had been set at 100% of the total award for members of the BNP Paribas Group Executive Committee and senior managers and 20% for other beneficiaries.

Under stock option plans set up between 2003 and 2011, the performance condition was not fully met on seven out of thirty occasions and the adjustments described above were therefore implemented. Under performance share plans awarded between 2009 and 2012, the performance condition was not met on three out of ten occasions and the relevant contingent portion therefore lapsed.

All unexpired plans settle in a potential subscription of BNP Paribas shares.

- Expense of share-based payment

| Expense / (revenue) in millions of euros | Year to 31 Dec. 2016 | | | Year to 31 Dec. 2015 |
|---|---|---|---|---|
| | Performance share plans | Variable deferred compensation plans | Total expense | Total expense |
| Prior deferred compensation plans | | 139 | **139** | 58 |
| Deferred compensation plans for the year | | 327 | **327** | 261 |
| Global Share-Based Incentive Plan | 1 | | **1** | 7 |
| **Total** | **1** | **466** | **467** | **326** |

- **Valuation of stock option plans and performance share plans**

As required under IFRS 2, BNP Paribas attributes a value to stock options and performance shares granted to employees and recognises an expense, determined at the date of grant, calculated respectively on the basis of the fair value of the options and shares concerned. This initial fair value may not subsequently be adjusted for changes in the quoted market price of BNP Paribas shares. The only assumptions that may result in a revision of the fair value during the vesting period, and hence an adjustment in the expense, are those related to the population of beneficiaries (loss of rights) and internal performance conditions. The Group’s share-based payment plans are valued by an independent specialist firm.

- **History of plans granted under the Global Share-Based Incentive Plan**

The tables below give details of the characteristics and terms of all unexpired plans at 31 December 2016:

- Stock subscription option plan

| Characteristics of the plan | | | | | | | Options outstanding at end of period | |
|---|---|---|---|---|---|---|---|---|
| Originating company | Date of grant | Number of grantees | Number of options granted (1) | Start date of exercise period | Option expiry date | Adjusted exercise price *(in euros)* (1) | Number of options (1) | Remaining period until expiry of options (years) |
| BNP Paribas SA (2) | 06/04/2009 | 1,397 | 2,437,234 | 08/04/2013 | 05/04/2017 | 35.11 | 580,510 | 0.3 |
| BNP Paribas SA (2) | 05/03/2010 | 1,820 | 2,423,700 | 05/03/2014 | 02/03/2018 | 51.20 | 1,653,851 | 1.2 |
| BNP Paribas SA (2) | 04/03/2011 | 1,915 | 2,296,820 | 04/03/2015 | 04/03/2019 | 56.45 | 1,942,305 | 2.2 |
| **Total options outstanding at end of period** | | | | | | | **4,176,666** | |

(1) The number of options and the exercise price have been adjusted, where appropriate, for the detachment of pre-emptive subscription rights on 30 September 2009, in accordance with the regulations in force.
(2) The plan is subject to vesting conditions under which a proportion of the options granted to employees is conditional upon the performance of the BNP Paribas share relative to the Dow Jones EURO STOXX Banks index during the applicable holding period.
Based on this relative performance condition, the adjusted exercise price for these options has been set at EUR 67.74 instead of EUR 56.45 for 212,417 options under the 4 March 2011 plan, outstanding at the year-end.

- Performance share plans

| Characteristics of the plan | | | | | | Number of shares outstanding at end of period |
|---|---|---|---|---|---|---|
| Originating company | Date of grant | Number of grantees | Number of shares granted | Vesting date of shares granted (1) | Expiry date of holding period for shares granted | |
| BNP Paribas SA (2) | 2009-2011 | | | | | 593 |
| BNP Paribas SA | 06/03/2012 | 2,610 | 1,072,480 | 09/03/2015 | 09/03/2017 | 420 |
| BNP Paribas SA | 06/03/2012 | 2,755 | 849,455 | 07/03/2016 | 07/03/2016 | 740 |
| **Total shares outstanding at end of period** | | | | | | **1,753** |

(1) The vesting date for certain shares has been deferred due to the beneficiaries' absence on the date initially scheduled.
(2) The number of shares has been adjusted for the pre-emptive subscription rights allotted on 30 September 2009.

- **Movements over the past two years**

- Stock subscription option plans

| | Year to 31 Dec. 2016 | | Year to 31 Dec. 2015 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price (in euros) | Number of options | Weighted average exercise price (in euros) |
| **Options outstanding at 1 January** | **8,201,959** | **56.09** | **12,416,877** | **62.16** |
| Options exercised during the period | (682,500) | 41.75 | (427,478) | 42.98 |
| Options expired during the period | (3,342,793) | | (3,787,440) | |
| **Options outstanding at 31 December** | **4,176,666** | **51.98** | **8,201,959** | **56.09** |
| **Options exercisable at 31 December** | **4,176,666** | **51.98** | **8,201,959** | **56.09** |

The average quoted stock market price in 2016 is EUR 54.07 (EUR 56.61 in 2015).

- Performance share plans

| | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|
| | Number of shares | Number of shares |
| **Shares outstanding at 1 January** | **756,413** | **2,179,141** |
| Shares vested during the period | (731,055) | (1,340,114) |
| Shares expired during the period | (23,605) | (82,614) |
| **Shares outstanding at 31 December** | **1,753** | **756,413** |

# 7. ADDITIONAL INFORMATION

## 7.a CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

At 31 December 2016, the share capital of BNP Paribas SA amounted to EUR 2,494,005,306, and was divided into 1,247,002,653 shares. The nominal value of each share is EUR 2. At 31 December 2015, the share capital amounted to EUR 2,492,770,306 and was divided into 1,246,385,153 shares.

- **Ordinary shares issued by BNP Paribas and held by the Group**

| | Proprietary transactions | | Trading transactions [1] | | Total | |
|---|---|---|---|---|---|---|
| | Number of shares | Carrying amount (in millions of euros) | Number of shares | Carrying amount (in millions of euros) | Number of shares | Carrying amount (in millions of euros) |
| **Shares held at 31 December 2014** | **2,971,853** | **140** | **(3,243,468)** | **(160)** | **(271,615)** | **(20)** |
| Acquisitions | 895,726 | 47 | | | 895,726 | 47 |
| Disposals | (903,592) | (47) | | | (903,592) | (47) |
| Shares delivered to employees | (1,340,114) | (59) | | | (1,340,114) | (59) |
| Other movements | | | 3,081,539 | 151 | 3,081,539 | 151 |
| **Shares held at 31 December 2015** | **1,623,873** | **81** | **(161,929)** | **(9)** | **1,461,944** | **72** |
| Acquisitions | 1,365,397 | 61 | | | 1,365,397 | 61 |
| Disposals | (1,407,897) | (63) | | | (1,407,897) | (63) |
| Shares delivered to employees | (731,055) | (35) | | | (731,055) | (35) |
| Capital decrease | (65,000) | (3) | - | - | (65,000) | (3) |
| Other movements | | | 276,647 | 16 | 276,647 | 16 |
| **Shares held at 31 December 2016** | **785,318** | **41** | **114,718** | **7** | **900,036** | **48** |

[1] Transactions realised in the framework of an activity of trading and arbitrage transactions on equity indices.

At 31 December 2016, the BNP Paribas Group was a holder of 900,036 BNP Paribas shares representing an amount of EUR 48 million, which was recognised as a decrease in equity.

In 2016, BNP Paribas SA has decreased its capital by 65,000 shares, which were purchased on the market in 2015 (excluding the liquidity contract). These shares have been cancelled according to the decision made the Board of Directors on 16 December 2016.

Under the Bank's market-making agreement relating to the BNP Paribas share on the Italian market made with Exane BNP Paribas, and in line with the Code of Ethics recognised by the AMF, the Bank bought back 1,365,397 shares in 2016 at an average share price of EUR 44.56, and sold 1,407,897 shares at an average share price of EUR 44.89. At 31 December 2016, 57,500 shares worth EUR 3.2 million were held by BNP Paribas SA under this agreement.

From 1 January 2016 to 31 December 2016, 731,055 shares were delivered following the definitive award of performance shares to their beneficiaries.

- **Preferred shares and Undated Super Subordinated Notes eligible as Tier 1 regulatory capital**

- Preferred shares issued by the Group's foreign subsidiaries

BNP Paribas Personal Finance made in 2004 two issues of undated non-voting preferred shares through a structured entity governed by UK law and which is exclusively controlled. Since the first call date, these preferred shares are redeemable at par at the issuer's discretion at each quarterly coupon date.

| Issuer | Date of issue | Currency | Amount (in millions of euros) | Rate and term before 1st call date | | Rate after 1st call date |
|---|---|---|---|---|---|---|
| Cofinoga Funding II LP | January and May 2004 | EUR | 80 | TEC 10 [(1)] +1.35% | 10 years | TEC 10 [(1)] + 1.35% |
| **Total at 31 December 2016** | | | **73 [(2)]** | | | |

(1) TEC 10 is the daily long-term government bond index, corresponding to the yield-to-maturity of a fictitious 10-year Treasury note.
(2) Value at the date of acquisition of control over the LaSer group.

These issues and the related dividends are recorded under "Minority interests" in the balance sheet.

- Undated Super Subordinated Notes issued by BNP Paribas SA

BNP Paribas has issued Undated Super Subordinated Notes which pay a fixed, fixed adjustable or floating rate coupon and are redeemable at the end of a fixed period and thereafter at each coupon date or every five years. If the notes are not redeemed at the end of this period, some of these issues will pay a coupon indexed to Euribor, Libor or a swap rate if the notes are not redeemed at the end of this period.

On 17 June 2015, BNP Paribas SA has issued Undated Super Subordinated Notes for an amount of EUR 750 million, which pay a 6.125% fixed rate coupon. The notes could be redeemed at the end of a 7-year period. If the notes are not redeemed in 2022, a 5-year euro swap rate coupon will be paid half-yearly. This issue is eligible to Additional Tier 1 capital.

On 29 June 2015, BNP Paribas SA redeemed the June 2005 issue for a total amount of USD 1,070 million at the first call date. These notes paid a 5.186% fixed-rate coupon.

On 19 August 2015, BNP Paribas SA has issued Undated Super Subordinated Notes for an amount of USD 1,500 million which pay a 7.375% fixed-rate coupon. The notes could be redeemed at the end of a 10-year period. If the notes are not redeemed in 2025, a 5-year dollar swap rate coupon will be paid half-yearly. This issue is eligible to Additional Tier 1 capital.

On 30 March 2016, BNP Paribas SA has issued Undated Super Subordinated Notes for an amount of USD 1,500 million which pay a 7.625% fixed-rate coupon. The notes could be redeemed at the end of a 5-year period. If the notes are not redeemed in 2021, a 5-year dollar swap rate coupon will be paid half-yearly. This issue is eligible to Additional Tier 1 capital.

On 12 and 19 April 2016, BNP Paribas SA redeemed the April 2006 issues for a total amount of EUR 549 million and GBP 450 million at the first call date. These notes paid a 4.73% and 5.945% fixed-rate coupon.

On 13 July 2016, BNP Paribas SA redeemed the July 2006 issue for a total amount of GBP 163 million at the first call date. These notes paid a 5.954% fixed-rate coupon.

On 14 December 2016, BNP Paribas SA has issued Undated Super Subordinated Notes for an amount of USD 750 million which pay a 6.75% fixed-rate coupon. These notes could be redeemed at the end of a period of 5 years and 3 months. If the notes are note redeemed in 2022, a 5-year dollar swap rate coupon will be paid half-yearly. This issue is eligible to Additional Tier 1 capital.

The following table summarises the characteristics of these various issues:

| Date of issue | Currency | Amount (in millions of currency units) | Coupon payment date | Rate and term before 1st call date | | Rate after 1st call date |
|---|---|---|---|---|---|---|
| October 2005 | EUR | 1,000 | annual | 4.875% | 6 years | 4.875% |
| October 2005 | USD | 400 | annual | 6.25% | 6 years | 6.250% |
| July 2006 | EUR | 150 | annual | 5.45% | 20 years | 3-month Euribor + 1.920% |
| April 2007 | EUR | 638 | annual | 5.019% | 10 years | 3-month Euribor + 1.720% |
| June 2007 | USD | 600 | quarterly | 6.5% | 5 years | 6.5% |
| June 2007 | USD | 1,100 | semi-annual | 7.195% | 30 years | USD 3-month Libor + 1.290% |
| October 2007 | GBP | 200 | annual | 7.436% | 10 years | GBP 3-month Libor + 1.850% |
| June 2008 | EUR | 500 | annual | 7.781% | 10 years | 3-month Euribor + 3.750% |
| September 2008 | EUR | 100 | annual | 7.57% | 10 years | 3-month Euribor + 3.925% |
| December 2009 | EUR | 2 | quarterly | 3-month Euribor + 3.750% | 10 years | 3-month Euribor + 4.750% |
| December 2009 | EUR | 17 | annual | 7.028% | 10 years | 3-month Euribor + 4.750% |
| December 2009 | USD | 70 | quarterly | USD 3-month Libor + 3.750% | 10 years | USD 3-month Libor + 4.750% |
| December 2009 | USD | 0.5 | annual | 7.384% | 10 years | USD 3-month Libor + 4.750% |
| June 2015 | EUR | 750 | semi-annual | 6.125% | 7 years | EUR 5-year swap + 5.230% |
| August 2015 | USD | 1,500 | semi-annual | 7.375% | 10 years | USD 5-year swap + 5.150% |
| March 2016 | USD | 1,500 | semi-annual | 7.625% | 5 years | USD 5-year swap + 6.314% |
| December 2016 | USD | 750 | semi-annual | 6.750% | 5.25 years | USD 5-year swap +4.916% |
| **Total euro-equivalent historical value at 31 December 2016** | | **8,430** [1] | | | | |

[1] Net of shares held in treasury by Group entities

BNP Paribas has the option of not paying interest due on these Undated Super Subordinated Notes. Unpaid interest is not carried forward.

For the notes issued before 2015, the absence of coupon payment is conditional on the absence of dividend payment on BNP Paribas SA ordinary shares or on Undated Super Subordinated Note equivalents during the previous year. Interest due is payable once dividend payment on BNP Paribas SA ordinary shares resumes.

The contracts relating to these Undated Super Subordinated Notes contain a loss absorption clause. Under the terms of this clause, in the event of insufficient regulatory capital, the nominal value of the notes may be reduced in order to serve as a new basis for the calculation of the related coupons until the capital deficiency is made up and the nominal value of the notes is increased to its original amount.

The proceeds from these issues are recorded in equity under “Capital and retained earnings”. In accordance with IAS 21, issues denominated in foreign currencies are recognised at their historical value based on their translation into euros at the issue date. Interest on the instruments is treated in the same way as dividends.

At 31 December 2016, the BNP Paribas Group held EUR 48 million of Undated Super Subordinated Notes which were deducted from shareholders’ equity.

- **Earnings per share**

Basic earnings per share are calculated by dividing the net income for the period attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period. The net income attributable to ordinary shareholders is determined by deducting the net income attributable to holders of preferred shares.

Diluted earnings per share correspond to the net income for the period attributable to holders of ordinary shares, divided by the weighted average number of shares outstanding as adjusted for the maximum effect of the conversion of dilutive equity instruments into ordinary shares. In-the-money stock subscription options are taken into account in the diluted earnings per share calculation, as are performance shares granted under the Global Share-based Incentive Plan. Conversion of these instruments would have no effect on the net income figure used in this calculation.

| | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|
| **Net profit / (loss) used to calculate basic and diluted earnings per ordinary share *(in millions of euros)* (1)** | **7,470** | **6,385** |
| **Weighted average number of ordinary shares outstanding during the year** | **1,244,469,997** | **1,242,989,279** |
| Effect of potentially dilutive ordinary shares | 147,762 | 1,195,923 |
| - Stock subscription option plan (2) | 146,009 | 458,927 |
| - Performance share attribution plan (2) | 1,753 | 736,996 |
| **Weighted average number of ordinary shares used to calculate diluted earnings per share** | **1,244,617,759** | **1,244,185,202** |
| **Basic earnings per share (in euros)** | **6.00** | **5.14** |
| **Diluted earnings per share (in euros)** | **6.00** | **5.13** |

(1) The net profit used to calculate basic and diluted earnings per share is the net profit attributable to equity shareholders, adjusted for the remuneration on the Undated Super Subordinated Notes issued by BNP Paribas SA (treated as preferred share equivalents), which for accounting purposes is handled as dividends, as well as the related foreign exchange impact recognised directly in shareholders' equity.
(2) See note 6.e Share-based payments for the description of share-based plans and performance share attribution plans.

The dividend per share paid in 2016 out of the 2015 net income amounted to EUR 2.31, compared with EUR 1.50 paid in 2015 out of the 2014 net income.

## 7.b CONTINGENT LIABILITIES: LEGAL PROCEEDINGS AND ARBITRATION

The Bank and certain of its subsidiaries are defendants in several actions pending before the United States Bankruptcy Court Southern District of New York brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC ("BLMIS"). These actions, known generally as "clawback claims", are similar to those brought by the BLMIS Trustee against numerous institutions, and seek recovery of amounts allegedly received by the BNP Paribas entities from BLMIS or indirectly through BLMIS-related "feeder funds" in which BNP Paribas entities held interests. The BLMIS Trustee claims in these actions that the amounts which BNP Paribas entities received are avoidable and recoverable under the U.S. Bankruptcy Code and New York state law. In the aggregate, the amount sought to be recovered in these actions approximates USD 1.3 billion. BNP Paribas has substantial and credible defenses to these actions and is defending against them vigorously. On 22 November 2016, the Bankruptcy Court issued a decision on the ability of the BLMIS Trustee to recover foreign transfers from foreign defendants in these actions. The decision should result in the dismissals of the majority of the BLMIS Trustee's claims against BNP Paribas entities, which constitute most of the total amount sought to be recovered in these actions. These dismissals will be subject to appeal.

Various litigations and investigations are ongoing relating to the restructuring of the Fortis group, now Ageas, of which BNP Paribas Fortis is no longer part, and to events having occurred before BNP Paribas Fortis became part of the BNP Paribas Group. Among these are litigations brought by shareholder groups in The Netherlands and Belgium against Ageas and, among others, against BNP Paribas Fortis, in relation to its role as global coordinator of Fortis (now Ageas)'s capital increase in October 2007 to partly finance its acquisition of ABN Amro Bank N.V. These shareholder groups mainly allege that there has been a breach in the financial communication, as, inter alia, the disclosure regarding the exposure to subprime mortgages. On 14 March 2016, Ageas announced that it had entered into with representatives of certain shareholder groups a proposed settlement with respect to civil proceedings related to the former Fortis group for the events of 2007 and 2008. This settlement applies to all Fortis shareholders who held shares between 28 February 2007 and 14 October 2008, irrespective of whether they are members of a shareholder group that was represented in the negotiation of the settlement. The parties requested the Amsterdam Court of Appeals to declare the settlement to be binding on all Fortis shareholders who are eligible to participate in it, in accordance with the Dutch Act on Collective Settlement of Mass Claims ("Wet Collectieve Afwikkeling Massaschade" or "WCAM"). BNP Paribas Fortis will be able to invoke this settlement, if it becomes final and binding.
All ongoing civil litigations in Belgium and in the Netherlands involving BNP Paribas Fortis as per its aforementioned role are currently suspended.

Litigation was also brought in Belgium by minority shareholders of Fortis against the Société fédérale de Participations et d'Investissement, Ageas and BNP Paribas seeking (amongst other things) damages from BNP Paribas as restitution for part of the BNP Paribas Fortis shares that were contributed to BNP Paribas in 2009, on the ground that the transfer of these shares was null and void. On 29 April 2016 the Brussels Commercial court decided to stay the proceedings until the resolution of the pending Fortis criminal proceeding in Belgium. BNP Paribas does not have tangible elements to assess the duration of such suspension.

Regulatory and law enforcement authorities in multiple jurisdictions are conducting investigations or making inquiries of a number of financial institutions regarding trading on the foreign exchange markets, including, among other things, possible collusion among financial institutions to manipulate certain benchmark currency exchange rates. The Bank has to date received requests for information in this respect from regulatory and law enforcement authorities in the United Kingdom, the United States and several countries in the Asia-Pacific region as well as from the European Competition Commission. The Bank is cooperating with the investigations and inquiries and responding to the information requests. In November 2014 the Financial Conduct Authority in the United Kingdom, in December 2014 the Hong Kong Monetary Authority and in October 2015, the Financial Services Agency in Japan informed the Bank that they had discontinued their investigation as to BNP Paribas. Moreover the Bank is conducting its own internal review of foreign exchange trading. While this review is ongoing, the Bank is not in a position to foresee the outcome of these investigations and proceedings nor their potential impact.

## 7.c BUSINESS COMBINATIONS

- **Operations realised in 2016**

  - Sharekhan group

BNP Paribas has purchased on 23 November 2016, 100% of Sharekhan group. This acquisition leads the BNP Paribas Group to consolidate Sharekhan by global integration.

Sharekhan is a retail brokerage firm in India offering broking solutions to more than 1 million private clients.

This acquisition resulted in a EUR 0.4 billion increase of the Group balance sheet at the purchase date.

The goodwill on Sharekhan amounts to EUR 93 million.

- **Operations realised in 2015**

  - General Electric European Fleet Services business

Arval, the BNP Paribas subsidiary specialised in corporate vehicle leasing, purchased on 2 November 2015 the European Fleet Services business of General Electric Capital.

This acquisition strengthens significantly the strategic positioning of Arval in Europe, and leads to a EUR 2.7 billion increase of the Group's balance sheet. In particular, "Property, plant, equipment and intangible assets" rose by EUR 2.3 billion and debts "due to the credit institutions" by EUR 1.4 billion.

The goodwill on this operation amounts to EUR 210 million.

# 7.d MINORITY INTERESTS

- **Main minority interests**

The assessment of the material nature of minority interests is based on the contribution of the relevant subsidiaries to the Group balance sheet (before elimination of intra-group balances and transactions) and to the Group profit and loss account.

| In millions of euros | 31 December 2016 | Year to 31 Dec. 2016 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Total assets before elimination of intra-group transactions | Revenues | Net income | Net income and changes in assets and liabilities recognised directly in equity | Minority shareholders' interest (%) | Net income attributable to minority interests | Net income and changes in assets and liabilities recognised directly in equity - attributable to minority interests | Dividends paid to minority shareholders |
| Contribution of the entities belonging to the BGL BNP Paribas group | 69,985 | 1,504 | 554 | 532 | 34% | 183 | 178 | 69 |
| Other minority interests | | | | | | 230 | 207 | 45 |
| TOTAL | | | | | | 413 | 385 | 114 |

| In millions of euros | 31 December 2015 | Year to 31 Dec. 2015 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Total assets before elimination of intra-group transactions | Revenues | Net income | Net income and changes in assets and liabilities recognised directly in equity | Minority shareholders' interest (%) | Net income attributable to minority interests | Net income and changes in assets and liabilities recognised directly in equity - attributable to minority interests | Dividends paid to minority shareholders |
| Contribution of the entities belonging to the BGL BNP Paribas group | 67,485 | 1,534 | 463 | 453 | 34% | 164 | 158 | 69 |
| Other minority interests | | | | | | 186 | 182 | 62 |
| TOTAL | | | | | | 350 | 340 | 131 |

There are no particular contractual restrictions on the assets of the BGL BNP Paribas Group related to the presence of the minority shareholder.

- **Internal restructuring that led to a change in minority shareholders' interest in the equity of subsidiaries**

No significant internal restructuring operation occurred during the year ended 31 December 2016, nor during the year ended 31 December 2015.

- **Acquisitions of additional interests and partial sales of interests leading to changes in minority interests in the equity of subsidiaries**

| | 31 December 2016 | | 31 December 2015 | |
|---|---|---|---|---|
| In millions of euros | Attributable to shareholders | Minority interests | Attributable to shareholders | Minority interests |
| **UkrSibbank Public Joint Stock** | | | | |
| Sale of 40% of UkrSibbank's capital followed by a capital increase subscribed by all shareholders. | (102) | 34 | | |
| **First Hawaiian Inc.** | | | | |
| On 4 August 2016, Initial Public Offer on First Hawaiian Inc. for 17.39% of its capital at a 23-dollar price per share | 87 | 460 | | |
| **Others** | (17) | | (3) | (4) |
| **Total** | **(32)** | **494** | **(3)** | **(4)** |

- **Commitments to repurchase minority shareholders' interests**

In connection with the acquisition of certain entities, the Group granted minority shareholders put options on their holdings.
The total value of these commitments, which are recorded as a reduction in shareholders' equity, amounts to EUR 615 million at 31 December 2016, compared with EUR 707 million at 31 December 2015.

## 7.e SIGNIFICANT RESTRICTIONS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

**Significant restrictions related to the ability of entities to transfer cash to the Group**
The ability of entities to pay dividends or to repay loans and advances depends, *inter alia*, on local regulatory requirements for capitalisation and legal reserves, as well as the entities' financial and operating performance. During 2015 and 2016, no BNP Paribas Group entity was subject to significant restrictions other than those related to regulatory requirements.

**Significant restrictions relative to the Group's ability to use the assets lodged in consolidated structured entities**
Access to the assets of consolidated structured entities in which third-party investors have invested is limited inasmuch as these entities' assets are reserved for the holders of units or securities. These assets total EUR 20 billion as at 31 December 2016 (EUR 23 billion as at 31 December 2015).

**Significant restrictions related to the Group's ability to use assets pledged as collateral or under repurchase agreements**
The financial instruments pledged by the BNP Paribas Group as collateral or under repurchase agreements are presented in notes 4.s and 5.c.

**Significant restrictions related to liquidity reserves**
Significant restrictions related to liquidity reserves correspond to the mandatory deposits placed with central banks presented in chapter 5 of the registration document under “Liquidity risk”.

**Assets representative of unit-linked insurance contracts**
Assets representative of unit-linked insurance contracts designated as at fair value through profit or loss, which amount to EUR 54,291 million as at 31 December 2016 (compared with EUR 50,859 million as at 31 December 2015), are held for the benefit of the holders of these contracts.

## 7.f STRUCTURED ENTITIES

The BNP Paribas Group is engaged in transactions with sponsored structured entities mainly through its activities of securitisation of financial assets - as either originator or sponsor -, fund management and specialised asset financing.

In addition, the BNP Paribas Group is also engaged in transactions with structured entities that it has not sponsored, notably in the form of investments in funds or securitisation vehicles.

The method for assessing control for structured entities is detailed in Note 1.b.2. "Consolidation methods".

- **Consolidated structured entities**

The main categories of consolidated structured entities are:

**ABCP (Asset-Backed Commercial Paper) conduits:** the ABCP securitisation conduits Starbird, Matchpoint and Scaldis fund securitisation transactions managed by the BNP Paribas Group on behalf of its customers. Details on how these are financed and the Group's risk exposure are presented in Chapter 5 of the Registration Document under "Securitisation as sponsor on behalf of clients / Short-term refinancing".

**Proprietary securitisation:** proprietary securitisation positions originated and held by the BNP Paribas Group are detailed in Chapter 5 of the Registration Document under "Proprietary securitisation activities (originator)".

**Funds managed by the Group:** the BNP Paribas Group structures different types of funds for which it may act as fund manager, investor, custodian or guarantor. These funds are consolidated when the Group is both the manager and a significant investor, and is therefore exposed to variable returns.

- **Unconsolidated structured entities**

The BNP Paribas Group has entered into relations with unconsolidated structured entities in the course of its business activities to meet the needs of its customers.

**Information relative to interests in sponsored structured entities**

The main categories of unconsolidated sponsored structured entities are as follows:

**Securitisation:** the BNP Paribas Group structures securitisation vehicles for the purposes of offering customers financing solutions for their assets, either directly or through consolidated ABCP conduits. Each vehicle finances the purchase of customers' assets (receivables, bonds, etc.) primarily by issuing bonds backed by these assets and whose redemption is linked to their performance.

**Funds:** the Group structures and manages funds to offer investment opportunities to its customers. Dedicated or public funds are offered to institutional and individual customers, and are distributed and commercially monitored by the BNP Paribas Group. The entities of the BNP Paribas Group responsible for managing these funds may receive management fees and performance commission. The BNP Paribas Group may hold units in these funds, as well as units in funds dedicated to the insurance activity not managed by the BNP Paribas Group.

**Asset financing:** the BNP Paribas Group finances structured entities that acquire assets (aircraft, ships, etc.) intended for lease, and the lease payments received by the structured entity are used to repay the financing, which is guaranteed by the asset held by the structured entity.

**Other:** on behalf of its customers, the Group may also structure entities which invest in assets or are involved in debt restructuring.

An interest in an unconsolidated structured entity is a contractual or non-contractual link that exposes the BNP Paribas Group to variable returns from the performance of the entity.

The Group's assets and liabilities related to the interests held in sponsored structured entities are as follows:

| In millions of euros, at 31 December 2016 | Securitisation | Funds | Asset Financing | Others | Total |
|---|---|---|---|---|---|
| **INTERESTS ON THE GROUP BALANCE SHEET** | | | | | |
| **ASSETS** | | | | | |
| Trading book | 320 | 536 | 151 | 1,959 | 2,966 |
| Instruments designated as at fair value through profit or loss [1] | | 24,118 | 10 | 73 | 24,201 |
| Available-for-sale financial assets | 11 | 3,540 | 188 | 549 | 4,288 |
| Loans and receivables | 11,702 | 305 | 14,403 | 97 | 26,507 |
| Other assets | 12 | 182 | 3 | 1 | 198 |
| **TOTAL ASSETS** | **12,045** | **28,681** | **14,755** | **2,679** | **58,160** |
| **LIABILITIES** | | | | | |
| Trading book | 117 | 447 | 37 | 2,359 | 2,960 |
| Instruments designated as at fair value through profit or loss | | 16 | | 31 | 47 |
| Financial liabilities carried at amortised cost | 1,035 | 20,445 | 1,130 | 1,889 | 24,499 |
| Other liabilities | | 284 | 92 | 11 | 387 |
| **TOTAL LIABILITIES** | **1,152** | **21,192** | **1,259** | **4,290** | **27,893** |
| **MAXIMUM EXPOSURE TO LOSS** | **15,346** | **29,478** | **17,451** | **3,202** | **65,477** |
| **SIZE OF STRUCTURED ENTITIES [2]** | **66,826** | **292,783** | **45,764** | **6,140** | **411,513** |

| In millions of euros, at 31 December 2015 | Securitisation | Funds | Asset Financing | Others | Total |
|---|---|---|---|---|---|
| **INTERESTS ON THE GROUP BALANCE SHEET** | | | | | |
| **ASSETS** | | | | | |
| Trading book | 447 | 681 | 190 | 1,843 | 3,161 |
| Instruments designated as at fair value through profit or loss (1) | | 25,587 | 18 | 68 | 25,673 |
| Available-for-sale financial assets | | 2,990 | 145 | 388 | 3,523 |
| Loans and receivables | 10,974 | 86 | 13,431 | 166 | 24,657 |
| Other assets | 9 | 441 | 8 | 3 | 461 |
| **TOTAL ASSETS** | **11,430** | **29,785** | **13,792** | **2,468** | **57,475** |
| **LIABILITIES** | | | | | |
| Trading book | 1,107 | 633 | 13 | 2,910 | 4,663 |
| Instruments designated as at fair value through profit or loss | | 26 | | 18 | 44 |
| Financial liabilities carried at amortised cost | 769 | 18,782 | 667 | 1,868 | 22,086 |
| Other liabilities | 24 | 327 | 36 | 20 | 407 |
| **TOTAL LIABILITIES** | **1,900** | **19,768** | **716** | **4,816** | **27,200** |
| **MAXIMUM EXPOSURE TO LOSS** | **15,427** | **30,157** | **16,016** | **2,899** | **64,499** |
| **SIZE OF STRUCTURED ENTITIES (2)** | **90,737** | **241,915** | **48,478** | **11,083** | **392,213** |

(1) of which EUR 14,185 million representative of unit-linked insurance contracts as at 31 December 2016, invested in funds managed by the BNP Paribas Group (EUR 16,981 million as at 31 December 2015).

(2) the size of sponsored structured entities equals the total assets of the structured entity for securitisation vehicles, the net asset value for funds (excluding management mandates) and the structured entity's total assets or the amount of the BNP Paribas Group's commitment for asset financing and other structures.

The BNP Paribas Group's maximum exposure to losses on sponsored structured entities is the carrying amount of the assets, excluding, for available-for-sale financial assets, changes in value taken directly to equity, as well as the nominal amount of the financing commitments and guarantee commitments given and the notional amount of credit default swaps (CDS) sold.

**Information relative to interests in non-sponsored structured entities**

The main interests held by the BNP Paribas Group when it acts solely as an investor in non-sponsored structured entities are detailed below:

– *Units in funds that are not managed by the Group, which are held by the Insurance business line:* as part of the asset allocation strategy corresponding to investments related to the premiums for unit-linked contracts or for the general fund, the Insurance business line subscribes to units of structured entities. These short- or medium-term investments are held for their financial performance and meet the risk diversification criteria inherent to the business. They amounted to EUR 32 billion as at 31 December 2016 (EUR 30 billion as at 31 December 2015). Changes in value and the majority of the risks associated with these investments are borne by policyholders in the case of assets representative of unit-linked contracts, and by the insurer in the case of assets representative of the general fund;

– *Other investments in funds not managed by the Group:* as part of its trading business, the BNP Paribas Group invests in structured entities without any involvement in either managing or structuring these entities (investments in mutual funds, securities funds or alternative funds), particularly as economic hedge for structured products sold to customers. The Group also invests in minority holdings in support of companies as part of its venture capital business. These investments amounted to EUR 11 billion as at 31 December 2016 (unchanged from 31 December 2015).

– *Investments in securitisation vehicles:* the breakdown of the Group's exposure and the nature of the securities held are presented in Chapter 5 of the Registration Document in the section "Securitisation as investor".

# 7.g COMPENSATION AND BENEFITS AWARDED TO THE GROUP'S CORPORATE OFFICERS

The remuneration and benefits policy relating to the Group's corporate officers, as well as the detailed information on an individual basis, are presented in chapter 2 Corporate Governance of the registration document.

- **Remuneration and benefits awarded to the Group's corporate officers**

| | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|
| **Gross remuneration, including Directors' fees and benefits in kind** | | |
| - payable for the year | €6,350,378 | €6,484,552 |
| - paid during the year | €6,227,427 | €4,761,620 |
| **Post-employment benefits** | | |
| Retirement bonuses: present value of the benefit obligation (payroll taxes excluded) | €243,574 | €210,272 |
| Defined contribution pension plan : contributions paid by BNP Paribas during the year | €1,274 | €1,395 |
| **Welfare benefits**: premiums paid by BNP Paribas during the year | €8,914 | €10,284 |
| **Share-based payments** | | |
| Stock subscription options | | |
| - value of stock options granted during the year | Nil | Nil |
| - number of options held at 31 December | 107,854 | 321,193 |
| Performance shares | | |
| - value of shares granted during the year | Nil | Nil |
| - number of shares held at 31 December | Nil | Nil |
| Long-term compensation | | |
| - fair value at grant date (*) | €1,272,417 | €557,760 |

(*) Valuation according to the method described in note 1.i.

As at 31 December 2016, no corporate officer is eligible to a contingent collective defined-benefit top-up pension plan.

- **Directors' fees paid to members of the board of directors**

The directors' fees paid in 2016 to all members of the Board of Directors amount to EUR 1,300,000, compared with EUR 974,999 paid in 2015. The amount paid in 2016 to members other than corporate officers was EUR 1,183,190, compared with EUR 880,257 in 2015.

- **Remuneration and benefits awarded to directors representing the employees**

| In euros | Year to 31 Dec. 2016 | Year to 31 Dec. 2015 |
|---|---|---|
| Gross remuneration paid during the year | 77,471 | 76,660 |
| Directors' fees (paid to the trade unions) | 176,588 | 117,557 |
| Premiums paid by BNP Paribas during the year into schemes related to Garantie Vie Professionnelle Accidents benefits and healthcare expense coverage | 1,512 | 1,366 |
| Contributions paid by BNP Paribas during the year into the defined-contribution plan | 670 | 672 |

- **Loans, advances and guarantees granted to the Group's corporate officers**

At 31 December 2016, the total outstanding loans granted directly or indirectly to the Group's corporate officers and their spouses amounted to EUR 1,197,628 (EUR 1,045,637 at 31 December 2015). These loans representing normal transactions were carried out on an arm's length basis.

## 7.h OTHER RELATED PARTIES

Other related parties of the BNP Paribas Group comprise consolidated companies (including entities consolidated under the equity method) and entities managing post-employment benefit plans offered to Group employees (except for multi-employer and multi-industry schemes).

Transactions between the BNP Paribas Group and related parties are carried out on an arm's length basis.

RELATIONS BETWEEN CONSOLIDATED COMPANIES

A list of companies consolidated by the BNP Paribas Group is provided in note 7.j "Scope of consolidation". Transactions and outstanding balances between fully-consolidated entities are eliminated. The tables below show transactions with entities accounted for under the equity method.

- **Outstanding balances of related-party transactions:**

| In millions of euros | 31 December 2016 | | 31 December 2015 | |
|---|---|---|---|---|
| | Joint ventures | Associates [1] | Joint ventures | Associates [1] |
| **ASSETS** | | | | |
| **Loans, advances and securities** | | | | |
| On demand accounts | 1 | 51 | | 101 |
| Loans | 4,302 | 3,098 | 4,156 | 3,585 |
| Securities | 991 | | 1,102 | 2 |
| **Securities held in the non-trading portfolio** | **14** | **-** | **19** | **56** |
| **Other assets** | **3** | **235** | **10** | **258** |
| **Total** | **5,311** | **3,384** | **5,287** | **4,002** |
| **LIABILITIES** | | | | |
| **Deposits** | | | | |
| On demand accounts | 94 | 774 | 225 | 403 |
| Other borrowings | 195 | 2,431 | 45 | 2,575 |
| **Other liabilities** | **23** | **81** | **19** | **78** |
| **Total** | **312** | **3,286** | **289** | **3,056** |
| **FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS** | | | | |
| **Financing commitments given** | **3,607** | **1,153** | **2,781** | **2,162** |
| **Guarantee commitments given** | **1** | **39** | **2** | **77** |
| **Total** | **3,608** | **1,192** | **2,783** | **2,239** |

(1) Including controlled but non material entities consolidated under the equity method.

The Group also carries out trading transactions with related parties involving derivatives (swaps, options and forwards, etc.) and financial instruments purchased or underwritten and issued by them (equities, bonds, etc.).

- **Related-party profit and loss items:**

| In millions of euros | Year to 31 Dec. 2016 | | Year to 31 Dec. 2015 | |
|---|---|---|---|---|
| | Joint ventures | Associates (1) | Joint ventures | Associates (1) |
| Interest income | 28 | 43 | 38 | 74 |
| Interest expense | (2) | (16) | | (24) |
| Commission income | 4 | 459 | 4 | 509 |
| Commission expense | (8) | (44) | (4) | (45) |
| Services provided | 1 | 9 | 1 | 22 |
| Services received | | (6) | | (26) |
| Lease income | | 12 | | 7 |
| **Total** | **23** | **457** | **39** | **517** |

(1) Including controlled but non material entities consolidated under the equity method.

GROUP ENTITIES MANAGING CERTAIN POST-EMPLOYMENT BENEFIT PLANS OFFERED TO GROUP EMPLOYEES

In Belgium, BNP Paribas Fortis funds a number of pension schemes managed by AG Insurance in which the BNP Paribas Group has a 25% equity interest.

In other countries, post-employment benefit plans are generally managed by independent fund managers or independent insurance companies, and occasionally by Group companies (in particular BNP Paribas Asset Management, BNP Paribas Cardif, Bank of the West and First Hawaiian Bank). In Switzerland, a dedicated foundation manages pension plans for BNP Paribas Switzerland’s employees.

At 31 December 2016, the value of plan assets managed by Group companies or by companies over which the Group exercises significant influence was EUR 3,883 million (EUR 3,884 million as at 31 December 2015). Amounts received by Group companies in the year to 31 December 2016 totalled EUR 4.3 million, and were mainly composed of management and custody fees (unchanged compared with 2015).

## 7.i FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTISED COST

The information supplied in this note must be used and interpreted with the greatest caution for the following reasons:

- These fair values are an estimate of the value of the relevant instruments as at 31 December 2016. They are liable to fluctuate from day to day as a result of changes in various parameters, such as interest rates and credit quality of the counterparty. In particular, they may differ significantly from the amounts actually received or paid on maturity of the instrument. In most cases, the fair value is not intended to be realised immediately, and in practice might not be realised immediately. Consequently, this fair value does not reflect the actual value of the instrument to BNP Paribas as a going concern;
- Most of these fair values are not meaningful, and hence are not taken into account in the management of the commercial banking activities which use these instruments;
- Estimating a fair value for financial instruments carried at historical cost often requires the use of modelling techniques, hypotheses and assumptions that may vary from bank to bank. This means that comparisons between the fair values of financial instruments carried at historical cost as disclosed by different banks may not be meaningful;
- The fair values shown below do not include the fair values of finance lease transactions, non-financial instruments such as property, plant and equipment, goodwill and other intangible assets such as the value attributed to demand deposit portfolios or customer relationships. Consequently, these fair values should not be regarded as the actual contribution of the instruments concerned to the overall valuation of the BNP Paribas Group.

| In millions of euros<br>31 December 2016 | Estimated fair value | | | | Carrying value |
|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | |
| **FINANCIAL ASSETS** | | | | | |
| Loans and receivables due from credit institutions (note 4.f) | | 47,401 | 7 | 47,408 | 47,411 |
| Loans and receivables due from customers (note 4.g) (1) | 605 | 45,873 | 653,971 | 700,449 | 684,669 |
| Held-to-maturity financial assets (note 4.j) | 7,029 | 39 | | 7,068 | 6,100 |
| **FINANCIAL LIABILITIES** | | | | | |
| Due to credit institutions (note 4.f) | | 75,541 | | 75,541 | 75,660 |
| Due to customers (note 4.g) | | 766,904 | | 766,904 | 765,953 |
| Debt securities (note 4.i) | 52,420 | 102,317 | | 154,737 | 153,422 |
| Subordinated debt (note 4.i) | 9,098 | 9,227 | | 18,325 | 18,374 |

(1) Finance leases excluded

| In millions of euros, at 31 December 2015 | Estimated fair value | | | | Carrying value |
|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | |
| **FINANCIAL ASSETS** | | | | | |
| Loans and receivables due from credit institutions (note 4.f) | | 43,337 | 45 | 43,382 | 43,427 |
| Loans and receivables due from customers (note 4.g) [(1)] | 694 | 50,272 | 615,589 | 666,555 | 655,898 |
| Held-to-maturity financial assets (note 4.j) | 8,866 | 152 | | 9,018 | 7,757 |
| **FINANCIAL LIABILITIES** | | | | | |
| Due to credit institutions (note 4.f) | | 84,386 | | 84,386 | 84,146 |
| Due to customers (note 4.g) | | 701,207 | | 701,207 | 700,309 |
| Debt securities (note 4.i) | 50,334 | 110,580 | | 160,914 | 159,447 |
| Subordinated debt (note 4.i) | 8,281 | 8,061 | | 16,342 | 16,544 |

[(1)] Finance leases excluded

The valuation techniques and assumptions used by BNP Paribas ensure that the fair value of financial assets and liabilities carried at amortised cost is measured on a consistent basis throughout the Group. Fair value is based on prices quoted in an active market when these are available. In other cases, fair value is determined using valuation techniques such as discounting of estimated future cash flows for loans, liabilities and held-to-maturity financial assets, or specific valuation models for other financial instruments as described in note 1, “Summary of significant accounting policies applied by the BNP Paribas Group”. The description of the fair value hierarchy levels is also presented in the accounting principles (note 1.c.10). In the case of loans, liabilities and held-to-maturity financial assets that have an initial maturity of less than one year (including demand deposits) or of most regulated savings products, fair value equates to carrying amount. These instruments have been classified in Level 2, except for loans to customers, which are classified in Level 3.

# 7.j SCOPE OF CONSOLIDATION

| Name | Country | 31 December 2016 | | | | 31 December 2015 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Method | Voting (%) | Interest (%) | Ref. | Method | Voting (%) | Interest (%) | Ref. |
| BNP Paribas SA | France | | | | | | | | |
| BNPP SA (Argentina branch) | Argentina | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Australia branch) | Australia | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Bahrain branch) | Bahrain | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Belgium branch) | Belgium | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Bulgaria branch) | Bulgaria | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Canada branch) | Canada | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Cayman Islands branch) | Cayman Islands | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Germany branch) | Germany | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Hong Kong branch) | Hong Kong | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Hungary branch) | Hungary | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (India branch) | India | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Ireland branch) | Ireland | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Italy branch) | Italy | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Japan branch) | Japan | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Jersey branch) | Jersey | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Kuwait branch) | Kuwait | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Luxembourg branch) | Luxembourg | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Malaysia branch) | Malaysia | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Monaco branch) | Monaco | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Netherlands branch) | Netherlands | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Norway branch) | Norway | | | | | | | | S1 |
| BNPP SA (Panama branch) | Panama | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Philippines branch) | Philippines | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Poland branch) | Poland | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Portugal branch) | Portugal | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Qatar branch) | Qatar | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Republic of Korea branch) | Rep. of Korea | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Saudi Arabia branch) | Saudi Arabia | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Singapore branch) | Singapore | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (South Africa branch) | South Africa | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Spain branch) | Spain | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Taiwan branch) | Taiwan | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Thailand branch) | Thailand | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (UK branch) | UK | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (United Arab Emirates branch) | United Arab Emirates | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (USA branch) | USA | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SA (Viet Nam branch) | Viet Nam | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| **Retail Banking & Services** | | | | | | | | | |
| **Domestic Markets** | | | | | | | | | |
| **Retail Banking - France** | | | | | | | | | |
| Banque de Wallis et Futuna | France | Full (1) | 51.0% | 51.0% | | Full (1) | 51.0% | 51.0% | |
| BNPP Antilles Guyane (Ex- BNPP Martinique) | France | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Developpement | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Factor | France | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Factor (Spain branch) | Spain | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Factor AS | Denmark | Equity * | 100.0% | 99.9% | | Equity * | 100.0% | 99.9% | E1 |
| BNPP Factor Portugal | Portugal | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Guadeloupe | France | | | | S4 | Full (1) | 100.0% | 100.0% | |
| BNPP Guyane | France | | | | S4 | Full (1) | 100.0% | 100.0% | |
| BNPP Nouvelle Caledonie | France | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Réunion | France | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| Portzamparc Société de Bourse | France | Full (1) | 51.0% | 51.0% | | Full (1) | 51.0% | 51.0% | |
| Société Alsacienne de Développement et d'Expansion | France | | | | S4 | Full | 100.0% | 65.9% | |
| **Retail Banking - Belgium** | | | | | | | | | |
| Alpha Card SCRL | Belgium | Equity | 50.0% | 50.0% | | Equity | 50.0% | 50.0% | |
| Belgian Mobile Wallet | Belgium | | | | S3 | Equity | 20.0% | 20.0% | V3 |
| BNPP Commercial Finance Ltd | UK | Full | 100.0% | 99.9% | | Full | 100.0% | 99.9% | |
| BNPP Factor Deutschland BV | Netherlands | Full | 100.0% | 99.9% | | Full | 100.0% | 99.9% | |
| BNPP Factor GmbH | Germany | Full | 100.0% | 99.9% | | Full | 100.0% | 99.9% | |
| BNPP Factoring Coverage Europe Holding NV | Netherlands | Full | 100.0% | 99.9% | | Full | 100.0% | 99.9% | |
| BNPP Fortis | Belgium | Full | 99.9% | 99.9% | | Full | 99.9% | 99.9% | |
| BNPP Fortis (Austria branch) | Austria | Full | 100.0% | 99.9% | | Full | 100.0% | 99.9% | |
| BNPP Fortis (Cayman Islands branch) | Cayman Islands | | | | | | | | S1 |
| BNPP Fortis (Czech Republic branch) | Czech Republic | Full | 100.0% | 99.9% | | Full | 100.0% | 99.9% | |
| BNPP Fortis (Denmark branch) | Denmark | Full | 100.0% | 99.9% | | Full | 100.0% | 99.9% | |
| BNPP Fortis (Finland branch) | Finland | Full | 100.0% | 99.9% | | Full | 100.0% | 99.9% | |
| BNPP Fortis (Germany branch) | Germany | | | | S1 | Full | 100.0% | 99.9% | |
| BNPP Fortis (Netherlands branch) | Netherlands | Full | 100.0% | 99.9% | | Full | 100.0% | 99.9% | |
| BNPP Fortis (Norway branch) | Norway | Full | 100.0% | 99.9% | | Full | 100.0% | 99.9% | |
| BNPP Fortis (Romania branch) | Romania | Full | 100.0% | 99.9% | | Full | 100.0% | 99.9% | |
| BNPP Fortis (Spain branch) | Spain | Full | 100.0% | 99.9% | | Full | 100.0% | 99.9% | |
| BNPP Fortis (Sweden branch) | Sweden | Full | 100.0% | 99.9% | | Full | 100.0% | 99.9% | |
| BNPP Fortis (UK branch) | UK | | | | | | | | S1 |
| BNPP Fortis (USA branch) | USA | Full | 100.0% | 99.9% | | Full | 100.0% | 99.9% | |
| BNPP Fortis Factor NV | Belgium | Full | 100.0% | 99.9% | | Full | 100.0% | 99.9% | |
| BNPP Fortis Funding SA | Luxembourg | Full | 100.0% | 99.9% | | Full | 100.0% | 99.9% | |
| Bpost banque | Belgium | Equity (3) | 50.0% | 50.0% | | Equity (3) | 50.0% | 50.0% | |
| Demetris NV | Belgium | Equity * | 100.0% | 99.9% | | Equity * | 100.0% | 99.9% | |
| Immobilière Sauvenière SA | Belgium | Equity * | 100.0% | 99.9% | | Equity * | 100.0% | 99.9% | |
| **Structured Entities** | | | | | | | | | |
| BASS Master Issuer NV | Belgium | Full | - | - | | Full | - | - | |
| Esmée Master Issuer | Belgium | Full | - | - | | Full | - | - | |

| Name | Country | 31 December 2016 | | | | 31 December 2015 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Method | Voting (%) | Interest (%) | Ref. | Method | Voting (%) | Interest (%) | Ref. |
| **Retail Banking - Luxembourg** | | | | | | | | | |
| BGL BNPP | Luxembourg | Full | 66.0% | 65.9% | | Full | 66.0% | 65.9% | |
| BGL BNPP (Germany branch) | Germany | Full | 100.0% | 65.9% | | Full | 100.0% | 65.9% | |
| BGL BNPP Factor SA | Luxembourg | | | | S4 | Full | 100.0% | 65.9% | |
| BNPP Lease Group Luxembourg SA | Luxembourg | Full | 100.0% | 65.9% | | Full | 100.0% | 65.9% | |
| Cofhylux SA | Luxembourg | Full | 100.0% | 65.9% | | Full | 100.0% | 65.9% | |
| **Structured Entities** | | | | | | | | | |
| Société Immobilière de Monterey SA | Luxembourg | | | | S2 | Full | - | - | |
| **Retail Banking - Italy (BNL Banca Commerciale)** | | | | | | | | | |
| Artigiancassa SPA | Italy | Full | 73.9% | 73.9% | | Full | 73.9% | 73.9% | |
| Banca Nazionale del Lavoro SPA | Italy | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNL Finance SPA | Italy | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNL Positivity SRL | Italy | Full | 100.0% | 100.0% | V1 | Full | 51.0% | 51.0% | |
| Business Partners Italia SCPA | Italy | Full | 99.9% | 99.8% | V3 | Full | 100.0% | 99.9% | V3 |
| International Factors Italia SPA - Ifitalia | Italy | Full | 99.7% | 99.7% | | Full | 99.7% | 99.7% | |
| Servizio Italia SPA | Italy | Equity * | 100.0% | 100.0% | E1 | | | | |
| Sviluppo HQ Tiburtina SRL | Italy | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| **Structured Entities** | | | | | | | | | |
| EMF-IT 2008-1 SRL | Italy | Full | - | - | | Full | - | - | |
| Tierre Securitisation SRL | Italy | Full | - | - | E2 | | | | |
| Vela ABS SRL | Italy | Full | - | - | | Full | - | - | |
| Vela Consumer SRL | Italy | Full | - | - | | Full | - | - | E2 |
| Vela Home SRL | Italy | Full | - | - | | Full | - | - | |
| Vela Mortgages SRL | Italy | Full | - | - | | Full | - | - | |
| Vela OBG SRL | Italy | Full | - | - | | Full | - | - | |
| Vela Public Sector SRL | Italy | | | | S3 | Full | - | - | |
| Vela RMBS SRL | Italy | Full | - | - | | Full | - | - | |
| **Arval** | | | | | | | | | |
| Artel | France | Equity * | 100.0% | 99.9% | V3 | Equity * | 100.0% | 100.0% | E1 |
| Arval AB | Sweden | Equity * | 100.0% | 99.9% | V3 | Equity * | 100.0% | 100.0% | E2 |
| Arval AS | Denmark | Equity * | 100.0% | 99.9% | V3 | Equity * | 100.0% | 100.0% | |
| Arval Austria GmbH | Austria | Equity * | 100.0% | 99.9% | V3 | Equity * | 100.0% | 100.0% | |
| Arval Belgium SA | Belgium | Full | 100.0% | 99.9% | V3 | Full | 100.0% | 100.0% | |
| Arval Benelux BV | Netherlands | Full | 100.0% | 99.9% | V3 | Full | 100.0% | 100.0% | |
| Arval Brasil Ltda | Brazil | Full | 100.0% | 99.9% | V3 | Full | 100.0% | 100.0% | |
| Arval BV | Netherlands | Full | 100.0% | 99.9% | V3 | Full | 100.0% | 100.0% | |
| Arval CZ SRO | Czech Republic | Full | 100.0% | 99.9% | V3 | Full | 100.0% | 100.0% | |
| Arval Deutschland GmbH | Germany | Full | 100.0% | 99.9% | V3 | Full | 100.0% | 100.0% | |
| Arval ECL | France | | | | | | | | S4 |
| Arval Fleet Services (Ex- GE Capital Fleet Services Fr) | France | Full | 100.0% | 99.9% | V3 | Full | 100.0% | 100.0% | E3 |
| Arval Fleet Services BV (Ex- GE Fleet Services BV | Netherlands | Full | 100.0% | 99.9% | V3 | Full | 100.0% | 100.0% | E3 |
| Arval Hellas Car Rental SA | Greece | Equity * | 100.0% | 99.9% | V3 | Equity * | 100.0% | 100.0% | |
| Arval India Private Ltd | India | Equity * | 100.0% | 99.9% | V3 | Equity * | 100.0% | 100.0% | |
| Arval Italy Fleet Services SRL | Italy | Full | 100.0% | 99.9% | V3 | Full | 100.0% | 100.0% | E3 |
| Arval Jiutong (Ex- Arval China Co Ltd) | China | Equity | 40.0% | 40.0% | V3 | Equity | 40.0% | 40.0% | V3 |
| Arval Luxembourg SA | Luxembourg | Equity * | 100.0% | 99.9% | V3 | Equity * | 100.0% | 100.0% | |
| Arval Magyarorszag KFT | Hungary | Equity * | 100.0% | 99.9% | V3 | Equity * | 100.0% | 100.0% | |
| Arval Maroc SA | Morocco | Equity * | 100.0% | 89.0% | V3 | Equity * | 100.0% | 88.9% | V3 |
| Arval OOO | Russia | Full | 100.0% | 99.9% | V3 | Full | 100.0% | 100.0% | |
| Arval Oy | Finland | Equity * | 100.0% | 99.9% | V3 | Equity * | 100.0% | 100.0% | |
| Arval Schweiz AG | Switzerland | Equity * | 100.0% | 99.9% | V3 | Equity * | 100.0% | 100.0% | |
| Arval Service Lease | France | Full | 100.0% | 99.9% | V3 | Full | 100.0% | 100.0% | |
| Arval Service Lease Aluger Operational Automoveis SA | Portugal | Equity * | 100.0% | 99.9% | V3 | Equity * | 100.0% | 100.0% | |
| Arval Service Lease Italia SPA | Italy | Full | 100.0% | 99.9% | V3 | Full | 100.0% | 100.0% | |
| Arval Service Lease Polska SP ZOO | Poland | Full | 100.0% | 99.9% | V3 | Full | 100.0% | 100.0% | |
| Arval Service Lease Romania SRL | Romania | Equity * | 100.0% | 99.9% | V3 | Equity * | 100.0% | 100.0% | |
| Arval Service Lease SA | Spain | Full | 100.0% | 99.9% | V3 | Full | 100.0% | 100.0% | |
| Arval Slovakia | Slovakia | Equity * | 100.0% | 99.9% | V3 | Equity * | 100.0% | 100.0% | |
| Arval Trading | France | Equity * | 100.0% | 99.9% | V3 | Equity * | 100.0% | 100.0% | |
| Arval UK Group Ltd | UK | Full | 100.0% | 99.9% | V3 | Full | 100.0% | 100.0% | |
| Arval UK Leasing Services Ltd (Ex- GE Commercial Finance Fleet Services Ltd) | UK | Full | 100.0% | 99.9% | V3 | Full | 100.0% | 100.0% | E3 |
| Arval UK Ltd | UK | Full | 100.0% | 99.9% | V3 | Full | 100.0% | 100.0% | |
| Autovalley | France | | | | | | | | S4 |
| BNPP Fleet Holdings Ltd | UK | Full | 100.0% | 99.9% | V3 | Full | 100.0% | 100.0% | |
| Cofiparc | France | Full | 100.0% | 99.9% | V3 | Full | 100.0% | 100.0% | |
| GE Auto Service Leasing GmbH | Germany | | | | S4 | Full | 100.0% | 100.0% | E3 |
| GE Auto Service Leasing GmbH | Austria | | | | S4 | Equity * | 100.0% | 100.0% | E3 |
| GE Capital Largo Plazo SL | Spain | | | | S4 | Full | 100.0% | 100.0% | E3 |
| Greenval Insurance Company Ltd | Ireland | Full (2) | 100.0% | 100.0% | | Full (2) | 100.0% | 100.0% | |
| Itelcar - Automoveis de Aluguer Unipessoal Lda | Portugal | | | | S4 | Equity * | 100.0% | 100.0% | E3 |
| Locadif | Belgium | Full | 100.0% | 99.9% | V3 | Full | 100.0% | 100.0% | E3 |
| Public Location Longue Durée | France | Equity * | 100.0% | 99.9% | V3 | Equity * | 100.0% | 100.0% | |
| TEB Arval Arac Filo Kiralama AS | Turkey | Full | 100.0% | 75.0% | V3 | Full | 100.0% | 75.0% | |
| **Leasing Solutions** | | | | | | | | | |
| Ace Equipment Leasing | Belgium | | | | S3 | Full | 100.0% | 83.0% | |
| Albury Asset Rentals Ltd | UK | Full | 100.0% | 83.0% | | Full | 100.0% | 83.0% | |
| All In One Vermietung GmbH | Austria | | | | S3 | Equity * | 100.0% | 83.0% | |
| All In One Vermietungsgesellschaft für Telekommunicationsanlagen mbH | Germany | Equity * | 100.0% | 83.0% | | Equity * | 100.0% | 83.0% | |
| Aprolis Finance | France | Full | 51.0% | 42.3% | | Full | 51.0% | 42.3% | |
| Aprolis Finance (Romania branch) | Romania | | | | | | | | S1 |
| Arius | France | Full | 100.0% | 83.0% | | Full | 100.0% | 83.0% | |
| Artegy | France | Full | 100.0% | 83.0% | | Full | 100.0% | 83.0% | |

**Changes in the scope of consolidation**

**New entries (E) in the scope of consolidation**
E1 Passing qualifying thresholds as defined by the Group (see note 1.b)
E2 Incorporation
E3 Purchase, gain of control or significant influence
**Removals (S) from the scope of consolidation**
S1 Cessation of activity (dissolution, liquidation, ...)
S2 Disposal, loss of control or loss of significant influence
S3 Passing qualifying thresholds as defined by the Group (see note 1.b)
S4 Merger, Universal transfer of assets and liabilities
**Variance (V) in voting or ownership interest**
V1 Additional purchase
V2 Partial disposal
V3 Dilution
V4 Increase in %

Equity * Controlled but non material entities consolidated under the equity method as associates

**Miscellaneous**
D1 Consolidation method change not related to fluctuation in voting or ownership interest

**Prudential scope of consolidation**

(1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council.
(2) Insurance entities consolidated under the equity method for prudential purposes
(3) Jointly controlled entities under proportional consolidation for prudential purposes.

| | | 31 December 2016 | | | | 31 December 2015 | | | |
|---|---|---|---|---|---|---|---|---|---|
| Name | Country | Method | Voting (%) | Interest (%) | Ref. | Method | Voting (%) | Interest (%) | Ref. |
| BNPP Finansal Kiralama AS | Turkey | Full | 100.0% | 82.5% | | Full | 100.0% | 82.5% | V4 |
| BNPP Lease Group | France | Full (1) | 100.0% | 83.0% | | Full (1) | 100.0% | 83.0% | |
| BNPP Lease Group (Germany branch) | Germany | Full (1) | 100.0% | 83.0% | | Full (1) | 100.0% | 83.0% | |
| BNPP Lease Group (Italy branch) | Italy | Full (1) | 100.0% | 83.0% | | Full (1) | 100.0% | 83.0% | |
| BNPP Lease Group (Portugal branch) | Portugal | Full (1) | 100.0% | 83.0% | | Full (1) | 100.0% | 83.0% | |
| BNPP Lease Group (Rentals) Ltd | UK | Full | 100.0% | 83.0% | | Full | 100.0% | 83.0% | |
| BNPP Lease Group (Spain branch) | Spain | Full (1) | 100.0% | 83.0% | | Full (1) | 100.0% | 83.0% | |
| BNPP Lease Group IFN SA | Romania | Equity * | 100.0% | 83.0% | | Equity * | 100.0% | 83.0% | |
| BNPP Lease Group KFT | Hungary | Equity * | 100.0% | 83.0% | | Equity * | 100.0% | 83.0% | |
| BNPP Lease Group Leasing Solutions SPA | Italy | Full | 100.0% | 95.5% | | Full | 100.0% | 95.5% | |
| BNPP Lease Group Lizing RT | Hungary | Equity * | 100.0% | 83.0% | | Equity * | 100.0% | 83.0% | |
| BNPP Lease Group PLC | UK | Full | 100.0% | 83.0% | | Full | 100.0% | 83.0% | |
| BNPP Lease Group Polska SP ZOO | Poland | Equity * | 100.0% | 83.0% | | Equity * | 100.0% | 83.0% | |
| BNPP Lease Group SA Belgium | Belgium | Full | 100.0% | 83.0% | | Full | 100.0% | 83.0% | |
| BNPP Leasing Solutions | Luxembourg | Full | 100.0% | 83.0% | | Full | 100.0% | 83.0% | |
| BNPP Leasing Solutions Immobilier Suisse | Switzerland | | | | | | | | S4 |
| BNPP Leasing Solutions Ltd | UK | Full | 100.0% | 83.0% | | Full | 100.0% | 83.0% | |
| BNPP Leasing Solutions NV | Netherlands | Full | 100.0% | 83.0% | | Full | 100.0% | 83.0% | |
| BNPP Leasing Solutions Suisse SA | Switzerland | Equity * | 100.0% | 83.0% | | Equity * | 100.0% | 83.0% | |
| BNPP Rental Solutions Ltd (Ex- Artegy Ltd) | UK | Equity * | 100.0% | 83.0% | | Equity * | 100.0% | 83.0% | |
| Claas Financial Services | France | Full (1) | 60.1% | 49.9% | | Full (1) | 60.1% | 49.9% | |
| Claas Financial Services (Germany branch) | Germany | Full (1) | 100.0% | 49.9% | | Full (1) | 100.0% | 49.9% | |
| Claas Financial Services (Italy branch) | Italy | Full (1) | 100.0% | 49.9% | | Full (1) | 100.0% | 49.9% | |
| Claas Financial Services (Poland branch) | Poland | Full (1) | 100.0% | 49.9% | | Full (1) | 100.0% | 49.9% | |
| Claas Financial Services (Spain branch) | Spain | Full (1) | 100.0% | 49.9% | | Full (1) | 100.0% | 49.9% | |
| Claas Financial Services Inc | USA | | | | S2 | Full | 100.0% | 49.9% | |
| Claas Financial Services Ltd | UK | Full | 51.0% | 42.3% | | Full | 51.0% | 42.3% | |
| CNH Industrial Capital Europe | France | Full (1) | 50.1% | 41.6% | | Full (1) | 50.1% | 41.6% | |
| CNH Industrial Capital Europe (Belgium branch) | Belgium | Full (1) | 100.0% | 41.6% | | Full (1) | 100.0% | 41.6% | |
| CNH Industrial Capital Europe (Germany branch) | Germany | Full (1) | 100.0% | 41.6% | | Full (1) | 100.0% | 41.6% | |
| CNH Industrial Capital Europe (Italy branch) | Italy | Full (1) | 100.0% | 41.6% | | Full (1) | 100.0% | 41.6% | |
| CNH Industrial Capital Europe (Poland branch) | Poland | Full (1) | 100.0% | 41.6% | | Full (1) | 100.0% | 41.6% | |
| CNH Industrial Capital Europe (Spain branch) | Spain | Full (1) | 100.0% | 41.6% | | Full (1) | 100.0% | 41.6% | |
| CNH Industrial Capital Europe BV | Netherlands | Full | 100.0% | 41.6% | | Full | 100.0% | 41.6% | |
| CNH Industrial Capital Europe GmbH | Austria | Full | 100.0% | 41.6% | | Full | 100.0% | 41.6% | |
| CNH Industrial Capital Europe Ltd | UK | Full | 100.0% | 41.6% | | Full | 100.0% | 41.6% | |
| Commercial Vehicle Finance Ltd | UK | Full | 100.0% | 83.0% | | Full | 100.0% | 83.0% | |
| ES-Finance | Belgium | Full | 100.0% | 99.9% | | Full | 100.0% | 99.9% | |
| Fortis Lease | France | Full (1) | 100.0% | 83.0% | | Full (1) | 100.0% | 83.0% | |
| Fortis Lease Belgium | Belgium | Full | 100.0% | 83.0% | | Full | 100.0% | 83.0% | |
| Fortis Lease Deutschland GmbH | Germany | Equity * | 100.0% | 83.0% | | Equity * | 100.0% | 83.0% | |
| Fortis Lease Iberia SA | Spain | Equity * | 100.0% | 86.6% | | Equity * | 100.0% | 86.6% | |
| Fortis Lease Operativ Lizing Zartkoruen Mukodo Reszvenytarsasag | Hungary | | | | S1 | Equity * | 100.0% | 83.0% | |
| Fortis Lease Portugal | Portugal | Equity * | 100.0% | 83.0% | | Equity * | 100.0% | 83.0% | |
| Fortis Lease Romania IFN SA | Romania | | | | | | | | S4 |
| Fortis Lease UK Ltd | UK | Equity * | 100.0% | 83.0% | | Equity * | 100.0% | 83.0% | |
| Fortis Lease UK Retail Ltd | UK | | | | S3 | Equity * | 100.0% | 83.0% | |
| Fortis Vastgoedlease BV | Netherlands | Equity * | 100.0% | 83.0% | | Equity * | 100.0% | 83.0% | |
| HFGL Ltd | UK | | | | S1 | Full | 100.0% | 83.0% | |
| Humberclyde Commercial Investments Ltd | UK | Full | 100.0% | 83.0% | | Full | 100.0% | 83.0% | |
| Humberclyde Commercial Investments N°1 Ltd | UK | | | | S1 | Full | 100.0% | 83.0% | |
| JCB Finance | France | Full (1) | 100.0% | 41.6% | | Full (1) | 100.0% | 41.6% | |
| JCB Finance (Germany branch) | Germany | Full (1) | 100.0% | 41.6% | | Full (1) | 100.0% | 41.6% | |
| JCB Finance (Italy branch) | Italy | Full (1) | 100.0% | 41.6% | | Full (1) | 100.0% | 41.6% | |
| JCB Finance Holdings Ltd | UK | Full | 50.1% | 41.6% | | Full | 50.1% | 41.6% | |
| Locatrice Italiana SPA | Italy | Equity * | 100.0% | 83.0% | | Equity * | 100.0% | 83.0% | V3 |
| Manitou Finance Ltd | UK | Full | 51.0% | 42.3% | | Full | 51.0% | 42.3% | |
| MFF | France | Full (1) | 51.0% | 42.3% | | Full (1) | 51.0% | 42.3% | |
| Natiocrédibail | France | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| Natiocrédimurs | France | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| Natioénergie 2 | France | | | | S3 | Equity * | 100.0% | 100.0% | |
| RD Portofoliu SRL | Romania | Equity * | 100.0% | 83.0% | | Equity * | 100.0% | 83.0% | E2 |
| Same Deutz Fahr Finance | France | Full (1) | 100.0% | 83.0% | | Full (1) | 100.0% | 83.0% | |
| Same Deutz Fahr Finance Ltd | UK | Full | 100.0% | 83.0% | | Full | 100.0% | 83.0% | |
| SREI Equipement Finance Ltd | India | | | | S2 | Equity (3) | 50.0% | 41.5% | |
| **Structured Entities** | | | | | | | | | |
| BNPP B Institutional II Short Term | Belgium | Full | - | - | | Full | - | - | E1 |
| Vela Lease SRL | Italy | | | | | | | | S3 |
| | | | | | | | | | |
| **Personal Investors** | | | | | | | | | |
| DAB Bank AG | Germany | | | | | | | | S4 |
| Geojit BNPP Financial Services Ltd | India | | | | S2 | Equity | 34.4% | 34.4% | |
| Geojit Technologies Private Ltd | India | Equity | 35.0% | 35.0% | | Equity * | 57.4% | 57.4% | D1 |
| Hellobank BNPP Austria AG | Austria | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | V4 |
| Sharekhan Financial Services Private Ltd | India | Equity * | 100.0% | 100.0% | E3 | | | | |
| Sharekhan Ltd | India | Full | 100.0% | 100.0% | E3 | | | | |
| **Structured Entities** | | | | | | | | | |
| DAB Bank AG (Ex- BNPP Beteiligungsholding AG) | Germany | | | | | | | | S4 |
| Human Value Developers Private Ltd | India | Full | - | - | E3 | | | | |
| | | | | | | | | | |
| **International Financial Services** | | | | | | | | | |
| | | | | | | | | | |
| **BNP Paribas Personal Finance** | | | | | | | | | |
| Alpha Crédit SA | Belgium | Full | 100.0% | 99.9% | | Full | 100.0% | 99.9% | |
| Axa Banque Financement | France | Equity | 35.0% | 35.0% | | Equity | 35.0% | 35.0% | |
| Banco BNPP Personal Finance SA | Portugal | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Banco Cetelem Argentina SA | Argentina | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Banco Cetelem SA | Spain | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |

| | | 31 December 2016 | | | | 31 December 2015 | | | |
|---|---|---|---|---|---|---|---|---|---|
| Name | Country | Method | Voting (%) | Interest (%) | Ref. | Method | Voting (%) | Interest (%) | Ref. |
| Banco Cetelem SA | Brazil | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Banco de Servicios Financieros SA | Argentina | Equity | 40.0% | 40.0% | | Equity | 40.0% | 40.0% | |
| Banque Solféa | France | Equity (3) | 45.0% | 45.0% | V4 | Equity (3) | 44.9% | 44.9% | |
| BGN Mercantil E Servicos Ltda | Brazil | Equity * | 100.0% | 100.0% | | Equity * | 100.0% | 100.0% | |
| BNPP Personal Finance | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Personal Finance (Austria branch) | Austria | Full | 100.0% | 100.0% | E2 | | | | |
| BNPP Personal Finance (Czech Republic branch) | Czech Republic | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | E2 |
| BNPP Personal Finance (Slovakia branch) | Slovakia | Full | 100.0% | 100.0% | E2 | | | | |
| BNPP Personal Finance BV | Netherlands | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Personal Finance EAD | Bulgaria | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Personal Finance SA de CV | Mexico | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Cafineo | France | Full (1) | 51.0% | 50.8% | | Full (1) | 51.0% | 50.8% | |
| Carrefour Banque | France | Equity | 40.0% | 40.0% | | Equity | 40.0% | 40.0% | V1 |
| Cetelem Algérie | Algeria | | | | | | | | S3 |
| Cetelem America Ltda | Brazil | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Cetelem Bank LLC | Russia | Equity | 20.8% | 20.8% | | Equity | 20.8% | 20.8% | V3 |
| Cetelem CR AS | Czech Republic | | | | | | | | S4 |
| Cetelem IFN | Romania | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Cetelem Serviços Ltda | Brazil | Equity * | 100.0% | 100.0% | D1 | Full | 100.0% | 100.0% | |
| Cetelem Slovensko AS | Slovakia | | | | S4 | Full | 100.0% | 100.0% | |
| CMV Médiforce | France | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| Cofica Bail | France | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| Cofiplan | France | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| Commerz Finanz | Germany | Full | 50.1% | 50.1% | | Full | 50.1% | 50.1% | |
| Communication Marketing Services | France | | | | | | | | S4 |
| Compagnie de Gestion et de Prêts | France | | | | | | | | S4 |
| Creation Consumer Finance Ltd | UK | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Creation Financial Services Ltd | UK | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Creation Marketing Services Ltd | UK | | | | | | | | S1 |
| Crédit Moderne Antilles Guyane | France | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| Crédit Moderne Océan Indien | France | Full (1) | 97.8% | 97.8% | | Full (1) | 97.8% | 97.8% | |
| Direct Services | Bulgaria | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Domofinance | France | Full (1) | 55.0% | 55.0% | | Full (1) | 55.0% | 55.0% | |
| Effico | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Effico Iberia SA | Spain | Equity * | 100.0% | 100.0% | | Equity * | 100.0% | 100.0% | |
| EkspresBank | Denmark | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| EkspresBank (Norway branch) | Norway | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Eos Aremas Belgium SA NV | Belgium | Equity | 50.0% | 49.9% | | Equity | 50.0% | 49.9% | |
| Eurocredito EFC SA | Spain | | | | | | | | S4 |
| Facet | France | | | | | | | | S4 |
| Fidecom | France | Full | 82.4% | 82.4% | | Full | 82.4% | 82.4% | |
| Fidem | France | | | | | | | | S4 |
| Fimestic Expansion SA | Spain | | | | S4 | Full | 100.0% | 100.0% | |
| Findomestic Banca SPA | Italy | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Findomestic Banka AD | Serbia | Equity * | 100.0% | 100.0% | D1 | Full | 100.0% | 100.0% | |
| GCC Consumo Establecimiento Financiero de Credito SA | Spain | Equity * | 51.0% | 51.0% | E1 | | | | |
| Gesellschaft für Capital & Vermögensverwaltung GmbH | Germany | Equity * | 100.0% | 99.9% | | Equity * | 100.0% | 99.9% | |
| Gestion et Services Groupe Cofinoga GIE | France | | | | | | | | S4 |
| Inkasso Kodat GmbH & Co KG | Germany | Equity * | 100.0% | 99.9% | | Equity * | 100.0% | 99.9% | |
| LaSer Cofinoga | France | | | | | | | | S4 |
| LaSer Loyalty | France | | | | | | | | S4 |
| LaSer SA | France | | | | | | | | S4 |
| Leval 20 | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Loisirs Finance | France | Full (1) | 51.0% | 51.0% | | Full (1) | 51.0% | 51.0% | |
| Magyar Cetelem Bank ZRT | Hungary | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Norrsken Finance | France | Full (1) | 100.0% | 100.0% | V1 | Full (1) | 51.0% | 51.0% | |
| Oney Magyarorszag ZRT | Hungary | Equity | 40.0% | 40.0% | | Equity | 40.0% | 40.0% | |
| Prêts et Services SAS | France | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| Projéo | France | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | V1 |
| RCS Botswana Proprietary Ltd | Botswana | | | | | | | | S3 |
| RCS Cards Proprietary Ltd | South Africa | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| RCS Collections Proprietary Ltd | South Africa | | | | | | | | S3 |
| RCS Home Loans Proprietary Ltd | South Africa | | | | | | | | S3 |
| RCS Investment Holdings Ltd | South Africa | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| RCS Investment Holdings Namibia Proprietary Ltd | Namibia | | | | | | | | S3 |
| Retail Mobile Wallet | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | D1 |
| Servicios Financieros Carrefour EFC SA | Spain | Equity | 37.3% | 40.0% | | Equity | 37.3% | 40.0% | V4 |
| Sundaram BNPP Home Finance Ltd | India | Equity | 49.9% | 49.9% | | Equity | 49.9% | 49.9% | |
| Suning Consumer Finance Company Ltd | China | Equity | 15.0% | 15.0% | E1 | | | | |
| Sygma Banque | France | | | | | | | | S4 |
| Sygma Banque (Poland branch) | Poland | | | | | | | | S1 |
| Sygma Banque (UK branch) | UK | | | | | | | | S1 |
| Sygma Funding Two Ltd | UK | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Symag | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| TEB Tuketici Finansman AS | Turkey | Full | 100.0% | 92.8% | | Full | 100.0% | 92.8% | |
| UCB Ingatlanhitel RT | Hungary | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Union de Creditos Inmobiliarios | Spain | Equity (3) | 50.0% | 50.0% | | Equity (3) | 50.0% | 50.0% | |
| Von Essen Bank GmbH (Ex- Von Essen Bank GmbH & Co KG Bankgesellschaft) | Germany | Full | 100.0% | 99.9% | | Full | 100.0% | 99.9% | |
| **Structured Entities** | | | | | | | | | |
| Cofinoga Funding Two LP | UK | Full | - | - | | Full | - | - | |
| FCC Retail ABS Finance Noria 2009 | France | Full | - | - | | Full | - | - | |
| Fideicomiso Financiero Cetelem II, III et IV | Argentina | | | | | | | | S1 |
| Florence 1 SRL | Italy | Full | - | - | | Full | - | - | |
| Florence SPV SRL | Italy | Full | - | - | | Full | - | - | |
| Noria 2015 | France | Full | - | - | | Full | - | - | E2 |
| Phedina Hypotheken 2010 BV | Netherlands | Full | - | - | | Full | - | - | |

**Changes in the scope of consolidation**

**New entries (E) in the scope of consolidation**
E1 Passing qualifying thresholds as defined by the Group (see note 1.b)
E2 Incorporation
E3 Purchase, gain of control or significant influence

**Removals (S) from the scope of consolidation**
S1 Cessation of activity (dissolution, liquidation, ...)
S2 Disposal, loss of control or loss of significant influence
S3 Passing qualifying thresholds as defined by the Group (see note 1.b)
S4 Merger, Universal transfer of assets and liabilities

**Variance (V) in voting or ownership interest**
V1 Additional purchase
V2 Partial disposal
V3 Dilution
V4 Increase in %

Equity * Controlled but non material entities consolidated under the equity method as associates

**Miscellaneous**
D1 Consolidation method change not related to fluctuation in voting or ownership interest

**Prudential scope of consolidation**

(1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council.
(2) Insurance entities consolidated under the equity method for prudential purposes
(3) Jointly controlled entities under proportional consolidation for prudential purposes.

| Name | Country | 31 December 2016 Method | Voting (%) | Interest (%) | Ref. | 31 December 2015 Method | Voting (%) | Interest (%) | Ref. |
|---|---|---|---|---|---|---|---|---|---|
| Phedina Hypotheken 2011-I BV | Netherlands | | | | S1 | Full | - | - | |
| Phedina Hypotheken 2013-I BV | Netherlands | Full | - | - | | Full | - | - | |
| Securitisation funds Autonoria (a) | France | Full | - | - | | Full | - | - | |
| Securitisation funds Domos (b) | France | Full | - | - | | Full | - | - | |
| Securitisation funds UCI (c) | Spain | Equity (3) | - | - | | Equity (3) | - | - | |
| | | | | | | | | | |
| **International Retail Banking** | | | | | | | | | |
| | | | | | | | | | |
| **Retail Banking in the United States of America** | | | | | | | | | |
| 1897 Services Corporation | USA | Full | 100,0% | 100,0% | | Full | 100,0% | 100,0% | |
| BancWest Corporation | USA | Full | 100,0% | 100,0% | E2 | | | | |
| BancWest Holding Inc | USA | Full | 100,0% | 100,0% | E2 | | | | |
| BancWest Investment Services Inc | USA | Full | 100,0% | 100,0% | | Full | 100,0% | 100,0% | |
| Bank of the West | USA | Full | 100,0% | 100,0% | | Full | 100,0% | 100,0% | |
| Bank of the West (Cayman Islands branch) | Cayman Islands | | | | S1 | Full | 100,0% | 100,0% | |
| Bishop Street Capital Management Corporation | USA | Full | 100,0% | 82,6% | V3 | Full | 100,0% | 100,0% | |
| BW Insurance Agency Inc | USA | | | | | | | | S2 |
| Center Club Inc | USA | Full | 100,0% | 82,6% | V3 | Full | 100,0% | 100,0% | |
| CFB Community Development Corporation | USA | Full | 100,0% | 100,0% | | Full | 100,0% | 100,0% | |
| Claas Financial Services LLC | USA | Full | 51,0% | 51,0% | V2 | Full | 75,9% | 63,4% | |
| Commercial Federal Affordable Housing Inc | USA | Full | 100,0% | 100,0% | | Full | 100,0% | 100,0% | |
| Commercial Federal Community Development Corporation | USA | Full | 100,0% | 100,0% | | Full | 100,0% | 100,0% | |
| Commercial Federal Insurance Corporation | USA | Full | 100,0% | 100,0% | | Full | 100,0% | 100,0% | |
| Commercial Federal Investment Service Inc | USA | Full | 100,0% | 100,0% | | Full | 100,0% | 100,0% | |
| Community Service Inc | USA | | | | | | | | S1 |
| FHB Guam Trust Co | USA | Full | 100,0% | 82,6% | V3 | Full | 100,0% | 100,0% | |
| FHL SPC One Inc | USA | Full | 100,0% | 82,6% | V3 | Full | 100,0% | 100,0% | |
| First Bancorp | USA | Full | 100,0% | 100,0% | | Full | 100,0% | 100,0% | |
| First Hawaïan Bank (Cayman Islands branch) | Cayman Islands | | | | | | | | S1 |
| First Hawaiian Bank | USA | Full | 100,0% | 82,6% | V3 | Full | 100,0% | 100,0% | |
| First Hawaiian Capital 1 | USA | | | | | | | | S1 |
| First Hawaiian Inc (Ex- BancWest Corporation) | USA | Full | 82,6% | 82,6% | V2 | Full | 100,0% | 100,0% | |
| First Hawaiian Leasing Inc | USA | Full | 100,0% | 82,6% | V3 | Full | 100,0% | 100,0% | |
| First National Bancorporation | USA | Full | 100,0% | 100,0% | | Full | 100,0% | 100,0% | |
| First Santa Clara Corporation | USA | Full | 100,0% | 100,0% | | Full | 100,0% | 100,0% | |
| Liberty Leasing Company | USA | Full | 100,0% | 100,0% | | Full | 100,0% | 100,0% | |
| Mountain Falls Acquisition Corporation | USA | Full | 100,0% | 100,0% | | Full | 100,0% | 100,0% | |
| Real Estate Delivery 2 Inc | USA | Full | 100,0% | 82,6% | V3 | Full | 100,0% | 100,0% | |
| The Bankers Club Inc | USA | Full | 100,0% | 82,6% | V3 | Full | 100,0% | 100,0% | |
| Ursus Real Estate Inc | USA | Full | 100,0% | 100,0% | | Full | 100,0% | 100,0% | |
| **Structured Entities** | | | | | | | | | |
| Bank of the West Auto Trust 2014-1 | USA | Full | - | - | | Full | - | - | |
| Bank of the West Auto Trust 2015-1 | USA | Full | - | - | | Full | - | - | E2 |
| Bank of the West Auto Trust 2016-1 (Ex- Bank of the West Auto Trust 2015-2) | USA | Full | - | - | | Full | - | - | E2 |
| Bank of the West Auto Trust 2016-2 | USA | Full | - | - | E2 | | | | |
| BOW Auto Receivables LLC | USA | Full | - | - | | Full | - | - | |
| Commercial Federal Realty Investors Corporation | USA | | | | | | | | S1 |
| Commercial Federal Service Corporation | USA | | | | | | | | S1 |
| Equipment Lot FH | USA | | | | S2 | Full | - | - | |
| Equipment Lot Siemens 1998A-FH | USA | | | | S3 | Full | - | - | |
| Glendale Corporate Center Acquisition LLC | USA | Full | - | - | | Full | - | - | |
| LACMTA Rail Statutory Trust (FH1) | USA | Full | - | - | | Full | - | - | |
| Lexington Blue LLC | USA | | | | S2 | Equity | - | - | |
| MNCRC Equipement Lot | USA | | | | | | | | S2 |
| Riverwalk Village Three Holdings LLC | USA | Full | - | - | | Full | - | - | |
| Santa Rita Townhomes Acquisition LLC | USA | Full | - | - | | Full | - | - | |
| Southwest Airlines 1993 Trust N363SW | USA | | | | | | | | S2 |
| ST 2001 FH-1 Statutory Trust | USA | Full | - | - | | Full | - | - | |
| SWB 99-1 | USA | | | | S2 | Full | - | - | |
| VTA 1998-FH | USA | Full | - | - | | Full | - | - | |
| | | | | | | | | | |
| **Europe Mediterranean** | | | | | | | | | |
| Bank BGZ BNPP SA | Poland | Full | 88,3% | 88,3% | | Full | 88,3% | 88,3% | V1&V3 |
| Bank of Nanjing | China | Equity | 18,9% | 18,9% | V1 | Equity | 18,8% | 18,8% | V1 |
| Banque Internationale pour le Commerce et l'Industrie de la Cote d'Ivoire | Ivory Coast | Full | 59,8% | 59,8% | | Full | 59,8% | 59,8% | |
| Banque Internationale pour le Commerce et l'Industrie de la Guinée | Guinea | Full | 55,6% | 55,6% | D1 | Equity * | 55,6% | 55,6% | |
| Banque Internationale pour le Commerce et l'Industrie du Burkina Faso | Burkina Faso | Full | 51,0% | 51,0% | | Full | 51,0% | 51,0% | |
| Banque Internationale pour le Commerce et l'Industrie du Gabon | Gabon | Equity | 47,0% | 47,0% | | Equity | 47,0% | 47,0% | |
| Banque Internationale pour le Commerce et l'Industrie du Mali | Mali | Full | 85,0% | 85,0% | | Full | 85,0% | 85,0% | |
| Banque Internationale pour le Commerce et l'Industrie du Sénégal | Senegal | Full | 54,1% | 54,1% | | Full | 54,1% | 54,1% | |
| Banque Marocaine pour le Commerce et l'Industrie | Morocco | Full | 67,0% | 67,0% | V4 | Full | 66,7% | 66,7% | |
| BICI Bourse | Ivory Coast | Equity * | 90,0% | 53,5% | | Equity * | 90,0% | 53,5% | E1 |
| BMCI Asset Management | Morocco | Equity * | 100,0% | 67,0% | V4 | Equity * | 100,0% | 66,7% | V3 |
| BMCI Assurance SARL | Morocco | Equity * | 100,0% | 67,0% | V4 | Equity * | 100,0% | 66,7% | V3 |
| BMCI Banque Offshore | Morocco | Full | 100,0% | 67,0% | V4 | Full | 100,0% | 66,7% | V3 |
| BMCI Leasing | Morocco | Full | 86,9% | 58,2% | V4 | Full | 86,9% | 58,0% | V3 |
| BNP Intercontinentale | France | | | | | | | | S4 |
| BNPP Bank Polska SA | Poland | | | | | | | | S4 |
| BNPP El Djazair | Algeria | Full | 100,0% | 100,0% | | Full | 100,0% | 100,0% | |

(a): As at 31 December 2016, the securitisation funds Autonoria includes 1 silo (Autonoria 2014), versus 2 silos as at 31 December 2015 (Autonoria 2014 and Autonoria 2012-2)
(b): As at 31 December 2015 and 31 December 2016, the securitisation funds Domos include Domos 2008 and Domos 2011 (with 2 silos: Domos 2011-A and Domos 2011-B)
(c): As at 31 December 2016, the securitisation funds UCI include 14 funds (FCC UCI 7 to 12, 14 to 18 and RMBS Prado I to III), versus 12 funds as at 31 December 2015 (FCC UCI 7 to 12, 14 to 18 and RMBS Prado I)

| Name | Country | 31 December 2016 Method | Voting (%) | Interest (%) | Ref. | 31 December 2015 Method | Voting (%) | Interest (%) | Ref. |
|---|---|---|---|---|---|---|---|---|---|
| BNPP Fortis Yatirimlar Holding AS | Turkey | Full | 100,0% | 99,9% | | Full | 100,0% | 99,9% | |
| BNPP IRB Participations | France | Full | 100,0% | 100,0% | | Full | 100,0% | 100,0% | |
| BNPP Yatirimlar Holding AS | Turkey | Full | 100,0% | 100,0% | | Full | 100,0% | 100,0% | |
| IC Axa Insurance JSC | Ukraine | Equity | 49,8% | 29,9% | V2 | Equity | 49,8% | 49,8% | |
| Kronenburg Vastgoed BV | Netherlands | | | | | | | | S3 |
| Orient Commercial Bank | Viet Nam | | | | | | | | S2 |
| Stichting Effecten Dienstverlening | Netherlands | | | | | | | | S3 |
| Sygma Bank Polska SA (Spolka Akcyjna) | Poland | | | | S4 | Full | 100,0% | 88,3% | E2 |
| TEB Faktoring AS | Turkey | Full | 100,0% | 72,5% | V4 | Full | 100,0% | 72,4% | V4 |
| TEB Holding AS | Turkey | Full | 50,0% | 50,0% | | Full | 50,0% | 50,0% | |
| TEB Portfoy Yonetimi AS | Turkey | Full | 100,0% | 72,5% | | Full | 100,0% | 72,5% | V1 |
| TEB SH A | Serbia | Full | 100,0% | 50,0% | | Full | 100,0% | 50,0% | |
| TEB Yatirim Menkul Degerler AS | Turkey | Full | 100,0% | 72,5% | V4 | Full | 100,0% | 72,4% | V1 |
| The Economy Bank NV | Netherlands | | | | | | | | S3 |
| Turk Ekonomi Bankasi AS | Turkey | Full | 100,0% | 72,5% | V4 | Full | 100,0% | 72,4% | V1 |
| Turk Ekonomi Bankasi AS (Bahrain branch) | Bahrain | | | | | | | | S1 |
| UkrSibbank Public JSC | Ukraine | Full | 60,0% | 60,0% | V2 | Full | 85,0% | 100,0% | |
| Union Bancaire pour le Commerce et l'Industrie | Tunisia | Full | 50,1% | 50,1% | | Full | 50,1% | 50,1% | |
| | | | | | | | | | |
| **Insurance** | | | | | | | | | |
| AG Insurance | Belgium | Equity | 25,0% | 25,0% | | Equity | 25,0% | 25,0% | |
| BNPP Cardif | France | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| BNPP Cardif BV | Netherlands | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| BNPP Cardif Emeklilik Anonim Sirketi | Turkey | Full (2) | 100,0% | 100,0% | D1 | Equity * | 100,0% | 100,0% | |
| BNPP Cardif General Insurance Co Ltd | Rep. of Korea | Equity * | 79,6% | 79,6% | V4 | Equity * | 77,5% | 77,5% | V4 |
| BNPP Cardif Levensverzekeringen NV | Netherlands | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| BNPP Cardif Pojistovna AS | Czech Republic | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| BNPP Cardif PSC Ltd | UK | | | | S3 | Equity * | 100,0% | 100,0% | |
| BNPP Cardif Schadeverzekeringen NV | Netherlands | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| BNPP Cardif Seguros de Vida SA | Chile | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| BNPP Cardif Seguros Generales SA | Chile | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| BNPP Cardif Servicios y Asistencia Limitada | Chile | Equity * | 100,0% | 100,0% | | Equity * | 100,0% | 100,0% | |
| BNPP Cardif TCB Life Insurance Company Ltd | Taiwan | Equity | 49,0% | 49,0% | | Equity | 49,0% | 49,0% | |
| BNPP Cardif Vita Compagnia di Assicurazione E Riassicurazione SPA | Italy | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| BOB-Cardif Life Insurance Company Ltd | China | Equity | 50,0% | 50,0% | | Equity | 50,0% | 50,0% | |
| Cardif Assurance Vie | France | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurance Vie (Austria branch) | Austria | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurance Vie (Belgium branch) | Belgium | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurance Vie (Bulgaria branch) | Bulgaria | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurance Vie (Germany branch) | Germany | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurance Vie (Italy branch) | Italy | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurance Vie (Japan branch) | Japan | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurance Vie (Portugal branch) | Portugal | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurance Vie (Romania branch) | Romania | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurance Vie (Spain branch) | Spain | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurance Vie (Switzerland branch) | Switzerland | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurance Vie (Taiwan branch) | Taiwan | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurances Risques Divers | France | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurances Risques Divers (Austria branch) | Austria | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurances Risques Divers (Belgium branch) | Belgium | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurances Risques Divers (Bulgaria branch) | Bulgaria | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurances Risques Divers (Germany branch) | Germany | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurances Risques Divers (Italy branch) | Italy | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurances Risques Divers (Japan branch) | Japan | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurances Risques Divers (Luxembourg branch) | Luxembourg | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurances Risques Divers (Poland branch) | Poland | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurances Risques Divers (Portugal branch) | Portugal | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurances Risques Divers (Romania branch) | Romania | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurances Risques Divers (Spain branch) | Spain | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurances Risques Divers (Switzerland branch) | Switzerland | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Assurances Risques Divers (Taiwan branch) | Taiwan | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Biztosito Magyarorszag ZRT | Hungary | | | | S3 | Equity * | 100,0% | 100,0% | |
| Cardif Colombia Seguros Generales SA | Colombia | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif del Peru Sa Compania de Seguros | Peru | | | | | | | | S3 |
| Cardif do Brasil Seguros e Garantias SA | Brazil | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif do Brasil Vida e Previdencia SA | Brazil | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif El Djazair | Algeria | Equity * | 100,0% | 100,0% | | Equity * | 100,0% | 100,0% | E1 |
| Cardif Forsakring AB | Sweden | Equity * | 100,0% | 100,0% | | Equity * | 100,0% | 100,0% | |
| Cardif Forsakring AB (Denmark branch) | Denmark | Equity * | 100,0% | 100,0% | | Equity * | 100,0% | 100,0% | |
| Cardif Forsakring AB (Norway branch) | Norway | Equity * | 100,0% | 100,0% | | Equity * | 100,0% | 100,0% | |
| Cardif Hayat Sigorta Anonim Sirketi | Turkey | | | | | | | | S3 |
| Cardif Insurance Company LLC | Russia | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif I-Services | France | Equity * | 100,0% | 100,0% | | Equity * | 100,0% | 100,0% | |
| Cardif Leven | Belgium | | | | | | | | S4 |
| Cardif Life Insurance Co Ltd | Rep. of Korea | Full (2) | 85,0% | 85,0% | | Full (2) | 85,0% | 85,0% | |
| Cardif Livforsakring AB | Sweden | Equity * | 100,0% | 100,0% | | Equity * | 100,0% | 100,0% | |
| Cardif Livforsakring AB (Denmark branch) | Denmark | Equity * | 100,0% | 100,0% | | Equity * | 100,0% | 100,0% | |
| Cardif Livforsakring AB (Norway branch) | Norway | Equity * | 100,0% | 100,0% | | Equity * | 100,0% | 100,0% | |
| Cardif Lux Vie | Luxembourg | Full (2) | 66,7% | 55,3% | | Full (2) | 66,7% | 55,3% | |
| Cardif Mexico Seguros de Vida SA de CV | Mexico | Equity * | 100,0% | 100,0% | | Equity * | 100,0% | 100,0% | |
| Cardif Mexico Seguros Generales SA de CV | Mexico | Equity * | 100,0% | 100,0% | | Equity * | 100,0% | 100,0% | |
| Cardif Nordic AB | Sweden | Full (2) | 100,0% | 100,0% | | Full (2) | 100,0% | 100,0% | |
| Cardif Osiguranje Dionicko Drustvo ZA Osiguranje | Croatia | Equity * | 100,0% | 100,0% | | Equity * | 100,0% | 100,0% | E1 |

**Changes in the scope of consolidation**

**New entries (E) in the scope of consolidation**
- E1 Passing qualifying thresholds as defined by the Group (see note 1.b)
- E2 Incorporation
- E3 Purchase, gain of control or significant influence

**Removals (S) from the scope of consolidation**
- S1 Cessation of activity (dissolution, liquidation, ...)
- S2 Disposal, loss of control or loss of significant influence
- S3 Passing qualifying thresholds as defined by the Group (see note 1.b)
- S4 Merger, Universal transfer of assets and liabilities

**Variance (V) in voting or ownership interest**
- V1 Additional purchase
- V2 Partial disposal
- V3 Dilution
- V4 Increase in %

Equity * Controlled but non material entities consolidated under the equity method as associates

**Miscellaneous**
- D1 Consolidation method change not related to fluctuation in voting or ownership interest

**Prudential scope of consolidation**

(1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council.
(2) Insurance entities consolidated under the equity method for prudential purposes
(3) Jointly controlled entities under proportional consolidation for prudential purposes.

| Name | Country | 31 December 2016 Method | Voting (%) | Interest (%) | Ref. | 31 December 2015 Method | Voting (%) | Interest (%) | Ref. |
|---|---|---|---|---|---|---|---|---|---|
| Cardif Pinnacle Insurance Holdings PLC | UK | Full (2) | 100.0% | 100.0% | | Full (2) | 100.0% | 100.0% | |
| Cardif Pinnacle Insurance Management Services PLC | UK | Full (2) | 100.0% | 100.0% | | Full (2) | 100.0% | 100.0% | |
| Cardif Polska Towarzystwo Ubezpieczen na Zycie SA | Poland | Equity * | 100.0% | 100.0% | D1 | Full (2) | 100.0% | 100.0% | |
| Cardif Seguros SA | Argentina | Full (2) | 100.0% | 100.0% | | Full (2) | 100.0% | 100.0% | |
| Cardif Services SAS | France | | | | S3 | Equity * | 100.0% | 100.0% | E1 |
| Cargeas Assicurazioni SPA | Italy | Equity | 50.0% | 50.0% | | Equity | 50.0% | 50.0% | |
| CB (UK) Ltd | UK | Full (2) | 100.0% | 100.0% | | Full (2) | 100.0% | 100.0% | |
| Darnell Ltd | Ireland | Full (2) | 100.0% | 100.0% | | Full (2) | 100.0% | 100.0% | |
| F&B Insurance Holdings SA | Belgium | | | | | | | | S1 |
| GIE BNPP Cardif | France | Full (2) | 100.0% | 99.0% | | Full (2) | 100.0% | 99.0% | |
| Icare | France | Full (2) | 100.0% | 100.0% | | Full (2) | 100.0% | 100.0% | |
| Icare Assurance | France | Full (2) | 100.0% | 100.0% | | Full (2) | 100.0% | 100.0% | |
| Luizaseg | Brazil | Equity | 50.0% | 50.0% | | Equity | 50.0% | 50.0% | |
| Natio Assurance | France | Equity | 50.0% | 50.0% | | Equity | 50.0% | 50.0% | |
| NCVP Participacoes Societarias SA | Brazil | Full (2) | 100.0% | 100.0% | | Full (2) | 100.0% | 100.0% | |
| Pinnacle Insurance PLC | UK | Full (2) | 100.0% | 100.0% | | Full (2) | 100.0% | 100.0% | |
| Pocztylion Arka Powszechne Towarzystwo Emerytalne SA | Poland | | | | S3 | Equity | 33.3% | 33.3% | |
| Poistovna Cardif Slovakia AS | Slovakia | Equity * | 100.0% | 100.0% | | Equity * | 100.0% | 100.0% | |
| Portes de Claye SCI | France | Equity | 45.0% | 45.0% | | Equity | 45.0% | 45.0% | V3 |
| Scoo SCI | France | Equity | 46.4% | 46.4% | | Equity | 46.4% | 46.4% | V3 |
| State Bank of India Life Insurance Company Ltd | India | Equity | 26.0% | 26.0% | | Equity | 26.0% | 26.0% | |
| **Structured Entities** | | | | | | | | | |
| BNPP Actions Euroland | France | Full (2) | - | - | | Full (2) | - | - | E1 |
| BNPP Aqua | France | Full (2) | - | - | | Full (2) | - | - | |
| BNPP Convictions | France | Full (2) | - | - | | Full (2) | - | - | E1 |
| BNPP Developpement Humain | France | Full (2) | - | - | | Full (2) | - | - | E1 |
| BNPP Global Senior Corporate Loans | France | Full (2) | - | - | | Full (2) | - | - | |
| BNPP Money 3M | France | | | | | | | | S3 |
| Cardimmo | France | Full (2) | - | - | | Full (2) | - | - | |
| Natio Fonds Ampère 1 | France | Full (2) | - | - | | Full (2) | - | - | |
| Odyssée SCI | France | Full (2) | - | - | | Full (2) | - | - | |
| Profilea Monde Equilibre | France | | | | | | | | S4 |
| Société Immobilière du Royal Building SA | Luxembourg | Full (2) | - | - | | Full (2) | - | - | |
| Theam Quant Equity Europe Guru | France | | | | S2 | Full (2) | - | - | E1 |
| | | | | | | | | | |
| **Wealth Management** | | | | | | | | | |
| B*Capital | France | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| Bank Insinger de Beaufort NV | Netherlands | | | | S2 | Full | 63.0% | 63.0% | |
| Bank Insinger de Beaufort NV (UK branch) | UK | | | | S2 | Full | 100.0% | 63.0% | |
| BNPP Espana SA | Spain | Full | 99.7% | 99.7% | | Full | 99.7% | 99.7% | |
| BNPP Wealth Management | France | | | | S4 | Full (1) | 100.0% | 100.0% | |
| BNPP Wealth Management (Hong Kong branch) | Hong Kong | | | | S4 | Full (1) | 100.0% | 100.0% | |
| BNPP Wealth Management (Singapore branch) | Singapore | | | | S4 | Full (1) | 100.0% | 100.0% | |
| BNPP Wealth Management Monaco | Monaco | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| Conseil Investissement SNC | France | Equity * | 100.0% | 100.0% | | Equity * | 100.0% | 100.0% | |
| | | | | | | | | | |
| **Investment Partners** | | | | | | | | | |
| Alfred Berg Asset Management AB | Sweden | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| Alfred Berg Asset Management AB (Denmark branch) | Denmark | | | | S1 | Full | 100.0% | 98.3% | |
| Alfred Berg Asset Management AB (Finland branch) | Finland | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| Alfred Berg Asset Management AB (Norway branch) | Norway | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| Alfred Berg Fonder AB | Sweden | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| Alfred Berg Kapitalforvaltning AB | Sweden | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| Alfred Berg Kapitalforvaltning AS | Norway | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| Alfred Berg Kapitalforvaltning Finland AB | Finland | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| Alfred Berg Rahastoyhtio Oy | Finland | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| Bancoestado Administradora General de Fondos SA | Chile | Equity | 50.0% | 49.1% | | Equity | 50.0% | 49.1% | |
| BNPP Asset Management Brasil Ltda | Brazil | Full | 100.0% | 99.6% | | Full | 100.0% | 99.6% | |
| BNPP Asset Management Inc | USA | | | | | | | | S4 |
| BNPP Asset Management India Private Ltd | India | Equity * | 100.0% | 98.3% | | Equity * | 100.0% | 98.3% | |
| BNPP Asset Management SAS | France | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| BNPP Asset Management SAS (Austria branch) | Austria | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| BNPP Capital Partners | France | Equity * | 100.0% | 100.0% | | Equity * | 100.0% | 100.0% | |
| BNPP Investment Partners | France | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| BNPP Investment Partners (Australia) Holdings Pty Ltd | Australia | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| BNPP Investment Partners (Australia) Ltd | Australia | Equity * | 100.0% | 98.3% | | Equity * | 100.0% | 98.3% | |
| BNPP Investment Partners Argentina SA | Argentina | Equity * | 100.0% | 99.6% | | Equity * | 100.0% | 99.6% | |
| BNPP Investment Partners Asia Ltd | Hong Kong | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| BNPP Investment Partners BE Holding | Belgium | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| BNPP Investment Partners Belgium | Belgium | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| BNPP Investment Partners Belgium (Germany branch) | Germany | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| BNPP Investment Partners Funds Nederland NV | Netherlands | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| BNPP Investment Partners Japan Ltd | Japan | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| BNPP Investment Partners Latam SA | Mexico | Equity * | 99.1% | 97.4% | | Equity * | 99.1% | 97.4% | |
| BNPP Investment Partners Luxembourg | Luxembourg | Full | 99.7% | 98.0% | | Full | 99.7% | 98.0% | |
| BNPP Investment Partners Netherlands NV | Netherlands | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| BNPP Investment Partners NL Holding NV | Netherlands | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| BNPP Investment Partners PT | Indonesia | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| BNPP Investment Partners Singapore Ltd | Singapore | Equity * | 100.0% | 98.3% | | Equity * | 100.0% | 98.3% | |
| BNPP Investment Partners Societa di Gestione del Risparmio SPA | Italy | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | V4 |
| BNPP Investment Partners UK Ltd | UK | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| BNPP Investment Partners USA Holdings Inc | USA | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| CamGestion | France | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| Fischer Francis Trees & Watts Inc | USA | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Fischer Francis Trees & Watts UK Ltd | UK | | | | S3 | Equity * | 100.0% | 98.3% | |
| Fund Channel | Luxembourg | Equity | 50.0% | 49.1% | | Equity | 50.0% | 49.1% | |
| FundQuest Advisor | France | Equity * | 100.0% | 98.3% | | Equity * | 100.0% | 98.3% | |
| FundQuest Advisor (UK branch) | UK | Equity * | 100.0% | 98.3% | | Equity * | 100.0% | 98.3% | |
| Haitong - Fortis Private Equity Fund Management Co Ltd | China | Equity | 33.0% | 32.4% | | Equity | 33.0% | 32.4% | |
| HFT Investment Management Co Ltd | China | Equity | 49.0% | 48.2% | | Equity | 49.0% | 48.2% | |
| Shinhan BNPP Asset Management Co Ltd | Rep. of Korea | Equity | 35.0% | 34.4% | | Equity | 35.0% | 34.4% | |
| THEAM | France | Full | 100.0% | 98.3% | | Full | 100.0% | 98.3% | |
| TKB BNPP Investment Partners Holding BV | Netherlands | | | | | | | | S2 |
| | | | | | | | | | |
| **Real Estate Services** | | | | | | | | | |
| Atisreal Netherlands BV | Netherlands | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Auguste-Thouard Expertise | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Immobilier Promotion Immobilier d'Entreprise | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Immobilier Promotion Residentiel | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Immobilier Residences Services | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Immobilier Residentiel | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Immobilier Residentiel Service Clients | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Immobilier Residentiel Transaction & Conseil | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Immobilier Residentiel V2i | France | | | | | | | | S4 |
| BNPP Real Estate | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate (Dubaï branch) | United Arab Emirates | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Advisory & Property Management Czech Republic SRO | Czech Republic | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Advisory & Property Management Hungary Ltd | Hungary | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Advisory & Property Management Ireland Ltd | Ireland | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Advisory & Property Management LLC | United Arab Em | | | | | | | | S3 |
| BNPP Real Estate Advisory & Property Management Luxembourg SA | Luxembourg | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Advisory & Property Management UK Ltd | UK | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Advisory Belgium SA | Belgium | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Advisory Italy SPA | Italy | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Advisory Netherlands BV | Netherlands | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Advisory SA | Romania | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Advisory Spain SA | Spain | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Consult France | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Consult GmbH | Germany | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Facilities Management Ltd | UK | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Financial Partner | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate GmbH | Germany | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Holding Benelux SA | Belgium | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Holding GmbH | Germany | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Hotels France | France | Full | 100.0% | 96.3% | V4 | Full | 100.0% | 96.0% | V3 |
| BNPP Real Estate Investment Management Belgium | Belgium | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Investment Management France | France | Full | 100.0% | 100.0% | V1 | Full | 96.8% | 96.8% | |
| BNPP Real Estate Investment Management Germany GmbH | Germany | Full | 94.9% | 94.9% | | Full | 94.9% | 94.9% | |
| BNPP Real Estate Investment Management Germany GmbH (Italy branch) | Italy | Full | 100.0% | 94.9% | | Full | 100.0% | 94.9% | |
| BNPP Real Estate Investment Management Germany GmbH (Spain branch) | Spain | Full | 100.0% | 94.9% | | Full | 100.0% | 94.9% | |
| BNPP Real Estate Investment Management Italy | Italy | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Investment Management Ltd | UK | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Investment Management Luxembourg SA | Luxembourg | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Investment Management Spain SA | Spain | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Investment Management UK Ltd | UK | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Investment Services | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Italy SRL | Italy | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Jersey Ltd | Jersey | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Poland SP ZOO | Poland | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Property Development UK Ltd | UK | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Property Developpement Italy SPA | Italy | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Property Management Belgium | Belgium | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Property Management France SAS | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Property Management GmbH | Germany | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Property Management Italy SRL | Italy | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Property Management Spain SA | Spain | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Real Estate Transaction France | France | Full | 96.3% | 96.3% | V1 | Full | 96.0% | 96.0% | V2 |
| BNPP Real Estate Valuation France | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Construction-Sale Companies (Real Estate programs) (d) | France | Full / Equity | - | - | | Full / Equity | - | - | |
| FG Ingenierie et Promotion Immobilière | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |

(d): As at 31 December 2016, 81 Construction-Sale Companies (Real Estate programs) (70 full and 11 equity) versus 90 as at 31 December 2015 (80 full and 10 equity)

**Changes in the scope of consolidation**

**New entries (E) in the scope of consolidation**

E1 Passing qualifying thresholds as defined by the Group (see note 1.b)
E2 Incorporation
E3 Purchase, gain of control or significant influence

**Removals (S) from the scope of consolidation**

S1 Cessation of activity (dissolution, liquidation, ...)
S2 Disposal, loss of control or loss of significant influence
S3 Passing qualifying thresholds as defined by the Group (see note 1.b)
S4 Merger, Universal transfer of assets and liabilities

**Variance (V) in voting or ownership interest**

V1 Additional purchase
V2 Partial disposal
V3 Dilution
V4 Increase in %

Equity * Controlled but non material entities consolidated under the equity method as associates

**Miscellaneous**

D1 Consolidation method change not related to fluctuation in voting or ownership interest

**Prudential scope of consolidation**

(1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council.
(2) Insurance entities consolidated under the equity method for prudential purposes
(3) Jointly controlled entities under proportional consolidation for prudential purposes.

| Name | Country | 31 December 2016 Method | Voting (%) | Interest (%) | Ref. | 31 December 2015 Method | Voting (%) | Interest (%) | Ref. |
|---|---|---|---|---|---|---|---|---|---|
| Immobiliere des Bergues | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Locchi SRL | Italy | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | E1 |
| Meunier Hispania | Spain | | | | S1 | Full | 100.0% | 100.0% | |
| Parker Tower Ltd | UK | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | E3 |
| Partner's & Services | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Pyrotex GB 1 SA | Luxembourg | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Pyrotex SARL | Luxembourg | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| REPD Parker Ltd | UK | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | E2 |
| San Basilio 45 SRL | Italy | | | | S2 | Full | 100.0% | 100.0% | |
| Siège Issy | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Sviluppo Residenziale Italia SRL | Italy | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Via Crespi 26 SRL | Italy | | | | | | | | S2 |
| **Corporate & Institutional Banking** | | | | | | | | | |
| **Securities services** | | | | | | | | | |
| BNPP Dealing Services | France | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Dealing Services (UK branch) | UK | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Dealing Services Asia Ltd | Hong Kong | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Fund Administration Services Ireland Ltd | Ireland | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | E3 |
| BNPP Fund Services Australasia Pty Ltd | Australia | Equity * | 100.0% | 100.0% | | Equity * | 100.0% | 100.0% | D1 |
| BNPP Fund Services Australasia Pty Ltd (New Zealand branch) | New Zealand | Equity * | 100.0% | 100.0% | | Equity * | 100.0% | 100.0% | D1 |
| BNPP Fund Services Dublin Ltd | Ireland | | | | | | | | S4 |
| BNPP Fund Services France | France | | | | S4 | Full | 100.0% | 100.0% | |
| BNPP Global Securities Operations Private Ltd (Ex- BNPP Sundaram Global Securities Operations Private Ltd) | India | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | V1 |
| BNPP Securities Services | France | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Securities Services (Australia branch) | Australia | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Securities Services (Belgium branch) | Belgium | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Securities Services (Germany branch) | Germany | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Securities Services (Greece branch) | Greece | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Securities Services (Guernsey branch) | Guernsey | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Securities Services (Hong Kong branch) | Hong Kong | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Securities Services (Hungary branch) | Hungary | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Securities Services (Ireland branch) | Ireland | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Securities Services (Italy branch) | Italy | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Securities Services (Jersey branch) | Jersey | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Securities Services (Luxembourg branch) | Luxembourg | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Securities Services (Netherlands branch) | Netherlands | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Securities Services (Poland branch) | Poland | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Securities Services (Portugal branch) | Portugal | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Securities Services (Singapore branch) | Singapore | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Securities Services (Spain branch) | Spain | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Securities Services (Switzerland branch) | Switzerland | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Securities Services (UK branch) | UK | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| **CIB EMEA (Europ, Middle East, Africa)** | | | | | | | | | |
| **France** | | | | | | | | | |
| BNPP Arbitrage | France | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP Arbitrage (UK branch) | UK | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| Esomet | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Laffitte Participation 22 | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Opéra Trading Capital | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | E2 |
| Opéra Trading Capital (Hong Kong branch) | Hong Kong | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | E2 |
| Opéra Trading Capital (UK branch) | UK | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | E2 |
| Parilease | France | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| Taitbout Participation 3 SNC | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Verner Investissements | France | Equity | 40.0% | 50.0% | | Equity | 40.0% | 50.0% | |
| **Structured Entities** | | | | | | | | | |
| Antin Participation 8 | France | | | | S4 | Full | - | - | |
| Atargatis | France | Full | - | - | | Full | - | - | |
| Austin Finance | France | Full | - | - | | Full | - | - | |
| BNPP Flexi III Deposit Euro | France | | | | | | | | S2 |
| Compagnie d'Investissement Italiens | France | Full | - | - | | Full | - | - | |
| Compagnie d'Investissement Opéra | France | Full | - | - | | Full | - | - | |
| Financière des Italiens | France | Full | - | - | | Full | - | - | |
| Financière Paris Haussmann | France | Full | - | - | | Full | - | - | |
| Financière Taitbout | France | Full | - | - | | Full | - | - | |
| Méditerranéa | France | Full | - | - | | Full | - | - | |
| Optichamps | France | Full | - | - | | Full | - | - | |
| Participations Opéra | France | Full | - | - | | Full | - | - | |
| **Other European countries** | | | | | | | | | |
| Alpha Murcia Holding BV | Netherlands | Equity * | 100.0% | 99.9% | | Equity * | 100.0% | 99.9% | |
| BNP PUK Holding Ltd | UK | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Arbitrage Issuance BV | Netherlands | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Bank JSC | Russia | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Commodity Futures Ltd | UK | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Emission-und Handel GmbH | Germany | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Ireland Unlimited Company (Ex- BNPP Ireland) | Ireland | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Islamic Issuance BV | Netherlands | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Net Ltd | UK | Equity * | 100.0% | 100.0% | | Equity * | 100.0% | 100.0% | |
| BNPP Prime Brokerage International Ltd | Ireland | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP UK Holdings Ltd | UK | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |

| Name | Country | 31 December 2016 Method | Voting (%) | Interest (%) | Ref. | 31 December 2015 Method | Voting (%) | Interest (%) | Ref. |
|---|---|---|---|---|---|---|---|---|---|
| BNPP UK Ltd | UK | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Vartry Reinsurance Ltd | Ireland | Equity * | 100.0% | 100.0% | | Equity * | 100.0% | 100.0% | D1 |
| FScholen | Belgium | Equity | 50.0% | 50.0% | | Equity | 50.0% | 50.0% | |
| GreenStars BNPP | Luxembourg | Equity * | 100.0% | 100.0% | | Equity * | 100.0% | 100.0% | |
| Harewood Holdings Ltd | UK | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Hime Holding 1 SA | Luxembourg | | | | | | | | S3 |
| Hime Holding 2 SA | Luxembourg | | | | | | | | S3 |
| Hime Holding 3 SA | Luxembourg | | | | | | | | S3 |
| Landspire Ltd | UK | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| SC Nueva Condo Murcia SL | Spain | Equity * | 100.0% | 99.9% | | Equity * | 100.0% | 99.9% | |
| Utexam Logistics Ltd | Ireland | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Utexam Solutions Ltd | Ireland | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| **Structured Entities** | | | | | | | | | |
| 54 Lombard Street Investments Ltd | UK | | | | | | | | S1 |
| Alectra Finance PLC | Ireland | Full | - | - | | Full | - | - | |
| Alleray SARL | Luxembourg | | | | S1 | Full | - | - | |
| Aquarius + Investments PLC | Ireland | Full | - | - | | Full | - | - | |
| BNPP International Finance Dublin | Ireland | Full | - | - | | Full | - | - | |
| BNPP Investments N°1 Ltd | UK | Full | - | - | | Full | - | - | |
| BNPP Investments N°2 Ltd | UK | Full | - | - | | Full | - | - | |
| BNPP IP Euro Clo 2015-1 BV | Netherlands | | | | | | | | S3 |
| Boug BV | Netherlands | Full | - | - | | Full | - | - | V1 |
| Boug BV (UK branch) | UK | Full | - | - | | Full | - | - | |
| Crossen SARL | Luxembourg | | | | S3 | Full | - | - | |
| European Index Assets BV | Netherlands | | | | | | | | S2 |
| Harewood Financing Ltd | UK | | | | S3 | Full | - | - | |
| Madison Arbor Ltd | Ireland | Full | - | - | | Full | - | - | |
| Matchpoint Finance Public Company Ltd | Ireland | Full | - | - | | Full | - | - | |
| Omega Capital Funding Ltd | Ireland | Full | - | - | | Full | - | - | |
| Omega Capital Investments PLC | Ireland | Full | - | - | | Full | - | - | |
| Royale Neuve I SARL | Luxembourg | | | | S1 | Full | - | - | |
| Scaldis Capital (Ireland) Ltd | Ireland | | | | S3 | Full | - | - | |
| Scaldis Capital Ltd | Jersey | Full | - | - | | Full | - | - | |
| **Middle East** | | | | | | | | | |
| BNPP Investment Company KSA | Saudi Arabia | Equity * | 100.0% | 100.0% | | Equity * | 100.0% | 100.0% | |
| **Africa** | | | | | | | | | |
| BNPP Securities South Africa Holdings PTY Ltd | South Africa | Equity * | 60.0% | 60.0% | | Equity * | 60.0% | 60.0% | |
| BNPP Securities South Africa PTY Ltd | South Africa | Equity * | 100.0% | 60.0% | | Equity * | 100.0% | 60.0% | V1 |
| **CIB Americas** | | | | | | | | | |
| Banco BNPP Brasil SA | Brazil | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Banexi Holding Corporation | USA | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP (Canada) Valeurs Mobilières | Canada | Equity * | 100.0% | 100.0% | | Equity * | 100.0% | 100.0% | |
| BNPP Capital Services Inc | USA | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP CC Inc | USA | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Colombia Corporation Financiera SA | Colombia | Equity * | 100.0% | 100.0% | | Equity * | 100.0% | 100.0% | |
| BNPP Energy Trading Canada Corp | Canada | | | | S3 | Equity * | 100.0% | 100.0% | |
| BNPP Energy Trading GP | USA | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Energy Trading Holdings Inc | USA | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Energy Trading LLC | USA | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP FS LLC | USA | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP IT Solutions Canada Inc | Canada | Equity * | 100.0% | 100.0% | | Equity * | 100.0% | 100.0% | E1 |
| BNPP Leasing Corporation | USA | Equity * | 100.0% | 100.0% | D1 | Full | 100.0% | 100.0% | |
| BNPP Mortgage Corp | USA | | | | S4 | Full | 100.0% | 100.0% | |
| BNPP North America Inc | USA | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Prime Brokerage Inc | USA | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP RCC Inc | USA | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Securities Corp | USA | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP USA Inc (Ex- Paribas North America Inc) | USA | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Corporation BNPP Canada (Ex- BNPP Canada) | Canada | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Cronos Holding Company Ltd | Bermuda | | | | | | | | S3 |
| FB Transportation Capital LLC | USA | | | | S1 | Full | 100.0% | 99.9% | |
| Fortis Funding LLC | USA | | | | S3 | Full | 100.0% | 99.9% | |
| French American Banking Corporation | USA | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| FSI Holdings Inc | USA | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Via North America Inc | USA | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| **Structured Entities** | | | | | | | | | |
| Alamo Funding II Inc | USA | | | | | | | | S2 |
| BNPP EQD Brazil Fund Fundo Invest Multimercadc | Brazil | Full | - | - | | Full | - | - | |
| BNPP Finance Inc | USA | | | | S3 | Full | - | - | |
| BNPP Proprietario Fundo de Investimento Multimercado | Brazil | Full | - | - | | Full | - | - | |
| BNPP VPG Adonis LLC | USA | Full | - | - | | Full | - | - | |
| BNPP VPG Brookfin LLC | USA | Full | - | - | | Full | - | - | |
| BNPP VPG Brookline Cre LLC | USA | Full | - | - | | Full | - | - | |
| BNPP VPG CT Holdings LLC | USA | Full | - | - | | Full | - | - | |
| BNPP VPG EDMC Holdings LLC | USA | Full | - | - | | Full | - | - | |
| BNPP VPG Express LLC (Ex- BNPP VPG Modern Lux Media LLC) | USA | Full | - | - | | Full | - | - | |
| BNPP VPG Freedom Communications LLC | USA | Full | - | - | | Full | - | - | |
| BNPP VPG Lake Butler LLC | USA | | | | | | | | S1 |
| BNPP VPG Legacy Cabinets LLC | USA | Full | - | - | | Full | - | - | |
| BNPP VPG Mark IV LLC | USA | Full | - | - | | Full | - | - | |
| BNPP VPG Master LLC | USA | Full | - | - | | Full | - | - | |
| BNPP VPG Medianews Group LLC | USA | Full | - | - | | Full | - | - | |
| BNPP VPG Northstar LLC | USA | Full | - | - | | Full | - | - | |

**Changes in the scope of consolidation**

**New entries (E) in the scope of consolidation**
E1 Passing qualifying thresholds as defined by the Group (see note 1.b)
E2 Incorporation
E3 Purchase, gain of control or significant influence

**Removals (S) from the scope of consolidation**
S1 Cessation of activity (dissolution, liquidation, ...)
S2 Disposal, loss of control or loss of significant influence
S3 Passing qualifying thresholds as defined by the Group (see note 1.b)
S4 Merger, Universal transfer of assets and liabilities

**Variance (V) in voting or ownership interest**
V1 Additional purchase
V2 Partial disposal
V3 Dilution
V4 Increase in %

Equity * Controlled but non material entities consolidated under the equity method as associates

**Miscellaneous**
D1 Consolidation method change not related to fluctuation in voting or ownership interest

**Prudential scope of consolidation**

(1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council.
(2) Insurance entities consolidated under the equity method for prudential purposes
(3) Jointly controlled entities under proportional consolidation for prudential purposes.

| | | 31 December 2016 | | | | 31 December 2015 | | | |
|---|---|---|---|---|---|---|---|---|---|
| Name | Country | Method | Voting (%) | Interest (%) | Ref. | Method | Voting (%) | Interest (%) | Ref. |
| BNPP VPG Pacex LLC (Ex- BNPP VPG CB LLC) | USA | Full | - | - | | Full | - | - | |
| BNPP VPG PCMC LLC | USA | Full | - | - | | Full | - | - | |
| BNPP VPG SBX Holdings LLC | USA | Full | - | - | | Full | - | - | |
| BNPP VPG SDI Media Holdings LLC | USA | Full | - | - | | Full | - | - | |
| BNPP VPG Titan Outdoor LLC | USA | | | | | | | | S1 |
| Marc Finance Ltd | Cayman Islands | | | | | | | | S3 |
| Matchpoint Master Trust | USA | | | | S1 | Full | - | - | |
| Ozcar Multi-Strategies LLC | USA | Equity * | - | - | E1 | | | | |
| Scaldis Capital LLC | USA | | | | | | | | S1 |
| Starbird Funding Corporation | USA | Full | - | - | | Full | - | - | |
| TCG Fund I LP | Cayman Islands | | | | | | | | S1 |
| Tender Option Bond Municipal program | USA | | | | | | | | S3 |
| VPG SDI Media LLC | USA | Equity * | - | - | | Equity * | - | - | V1 |
| | | | | | | | | | |
| **CIB Pacific Asia** | | | | | | | | | |
| | | | | | | | | | |
| Bank BNPP Indonesia PT | Indonesia | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNP Pacific (Australia) Ltd | Australia | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP (China) Ltd | China | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Arbitrage (Hong Kong) Ltd | Hong Kong | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Capital (Asia Pacific) Ltd | Hong Kong | | | | | | | | S3 |
| BNPP Commodities Trading (Shanghai) Co Ltd | China | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Finance (Hong Kong) Ltd | Hong Kong | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP India Holding Private Ltd | India | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP India Solutions Private Ltd | India | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Malaysia Berhad | Malaysia | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Securities (Asia) Ltd | Hong Kong | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Securities (Singapore) Pte Ltd | Singapore | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Securities (Taiwan) Co Ltd | Taiwan | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Securities India Private Ltd | India | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Securities Indonesia PT | Indonesia | Full | 99.0% | 99.0% | | Full | 99.0% | 99.0% | |
| BNPP Securities Japan Ltd | Japan | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Securities Korea Company Ltd | Rep. of Korea | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP SJ Ltd | Hong Kong | Equity * | 100.0% | 100.0% | | Equity * | 100.0% | 100.0% | |
| BNPP SJ Ltd (Japan branch) | Japan | Equity * | 100.0% | 100.0% | | Equity * | 100.0% | 100.0% | |
| BPP Holdings Pte Ltd | Singapore | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| **Structured Entities** | | | | | | | | | |
| ACG Capital Partners Singapore Pte Ltd | Singapore | | | | | | | | S2 |
| | | | | | | | | | |
| **Other Business Units** | | | | | | | | | |
| | | | | | | | | | |
| BNPP Suisse SA | Switzerland | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Suisse SA (Guernsey branch) | Guernsey | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Suisse SA (Jersey branch) | Jersey | | | | S1 | Full | 100.0% | 100.0% | |
| | | | | | | | | | |
| **Private Equity (BNP Paribas Capital)** | | | | | | | | | |
| BNPP Fortis Private Equity Belgium | Belgium | Full | 100.0% | 99.9% | | Full | 100.0% | 99.9% | |
| BNPP Fortis Private Equity Expansion | Belgium | Full | 100.0% | 99.9% | | Full | 100.0% | 99.9% | |
| BNPP Fortis Private Equity Management | Belgium | Equity * | 100.0% | 99.9% | | Equity * | 100.0% | 99.9% | |
| Cobema | Belgium | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Compagnie Financière Ottomane SA | Luxembourg | Full | 97.2% | 97.2% | V1 | Full | 97.1% | 97.0% | V1 |
| | | | | | | | | | |
| **Property companies (property used in operations)** | | | | | | | | | |
| Antin Participation 5 | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Société Immobilière du Marché Saint-Honoré | France | Full | 99.9% | 99.9% | | Full | 99.9% | 99.9% | |
| | | | | | | | | | |
| **Investment companies and other subsidiaries** | | | | | | | | | |
| BNPP Home Loan SFH | France | Full (1) | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| BNPP Mediterranée Innovation et Technologies | Morocco | | | | | | | | S2 |
| BNPP Partners for Innovation | France | Equity | 50.0% | 50.0% | | Equity | 50.0% | 50.0% | |
| BNPP Public Sector SCF | France | Full (1) | 100.0% | 100.0% | | Full (1) | 100.0% | 100.0% | |
| BNPP SB Re | Luxembourg | Full (2) | 100.0% | 100.0% | | Full (2) | 100.0% | 100.0% | |
| Compagnie d'Investissements de Paris | France | | | | | | | | S4 |
| Financière BNPP | France | | | | | | | | S4 |
| Financière du Marché Saint Honoré | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| GIE Groupement Auxiliaire de Moyens | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Le Sphinx Assurances Luxembourg SA | Luxembourg | Full (2) | 100.0% | 100.0% | D1 | Equity * | 100.0% | 100.0% | |
| Lion International Investments SA (Ex- BNL International Investments SA) | Luxembourg | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Plagefin SA | Luxembourg | Full | 100.0% | 65.9% | | Full | 100.0% | 65.9% | |
| Sagip | Belgium | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Société Auxiliaire de Construction Immobilière | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| Société Orbaisienne de Participations | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| UCB Bail 2 | France | Full | 100.0% | 100.0% | | Full | 100.0% | 100.0% | |
| **Structured Entities** | | | | | | | | | |
| BNPP B Institutional II Court Terme | Belgium | Full | - | - | | Full | - | - | E1 |
| BNPP US Medium Term Notes Program LLC | USA | | | | S3 | Full | - | - | |
| BNPP-SME-1 | France | Full | - | - | | Full | - | - | |
| FCT Laffitte 2016 | France | Full | - | - | E2 | | | | |
| FCT Opéra | France | Full | - | - | | Full | - | - | |
| | | | | | | | | | |
| **Klépierre** | | | | | | | | | |
| Klépierre SA | France | | | | | | | | S2 |

**Changes in the scope of consolidation**

**New entries (E) in the scope of consolidation**
- E1 Passing qualifying thresholds as defined by the Group (see note 1.b)
- E2 Incorporation
- E3 Purchase, gain of control or significant influence

**Removals (S) from the scope of consolidation**
- S1 Cessation of activity (dissolution, liquidation, ...)
- S2 Disposal, loss of control or loss of significant influence
- S3 Passing qualifying thresholds as defined by the Group (see note 1.b)
- S4 Merger, Universal transfer of assets and liabilities

**Variance (V) in voting or ownership interest**
- V1 Additional purchase
- V2 Partial disposal
- V3 Dilution
- V4 Increase in %

Equity * Controlled but non material entities consolidated under the equity method as associates

**Miscellaneous**
- D1 Consolidation method change not related to fluctuation in voting or ownership interest

**Prudential scope of consolidation**

(1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council.

(2) Insurance entities consolidated under the equity method for prudential purposes

(3) Jointly controlled entities under proportional consolidation for prudential purposes.

## 7.k FEES PAID TO THE STATUTORY AUDITORS

| In 2016 | Deloitte | | PricewaterhouseCoopers Audit | | Mazars | | TOTAL | |
|---|---|---|---|---|---|---|---|---|
| *Excluding tax, in thousands of euros* | Total | % | Total | % | Total | % | Total | % |
| **Audit** | | | | | | | | |
| Statutory audits and contractual audits, including | | | | | | | | |
| *- Issuer* | 3,233 | 16% | 5,185 | 23% | 1,969 | 18% | 10,387 | 19% |
| *- Consolidated subsidiaries* | 10,375 | 49% | 11,033 | 49% | 8,382 | 77% | 29,790 | 55% |
| Other reviews and services directly related to the statutory audit engagement, including [(1)] | | | | | | | | |
| *- Issuer* | 3,131 | 15% | 1,311 | 6% | 16 | 0% | 4,458 | 8% |
| *- Consolidated subsidiaries* | 1,900 | 9% | 4,199 | 18% | 574 | 5% | 6,673 | 12% |
| **Sub-total** | **18,639** | **89%** | **21,728** | **96%** | **10,941** | **100%** | **51,308** | **94%** |
| **Other services provided by the networks to fully-consolidated subsidiaries** | | | | | | | | |
| Legal, tax, social | | 0% | 70 | 0% | | 0% | 70 | 0% |
| Others | 2,379 | 11% | 873 | 4% | 3 | 0% | 3,255 | 6% |
| **Sub-total** | **2,379** | **11%** | **943** | **4%** | **3** | **0%** | **3,325** | **6%** |
| **TOTAL** | **21,018** | **100%** | **22,671** | **100%** | **10,944** | **100%** | **54,633** | **100%** |

| In 2015 | Deloitte | | PricewaterhouseCoopers Audit | | Mazars | | TOTAL | |
|---|---|---|---|---|---|---|---|---|
| *Excluding tax, in thousands of euros* | Total | % | Total | % | Total | % | Total | % |
| **Audit** | | | | | | | | |
| Statutory audits and contractual audits, including | | | | | | | | |
| *- Issuer* | 3,254 | 16% | 5,000 | 22% | 1,957 | 19% | 10,211 | 19% |
| *- Consolidated subsidiaries* | 10,727 | 54% | 10,036 | 44% | 7,785 | 76% | 28,548 | 53% |
| Other reviews and services directly related to the statutory audit engagement, including | | | | | | | | |
| *- Issuer* | 2,324 | 12% | 2,119 | 9% | 246 | 2% | 4,689 | 9% |
| *- Consolidated subsidiaries* | 2,211 | 11% | 4,882 | 21% | 214 | 2% | 7,307 | 14% |
| **Sub-total** | **18,516** | **93%** | **22,037** | **96%** | **10,202** | **99%** | **50,755** | **95%** |
| **Other services provided by the networks to fully-consolidated subsidiaries** | | | | | | | | |
| Legal, tax, social | 29 | 0% | 96 | 0% | 2 | 0% | 127 | 0% |
| Others | 1,376 | 7% | 1,006 | 4% | 65 | 1% | 2,447 | 5% |
| **Sub-total** | **1,405** | **7%** | **1,102** | **4%** | **67** | **1%** | **2,574** | **5%** |
| **TOTAL** | **19,921** | **100%** | **23,139** | **100%** | **10,269** | **100%** | **53,329** | **100%** |

[(1)] In order to maintain comparability between the two exercises, this table displays the fees according to the typology existing before the implementation of the new audit standard of 17 June 2016. The new standard renders obsolete the distinction between «Other reviews and services directly related to the statutory audit engagement» and «Other services provided by the networks».

The audit fees paid to auditors which are not members of the network of one of the auditors certifying the consolidated financial statements and the non-consolidated financial statements of BNP Paribas SA, mentioned in the table above, amount to EUR 687 thousand for the year 2016 (EUR 934 thousand in 2015).

Other work and services related directly to audit work, are mainly composed this year of reviews of the entity's compliance with regulatory provisions, which were increased due to regulatory changes, and reviews of internal control quality by comparison with international standards (such as ISAE 3402) as part of services provided to customers, particularly in the Securities and Asset Management businesses. To a lesser extent, they also include works related to reviews of risks and internal control and due diligences on financial transactions.

# BNP PARIBAS SA

## STATUTORY AUDITORS' REPORT ON
## THE CONSOLIDATED FINANCIAL STATEMENTS

**For the year ended 31 December 2016**

| **Deloitte & Associés** | **PricewaterhouseCoopers Audit** | **Mazars** |
|---|---|---|
| 185, avenue Charles-de-Gaulle | 63, rue de Villiers | 61, rue Henri-Regnault |
| 92524 Neuilly-sur-Seine Cedex | 92208 Neuilly-sur-Seine Cedex | 92400 Courbevoie |

**STATUTORY AUDITORS' REPORT ON**
**THE CONSOLIDATED FINANCIAL STATEMENTS**

*This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in French and is provided solely for the convenience of English speaking users.*

*The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.*

*This report also includes information relating to the specific verification of information given in the Group's management report.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

**For the year ended 31 December 2016**

**BNP Paribas SA**
16, boulevard des Italiens
75009 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying consolidated financial statements of BNP Paribas SA;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

## I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2016 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.

## 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:

<u>Impairment provisions for credit and counterparty risk</u>

BNP Paribas SA records impairment provisions to cover the credit and counterparty risk inherent to its business as described in Notes 1.c.5, 2.g, 4.f, 4.g, 4.h and 4.q to the consolidated financial statements. We examined the control procedures applicable to identifying risk exposure, monitoring credit and counterparty risk, defining impairment testing methods and determining individual and portfolio-based impairment losses.

Measurement of financial instruments

BNP Paribas SA uses internal models and methodologies to value its positions on financial instruments which are not traded on active markets, as well as to determine certain provisions and assess whether hedging designations are appropriate. We examined the control procedures applicable to identifying inactive markets, verifying these models and determining the inputs used.

Impairment of available-for-sale assets

BNP Paribas SA recognizes impairment losses on available-for-sale assets where there is objective evidence of a prolonged or significant decline in value, as described in Notes 1.c.5, 2.d and 4.c to the consolidated financial statements. We examined the control procedures relating to the identification of such evidence, the valuations of the most significant captions, and the estimates used, where applicable, to record impairment losses.

Technical reserves of insurance companies

BNP Paribas SA recognizes technical reserves to hedge risks related to insurance contracts, as described in Notes 1.d.2, 2.e and 4.p to the consolidated financial statements. We examined the method adopted to measure these liabilities, as well as the main assumptions and inputs used.

Impairment related to goodwill

BNP Paribas SA carried out impairment tests on goodwill which led to the recording of impairment losses in 2016, as described in Notes 1.b.4 and 4.o to the consolidated financial statements. We examined the methods used to implement these tests as well as the main assumptions, inputs and estimates used, where applicable, to record impairment losses.

Deferred tax assets

BNP Paribas SA recognizes deferred tax assets during the year, notably in respect of tax loss carryforwards, as described in Notes 1.k, 2.i and 4.k to the consolidated financial statements. We examined the main estimates and assumptions used to record the deferred tax assets.

Provisions for employee benefits

BNP Paribas SA raises provisions to cover its employee benefit obligations, as described in Notes 1.h, 4.q and 6.b to the consolidated financial statements. We examined the method adopted to measure these obligations, as well as the main assumptions and inputs used.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

**III - Specific verification**

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Courbevoie, 7 March 2017

The Statutory Auditors

| Deloitte & Associés | PricewaterhouseCoopers Audit | Mazars |
|---|---|---|
| Damien Leurent | Etienne Boris | Hervé Hélias |

## AMENDMENTS TO THE SUMMARY IN RELATION TO THE BASE PROSPECTUS

The section "**SUMMARY IN RELATION TO THIS BASE PROSPECTUS**" on pages 8 to 53 of the Base Prospectus is amended as follows:

(a) In Element B.12, the table under the heading "***In relation to BNPP:***" and immediately above the heading entitled "**Comparative Interim Financial Data for the six-month period ended 30 June 2016 – In millions of EUR**" is deleted and replaced with the following:

| **Comparative Annual Financial Data - In millions of EUR** | | |
|---|---|---|
| | **31/12/2016 (audited)** | **31/12/2015 (audited)** |
| Revenues | 43,411 | 42,938 |
| Cost of risk | (3,262) | (3,797) |
| Net income, Group share | 7,702 | 6,694 |
| | **31/12/2016** | **31/12/2015** |
| Common equity Tier 1 ratio (Basel 3 fully loaded, CRD4) | 11.5% | 10.9% |
| | **31/12/2016 (audited)** | **31/12/2015 (audited)** |
| Total consolidated balance sheet | 2,076,959 | 1,994,193 |
| Consolidated loans and receivables due from customers | 712,233 | 682,497 |
| Consolidated items due to customers | 765,953 | 700,309 |
| Shareholders' equity (Group share) | 100,665 | 96,269 |

(b) In Element B.12, the two tables under the heading "***In relation to BNPP:***" and immediately above the heading "***Statements of no significant or material adverse change***" entitled "***Comparative Interim Financial Data for the six-month period ended 30 June 2016 – In millions of EUR***" and "***Comparative Interim Financial Data for the nine-month period ended 30 September 2016 – In millions of EUR***" are deleted.

(c) In Element B.12, under the heading "***Statements of no significant or material adverse change***" the paragraph below the sub-heading "***In relation to BNPP:***" is deleted in its entirety and replaced with the following:

"There has been no significant change in the financial or trading position of the BNPP Group since 31 December 2016 (being the end of the last financial period for which audited financial statements have been published). There has been no material adverse change in the prospects of BNPP or the BNPP Group since 31 December 2016 (being the end of the last financial period for which audited financial statements have been published)."

(d) Element B.13 is deleted in its entirety and replaced with the following:

| | | |
|---|---|---|
| B.13 | Events impacting the Issuer's solvency | Not applicable, as at 7 October 2016 (in the case of BNPP B.V.) and as at 14 March 2017 (in the case of BNPP) and to the best of the relevant Issuers' knowledge, there have not been any recent events which are to a material extent relevant to the evaluation of the relevant Issuer's solvency since 30 June 2016 (in the case of BNPP B.V.) or 31 December 2016 (in the case of BNPP).<br><br>***Issue Specific Summary***<br><br>[Not applicable, as at [*insert in the case of BNPP B.V.*: 7 October 2016]/[*insert in the case of BNPP*: 14 March 2017] and to the best of the Issuer's knowledge there have not been any recent events which are to a material extent relevant to the evaluation of the Issuer's solvency since [*insert in the case of BNPP B.V.:* 30 June 2016]/[*insert in the case of BNPP:* 31 December 2016].*[specify any recent events which are to a material extent relevant to the evaluation of the Issuer's solvency]*. |

(e) In Element B.19/B.12, the table under the words "Selected historical key financial information in relation to the Guarantor:" and immediately above the table entitled "**Comparative Interim Financial Data for the six-month period ended 30 June 2016 – In millions of EUR**" is deleted and replaced with the following:

| **Comparative Annual Financial Data - In millions of EUR** | | |
|---|---|---|
| | **31/12/2016 (audited)** | **31/12/2015 (audited)** |
| Revenues | 43,411 | 42,938 |
| Cost of risk | (3,262) | (3,797) |
| Net income, Group share | 7,702 | 6,694 |
| | **31/12/2016** | **31/12/2015** |
| Common equity Tier 1 ratio (Basel 3 fully loaded, CRD4) | 11.5% | 10.9% |
| | **31/12/2016 (audited)** | **31/12/2015 (audited)** |
| Total consolidated balance sheet | 2,076,959 | 1,994,193 |
| Consolidated loans and receivables due from customers | 712,233 | 682,497 |
| Consolidated items due to customers | 765,953 | 700,309 |
| Shareholders' equity (Group | 100,665 | 96,269 |

| | | |
|---|---|---|
| share) | | |

(f) In Element B.19/B.12, the two tables under the words "Selected historical key financial information in relation to the Guarantor:" and immediately above the heading "***Statements of no significant or material adverse change***" entitled "***Comparative Interim Financial Data for the six-month period ended 30 June 2016 – In millions of EUR***" and "***Comparative Interim Financial Data for the nine-month period ended 30 September 2016 – In millions of EUR***" are deleted.

(g) In Element B.19/B.12, the paragraphs under the heading "***Statements of no significant or material adverse change***" are deleted in their entirety and replaced with the following:

"There has been no significant change in the financial or trading position of the BNPP Group since 31 December 2016 (being the end of the last financial period for which audited financial statements have been published). There has been no material adverse change in the prospects of BNPP or the BNPP Group since 31 December 2016 (being the end of the last financial period for which audited financial statements have been published).

***Issue Specific Summary***

There has been no significant change in the financial or trading position of the BNPP Group since [31 December 2016 (being the end of the last financial period for which audited financial statements have been published)]. There has been no material adverse change in the prospects of BNPP or the BNPP Group since [31 December 2016 (being the end of the last financial period for which audited financial statements have been published)]."

(h) Element B19/B.13 is deleted in its entirety and replaced with the following:

| | | |
|---|---|---|
| **B.19/B.13** | Events impacting the Guarantor's solvency | Not applicable, as at 14 March 2017 and to the best of the Guarantor’s knowledge, there have not been any recent events which are to a material extent relevant to the evaluation of the Guarantor’s solvency since 31 December 2016.<br><br>***Issue Specific Summary***<br><br>[Not applicable, as at 14 March 2017 and to the best of the Guarantor's knowledge there have not been any recent events which are to a material extent relevant to the evaluation of the Guarantor's solvency since [31 December 2016]].<br><br>[*specify any recent events which are to a material extent relevant to the evaluation of the Guarantor's solvency.*] |

(i) In Element D.2, the paragraphs below the sub-heading "***In respect of BNPP:***" and immediately above the heading "***Issue Specific Summary***" are deleted and replaced with the following:

"There are certain factors that may affect BNPP’s ability to fulfil its obligations under the Securities issued under this Base Prospectus and, if applicable, the Guarantor's obligations under the Guarantees.

As defined in BNPP's 2015 Registration Document and Annual Financial Report, eleven main categories of risk are inherent in BNPP's activities:

(1) *Credit Risk* - Credit risk is the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. The probability of default and the expected recovery on the loan or receivable in the event of default are key components of the credit

quality assessment;

(2) *Counterparty Credit Risk* - Counterparty credit risk is the credit risk embedded in payment or transactions between counterparties. Those transactions include bilateral contracts such as over-the-counter (OTC) derivatives contracts which potentially expose the Bank to the risk of counterparty default, as well as contracts settled through clearing houses. The amount of this risk may vary over time in line with changing market parameters which then impacts the replacement value of the relevant transactions or portfolio;

(3) *Securitisation* - Securitisation means a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranched, having the following characteristics:

- payments made in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures;
- the subordination of tranches determines the distribution of losses during the life of the risk transfer.

Any commitment (including derivatives and liquidity lines) granted to a securitisation operation must be treated as a securitisation exposure. Most of these commitments are held in the prudential banking book;

(4) *Market Risk* - Market risk is the risk of incurring a loss of value due to adverse trends in market prices or parameters, whether directly observable or not.

Observable market parameters include, but are not limited to, exchange rates, prices of securities and commodities (whether listed or obtained by reference to a similar asset), prices of derivatives, and other parameters that can be directly inferred from them, such as interest rates, credit spreads, volatilities and implied correlations or other similar parameters.

Non-observable factors are those based on working assumptions such as parameters contained in models or based on statistical or economic analyses, non-ascertainable in the market.

In fixed income trading books, credit instruments are valued on the basis of bond yields and credit spreads, which represent market parameters in the same way as interest rates or foreign exchange rates. The credit risk arising on the issuer of the debt instrument is therefore a component of market risk known as issuer risk.

Liquidity is an important component of market risk. In times of limited or no liquidity, instruments or goods may not be tradable or may not be tradable at their estimated value. This may arise, for example, due to low transaction volumes, legal restrictions or a strong imbalance between demand and supply for certain assets.

The market risk related to banking activities encompasses the risk of loss on equity holdings on the one hand, and the interest rate and foreign exchange risks stemming from banking intermediation activities on the other hand;

(5) *Operational Risk* - Operational risk is the risk of incurring a loss due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Management of operational risk is based on an analysis of the "cause – event – effect" chain.

Internal processes giving rise to operational risk may involve employees and/or IT systems.

External events include, but are not limited to floods, fire, earthquakes and terrorist attacks. Credit or market events such as default or fluctuations in value do not fall within the scope of operational risk.

Operational risk encompasses fraud, human resources risks, legal risks, non-compliance risks, tax risks, information system risks, conduct risks (risks related to the provision of inappropriate financial services), risk related to failures in operating processes, including loan procedures or model risks, as well as any potential financial implications resulting from the management of reputation risks;

(6) *Compliance and Reputation Risk* - Compliance risk as defined in French regulations as the risk of legal, administrative or disciplinary sanctions, of significant financial loss or reputational damage that a bank may suffer as a result of failure to comply with national or European laws and regulations, codes of conduct and standards of good practice applicable to banking and financial activities, or instructions given by an executive body, particularly in application of guidelines issued by a supervisory body.

By definition, this risk is a sub-category of operational risk. However, as certain implications of compliance risk involve more than a purely financial loss and may actually damage the institution's reputation, the Bank treats compliance risk separately.

Reputation risk is the risk of damaging the trust placed in a corporation by its customers, counterparties, suppliers, employees, shareholders, supervisors and any other stakeholder whose trust is an essential condition for the corporation to carry out its day-to-day operations.

Reputation risk is primarily contingent on all the other risks borne by the Bank;

(7) *Concentration Risk* - Concentration risk and its corollary, diversification effects, are embedded within each risk, especially for credit, market and operational risks using the correlation parameters taken into account by the corresponding risk models.

It is assessed at consolidated Group level and at financial conglomerate level;

(8) *Banking Book Interest Rate Risk* - Banking book interest rate risk is the risk of incurring losses as a result of mismatches in interest rates, maturities and nature between assets and liabilities. For banking activities, this risk arises in non-trading portfolios and primarily relates to global interest rate risk;

(9) *Strategic and Business Risks* - Strategic risk is the risk that the Bank's share price may fall because of its strategic decisions.

Business risk is the risk of incurring an operating loss due to a change in the economic environment leading to a decline in revenue coupled with insufficient cost-elasticity.

These two types of risk are monitored by the Board of directors;

(10) *Liquidity Risk* - In accordance with regulations, the liquidity risk is defined as the risk that a bank will be unable to honour its commitments or unwind or settle a position due to the situation on the market or idiosyncratic factors, within a given time frame and at a reasonable price or cost; and

(11) *Insurance Subscription Risk* - Insurance subscription risk corresponds to the risk of a financial loss caused by an adverse trend in insurance claims. Depending on the type of insurance business (life, personal risk or annuities), this risk may be statistical, macroeconomic or

behavioural, or may be related to public health issues or natural disasters. It is not the main risk factor arising in the life insurance business, where financial risks are predominant.

(a) Difficult market and economic conditions have had and may continue to have a material adverse effect on the operating environment for financial institutions and hence on BNPP's financial condition, results of operations and cost of risk.

(b) The United Kingdom's referendum to leave the European Union may lead to significant uncertainty, volatility and disruption in European and broader financial and economic markets and hence may adversely affect BNPP's operating environment.

(c) Due to the geographic scope of its activities, BNPP may be vulnerable to country or regional-specific political, macroeconomic and financial environments or circumstances.

(d) BNPP's access to and cost of funding could be adversely affected by a resurgence of financial crises, worsening economic conditions, rating downgrades, increases in credit spreads or other factors.

(e) Significant interest rate changes could adversely affect BNPP's revenues or profitability.

(f) The prolonged low interest rate environment carries inherent systemic risks, and an exit from such environment also carries risks.

(g) The soundness and conduct of other financial institutions and market participants could adversely affect BNPP.

(h) BNPP may incur significant losses on its trading and investment activities due to market fluctuations and volatility.

(i) BNPP may generate lower revenues from brokerage and other commission and fee-based businesses during market downturns.

(j) Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and possibly leading to material losses.

(k) Laws and regulations adopted in recent years, particularly in response to the global financial crisis may materially impact BNPP and the financial and economic environment in which it operates.

(l) BNPP is subject to extensive and evolving regulatory regimes in the jurisdictions in which it operates.

(m) BNPP may incur substantial fines and other administrative and criminal penalties for non-compliance with applicable laws and regulations, and may also incur losses in related (or unrelated) litigation with private parties.

(n) There are risks related to the implementation of BNPP's strategic plans.

(o) BNPP may experience difficulties integrating acquired companies and may be unable to realize the benefits expected from its acquisitions.

(p) Intense competition by banking and non-banking operators could adversely affect BNPP's revenues and profitability.

(q) A substantial increase in new provisions or a shortfall in the level of previously recorded provisions could adversely affect BNPP's results of operations and financial condition.

(r) BNPP's risk management policies, procedures and methods may leave it exposed to unidentified or unanticipated risks, which could lead to material losses.

(s) BNPP's hedging strategies may not prevent losses.

(t) Adjustments to the carrying value of BNPP’s securities and derivatives portfolios and BNPP’s own debt could have an impact on its net income and shareholders’ equity.

(u) The expected changes in accounting principles relating to financial instruments may have an impact on BNPP’s balance sheet and regulatory capital ratios and result in additional costs.

(v) BNPP's competitive position could be harmed if its reputation is damaged.

(w) An interruption in or a breach of BNPP's information systems may result in material losses of client or customer information, damage to BNPP's reputation and lead to financial losses.

(x) Unforeseen external events may disrupt BNPP's operations and cause substantial losses and additional costs."

## AMENDMENTS TO THE RISK FACTORS

The risk factor entitled "Risks Relating to BNPP and its Industry" on page 54 of the Base Prospectus is deleted in its entirety and replaced with the following:

"**Risks Relating to BNPP and its Industry**

This section summarises the principal risks that BNPP currently considers itself to face. They are presented in the following categories: risks related to the macroeconomic and market environment, regulatory risks and risks related to BNPP, its strategy, management and operations.

**Risks Related To The Macroeconomic And Market Environment**

*Difficult market and economic conditions have had and may continue to have a material adverse effect on the operating environment for financial institutions and hence on BNPP's financial condition, results of operations and cost of risk.*

BNPP's businesses are highly sensitive to changes in financial markets and economic conditions globally and especially in Europe. In recent years, BNPP has been, and may again in the future be, confronted with a significant deterioration of market and economic conditions resulting, among other things, from crises affecting sovereign debt, capital markets, the availability of credit or liquidity, regional or global recessions, sharp fluctuations in commodity prices, currency exchange rates or interest rates, volatility in prices of financial derivatives, inflation or deflation, counterparty restructurings or defaults, corporate or sovereign debt rating downgrades or adverse political and geopolitical events (such as natural disasters, pandemics, societal unrest, geopolitical tensions, acts of terrorism and military conflicts). Such disruptions, which may develop quickly and hence not be fully hedged, could affect the operating environment for financial institutions for short or extended periods and have a material adverse effect on BNPP's financial condition, results of operations or cost of risk. In 2017, the macroeconomic environment could be subject to various specific risks, including geopolitical tensions, political transitions and elections in certain countries creating uncertainties and potentially sharp changes, financial market volatility, slowdowns in certain emerging markets, weak growth in the euro zone, fluctuations in commodity prices and changes in monetary policies.

Moreover, a resurgence of a sovereign debt crisis cannot be ruled out, particularly in a rising interest rate environment with increasing funding costs. In particular, European markets experienced significant disruptions in recent years as a result of concerns regarding the ability of certain countries or institutions in the euro zone to refinance their debt obligations. These disruptions have in certain periods caused tightened credit markets, increased volatility in the exchange rate of the euro against other major currencies, affected the levels of stock market indices and created uncertainty regarding the economic prospects of certain countries in the European Union as well as the quality of bank loans to sovereign debtors in the European Union. BNPP holds and in the future may hold substantial portfolios of sovereign debt and has and may in the future have substantial amounts of loans outstanding to sovereign borrowers; a new sovereign debt crisis could cause it to incur impairment charges or losses on sales. BNPP also participates in the interbank financial market and as a result, is indirectly exposed to risks relating to financial institutions with which it does business. More generally, the sovereign debt crisis had, and could again in the future have, an indirect impact on financial markets and, increasingly, economies, in Europe and worldwide, and more generally on the environment in which BNPP operates.

If economic conditions generally or in Europe in particular were to deteriorate due among other things to concerns over the European economy (in turn triggered by the heightened risk of or even the occurrence of a sovereign default, the failure of a significant financial institution or the exit of a country from the euro zone or the European Union), unforeseeable variations in oil and commodity prices and interest rates, rising inflation or significant fluctuations in foreign exchange rates (in particular rising interest rates or any strengthening of the euro), a continued or increased slowdown of economic growth in emerging countries and China in particular, terrorist attacks or political instability, the resulting market disruptions could have a significant adverse impact on the credit quality of BNPP's customers and financial institution counterparties, on market parameters such as interest rates, foreign exchange rates and stock market indices, and on BNPP's results of operations, liquidity, ability to raise financing on acceptable terms and financial condition.

*The United Kingdom's referendum to leave the European Union may lead to significant uncertainty, volatility and disruption in European and broader financial and economic markets and hence may adversely affect BNPP's operating environment.*

On 23 June 2016, the United Kingdom held a referendum in which a majority of its voters opted to leave the European Union ("**Brexit**"). The referendum is non-binding, but the British Government has indicated that the United Kingdom will invoke the appropriate procedures to implement Brexit. Once it does so, it will begin negotiations to determine its relationship with the European Union going forward, including regarding trade, financial and legal arrangements. The nature, timing and economic and political effects of Brexit remain highly uncertain and will depend upon the results of future negotiations between the United Kingdom and the European Union, and hence may adversely affect BNPP's operating environment and therefore its results and financial condition.

*Due to the geographic scope of its activities, BNPP may be vulnerable to country or regional-specific political, macroeconomic and financial environments or circumstances.*

BNPP is exposed to country risk, meaning the risk that economic, financial, political or social conditions of a foreign country, especially a country in which it operates, will affect its financial interests. Recent examples of such country risk include security concerns and political changes in Turkey following the attempted coup in July 2016, and political uncertainty in Italy following the rejection in December 2016 of the referendum on constitutional reform and the resulting change in government. Upcoming elections in France, Germany and The Netherlands in 2017 may also contribute to an environment of political uncertainty. BNPP monitors country risk and takes it into account in the fair value adjustments and cost of risk recorded in its financial statements. However, a significant change in political or macroeconomic environments may require it to record additional charges or to incur losses beyond the amounts previously written down in its financial statements. Moreover, factors specific to a particular country or region in which BNPP operates could create difficult operating conditions, leading to operating losses or asset impairments.

*BNPP's access to and cost of funding could be adversely affected by a resurgence of financial crises, worsening economic conditions, rating downgrades, increases in credit spreads or other factors.*

The financial crisis, the euro zone sovereign debt crisis as well as the general macroeconomic environment have at times adversely affected the availability and cost of funding for European banks in recent years. This was due to several factors, including a sharp increase in the perception of bank credit risk due to their exposure to sovereign debt in particular, credit rating downgrades of sovereigns and of banks, and debt market speculation. Many European banks, including BNPP, at various points experienced restricted access to wholesale debt markets and to the interbank market, as well as a general increase in their cost of funding. Accordingly, reliance on direct borrowing from the ECB at times increased substantially. If such adverse credit market conditions were to reappear in the event of prolonged stagnation of growth, deflation, resurgence of the financial crisis, the sovereign debt crisis or new forms of financial crises, factors relating to the financial industry in general or to BNPP in particular, the effect on the liquidity of the European financial sector in general and BNPP in particular could be materially adverse and have a negative impact on BNPP's results of operations and financial condition.

Downgrades in the credit ratings of France or of BNPP may increase BNPP's borrowing cost.

BNPP's cost of obtaining long-term unsecured funding from market investors is also directly related to its credit spreads, which in turn depend to a certain extent on its credit ratings. Increases in credit spreads can significantly increase BNPP's cost of funding. Changes in credit spreads are continuous, market-driven, and subject at times to unpredictable and highly volatile movements. Credit spreads are also influenced by market perceptions of creditworthiness of BNPP.

*Significant interest rate changes could adversely affect BNPP's revenues or profitability.*

The amount of net interest income earned by BNPP during any given period significantly affects its overall revenues and profitability for that period. Interest rates are affected by many factors beyond BNPP's control, such as the level of inflation and the monetary policies of states, and government decisions relating to regulated savings rates. Changes in market interest rates could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest-bearing liabilities. Any adverse change in the yield curve could cause a decline in BNPP's net interest income from its lending activities. In addition, maturity mismatches and interest rates rises relating to BNPP's short-term financing may adversely affect BNPP's profitability.

*The prolonged low interest rate environment carries inherent systemic risks, and an exit from such environment also carries risks.*

Since the 2008-2009 financial crisis, global markets have been characterized by periods of prolonged low interest rates. During such periods, interest rate spreads tend to tighten, and BNPP may be unable to lower interest rates on deposits sufficiently to offset reduced income from lending at lower interest rates. In addition, BNPP is facing an increase in early repayment and refinancing of mortgages and other fixed-rate consumer and corporate loans as clients take advantage of lower borrowing costs. This, along with the issuance of new loans at the low prevailing market interest rates, could result in an overall decrease in the average interest rate of BNPP's portfolio of loans thereby causing a decline in BNPP's net interest income from its lending activities. Moreover, an environment of persistently low interest rates can also have the effect of flattening the yield curve in the market more generally, which could reduce the premium generated by BNPP from its funding activities. Additionally, the prolonged period of low interest rates may have contributed to, and may continue to contribute to, excessive risk-taking by financial market participants such as lengthening maturities of financings and assets held, more lenient lending standards and increased leveraged lending. Certain of the market participants that may have taken or may take additional or excessive risk are of systemic importance, and any unwinding of their positions during periods of market turbulence or stress (and hence reduced liquidity) could have a destabilizing effect on markets and could lead BNPP to record operating losses or asset impairments.

Furthermore, to the extent that central banks, particularly in the United States and the United Kingdom, are expected to increase interest rates in 2017, any sharper than expected change could cause stress in loan portfolios and BNPP's underwriting activity, particularly in relation to non-investment grade lending, possibly leading to an increase in BNPP's cost of risk. In a rising interest rate environment, should BNPP's hedging strategies prove ineffective or provide only a partial hedge, BNPP could incur losses due to higher refinancing costs. More generally, increasing interest rates weigh on consumer debt affordability and corporate profitability and hence potentially on economic growth and our revenues.

*The soundness and conduct of other financial institutions and market participants could adversely affect BNPP.*

BNPP's ability to engage in financing, investment and derivative transactions could be adversely affected by the soundness of other financial institutions or market participants. Financial institutions are interrelated as a result of trading, clearing, counterparty, funding or other relationships. As a result, defaults, or even rumours or questions about, one or more financial services institutions, or the financial services industry generally, may lead to market-wide liquidity problems and could lead to further losses or defaults. BNPP has exposure to many counterparties in the financial industry, directly and indirectly, including clearing houses, brokers and dealers, commercial banks, investment banks, mutual and alternative investment funds, and other institutional clients with which it regularly executes transactions. BNPP can also be exposed to the risks related to the increasing involvement in the financial sector of players subject to little or no regulations (unregulated funds, trading venues or crowdfunding platforms). BNPP is exposed to credit and counterparty risk in the event of default or financial distress of BNPP's counterparties or clients. This risk could be exacerbated if the collateral held by BNPP cannot be realised upon or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to BNPP or in case of a failure of a significant financial market participant such as a central counterparty. It is worth noting in this respect that regulatory changes requiring mandatory clearing of standardized over-the-counter ("**OTC**") derivatives through central counterparties have resulted in an increase of the exposure of financial market participants to such central counterparties.

In addition, fraud or misconduct by financial market participants can have a material adverse effect on financial institutions due in particular to the interrelated nature of the financial markets. An example is the fraud perpetrated by Bernard Madoff that came to light in 2008, as a result of which numerous financial institutions globally, including BNPP, announced losses or exposure to losses in substantial amounts. Potentially significant additional potential exposure is also possible in the form of litigation and claims in the context of the bankruptcy proceedings of Bernard L. Madoff Investment Services ("**BLMIS**") (a number of which are pending against BNPP), and other potential claims relating to counterparty or client investments made, directly or indirectly, in BLMIS or other entities controlled by Bernard Madoff, or to the receipt of investment proceeds from BLMIS.

There can be no assurance that any losses resulting from the risks summarised above will not materially and adversely affect BNPP's results of operations.

*BNPP may incur significant losses on its trading and investment activities due to market fluctuations and volatility.*

BNPP maintains trading and investment positions in the debt, currency, commodity and equity markets, and in unlisted securities, real estate and other asset classes, including through derivative contracts. These positions could be adversely affected by extreme volatility in these markets, i.e., the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. Moreover, volatility trends that prove substantially different from BNPP's expectations may lead to losses relating to a broad range of other products that BNPP uses, including swaps, forward and future contracts, options and structured products.

To the extent that BNPP owns assets, or has net long positions, in any of those markets, a market downturn could result in losses from a decline in the value of its positions. Conversely, to the extent that BNPP has sold assets that it does not own, or has net short positions in any of those markets, a market upturn could, in spite of the existing limitation of risks and control systems, expose it to potentially substantial losses as it attempts to cover its net short positions by acquiring assets in a rising market. BNPP may from time to time hold a long position in one asset and a short position in another, in order to hedge transactions with clients and/or from which it expects to gain based on changes in the relative value of the two assets. If, however, the relative value of the two assets changes in a direction or manner that BNPP did not anticipate or against which it is not hedged, BNPP might realise a loss on those paired positions. Such losses, if significant, could adversely affect BNPP's results and financial condition.

*BNPP may generate lower revenues from brokerage and other commission and fee-based businesses during market downturns.*

Financial and economic conditions affect the number and size of transactions for which BNPP provides securities underwriting, financial advisory and other investment banking services. BNPP's revenues, which include fees from these services, are directly related to the number and size of the transactions in which it participates and can thus be significantly affected by economic or financial changes that are unfavourable to its Investment Banking business and clients. In addition, because the fees that BNPP charges for managing its clients' portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of its clients' portfolios or increases the amount of withdrawals would reduce the revenues BNPP receives from its asset management, equity derivatives and private banking businesses. Independently of market changes, below-market performance by BNPP's mutual funds may result in increased withdrawals and reduced inflows, which would reduce the revenues BNPP receives from its asset management business. BNPP experienced some or all of these effects during the sharp market downturns of recent years and could experience them again in future market downturns, which may occur periodically and unexpectedly.

*Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and possibly leading to material losses.*

In some of BNPP's businesses, protracted market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if BNPP cannot close out deteriorating positions in a timely way. This is particularly true for assets that are intrinsically illiquid. Assets that are not traded on stock exchanges or other public trading markets, such as certain derivative contracts between financial institutions, may have values that BNPP calculates using models rather than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to significant losses that BNPP did not anticipate.

**Regulatory Risks**

*Laws and regulations adopted in recent years, particularly in response to the global financial crisis, may materially impact BNPP and the financial and economic environment in which it operates.*

Laws and regulations have been enacted in the past few years or could be adopted, in particular in France, Europe and the United States, with a view to introducing a number of changes, some permanent, in the financial environment. The impact of the new measures has changed substantially the environment in which BNPP and other financial institutions operate. The new measures that have been or may be proposed and adopted include more stringent capital and liquidity requirements (particularly for large global banking groups such as BNPP), taxes on financial transactions, restrictions and increased taxes on employee compensation over specified levels, restrictions on certain types of activities considered as speculative undertaken by commercial banks that will be prohibited or need to be ring-fenced in subsidiaries (particularly proprietary trading), restrictions or prohibitions on certain types of financial products or activities, enhanced recovery and resolution regimes, changes to risk-weighting methodologies and the methods of using internal models that could lead to increased capital requirements, increased internal control and reporting requirements with respect to certain activities, more stringent governance and conduct of business rules, more extensive market abuse regulations, measures to improve the transparency and efficiency of financial markets and in particular to regulate high frequency trading, increased regulation of certain types of financial products including mandatory reporting of derivative and securities financing transactions, requirements either to mandatorily clear, or otherwise mitigate risks in relation to, over-the-counter derivative transactions (including through posting of collateral in respect of non-centrally cleared derivatives), and the creation of new and strengthened supervisory bodies. Most of these measures have been adopted and are already applicable to BNPP; the principal such measures are summarized below.  Other similar or new measures may be proposed and adopted.

*French and European Laws and regulations*

In 2013 and 2014, France made significant changes to its legal and regulatory framework applicable to banking institutions. The French banking law of 26 July 2013 on the separation and regulation of banking activities (*Loi de séparation et de régulation des activités bancaires*) and the related implementing decrees and orders specified the required separation between financing operations activities and so-called "speculative" operations that have been, since 1 July 2015, conducted by ring-fenced subsidiaries subject to specific capital and liquidity requirements on a stand-alone basis. This banking law also introduced a mechanism for preventing and resolving banking crises, which is supervised by the French banking regulator ("*Autorité de Contrôle Prudentiel et de Résolution*", "**ACPR**") with expanded powers. In the event of a failure, the law provides for mechanisms such as the power to require banks to adopt structural changes, issue new securities, cancel outstanding equity or subordinated debt securities and convert subordinated debt into equity, and to require the intervention of the French Deposit Guarantee and Resolution Fund ("*Fonds de Garantie des Dépôts et de Résolution*"). The Ordinance of 20 February 2014 provided in particular for the strengthening of the governance rules within banking institutions, a reinforced and harmonised at the EU level sanctions regime, an extended scope of prudential surveillance with in particular additional prudential requirements, a harmonisation of the rules relating to the approval of credit institutions within the European Union, and an update of the rules relating to the consolidated surveillance and the exchange of information.

At the European level, many of the provisions of the EU Directive and Regulation on prudential requirements "CRD 4/CRR" dated 26 June 2013, implementing the Basel III capital requirements, took effect as of 1 January 2014 and many delegated and implementing acts provided for in the Directive and Regulation CRD 4/CRR were adopted in 2014. The prudential ratio requirements and the designation of BNPP as a systemically important financial institution increased BNPP's prudential requirements and may limit its ability to extend credit or to hold certain assets, particularly those with longer maturities. In 2011-2012, BNPP implemented an adaptation plan in anticipation of these requirements, including reducing its balance sheet and bolstering its capital. In addition, the Financial Stability Board published on 9 November 2015 the final principles and term sheet regarding total loss absorbing capacity ("**TLAC**"), which will require "G-SIBs" or "Global Systemically Important Banks" (including BNPP) to maintain a significant amount of liabilities and instruments readily available for bail-in, in addition to the Basel III capital requirements, in order to enable authorities to implement an orderly resolution that minimises impacts on financial stability, maintains the continuity of critical functions, and avoids exposing public funds to loss. Given the timing and manner of their adoption, the full impact of TLAC requirements on BNPP cannot be accurately predicted and could cause its financing costs to increase.

Regarding the European "Banking Union", the European Union adopted, in October 2013, a Single Supervisory Mechanism ("**SSM**") under the supervision of the ECB; as a consequence, since November 2014, BNPP, along with all institutions qualified as important in the euro zone, are now under the direct supervision of the ECB, with respect to prudential regulation matters entrusted to the ECB by Council Regulation dated 15 October 2013. Within the SSM, the ECB is, in particular, tasked with carrying out an annual supervisory review and evaluation process ("**SREP**") and stress tests, in connection with which it has powers to require banks to hold capital in excess of minimum capital requirements in order to address specific risks (so-called "Pillar 2" requirements), and more generally to impose additional liquidity requirements and possibly other regulatory measures. Such measures could have an adverse impact on BNPP's results of operations and financial condition.

In addition to the SSM, the EU Bank Recovery and Resolution Directive of 15 May 2014 ("**BRRD**"), implemented in France by the Ordinance of 20 August 2015 strengthens the tools to prevent and resolve banking crises, in particular, in order to ensure that any losses are borne in priority by banks' creditors and shareholders and to minimize taxpayers' exposure to losses and provides for the implementation of resolution funds at the national levels.

Under the BRRD and the Ordinance of 20 August 2015, the ACPR or the Single Resolution Board (the "**SRB**"), which was established by Regulation of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism ("**SRM**") and a Single Resolution Fund ("**SRF**"), may commence resolution proceedings in respect of a banking institution, such as BNPP, with a view to ensure the continuity of critical functions, to avoid the risks of contagion and to recapitalize or restore the viability of the institution.

Resolution powers are to be implemented so that, subject to certain exceptions, losses are borne first by shareholders, then by holders of additional capital instruments qualifying as tier 1 and tier 2 (such as subordinated bonds), then by the holders of senior non preferred debt and finally by the holders of senior preferred debt in accordance with the order of their claims in normal insolvency proceedings.

Resolution authorities have broad powers to implement resolution measures with respect to institutions and groups subject to resolution proceedings, which may include (without limitation): the total or partial sale of the institution's business to a third party or a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, the full or partial write-down of capital instruments, the dilution of capital instruments through the issuance of new equity, the full or partial write-down or conversion into equity of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), discontinuing the listing and admission to trading of financial instruments, the dismissal of managers or the appointment of a special manager (*administrateur spécial*).

Certain powers, including the full or partial write-down of capital instruments, the dilution of capital instruments through the issuance of new equity, the full or partial write-down or conversion into equity of additional capital instruments qualifying as tier 1 and tier 2 (such as subordinated bonds), can also be exercised as a precautionary measure, outside of resolution proceedings and/or pursuant to the European Commission's State Aid framework if the institution requires exceptional public financial support.

The implementation of these tools and powers may result in significant structural changes to the relevant financial institutions and their groups (including as a result of asset or business sales or the creation of bridge institutions) and in a partial or total write-down, modification or variation of claims of shareholders and creditors.

Pursuant to the SRM, on 19 December 2014, the Council adopted the proposal for a Council implementing act to calculate the contributions of banks to the SRF, which replaces national resolution funds as from 1 January 2016 and provides for annual contributions to the SRF to be made by banks calculated on the basis of their liabilities, excluding own funds and covered deposits and adjusted for risks. Moreover, the Regulation of the European Commission dated 21 October 2014, adopted pursuant to the BRRD provides for an obligation for banks to have adequate financial resources to ensure the effective application of the resolution tools and powers by the relevant resolution authority. In this context, the resolution authorities, such as the ACPR or the SRB, determined the annual contributions that must be paid to resolution financing arrangements by each banking institution in proportion to its risk profile. As a consequence, contributions to the SRF and to resolution financing arrangements are significant for BNPP and hence weigh on its results of operations.

Moreover, the Directive of 16 April 2014 on deposit guarantee schemes, transposed into French law by the Ordinance of 20 August 2015 created national deposit guarantee schemes. Other proposals for legislative and regulatory reforms could also have an impact if they were enacted into law. Thus, a draft European Parliament Regulation dated 24 November 2015 completed such Directive of 16 April 2014 through a step plan to create a European deposit insurance scheme that will progressively cover all or part of participating national deposit guarantee schemes.

On 23 November 2016, the European Commission issued several legislative proposals proposing to amend a number of key EU banking directives and regulations, including CRD 4/CRR, BRRD and the SRM, the purpose of which is inter alia to reflect more accurately long-term funding risk and excessive leverage, increase the loss-absorption capacity of globally significant institutions, improve the treatment of market risks by increasing the risk sensitivity of the existing rules and increase convergence within the European Union in the area of insolvency law and restructuring proceedings, particularly through the introduction of a moratorium tool. These proposals remain subject to amendments by the Parliament and the Council and are scheduled to be adopted in 2019. It is not yet possible to assess the full impact of these proposals.

Furthermore, a proposal for a Regulation of the European Parliament and of the Council of 29 January 2014 on structural measures improving the resilience of EU credit institutions, as amended on 19 June 2015, would prohibit certain proprietary trading activities by European credit institutions that meet certain criteria (particularly as to size) and require them to conduct certain high-risk trading activities only through subsidiaries.

Finally, new regulations designed to enhance the transparency and soundness of financial markets, such as the so-called "EMIR" Regulation of 4 July 2012 on OTC derivatives, central counterparties and trade repositories and the measures adopted or to be adopted thereunder (including in relation to the Commission delegated Regulation of 4 October 2016 that specifies how margin should be calculated and exchanged in respect of non-cleared OTC derivative contracts), Regulation of 25 November 2015 on transparency of securities financing transactions and Directive and Regulation of 15 May 2014 on markets in financial instruments ("**MiFID 2**") may be a source of additional uncertainty and compliance risk and, more generally, the costs incurred due to the implementation of such regulations may have a negative impact on the profitability of certain activities currently conducted by BNPP and weigh on BNPP's results of operations and financial condition.

*U.S Laws and Regulations*

Bank regulation in the United States has been substantially changed and expanded in the wake of the financial crisis, including as follows. A final rule issued by the Board of Governors of the U.S. Federal Reserve System (the "**Federal Reserve Board**") imposing enhanced prudential standards on the U.S. operations of large foreign banks required BNPP to designate or create an intermediate holding company ("**IHC**") for its U.S. subsidiaries by 1 July 2016. BNPP's IHC, BNP Paribas USA, Inc., must comply with risk-based and leverage capital requirements, liquidity requirements, long-term debt requirements, supervisory stress testing and capital planning requirements as well as other prudential requirements on a stand-alone basis. In addition, on 4 March 2016, the Federal Reserve Board re-proposed single counterparty credit limits that would apply to both the U.S. IHCs and the combined U.S. operations (including U.S. branch operations) of systemically important foreign banking organizations (such as BNPP). Under proposals that remain under consideration, the IHC and the combined U.S. operations of BNPP may become subject to limits on credit exposures to any single counterparty, and the combined U.S. operations of BNPP may also become subject to an early remediation regime which could be triggered by risk-based capital, leverage, stress tests, liquidity, risk management and market indicators. The Federal Reserve Board has also indicated that it is considering future rulemakings that could apply the U.S. rules implementing the Basel III liquidity coverage ratio and net stable funding ratio to the combined U.S. operations (including U.S. branch operations) of certain large foreign banking organizations. The scope and timing for the implementation of these liquidity requirements as well as additional expected changes to the capital and stress testing requirements and their impact on BNPP is difficult to predict at this point. On 15 December 2016, the Federal Reserve Board issued final rules that implement in the United States the Financial Stability Board's standards for a TLAC framework. The final rules require, among other things, BNPP's U.S. IHC to maintain minimum levels of TLAC, consisting of the IHC's Tier 1 capital plus a minimum amount of long-term debt satisfying certain eligibility criteria, and a related TLAC buffer. BNPP will be subject to these requirements commencing 1 January 2019. BNPP's U.S. IHC will be required to issue this long-term debt internally to any foreign affiliate that is wholly owned, directly or indirectly, by BNPP, for so long as BNPP maintains a single-point-of-entry resolution strategy. The rules also impose limitations on the types and amount of other financial transactions that BNPP's U.S. IHC may engage in. On 23 September 2016, the Federal Reserve Board proposed additional prudential requirements with respect to the physical commodity activities of financial holding companies ("**FHCs**") (such as BNPP), including significantly elevated capital requirements for physical commodity activities (and for investments in merchant banking companies that engage in physical commodity activities) that, according to the Federal Reserve Board, have the potential to expose an FHC to environmental liability. Finally, the "Volcker Rule", adopted by the U.S. regulatory authorities in December 2013, places certain restrictions on the ability of U.S. and non-U.S. banking entities, including BNPP and its affiliates, to engage in proprietary trading and to sponsor or invest in private equity and hedge funds. BNPP was generally required to come into compliance with the Volcker Rule by July 2015, although the Federal Reserve Board has extended the conformance deadline for pre-2014 "legacy" investments in and relationships with private equity funds and hedge funds until 21 July 2017. The Volcker Rule's implementing regulations are highly complex and may be subject to further regulatory interpretation and guidance, and its full impact will not be known with certainty for some time. U.S. regulators have also recently adopted or proposed new rules regulating OTC derivatives activities under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act. In late 2015, the Federal Reserve Board and other U.S. banking regulators finalized margin requirements applicable to uncleared swaps and security-based swaps entered into by swap dealers, major swap participants, security-based swap dealers and major security-based swap participants that are regulated by one of the U.S. banking regulators, including BNPP. These margin requirements, which began a progressive entry into effect in September 2016, will require BNPP to post and collect additional, high-quality collateral for certain transactions, which will increase the costs of uncleared swaps and security-based swaps offered by BNPP to its customers who are "U.S. persons" as defined under the rules which apply globally. The U.S. Commodity Futures Trading Commission also finalized rules in 2016 that will require additional interest rate swaps to be cleared, which are expected to come into effect in phases based on the implementation of parallel clearing requirements in non-U.S. jurisdictions and in any event by October 2018, and has also proposed rules that would apply position limits to certain physical commodity swaps. The U.S. Securities and Exchange Commission also finalized rules in 2015 and 2016 regarding the registration of security-based swap dealers and major security-based swap participants, business conduct and trade acknowledgment and verification requirements for such entities, and obligations relating to transparency and mandatory reporting of security-based swap transactions. Further rules and regulations are expected in 2017 to complete this regulatory framework. The scope and timing for the implementation of these requirements, and therefore their impact on BNPP's swap business, is difficult to predict at this stage.

In sum, extensive legislative and regulatory reform in respect of financial institutions has been enacted in recent years and some remains in progress. It is impossible to accurately predict which additional measures will be adopted or to determine the exact content of such measures and, given the complexity and uncertainty of a number of these measures, their ultimate impact on BNPP. The overall effect of these measures, whether already adopted or in the process of being adopted, has been and may further be to restrict BNPP's ability to allocate and apply capital and funding resources, limit its ability to diversify risk, reduce the availability of certain funding and liquidity resources, increase its funding costs, increase the cost for or reduce the demand for the products and services it offers, result in the obligation to carry out internal reorganizations, structural changes or divestitures, affect its ability to conduct (or impose limitations on) certain types of business as currently conducted, limit its ability to attract and retain talent, and, more generally, affect its competitiveness and profitability, which would in turn have an adverse effect on its business, financial condition, and results of operations.

*BNPP is subject to extensive and evolving regulatory regimes in the jurisdictions in which it operates.*

BNPP faces the risk of changes in legislation or regulation in all of the countries in which it operates, including, but not limited to, the following:

- monetary, liquidity, interest rate and other policies of central banks and regulatory authorities;
- changes in government or regulatory policy that may significantly influence investor decisions, in particular in the markets in which the Group operates;
- changes in regulatory requirements applicable to the financial industry, such as rules relating to applicable governance, remunerations, capital adequacy and liquidity frameworks, restrictions on activities considered as speculative and recovery and resolution frameworks;
- changes in securities regulations as well as in financial reporting, disclosure and market abuse regulations;
- changes in the regulation of certain types of transactions and investments, such as derivatives and securities financing transactions and money market funds;
- changes in the regulation of market infrastructures, such as trading venues, central counterparties, central securities depositories, and payment and settlement systems;
- changes in tax legislation or the application thereof;
- changes in accounting norms;
- changes in rules and procedures relating to internal controls, risk management and compliance;
- expropriation, nationalisation, price controls, exchange controls, confiscation of assets and changes in legislation relating to foreign ownership;

These changes, the scope and implications of which are highly unpredictable, could substantially affect BNPP and have an adverse effect on its business, financial condition and results of operations. Some reforms not aimed specifically at financial institutions, such as measures relating to the funds industry or promoting technological innovation (such as open data projects), could facilitate the entry of new players in the financial services sector or otherwise affect BNPP's business model, competitiveness and profitability, which could in turn affect its financial condition and results of operations.

*BNPP may incur substantial fines and other administrative and criminal penalties for non-compliance with applicable laws and regulations, and may also incur losses in related (or unrelated) litigation with private parties.*

BNPP is exposed to regulatory compliance risk, i.e. the failure to comply fully with the laws, regulations, codes of conduct, professional norms or recommendations applicable to the financial services industry. This risk is exacerbated by the adoption by different countries of multiple and occasionally diverging and even conflicting legal or regulatory requirements. Besides damage to BNPP's reputation and private rights of action (including class actions introduced into French law in 2014), non-compliance could lead to material legal proceedings, fines and expenses (including fines and expenses in excess of recorded provisions), public reprimand, enforced suspension of operations or, in extreme cases, withdrawal by the authorities of operating licenses. This risk is further exacerbated by continuously increasing regulatory scrutiny of financial institutions. Moreover, litigation by private parties against financial institutions has substantially increased in recent years. Accordingly, BNPP faces significant legal risk in its business, and the volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms have substantially increased in recent years and may increase further.

In this respect, on 30 June 2014 BNPP entered into a series of agreements with, and was the subject of several orders issued by, U.S. federal and New York state government agencies and regulatory authorities including the U.S. Department of Justice, the New York County District Attorney's Office, the U.S. Attorney's Office for the Southern District of New York, the Board of Governors of the Federal Reserve System, the Office of Foreign Assets Control of the U.S. Department of the Treasury and the New York State Department of Financial Services, in settlement of investigations into violations of U.S. laws and regulations regarding economic sanctions. The fines and penalties imposed on BNPP as part of this settlement included, among other things, the payment of monetary penalties amounting in the aggregate to $8.97 billion (€6.6 billion), guilty pleas by BNP Paribas S.A., the parent company of the BNP Paribas group, to charges of having violated U.S. federal criminal law (conspiracy to violate the Trading with the Enemy Act and the International Emergency Economic Powers Act) and New York State criminal law (conspiracy and falsifying business records), and the suspension of the New York branch of BNP Paribas for (a) a one-year period (2015) of USD direct clearing focused mainly on the Oil & Gas Energy and Commodity Finance business line in certain locations and (b) a two-year period of U.S. dollar clearing as a correspondent bank for unaffiliated third party banks in New York and London. Following this settlement, BNPP remains subject to increased scrutiny by regulatory authorities (including via the presence within BNPP of an independent consultant) who are monitoring its compliance with a remediation plan agreed with them.

BNPP is currently involved in various litigations and investigations as summarized in Note 7.b "Contingent liabilities: legal proceedings and arbitration" to its 2016 consolidated financial statements. It may become involved in further such matters at any point. No assurance can be given that an adverse outcome in one or more of such matters would not have a material adverse effect on BNPP's operating results for any particular period.

**Risks Related to BNPP, its Strategy, Management and Operations**

*Risks related to the implementation of BNPP's strategic plans.*

BNPP has announced a certain number of strategic objectives, in particular in a transformation plan for CIB for the 2016-2019 period presented in February 2016 and a strategic plan for the 2017-2020 period presented on 7 February 2017. These plans contemplate a number of initiatives, including the implementation of new customer pathways, the digital transformation of BNPP, continuing to improve operating efficiency and various business development initiatives.

The plans include a number of financial targets and objectives relating to net banking income, operating costs, net income, capital adequacy ratios and return on equity, among other things. These financial targets and objectives were established primarily for purposes of internal planning and allocation of resources, and are based on a number of assumptions with regard to business and economic conditions.

BNPP's actual results could vary significantly from these targets and objectives for a number of reasons, including the occurrence of one or more of the risk factors described elsewhere in this section.

*BNPP may experience difficulties integrating acquired companies and may be unable to realise the benefits expected from its acquisitions.*

BNPP makes acquisitions on a regular basis. Integrating acquired businesses is a long and complex process. Successful integration and the realisation of synergies require, among other things, proper coordination of business development and marketing efforts, retention of key members of management, policies for effective recruitment and training as well as the ability to adapt information and computer systems. Any difficulties encountered in combining operations could result in higher integration costs and lower savings or revenues than expected. There will accordingly be uncertainty as to the extent to which anticipated synergies will be achieved and the timing of their realisation. Moreover, the integration of BNPP's existing operations with those of the acquired operations could interfere with the respective businesses and divert management's attention from other aspects of BNPP's business, which could have a negative impact on the business and results of BNPP. In some cases, moreover, disputes relating to acquisitions may have an adverse impact on the integration process or have other adverse consequences, including financial ones.

Although BNPP undertakes an in-depth analysis of the companies it plans to acquire, such analyses often cannot be complete or exhaustive. As a result, BNPP may increase its exposure to doubtful or troubled assets and incur greater risks as a result of its acquisitions, particularly in cases in which it was unable to conduct comprehensive due diligence prior to the acquisition.

*Intense competition by banking and non-banking operators could adversely affect BNPP's revenues and profitability.*

Competition is intense in all of BNPP's primary business areas in France and the other countries in which it conducts a substantial portion of its business, including other European countries and the United States. Competition in the banking industry could intensify as a result of consolidation in the financial services area or as a result of the presence of new players in the payment and the financing services area or the development of crowdfunding. In particular, competitors subject to less extensive regulatory requirements or to less strict capital requirements (e.g., debt funds, shadow banks), or benefiting from economies of scale, data synergies or technological innovation (e.g., internet and mobile operators, fintechs), could be more competitive. If BNPP is unable to respond to the competitive environment in France or in its other major markets by offering attractive and profitable product and service solutions, it may lose market share in key areas of its business or incur losses on some or all of its activities. In addition, downturns in the economies of its principal markets could add to the competitive pressure, through, for example, increased price pressure and lower business volumes for BNPP and its competitors. It is also possible that the presence in the global marketplace of State-owned financial institutions, or financial institutions benefiting from State guarantees or other similar advantages, or the imposition of more stringent requirements (particularly capital requirements and business restrictions) on large or systemically significant financial institutions, could lead to distortions in competition in a manner adverse to large private-sector institutions such as BNPP.

*A substantial increase in new provisions or a shortfall in the level of previously recorded provisions could adversely affect BNPP's results of operations and financial condition.*

In connection with its lending activities, BNPP regularly establishes provisions for loan losses, which are recorded in its profit and loss account under "cost of risk". BNPP's overall level of provisions is based on its assessment of prior loss experience, the volume and type of lending being conducted, industry standards, past due loans, economic conditions and other factors related to the recoverability of various loans. Although

BNPP seeks to establish an appropriate level of provisions, its lending businesses may have to increase their provisions for loan losses substantially in the future as a result of deteriorating economic conditions or other causes. Any significant increase in provisions for loan losses or a significant change in BNPP's estimate of the risk of loss inherent in its portfolio of non-impaired loans, as well as the occurrence of loan losses in excess of the related provisions, could have a material adverse effect on BNPP's results of operations and financial condition.

BNPP also establishes provisions for contingencies and charges including in particular provisions for litigations. Any loss arising from a risk that has not already been provisioned or that is greater than the amount of the provision would have a negative impact on BNPP's results of operation and, potentially, its financial condition.

*BNPP's risk management policies, procedures and methods may leave it exposed to unidentified or unanticipated risks, which could lead to material losses.*

BNPP has devoted significant resources to developing its risk management policies, procedures and assessment methods and intends to continue to do so in the future. Nonetheless, BNPP's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic and market environments or against all types of risk, particularly risks that BNPP may have failed to identify or anticipate. BNPP's ability to assess the creditworthiness of its customers or to estimate the values of its assets may be impaired if, as a result of market turmoil such as that experienced in recent years, the models and approaches it uses become less predictive of future behaviour, valuations, assumptions or estimates. Some of BNPP's qualitative tools and metrics for managing risk are based on its use of observed historical market behaviour. BNPP applies statistical and other tools to these observations to arrive at quantifications of its risk exposures. The process BNPP uses to estimate losses inherent in its credit exposure or estimate the value of certain assets requires difficult, subjective, and complex judgments, including forecasts of economic conditions and how these economic predictions might impair the ability of its borrowers to repay their loans or impact the value of assets, which may, during periods of market disruption, be incapable of accurate estimation and, in turn, impact the reliability of the process. These tools and metrics may fail to predict future risk exposures, e.g., if BNPP does not anticipate or correctly evaluate certain factors in its statistical models, or upon the occurrence of an event deemed extremely unlikely by the tools and metrics. This would limit BNPP's ability to manage its risks. BNPP's losses could therefore be significantly greater than the historical measures indicate. In addition, BNPP's quantified modelling does not take all risks into account. Its more qualitative approach to managing certain risks could prove insufficient, exposing it to material unanticipated losses.

*BNPP's hedging strategies may not prevent losses.*

If any of the variety of instruments and strategies that BNPP uses to hedge its exposure to various types of risk in its businesses is not effective, BNPP may incur losses. Many of its strategies are based on historical trading patterns and correlations. For example, if BNPP holds a long position in an asset, it may hedge that position by taking a short position in another asset where the short position has historically moved in a direction that would offset a change in the value of the long position. However, the hedge may only be partial, or the strategies used may not protect against all future risks or may not be fully effective in mitigating BNPP's risk exposure in all market environments or against all types of risk in the future. Unexpected market developments may also reduce the effectiveness of BNPP's hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in BNPP's reported earnings.

*Adjustments to the carrying value of BNPP's securities and derivatives portfolios and BNPP's own debt could have an impact on its net income and shareholders' equity.*

The carrying value of BNPP's securities and derivatives portfolios and certain other assets, as well as its own debt, in its balance sheet is adjusted as of each financial statement date. Most of the adjustments are made on the basis of changes in fair value of its assets or its debt during an accounting period, with the changes recorded either in the income statement or directly in shareholders' equity. Changes that are recorded in the income statement, to the extent not offset by opposite changes in the value of other assets, affect its consolidated revenues and, as a result, its net income. All fair value adjustments affect shareholders' equity and, as a result, its capital adequacy ratios. The fact that fair value adjustments are recorded in one accounting period does not mean that further adjustments will not be needed in subsequent periods.

*The expected changes in accounting principles relating to financial instruments may have an impact on BNPP's balance sheet and regulatory capital ratios and result in additional costs.*

In July 2014, the International Accounting Standards Board published International Financial Reporting Standard 9 ("**IFRS 9**") "Financial Instruments", which is set to replace IAS 39 as from 1 January 2018 after its adoption by the European Union. The standard amends and complements the rules on the classification and measurement of financial instruments. It includes a new impairment model based on expected credit losses ("**ECL**"), while the current model is based on provisions for incurred losses, and new rules on general hedge accounting. The new approach based on ECL could result in substantial additional impairment charges for BNPP and add volatility to its regulatory capital ratios, and the costs incurred by BNPP relating to the implementation of such norms may have a negative impact on its results of operations.

*BNPP's competitive position could be harmed if its reputation is damaged.*

Considering the highly competitive environment in the financial services industry, a reputation for financial strength and integrity is critical to BNPP's ability to attract and retain customers. BNPP's reputation could be harmed if it fails to adequately promote and market its products and services. BNPP's reputation could also be damaged if, as it increases its client base and the scale of its businesses, BNPP's comprehensive procedures and controls dealing with conflicts of interest fail, or appear to fail, to address conflicts of interest properly. At the same time, BNPP's reputation could be damaged by employee misconduct, fraud or misconduct by market participants to which BNPP is exposed, a decline in, a restatement of, or corrections to its financial results, as well as any adverse legal or regulatory action such as the settlement BNPP entered into in with the U.S. authorities for violations of U.S. laws and regulations regarding economic sanctions. Such risks to reputation have recently increased as a result of the growing use of social networks within the economic sphere. The loss of business that could result from damage to the Bank's reputation could have an adverse effect on its results of operations and financial position.

*An interruption in or a breach of BNPP's information systems may result in material losses of client or customer information, damage to BNPP's reputation and lead to financial losses.*

As with most other banks, BNPP relies heavily on communications and information systems to conduct its business. This dependency has increased with the spread of mobile and online banking services, and the development of cloud computing. Any failure or interruption or breach in security of these systems could result in failures or interruptions in BNPP's customer relationship management, general ledger, deposit, servicing and/or loan organisation systems. BNPP cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. An increasing number of companies (including financial institutions) have in recent years experienced intrusion attempts or even breaches of their information technology security, some of which have involved sophisticated and highly targeted attacks on their computer networks. Because the techniques used to obtain unauthorised access, disable or degrade service, steal confidential data or sabotage information systems have become more sophisticated, change frequently and often are not recognised until launched against a target, BNPP may be unable to anticipate these techniques or to implement in a timely manner effective and efficient countermeasures. Any failures of or interruptions in BNPP's information systems and any subsequent disclosure of confidential information related to any client, counterpart or employee of BNPP (or any other person) or any intrusion or attack against BNPP's communication system could have an adverse effect on BNPP's reputation, financial condition and results of operations.

*Unforeseen external events may disrupt BNPP's operations and cause substantial losses and additional costs.*

Unforeseen events such as an adverse change in the political, military or diplomatic environments, political and social unrest, severe natural disasters, a pandemic, terrorist attacks, military conflicts or other states of emergency could affect the demand for the products and services offered by BNPP, or lead to an abrupt interruption of BNPP's operations, in France or abroad, and could cause substantial losses that may not necessarily be covered by an insurance policy. Such losses can relate to property, financial assets, trading positions and key employees. Such unforeseen events could also lead to temporary or longer-term business interruption, additional costs (such as relocation of employees affected) and increase BNPP's costs (particularly insurance premiums)."

## AMENDMENTS TO THE FORM OF FINAL TERMS

*In relation to the amendments to Item 37 (Additional U.S. Federal income tax considerations) in the Form of Final Terms set out in this section (which was added to the Base Prospectus by virtue of the Second Supplement): (i) text which, by virtue of this Fourth Supplement, is deleted therefrom is shown with a line drawn through the middle of the deleted text, and (ii) text which, by virtue of this Fourth Supplement, is added thereto is shown underlined.*

Item 37 (*Additional U.S. Federal income tax considerations*) in the Form of Final Terms on pages 94 to 125 of the Base Prospectus is amended as follows:

| | |
|---|---|
| [37. Additional U.S. Federal income tax considerations: | [*insert details*]/[Not applicable]/[The Securities are [not] Specified Securities for the purpose~~s~~ of Section 871(m) of the U.S. Internal Revenue Code of 1986.] [Additional information regarding the application of Section 871(m) to the Securities will be available at [*give name(s) and addresses*.] [The Issuer will arrange for withholding under Section 871(m) to be imposed on any dividend equivalent payment at a rate of 30%.]]<br><br>(*The Securities will not be Specified Securities if they (i) are issued prior to 1 January 201~~7~~8 and provide a return that differs significantly from the return on an investment in the underlying or (ii) do not reference any U.S. equity or any index that contains any component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities. If the Securities are issued on or after 1 January 201~~7~~8 and reference a U.S. equity or an index that contains a component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities, further analysis would be required. If the Securities are Specified Securities, include the "Additional information" sentence and provide the appropriate contact information.*)] |

## AMENDMENTS TO THE HIRING INCENTIVES TO RESTORE EMPLOYMENT ACT SECTION

*In relation to the amendments to the section entitled "Hiring Incentives to Restore Employment Act" set out in this section: (i) text which, by the virtue of this Fourth Supplement, is added thereto, is shown underlined and (ii) text which, by the virtue of this Fourth Supplement, is deleted therefrom, is shown with a line through the middle of the deleted text.*

The "Hiring Incentives to Restore Employment Act" section on page 391 of the Base Prospectus is amended as follows:

The U.S. Hiring Incentives to Restore Employment Act introduced Section 871(m) of the U.S. Internal Revenue Code of 1986 (the "**Code**") which treats a "dividend equivalent" payment as a dividend from sources within the United States. Under Section 871(m), such payments generally would be subject to a 30~~%~~ per cent. U.S. withholding tax that may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner timely claims a credit or refund from the ~~IRS.~~U.S. Internal Revenue Service (the "**IRS**"). A "**dividend equivalent**" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in (i) and (ii). Recently published final U.S. Treasury regulations issued under Section 871(m) (together with any amendments or official guidance relating thereto, the **Section 871(m) Regulations**) will, when effective, require withholding on certain non-U.S. holders of the Securities with respect to amounts treated as attributable to dividends from certain U.S. securities. Under the Section 871(m) Regulations, only a Security that has an expected economic return sufficiently similar to that of the underlying U.S. security, as determined on the Security's issue date based on tests set forth in the Section 871(m) Regulations, will be subject to the Section 871(m) withholding regime (making such Security a **Specified Security**). The Section 871(m) Regulations provide certain exceptions to this withholding requirement, in particular for instruments linked to certain broad-based indices.

Withholding in respect of dividend equivalents will generally be required when cash payments are made on a Specified Security or upon the date of maturity, lapse or other disposition by the non-U.S. holder of the Specified Security. If the underlying U.S. security or securities are expected to pay dividends during the term of the Specified Security, withholding generally will still be required even if the Specified Security does not provide for payments explicitly linked to dividends. If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

The Section 871(m) Regulations generally apply to Specified Securities issued ~~beginning~~on or after 1 January 2017. If the terms of a Security are subject to a "significant modification" ~~such that~~(as defined for U.S. tax purposes), the Security ~~is~~ generally would be treated as retired and reissued~~, it~~ on the date of such modification for purposes of determining, based on economic conditions in effect at that time, whether such Security is a Specified Security. Similarly, if additional Securities of the same series are issued (or deemed issued for U.S. tax purposes, such as certain sales of Securities out of inventory) after the original issue date, the IRS could ~~lose its~~ "treat the issue date for determining whether the existing Securities are Specified Securities as the date of such subsequent sale or issuance. Consequently, a previously grandfathered~~" status and~~ Security, or otherwise out of scope Security, might become a Specified Security ~~based on economic conditions in effect at that time~~following such modification or further issuance.

~~Upon the issuance of a series of Securities, the Issuer will state in the~~The applicable Final Terms ~~if it~~ will indicate whether the Issuer has determined that ~~they~~Securities are Specified Securities and will specify contact details for obtaining additional information regarding the application of Section 871(m) to such Securities. If Securities are Specified Securities, ~~in which case~~ a non-U.S. holder of ~~the~~ such Securities should expect to be subject to withholding in respect of any dividend-paying U.S. securities underlying those Securities. The Issuer's determination is binding on non-U.S. holders of the Securities, but it is not binding on the IRS. The Section 871(m) Regulations require complex calculations to be made with respect to Securities linked to U.S. securities and their application to a specific issue of Securities may be uncertain. Prospective investors should consult their tax advisers regarding the potential application of Section 871(m) to the Securities.

If so specified in the Final Terms, the Issuer will arrange for withholding under Section 871(m) to be imposed on any dividend equivalent payment at a rate of 30 per cent.

## AMENDMENTS TO THE GENERAL INFORMATION SECTION

The General Information section on pages 397 to 402 of the Base Prospectus is amended as follows:

(a) the paragraphs under the heading "5. Material Adverse Change" are deleted in their entirety and replaced with the following:

"There has been no material adverse change in the prospects of BNPP or the Group since 31 December 2016 (being the end of the last financial period for which audited financial statements have been published).

There has been no material adverse change in the prospects of BNPP B.V. since 31 December 2015 (being the end of the last financial period for which audited financial statements have been published)."

(b) the paragraphs under the heading "7. Significant Change" are deleted in their entirety and replaced with the following:

"There has been no significant change in the financial or trading position of BNPP or the BNPP Group since 31 December 2016 (being the end of the last financial period for which audited financial statements have been published).

There has been no significant change in the financial or trading position of BNPP B. V. since 31 December 2015 (being the end of the last financial period for which audited financial statements have been published)."

(c) the table under the heading "16. Capitalization of BNPP and the BNP Paribas Group" is deleted in its entirety and replaced with the following:

| **TABLE OF CAPITALIZATION AND MEDIUM-TO-LONG TERM INDEBTEDNESS** | | |
|---|---|---|
| Millions of Euros | **BNP PARIBAS GROUP**<br>31 December 2015<br>**(audited)** | **BNP PARIBAS GROUP**<br>31 December 2016<br>**(unaudited)** |
| Medium - and Long-Term Debt<br>of which unexpired term to maturity is more<br>than one year | | |
| Debt securities at fair value through profit or lost | 34,889 | 36,215 |
| Other debt securities | 65,756 | 58,205 |
| Subordinated debt | 12,070 | 12,341 |
| **Total Medium - and Long-Term Debt............** | **112,715** | **106,761** |
| | | |

| | | |
|---|---|---|
| Shareholders' Equity and Equivalents | | |
| Issued Capital ........................................... | 2,493 | 2,494 |
| Additional paid-in capital.................................. | 24,404 | 24,454 |
| Preferred shares and equivalent instruments…………….. | 7,855 | 8,430 |
| Retained earnings .................................. | 51,906 | 55,754 |
| Unrealised or deferred gains and losses attributable to shareholders | 6,736 | 6,169 |
| Undated participating subordinated notes .... | 222 | 222 |
| Undated Subordinated FRNs.......................... | 1,811 | 1,789 |
| **Total Shareholders' Equity and Equivalents** | **95,427** | **99,312** |
| Minority Interest............................................ | 3,719 | 4,431 |
| **Total Capitalization and Medium to Long Term Indebtedness** | **211,861** | **210,504** |

(d) by the insertion of a new sub-section immediately beneath the sub-section "17. Yield" as follows:

"18. Declaration concerning the unaudited results of BNP Paribas for the periods ending 31 December 2016

The statutory auditors have audited the financial statements of BNP Paribas for the years ended 31 December 2015 and 31 December 2016. The French statutory auditors carry out their engagements in accordance with professional standards applicable in France.

In relation to the press release published by BNP Paribas on 7 February 2017 on its 2016 annual results and fourth quarter 2016 results, in application of the paragraph 8.2 of the ANNEX XI to the COMMISSION REGULATION (EC) N° 809/2004, BNPP has made the following statements:

(a) BNP Paribas approves this information;

(b) the statutory auditors have agreed that this information is substantially consistent with the final figures to be published in the next annual audited financial statements;

(c) this financial information has not been audited."

## RESPONSIBILITY STATEMENT

Each of BNPP B.V. (in respect of itself) and BNPP (in respect of itself and BNPP B.V.) accepts responsibility for the information contained in this Fourth Supplement. To the best of the knowledge of each of BNPP B.V. and BNPP (who have taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

Information contained in this Fourth Supplement which is sourced from a third party has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has also identified the source(s) of such information.