BNP PARIBAS FORTIS SA/NV

ANNUAL REPORT 2015

BNP PARIBAS FORTIS

The bank for a changing world

Introduction

BNP Paribas Fortis is a limited liability company (naamloze vennootschap (NV)/société anonyme (SA)), incorporated and existing under Belgian law, having its registered office address at Warandeberg 3, 1000 Brussels and registered under number BE VAT 0403.199.702 (hereinafter referred to as the '**Bank**' or as '**BNP Paribas Fortis**').

The BNP Paribas Fortis Annual Report 2015 contains both the audited Consolidated and Non-consolidated Financial Statements, preceded by the Report of the Board of Directors, the Statement of the Board of Directors and a section on Corporate Governance including the composition of the Board of Directors. The audited BNP Paribas Fortis Consolidated Financial Statements 2015, with comparative figures for 2014, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, are followed by the audited Non-consolidated Financial Statements 2015 of BNP Paribas Fortis SA/NV, prepared on the basis of the rules laid down in the Belgian Royal Decree of 23 September 1992 on the annual accounts of credit institutions.

It is considered that the information included in the note 8.j Scope of consolidation, together with the information included in the Report of the Board of Directors and in the Corporate Governance Statement, complies with the requested information in article 168,§3 of the Belgian Act of 25 April 2014 on the legal status and supervision of credit institutions.

All amounts in the tables of the Consolidated Financial Statements are denominated in millions of euros, unless stated otherwise. All amounts in the tables of the Non-consolidated Financial Statements are denominated in thousands of euros, unless stated otherwise. Because figures have been rounded off, small discrepancies with previously reported figures may appear. Certain reclassifications have been made with regard to the prior year's Financial Statements in order to make them comparable for the year under review.

'BNP Paribas Fortis' refers in the Consolidated Financial Statements to the BNP Paribas Fortis SA/NV consolidated situation unless stated otherwise. 'BNP Paribas Fortis' refers in the Non-consolidated Financial Statements to the BNP Paribas Fortis SA/NV non-consolidated situation, unless stated otherwise.

All information contained in the BNP Paribas Fortis Annual Report 2015 relates to the BNP Paribas Fortis statutory Consolidated and Non-consolidated Financial Statements and does not cover the contribution of BNP Paribas Fortis to the BNP Paribas Group consolidated results, which can be found on the BNP Paribas website: www.bnpparibas.com.

The BNP Paribas Fortis Annual Report 2015 is available on the website: www.bnpparibasfortis.com

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BNP Paribas Fortis Consolidated Annual Report 2015

Report of the Board of Directors

A word from the Chairman and the CEO

The power and speed of change are having a profound effect on our economy, on companies and professions. On top of this, the financial world is having to cope with historically low interest rates and an economy that has not rebounded as well as expected. In spite of these challenging circumstances, BNP Paribas Fortis posted good figures in 2015 thanks to the Bank's range of products and services. Lending and deposit volumes remained at a high level during the year and our cost of risk remained low. Net profit totalled EUR 1,575 million. Our liquidity and solvency ratios are robust and we continue to have sufficient capital available to invest.

The world is changing as seldom before, with new trends appearing rapidly, one after the other. Innovations are appearing in all walks of life. It now appears that everything can be done smarter, simpler and better. Digitisation is one of the drivers of this wave of innovation. This is a strategic priority for BNP Paribas Fortis, offering widespread opportunities – both to enhance our product and service range for our customers and improve efficiencies inside the Bank – and we are making considerable investments in this area. In 2015 we focused hard on enhancing the customer experience by introducing digital solutions and on improving internal efficiency through end-to-end processing. This process is a two-way street: with these innovations we are able to respond much faster to the express wishes of our customers and also capitalise on opportunities afforded by the digital system to meet needs which the client does not immediately recognise. One illustration of this is 'Home on the Spot', our innovative app for housing loans which clients can use throughout their search for a suitable new home.

It is our firm intention to serve as a catalyst for innovation and to help bring our customers' ideas to fruition. We have various ways of doing this. Staff at our Innovation Hubs all over Belgium are available to provide advice and assistance tailored to the needs of startups and tech-sector companies. Some 140 coaches are there to help young entrepreneurs set up their business. Meanwhile, Co.Station BXL, the growth accelerator for startups and scaleups that we have set up in conjunction with social communication expert SocialCom, welcomed Mobistar and USG People on board as new partners in 2015.

We also take an innovative approach in our ongoing commitment to promote sustainable business. We brought to market a number of socially responsible investment vehicles, including our new Climate Care product range and the Smart Fund Plan Private, and we also launched the Portfolio SRI Fund of Funds in conjunction with the King Baudouin Foundation.

We would like to thank our customers for the trust they continue to place in us and our staff for the efforts they have made during 2015 to help build a bank that is fully in line with the spirit of the times. Together we will be making further determined efforts in the coming years to ensure that we continue to provide our clients with the best possible service.

Max Jadot
Chief Executive Officer

Herman Daems
Chairman of the Board of Directors

Good business performance in a challenging economic and financial environment

The economic context in 2015

With the financial crisis and ensuing economic downturn still looming large in the rear-view mirror, 2015 also proved to be an eventful year. The year began with the European Central Bank's decision to increase the size of its balance sheet by EUR 1,150 billion but soon the Greek debt crisis was back on the agenda, dominating the headlines for much of the 2nd quarter. Falling fuel prices and commotion on the Chinese stock market made for a turbulent summer. Both these events served as an opener for what later turned out to be a crisis in Emerging Markets. The divide between the recovering United States and the stagnating European Union came into sharp relief late in the year when their monetary authorities adopted opposite policies. The US Federal Reserve raised short-term interest rates for the first time in nearly a decade, signalling an end to the near-zero borrowing costs that had prevailed since the US was struck by the worst financial crisis in decades.

Following a first step in the right direction in 2014, GDP growth in the euro zone ended up at 1.5% for 2015. Germany posted persistent, albeit somewhat lower, growth rates, while The Netherlands, Ireland and especially Spain picked up the slack. Belgian GDP growth came in at 1.4% for 2015, slightly above the 2014 level. A strong uplift in private consumption, combined with some significant investments in the first quarter, have offset the reductions in public spending.

So far unaffected by the slowdown in Emerging Markets, Belgian international trade continued to grow during the year. With exports and imports moving in lock-step since 2014, the country posted a small current account surplus (+/- 2% of GDP). However, apart from these encouraging signs, Belgian business confidence is yet to reach pre-crisis levels.

Average euro zone debt, which stood at 92% of GDP at the end of 2014, barely budged during 2015. Migration and security issues prompted some countries to start rethinking their fiscal discipline, and budget deficits of 2% of GDP and higher are still prevalent. Belgium's public debt – which stands at 107.7% of GDP and is not expected to drop below 100% of GDP before 2020 – remains one of the key risk factors for the Belgian economy. The government has taken advantage of the low interest rate environment to cut back significantly on yearly interest charges on the outstanding debt, but a lot more still needs to be done. The short-term goal of keeping the primary deficit below the 3% limit set by the European Union will likely be met, but the tax shift will generate additional financing needs over the 2016-2020 period. With the effective tax rate already among the highest in the world, keeping the deficit under control will be no easy task and more spending cuts may well be required.

Last year, the unemployment rate in the euro zone continued on its downward trajectory, totalling 11% for the year, with unemployment in Belgium just above 8%. As a consequence of the tax shift, a further 60,000 jobs are expected to be created before 2021. Euro zone inflation, on the other hand, worked out at 0.1% for the year as a whole, significantly lower than the ECB target of 2%. Although core inflation actually rose slightly to 0.9%, the declining fuel prices exerted strong deflationary pressure in the member states. In Belgium, an earlier energy tax reduction was reversed. This move provided some counterbalance to the sinking fuel prices, leaving inflation at 0.6%, with core inflation stable at 1.5%. Further quantitative easing, as announced by the ECB at the end of 2015, should help to boost inflation. Additionally, the rate hike by the US Federal Reserve will further weaken the euro versus the dollar, entailing higher prices for imported goods.

Annual loan growth in the euro area is slowly stabilising after several consecutive years of decline. Belgian credit markets have been through a similar, albeit less pronounced, cycle. With credit standards easing since 2013, loan demand started to take off in 2015. Mortgage loans showed especially positive signs in Belgium, growing at an average rate of 5%.

The post-financial-crisis trend towards more stringent banking regulation will also continue in 2016 and the years beyond. The phasing-in of the Basel III capital adequacy agreements will result in higher capital requirements and minimum risk-weighting of credits might also be increased. Certain other measures may impact revenues from some products more directly. The combined effect of these factors will be to exert downward pressure on the return on the higher amounts of capital and on banks' profit-generating capacity. In this regard, the National Bank of Belgium decided in 2015 on capital surcharges to be applied to systemically important Belgian banks, as provided for by Capital Requirements Directive (CRD) IV and the Belgian Banking Law of May 2014. Given that 'systemically important' banks are defined as financial institutions whose failure would have a significant impact on the financial system or the real economy, additional capital requirements are being imposed on such institutions. Set at 1.5% for BNP Paribas Fortis, these surcharges are being phased in over a three-year period in stages of 0.5%, beginning on 1 January 2016.

Core Businesses

BNP Paribas Fortis

BNP Paribas Fortis covers both the Retail Banking and Corporate & Institutional Banking activities of the BNP Paribas Group in Belgium. On 31 December 2015, the Bank employed a total of 14,598 FTEs in Belgium.

Retail Belgium

BNP Paribas Fortis Retail banking activities comprise banking services to a range of client types, including individual customers, self-employed people and those in the liberal professions, small and medium-sized companies, local businesses, corporate clients and non-profit organisations. Retail Belgium provides its services via two networks, which operate under a segmented business approach: Retail & Private Banking Belgium and Corporate & Public Bank, Belgium.

Retail & Private Banking Belgium

BNP Paribas Fortis is the market leader in Retail & Private Banking (RPB) in Belgium, serving 3.6 million clients and with strong positions in all banking products. Retail customers are served through an omni-channel distribution strategy:

- The network comprises 789 branches (of which 223 are independent branches), supplemented by 298 branches under the Fintro brand and 664 sales points under a 50-50 joint venture with bpost bank.
- Other channels include a fleet of 3,819 ATMs, banking services via internet, Easy banking and Mobile banking (1.25 million active users) and Hello bank!.
- The Bank's Easy banking centre is available 83 hours a week, processing around 60,000 calls per week.

A long-term partnership with AG Insurance further reinforces the distribution power of the Retail network and builds on RPB's long experience in the bancassurance field.

With 34 Private Banking Centres and one Private Banking Centre by James (Private Banking Centre with remote services through digital channels), BNP Paribas Fortis is a major player in the Belgian private banking market. Clients with a minimum of EUR 250,000 worth of investable assets are eligible for private banking services and these constitute a sizeable client base for investment products. Meanwhile BNP Paribas Fortis' Wealth Management arm targets clients with potential assets worth over EUR 4 million. These clients are provided with a specific service model and are mainly served from two Wealth Management Centres, one in Brussels and the other in Antwerp.

In 2015 Retail & Private Banking speeded up the implementation of its omni-channel strategy and made adjustments to customer service arrangements in order to respond to the rapid technological changes taking place in society.

The Easy banking app was enhanced with the addition of new Savings & Investment functionality which provides a clearer picture of a customer's assets. In addition, our first Windows 10 app came on to the market. In mid-December 2015 Easy banking passed the milestone of 1.5 million downloads.

Home on the Spot is a new app designed for people looking to buy a home. It provides a highly convenient step-by-step plan of the purchase process from calculating your budget all the way through to moving in. Prospective home buyers can also quickly work out how much they can afford to borrow, on the basis of a fixed, highly advantageous Home on the Spot interest rate.

In January 2015, the Bank launched two new Daily Banking packages for iBank customers: Comfort Pack and Premium Pack. This range of packages is designed to better meet customer needs and can moreover be handled online. A further novelty was the Prepaid Card, a secure means of payment, both online and in-store, in Belgium and abroad. Offering the same scope and ease of use as a traditional credit card, the Prepaid Card is specially designed for customers seeking an easy means of keeping their outgoings under control. The Prepaid Card is also equipped with contactless payments technology. Small amounts can be transferred very simply, without a PIN code, by holding the card against a payment terminal equipped for the purpose.

Hello bank! became the first bank in Belgium to enable clients to submit a 100% digital request for a mortgage loan by smartphone, tablet or laptop, through the brand new Hello home! platform. In addition to making the loan application, the customer can also work out how much s/he would be able to borrow on the basis of his/her monthly income and the cost of the desired home. 2015 also saw the launch of the 'Blue Room', a digital conversation platform for the mobile bank's member-community. Users will not only obtain answers to their questions, but can also provide their own feedback on given topics and exchange thoughts and ideas with each other. This is a 'first' in Belgium.

In order to respond to the rising trend towards tapping new sources of finance, the Bank began to provide support to two crowdfunding platforms – MyMicroInvest and Hello crowd!. MyMicroInvest is a Belgian crowdfunding and microfinance platform which is ranked among the top five in Europe. Hello crowd! is a brand new crowdfunding site set up in conjunction with leading platform provider Ulule, which enables clients to submit projects for financing and/or provide financial support to other people's projects.

The continuing low interest rates compelled the Bank to reduce the rates on savings accounts still further during 2015. In June RPB launched a new regulated savings account, the Star Savings Account, whose base rate, at 0.1% (on 31 December 2015), remains in line with the current returns on regulated savings, but whose special feature is a high loyalty bonus, set at 1.3%.

Another consequence of the low interest rates was a sharp increase in mortgage lending and also in refinancing of existing mortgages. Consumer credit also saw further growth, underpinned by good results in car finance largely due to Belgium's popular Automobile Salon. In fact BNP Paribas Fortis won a Digital Marketing Award for its car loan campaign.

The low interest rates also gave rise to considerable customer demand for alternatives to savings accounts. The Flexinvest formula – an automatised programme channelling savings into investments in funds – proved highly popular. The range of investment products was expanded with a new suite of European Strategy Funds and socially responsible investments (SRI) in the form of a World Bank Green Growth Bond issue, plus structured notes linked to Climate Care action. RPB ran a widespread media campaign emphasising just how easy investing can be.

BNP Paribas Fortis Private Banking further expanded its service range during the year. The FRS (Fund Reporting Service) contract anticipates regulatory changes. A number of sustainable investment products were brought to market, including the new Climate Care suite of products, the Smart Fund Plan Private, and the launch of an SRI Fund of Funds portfolio in conjunction with the King Baudouin Foundation. This led to an increase in assets under management. The Bank's digital services are also being expanded. Meanwhile the blog authored by Chief Strategy Officer Philippe Gijsels has a strong following, as does the online video channel Market Tube. Meanwhile the 'webinar' information sessions targeted at groups of clients or individual clients are steadily gaining in popularity.

The Bank for Entrepreneurs continued to roll out its intensive training programme for 'Certified Advisor Bank for Entrepreneurs' during the year in order to ensure that these staff are able to bring a high degree of knowledge and expertise to their work as dedicated advisors for our entrepreneur clientele. Meanwhile, the loan application procedure for self-employed people and those from the liberal professionals was considerably shortened and simplified. In addition, the Bank for Entrepreneurs burnished its credentials in 2015 as a banking partner for Social Enterprises, inter alia by setting up an internal community of credit specialists and credit analysts and holding events in Liege and Antwerp on the themes of getting food faster to people 'Short Chains in Nutrition' and 'Build & Care'.

In dialogue with a panel of customers, the online banking platform PC Banking Business was expanded and optimised. Meanwhile the new Bizcover initiative provides entrepreneurs with a new online information platform. The highly successful Boost your Business campaign ran for a second time in 2015. The campaign, run in conjunction with Belgian soccer club RSC Anderlecht, offered local businesses the chance to win advertising space, top prize being the right to display advertising on team shirts during a league match between Anderlecht and KV Mechelen.

Corporate & Public Bank Belgium

Corporate & Public Bank Belgium (CPBB) provides a comprehensive range of local and international services to Belgian companies, government institutions and local authorities. With over 600 corporate clients and over 7,000 midcap clients, CPBB is the market leader in these two categories and a strong challenger in public banking, currently with 570 clients. The offer range comprises flow-banking products, specialised financial expertise, securities, insurance products, real estate services, trade finance, cash management, factoring and leasing, plus M&A and capital markets activities. A team comprising more than 35 corporate banking experts and more than 170 relationship managers in 16 Business Centres, aided by skilled officers, ensures that BNP Paribas Fortis has its finger on the pulse of the market.

In 2015, CPBB continued its efforts to remain the 'top of mind' provider of financial services to its clients, building further on its long-term relationships and striving to obtain a better grasp of the strategic priorities and long-term objectives of each client. As the financier par excellence of the real economy, CPBB remained well-placed to meet the borrowing needs of these clients in a fully risk-aware manner. In addition to the traditional lending approach, CPBB relationship managers are also able to provide alternative financing solutions, from bond issuance to private placements of debt paper, thanks to the Bank's profound knowhow in this field.

Moreover CPBB was able to draw throughout the year on the strength of the BNP Paribas Group's international network. The close links between Corporate & Public Bank Belgium and the 75-plus countries in the network enabled CPBB to bring a number of new clients within the fold.

As corporate customers now have greater expectations for a digital, almost paperless, interaction with their financial service providers, CPBB has accelerated its programme to provide enhanced offerings of digital services. In 2015 CPBB delivered additional, mainly operational, functionalities, inter alia in the fields of e-contracting and lending. In order to ensure an enhanced user experience and raise overall satisfaction, CPBB cross-checked development at an early stage with clients, using clickable prototypes and conducting interviews. Moreover, CPBB continued during the year to segment the client base more carefully in order to optimise the relationship banking model and CPBB will continue to approach each client segment through an appropriate mix of multiple channels.

Determined to live up to its status as a full-service banking partner, CPBB has been highly active in promoting tech innovation. During 2015 CPBB not only provided more targeted support to clients working in innovation-oriented sectors through the Innovation Hubs CPBB has set up at nine business centres, but also ran an external competition for our existing client base on the theme of coping with change, thereby underlining the importance of an agile approach and a positive entrepreneurial spirit.

The Bank also strove to reinforce its role as a strategic partner to corporate clients in terms of their day-to-day needs, and cement closer relations. While CPBB continued to earn high marks for client satisfaction, it also worked to improve its performance in a number of areas, including making more frequent proactive visits to companies where BNP Paribas Fortis is not the main banking partner. During the year, CPBB clients expressed high appreciation of the professionalism of the Bank's relationship managers and specialists, the guidance and support they provided to those seeking to expand into foreign markets, and the overall range of its products and services.

Corporate & Institutional Banking

BNP Paribas Fortis Corporate & Institutional Banking (CIB) provides its clients in Belgium and across Europe with full access to the BNP Paribas CIB product portfolio.

In 2015, CIB was reorganised Group-wide in order to better meet the needs of its Corporate and Institutional clients. In this new context, BNP Paribas Fortis CIB, which is part of CIB EMEA (Europe Middle East and Africa), currently consists of five Business Lines, plus IT and Operational support and a Competence Centre. The five Business Lines are:

Global Markets: The Brussels-based platform focuses on client-driven activities, offering a global product range through access to BNP Paribas Group platforms. Global Markets serves mainly Belgian clients, plus also European Corporates through the Corporate Coverage network, providing flow and 'plain vanilla' products – for which close proximity to the client and rapid response are absolutely essential, enabling us to quote locally for most of the clients' foreign exchange and interest rate hedging needs.

Global Markets is also able to leverage strong digital capabilities, based on robust, efficient IT platforms, in order to provide our clients with the highest service quality.

Financing Solutions: As from 2013, Brussels has played host to the BNP Paribas Group Competence Centre for structured finance activities in the EMEA region, with the support of three other main originating platforms based in Frankfurt, London and Madrid. As a result of the overall CIB reorganisation, the Financing Solutions Brussels platform offers clients expertise in five main areas: Asset and Export Finance; Energy and Infrastructure Finance; Leveraged Finance; Corporate Debt; and Media-Telecom Finance.

Transaction Banking EMEA offers clients an integrated suite of flow products to manage their treasury in Europe, including cash management (domestic and international payments), import-export Trade Financing and Corporate Deposit management.

Corporate Finance is active in Mergers & Acquisitions Advisory and in Equity Capital Markets, focusing on clients in Belgium and Luxembourg.

Private Equity plays a direct role in supporting the development and growth of companies, and offers solutions for shareholder transition by investing in both equity and mezzanine finance instruments in the home market. The internationally-oriented fund-of-funds portfolio is currently being run down.

In addition to the Business Lines, BNP Paribas Fortis **CIB ITO** supports CIB business through its dedicated IT and Operations teams. CIB ITO provides operational support and systems maintenance and development for BNP Paribas Fortis as well as some other BNP Paribas Group CIB businesses.

Lastly, the **Trade Solutions Competence Centre** offers technical and commercial support to all teams managing and developing Trade Solutions business worldwide (CIB, International Financial Services and Domestic Markets). This support takes the form of training, technical advice and assistance with product development.

Notable deals concluded in 2015[1]

Corporate Finance

- In February, real estate company Wereldhave Belgium succeeded in making a EUR 50 million capital increase to finance a new acquisition. The Bank undertook to fully underwrite the transaction and place the new shares in the market, acting as Sole Global Coordinator and Bookrunner.

- In May, leading real estate company Cofinimmo successfully completed a EUR 285 million capital increase to support the company's growth ambitions. The Bank acted as Joint Global Coordinator and Joint Bookrunner.

- Also in May, the Bank acted as Joint Global Coordinator and Joint Bookrunner on a EUR 75 million capital increase for insulation materials specialist Recticel. This transaction enabled Recticel to reduce its debt and explore new growth opportunities.

- In June, shareholders of leading fruit and vegetables groups Greenyard Foods and Univeg decided to combine their businesses. The Bank assisted the independent Directors of Greenyard Foods in this landmark transaction.

- Equity capital markets remained very buoyant in the first half of 2015 resulting in another capital increase on which the Bank acted as Joint Bookrunner for real estate company Aedifica. The EUR 153 million of new money raised by the company enabled it to embark on new projects.

[1] *In this list of notable deals, the expression 'the Bank' may designate BNP Paribas as well as BNP Paribas Fortis. These transactions are however all connected to clients for whom BNP Paribas Fortis manages the overall relationship*

- Our Corporate Finance teams remained highly active throughout the – normally slack – summer period, with inter alia the closing of several mid-market transactions and the takeover by the French Groupe One Point of Alternext-listed Vision IT. The Bank acted as advisor to Groupe One Point on an acquisition which was followed by a public takeover bid and a squeeze-out. The transaction was completed in August.

- In September, Saverco, the controlling shareholder of listed shipping group CMB, announced its intention to take CMB private. The transaction was successfully completed in December, with the Bank advising Saverco.

- In November, leading Belgian pharmaceuticals group UCB completed the sale of its US specialty generics subsidiary Kremers Urban Pharmaceuticals Inc. to US-based Lannett Company for USD 1.23 billion. The Bank acted as financial advisor to UCB.

- The year closed with two additional milestone equity capital markets transactions, both linked to Solvay's merger agreement concluded in July with US-based Cytec. Both Solvay and Solvac made capital increases of respectively EUR 1.5 billion and EUR 452 million. In the Solvay rights issue the Bank acted as Joint Global Coordinator and Joint Bookrunner. For the Solvac operation, the Bank took the role of Sole Global Coordinator and Joint Bookrunner.

Global Markets

- The Bank acted as Sole Bookrunner on two inaugural inflation-linked issues for the Kingdom of Belgium: a EUR 0.15% 150 million June 2035-issue and a EUR 0.25% 150 million June 2040-issue. The inflation reference for these transactions is the Euro HCPI ex-tobacco. The Kingdom of Belgium made inflation-linked issuance possible as part of its 2015 funding plan and these transactions are the first and only such issuance in 2015.

- The Bank acted as Joint Bookrunner on Solvay's EUR 500 million 5.118% NC5.5y and EUR 500 million 5.869% NC8.5y Undated Deeply Subordinated Securities. In addition the Bank was also a Joint Bookrunner for Solvay's USD 800 million 3.4% December 2020 and USD 800 million 4.45% 2025 bond issues. All these transactions were part of the refinancing of Solvay's acquisition of US-based Cytec for a consideration of USD 5.8 billion which was announced in July 2015 and for which the Bank participated in the bridge financing. Notably, the BNP Paribas Group has been an active Bookrunner on all Solvay hybrid issues launched to date.

- The Bank acted as sole Green Bond Structuring Advisor and Joint Lead Manager for the public offer in Belgium and Luxembourg of a 7-year Green Bond issued by Shanks Group plc. The retail subscription period officially opened on May 28 at 9 am to run until June 11, but was early closed on June 2 at 5.30pm. The Green Bond proceeds of around EUR 100 million will be used to finance sustainable waste management projects and refinance debt on existing similar projects. This transaction was the first Green Corporate Bond ever to be issued in the Belux retail networks.

Financing Solutions

Export Finance

- Export Finance acted as Sole Arranger and Facility Agent for a EUR 37 million Delcredere|Ducroire 'D|D' covered investment credit facility to PT Eternit Gresik, Indonesia, a JV between the Etex Group (82.5 %) and PT Semen Indonesia (17.5 %). The facility is intended to finance the purchase of equipment from various Belgian and non-Belgian suppliers in relation to a new construction board production facility to be erected in PT Eternit Gresik plant located in West Java, Indonesia. D|D agreed for the first time ever to provide comprehensive cover on an investment credit facility.

Leveraged Finance

- The Bank acted as Joint Bookrunner for Cinven's buyout of German laboratory diagnostic service business Synlab. The acquisition followed shortly after the buyout of French competitor Labco. The Synlab acquisition is being financed via a tap issue on the existing Labco bonds. Our final hold in the combined Synlab/Labco revolving credit facility amounts to EUR 15 million.

Project Finance

- The Bank acted as Financial Adviser, Mandated Lead Arranger, Agent, Account Bank and Hedging Bank in relation to a EUR 458.6 million limited recourse senior debt package to finance the Nobelwind 165 MW offshore wind project sponsored by Parkwind (part of Colruyt Group), Sumitomo Corporation and Meewind.

Corporate Debt Platform

- As part of AB InBev's acquisition of SABMiller, one of the largest M&A deals ever, BNP Paribas Fortis acted as sole bank committing to deliver cash confirmation for the Belgian offer, and as Agent & Bookrunner for the record-breaking USD 75 billion syndicated financing backing the cash component of the acquisition. BNP Paribas Fortis and BNP Paribas had an aggregate total final take of USD 4 billion in the syndicated facility. BNP Paribas also acted as a Financial Advisor on the announced transaction.

BGL BNP Paribas SA

BGL BNP Paribas is based in Luxembourg, one of the BNP Paribas Group's four domestic markets. In the Grand Duchy, BGL BNP Paribas ranks as:

- N° 1 in Corporate Banking
- N° 2 in Retail Banking
- N° 1 Financial sector employer
- N° 1 Banking business within the EU economic area known as the 'Grande Région'

Retail Banking & Services

BGL BNP Paribas Retail and Corporate Banking in Luxembourg provides a broad range of financial products and services to individual, professional and corporate clients through its network of 41 branches and the specialised departments dedicated to serving corporates. The Direct Banking department includes remote banking activities and offers daily banking solutions to resident clients, as well as investment solutions to wealthy international and resident clients.

BGL BNP Paribas is the number 2 bank in Luxembourg for individual customers (16% market share) and the number 1 bank for corporates (29% market share).

In 2015, the Retail Bank pursued its transformation of the branch network and expansion of its fleet of ATMs. Branch opening hours were also extended to offer clients a local service. The Bank adapted its range of solutions for professional clients by creating eight Professional Business Centres.

Digitisation of the Bank's activities continued during the year, with the launch of a Web Banking app for iPhone and simplification of the login procedure. The Bank also launched the Digicash app and teamed up with Auchan Luxembourg and Digicash Payments to offer a new in-store payment experience. Last but not least, clients now have the possibility of taking out a personal loan online and tracking its progress securely via their Web Banking space.

The Business Banking department has applied the One Bank for Corporates model to the Real Estate Financing department, creating cross-border links with other Group entities in order to better support clients operating in the real-estate sector in Luxembourg. Several cross-selling initiatives have also led to the conclusion of large deals, including the financing by BGL BNP Paribas and BNP Paribas Fortis of a project to redevelop the capital's city centre, and the financing of a significant proportion of the country's wind farms.

Meanwhile the Private Bank in Luxembourg has set up a commercial development unit tasked with winning new clients. In terms of its range of services, the Private Bank in Luxembourg offers a personalised mandated management service (Crystal), plus also a first SRI product - BGL BNP Paribas Autocallable SRI Note 2020 - certified by Forum Ethibel.

The BNP Paribas Wealth Management business in Luxembourg offers bespoke wealth and financial management solutions, plus a range of high-end services aimed at international private banking clients.

During 2015, the Wealth Management business continued the transformation of its business model focused on VHNWIs and UHNWIs by adjusting its commercial segmentation and enhancing its advisory management and discretionary management services. In order to better respond to the needs of clients with more than €10 million in assets, a family office service – Family Wealth Solutions – was launched. This offers BNP Paribas Wealth Management clients and external clients a personalised overview of the management of their wealth (consolidation of financial and non-financial assets held with several depositories, analysis of asset allocation, intermediation and archiving).

The volume of assets under management by Wealth Management increased by 2% during the year, exceeding the target set out in the strategic plan. Lastly, net capital inflows increased across all geographical zones, with a significant contribution from the UHNWI segment (+12%), which represents more than half of all assets under management.

Corporate & Institutional Banking (CIB)

Corporate and Institutional Banking Luxembourg offers the Bank's clients – mainly companies and institutional investors – products and services linked to capital and funding markets in Luxembourg.

In the context of the implementation of new regulations designed to reduce systemic risk and make banks more robust, CIB continued to adapt its range to improve the service provided to clients.

Considerable volatility on foreign exchange markets in 2015 prompted companies to make more intensive use of currency risk hedging strategies, generating good results for the Corporate & Institutional Banking business.

CIB continued to support corporate and institutional clients in their search for solutions enabling compliance with European regulations regarding the management of capital and liquidity. CIB also contributed to the establishment of management and clearing solutions for derivatives as part of EMIR (European Market Infrastructure Regulation).

Türk Ekonomi Bankası A.Ş. (TEB)

BNP Paribas Fortis operates in Turkey through TEB, in which it holds a 48.72% stake through TEB Holding and BNP Paribas Fortis Yatırımlar Holding A.Ş. As of 14 November 2014, the purchase of one share by BNP Paribas Fortis Yatırımlar Holding A.Ş. entitled the controlling shareholders to launch a squeeze-out procedure in accordance with the applicable law and regulations and it was agreed that BNP Paribas Fortis Yatırımlar Holding A.Ş. would be the acquiring entity. The squeeze-out was finalised on 25 June 2015 with TEB shares being delisted from the İstanbul Stock Exchange. By this time TEB depository receipts had already been delisted from the London Stock Exchange as of 31 March and the depository receipt programmed had been cancelled.

As at 30 September 2015, TEB, which provides the full range of BNP Paribas Group Retail products and services in Turkey, ranks 9th in the country's banking sector in terms of market share for loans and deposits.

In Retail Banking, TEB provides debit and credit cards, mortgage loans, personal loans, plus investment and insurance products, which are distributed through the branch network and via Internet, phone and mobile banking.

Through its commercial and small business banking departments, the Bank offers a full range of banking services to small and medium-sized enterprises and is also recognised as having strong expertise in non-financial services. TEB was named by the International Finance Corporation (IFC) as one of the three top banks in the world for SMEs in the field of non-financial services.

Corporate Banking services include international trade finance, asset and cash management, credit services, hedging of currency, interest and commodity risk, plus factoring and leasing.

Having set a highly successful example for a merger in the Turkish market, TEB continues to deliver. Throughout 2015, the Bank achieved a highly satisfactory performance in both revenue generation and profitability, in spite of the less-than-favourable conditions prevailing in Turkey's banking sector.

Steadily increasing the accessibility of its services, TEB today operates through a total of 532 branches and over 1,600 automated teller machines throughout Turkey. While growing the network, TEB is also working to improve efficiency. During the period from end-2009 to end-2015, the bank achieved significant improvements in most of the efficiency indicators.

Meanwhile, the Bank has embarked on a Financial Literacy and Access campaign through the TEB Family Academy. This corporate social responsibility initiative is prompted by TEB's determination to help families create a better future for themselves. Since October 2012, over 200,000 people have received free financial literacy training.

Corporate Social Responsibility

Economy

With EUR 93.3 billion in outstanding loans to enterprises and individuals in Belgium at end-2015, BNP Paribas Fortis continues to provide strong support to the real economy. Outstanding lending to 'Green and Social Profit' sector investment projects amounted to EUR 6.2 billion. This included, among other projects, EUR 2.4 billion in investment in the social profit sector (hospitals, schools, universities, etc.), EUR 2.1 billion in 'green' mortgages, and EUR 1.6 billion (EUR 386 million provided by CPBB and EUR 1,166 million by CIB) to support projects in the renewable energy field.

The 'Schools for Tomorrow' public-private partnership for the construction or renovation of 165 schools in Flanders is now well underway with 23 schools already in use and 124 under construction.

The Bank's Socially Responsible Investment (SRI) portfolio grew to EUR 4.71 billion, representing a 65% increase versus 2014. Two SICAVs promoted through the Retail banking network include an extra social dimension, since part of the entry and management fees are paid to not-for-profit partner organisations. These funds enjoyed strong inflows. In addition, EUR 200,000 in management fees connected to the newly launched BNP Paribas Portfolio Fund of Fund SRI solidarity share classes were donated to the Venture Philanthropy Fund run by the King Baudouin Foundation. We also continued to launch SRI notes, 2015 seeing the first launch of an innovative SRI Social Business Note, whereby the money invested is lent to social businesses.

These initiatives are also a clear illustration of our commitment to social entrepreneurship. We have appointed experts throughout our Retail banking network with a view to providing better support to social entrepreneurs, and a series of targeted events designed to bring the actors in this field together were organised in conjunction with our external partners during the year.

All business conducted by BNP Paribas Fortis is subject to the Group's policies regarding sensitive sectors. In 2015, we introduced a new policy on Agriculture, and existing policies relating to the mining industry and coal-fired power generation became more restrictive. In 2015, 25 proposed transactions were submitted to an in-depth investigation in order to verify compliance with the sector policies, as a result of which the Bank rejected 9 transactions. Some 142 employees who are exposed to sensitive sectors followed training courses designed to increase their understanding of our sector policies.

We also continuously train our staff on Compliance issues. In 2015, 600 hours of face-to-face training sessions were given on subjects such as Financial Security, Protection of Clients' Interests, Professional Ethics, Market Abuse, Privacy and Data Protection. In addition, the bank creates e-learning modules on specific topics, which are specifically targeted at certain departments or offered to all staff, depending on the topic. The Bank also worked strongly on Customer Satisfaction across all entities, including headquarters, to reduce operational deficiencies and provide transparent and clear information to our clients.

To help our clients to bring their ideas to fruition, BNP Paribas Fortis aims to be a catalyst for innovation. Our innovation-related initiatives include:

- Co.Station BXL, a Brussels-based accelerator for startups and 'scaleups' – i.e. startups that have already developed a working prototype. In a space of some 3,000 m², Co.Station BXL combines three activities: a co-working space called Co.Station village; the Co.Station Virtuology training centre; and the Co.Station Accelerator, an intensive programme designed for scaleups that are moving towards international expansion. In addition to the two initial partners BNP Paribas Fortis and Socialcom, Mobistar and USG People also came on board as new partners in November 2015, enabling Co.Station to expand the range of expertise that young companies need.

- The Bank provides tailored services to startups and growing companies through a team of 140 startup coaches spread across the entire branch network who specialise in issues facing fledgling firms.

- To meet the needs of innovation-oriented companies which have already gone a little further in their development, BNP Paribas Fortis has also set up Innovation Hubs throughout the country, where young innovative enterprises can find appropriate services.

- The Bank has gone into partnership with leading crowdfunding platform MyMicroInvest to assist business founders and entrepreneurs in their search for funds, thus providing one possible way to strengthen startups' capital base and complementing the Bank's traditional business of taking in deposits and distributing these funds in the form of loans.

- In October 2015 the 100%-mobile Hello bank! also launched – in conjunction with Ulule, the largest crowdfunding site in Europe – a crowdfunding platform called Hello crowd! Crowdfunding of creative projects via Hello crowd! goes beyond financing and is fully integrated into the product range of BNP Paribas Fortis's commercial network.

Staff

As in previous years, BNP Paribas Fortis continued to raise awareness of social issues among staff by linking part of employees' variable salary component to the attainment of a number of CSR targets. We also created the Social Challenge within our Leading Talent Development Trail, where our leaders of tomorrow have the opportunity to work on a business case for a social entrepreneur. As part of this initiative, 73 managers provided support and assistance to 12 entrepreneurs during 2015.

In recognition of our efforts to promote diversity, the Brussels Region renewed the Bank's Diversity label for the 2015-2017 period. 2015 also saw the second annual Diversity Week. In addition to a series of events organised for our staff, the Diversity Week also featured a portrait exhibition showing the evolution of diversity among the Bank's employees throughout its history. Our network of 35 Diversity co-ordinators embedded throughout all the Bank's businesses supports numerous internal and external initiatives.

Society

With five agencies now fully operational, microStart once again posted strong growth in 2015. MicroStart interviewed 3,632 project originators and granted 869 micro-loans for a total of EUR 6.43 million, representing a 77% increase on the EUR 3.62 million lent in 2014. This brings the total loans allocated since microStart first began its activities in 2011 to EUR 13.80 million. During the year, some 500 small business founders received support and assistance from a team of volunteers, 50 of whom were from BNP Paribas Fortis.

Since 2010, BNP Paribas Fortis Foundation has supported some 1,080 initiatives by Belgian not-for-profit organisations, granting a total of EUR 5.82 million. In 2015, the Foundation made grants of EUR 1.16 million to assist around 250 organisations in Belgium. Moreover, this basic financial support is amplified by the personal commitment and energy shown by Bank staff. In 2015 some 700 of our staff participated in Foundation activities, for example as community project initiators or by taking part in solidarity team building exercises. In 2015, the Foundation also teamed up with Ulule to assist charities looking to raise funds. Bank employees supported this initiative by providing coaching on a voluntary basis. Of the ten organisations that decided to run a crowdfunding campaign, five managed to hit their targeted fundraising amount, while a sixth secured a non-financial donation.

Our 'Money Matters Made Simple' financial education programme, consisting of workshops facilitated by Bank staff on a voluntary basis, was extended in 2015, with dedicated sessions for staff members and online sessions. This proved very successful, with 13,500 participants at the 770 sessions (compared with 6,500 participants at 350 sessions in 2014).

BNP Paribas Fortis also strongly values its partnerships with Belgian universities, sponsoring five academic chairs and one research programme. Following the successful Ports Co-Innovation event in 2015, we renewed our Ports and Logistics Chair at the University of Antwerp.

Throughout the years, the Bank has accumulated valuable archives and built up a notable architectural and cultural heritage that includes collections of art works. We undertake various initiatives to highlight these precious items of our common memory and make them available to the widest possible audience. In this context, BNP Paribas Fortis organised several events and exhibitions during the year, including the Heritage Days in Brussels, when the Bank's historic building in the Rue Royale opened its doors to the public.

The Bank also supports a number of cultural institutions, including the Centre for Fine Arts (BOZAR) in Brussels, La Monnaie, Flagey, the Queen Elisabeth Music Competition and the Festival of Flanders.

Environment

At the end of 2015, BNP Paribas Fortis renewed its Environmental Statement and received an 'Ecodynamic Enterprise' label from the Brussels Environment Ministry for a fourth office building. The dismantling phase of the Montagne du Parc project, which will result in the construction of the Bank's new headquarters, saw the implementation of 'cradle-to-cradle' practices involving the re-use of high-quality interior elements, decorative items and other recoverable waste. Meanwhile our EcoCoach network doubled to almost 600 committed volunteers, helping to increase environmental awareness among staff, and 83% of our employees have now studied the 'Go Paperless!' e-learning module. In order to contain our CO2 emissions still further, an online energy monitoring system was installed in over 200 of our commercial buildings. We also decided to continue purchasing 100%-'green' electricity over the coming years. Since the implementation of a 'green' car policy in July 2012, one out of every five managers has opted for a greener mobility package.

Our efforts to protect the environment are also reflected in the way we conduct business. During 2015, BNP Paribas Investment Partners signed the Montreal Carbon Pledge, which commits investors to measuring and publicly disclosing the carbon footprint of their investment portfolios. As mentioned above under 'Economy', BNP Paribas Fortis has lent significant sums to the renewable energy sector, and we are supporting our small and medium-sized enterprise clients with specialist advice through a special 'Green Desk'. Meanwhile, against the background of the COP 21 climate conference in December 2015, the BNP Paribas Group announced a new set of strong commitments, including a plan to more than double the financing resources allocated to the renewable energy sector, from EUR 6.9 billion in 2014 to EUR 15 billion in 2020.

Changes in the scope of consolidation

Information on the changes in the scope of consolidation is provided in Note 8.j 'Scope of consolidation' and Note 8.b 'Business combinations'.

BNP Paribas Fortis credit ratings at 15/03/2016

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

The table above shows the main BNP Paribas Fortis credit ratings and outlook on 15 March 2016. Each of these ratings reflects the view of the rating agency specifically at the moment when the rating was issued; any explanation of the significance of a given rating is to be obtained from the rating agency which issued it.

There was no adjustment to the credit ratings in the course of 2015. On 15 March 2016, following a global review of the government support for European banks, Standard & Poor's, decided to lower the long-term rating of BNP Paribas Fortis to "A" (from "A+") with a stable outlook.

Forward-looking Statements

It should be noted that any statement of future expectations and other forward-looking elements are based on the company's current views and assumptions and involve a degree of risk and uncertainty, especially given the current general economic and market conditions.

Comments on the evolution of the results

BNP Paribas Fortis delivered sound results in 2015, mainly supported by a good operating performance in a context of a gradual return to growth in Europe, with an ongoing containment of costs and an increasing of cost of risk.

Operating income amounted to EUR 2,377 million, an increase of EUR 160 million or 7% compared to 2014. This performance was achieved thanks to higher revenues and a good cost control, and despite an economic environment that remained challenging as illustrated by the increasing cost of risk. Commercial revenues (net interest income and net commission income) were supported by higher net interest income (driven by higher volumes of loans) while net commission income was down mainly due to changes in the consolidation scope. Financial revenues (net results on financial instruments at fair value through profit or loss and net results on available-for-sale financial assets and other financial assets not measured at fair value) were mainly affected by lower capital gains on government bonds. Total expenses were positively impacted by an overall good cost control in most geographies, despite higher banking taxes and selected investments in growth. The cost of risk was higher than last year but remained at a moderate level.

Net income attributable to shareholders came in at EUR 1,575 million, compared to EUR 1,246 million in 2014.

Comparison between the 2015 and 2014 results is impacted by the change in consolidation method with regard to BNP Paribas Bank Polska. On 30 April 2015, BNP Paribas Bank Polska (that was fully consolidated by BNP Paribas Fortis) merged with Bank BGŻ. Following the merger, BNP Paribas Fortis holds a participation of 28.35% in the merged bank, operating under the name Bank BGŻ BNP Paribas S.A. and consolidated by equity method as from 1st May 2015. Also the transfer of the activities of the German branch to BNP Paribas in December 2014 affects the comparison between the results of 2015 and 2014.

From a geographical point of view, based on the segment reporting of the BNP Paribas Fortis entities, 58% of the revenues were generated in Belgium, 9% in Luxembourg and 33% in other countries.

Net interest income reached EUR 5,425 million in 2015, an increase of EUR 356 million or 7% compared to 2014. This increase is supported by a good performance in Belgium, Turkey, Leasing and to a lesser extent in Personal Finance, partly counterbalanced by lower net interest income in Luxembourg, in Poland and at the German branch. The improved result in Belgium was largely due to lower interest costs on deposits (mainly on savings accounts thanks to re-pricing in 2015 and in spite of an increase in volumes). Interest income on loans have increased slightly (mainly thanks to the volume effect on mortgage loans despite the rate effect triggered by the continuously low interest rates in 2015). The negative rate impact is however mitigated in part by the prepayment fees received as the result of the credit refinancing. This was partly counterbalanced by lower interest income on the bond portfolio, also related to the low interest rate environment. Interest revenues in Turkey, Leasing and at Personal Finance benefited from strong production growth. The lower net interest income in Luxembourg resulted from lower interest income on loans (due to lower margin impact more than offsetting the volume increase) whereas the decreases in Poland (EUR (90) million) and at the German (CIB) branch (EUR (7) million) were driven respectively by a change in consolidation method and by the transfer of the activities.

Net commission income amounted to EUR 1,611 million in 2015, down EUR (30) million or (2)% compared to 2014. This slight decline in net commission income was mainly located in Poland for EUR (22) million (related to the change in consolidation method) and at the foreign (CIB) branches for EUR (39) million (mainly linked to the transfer of the activities of the German branch), and is partly counterbalanced by higher commission income in Turkey and at Personal Finance. The increase in Turkey was mainly related to the cash loans and insurance commissions, whereas in Personal Finance, it was attributable to higher commercial activity. Commission income in Belgium was positively impacted by higher asset management fees of EUR 49 million, securities selling fees of EUR 27 million and commissions relating to insurance activities of EUR 25 million, offset by lower fees on credit operations (EUR (65) million), retrocession fees received from BNP Paribas and payment services (EUR (15) million). The decrease in net commission income in Luxembourg was mainly driven by lower commissions on asset management fees.

Net results on financial instruments at fair value through profit or loss stood at EUR 135 million, down by EUR (16) million compared to 2014. This decrease is mainly attributable to the remeasurement of currency positions in Turkey for EUR (108) million, partly offset by the positive impact of hedge accounting for EUR 52 million and by the net positive credit spread impact of EUR 39 million in 2015 (resulting from a positive fair value change of EUR 64 million on own debt and a negative fair value change of EUR (25) million on loans to public institutions).

Net results on available-for-sale financial assets amounted to EUR 59 million in 2015, a decrease of EUR (48) million versus 2014. This decline was mainly located in Belgium, where less capital gains were realised on the sale of government bonds in 2015 compared to 2014 for EUR (59) million. This decrease was emphasised by lower capital gains realised in Turkey and in Luxembourg, where the results of 2014 were positively impacted by the sale of the participation in Cetrel. This overall decrease was however partly offset in Belgium by less impairment provisions on equity securities and, at Leasing, by a release of provision in the first half of 2015.

Net income from other activities totalled EUR 5 million in 2015 compared to EUR 43 million in 2014. The decrease is mainly due to lower other income in Belgium, in Turkey and at Leasing, mainly due to one-off elements.

Salary and employee benefit expenses amounted to EUR (2,440) million in 2015, EUR 122 million or (5%) lower than in 2014. Staff expenses were significantly lower, mainly in Belgium (fewer FTEs and provisions for restructuring in 2014) and in Luxembourg (fewer FTEs). This decrease was further emphasised in Poland (due to the change in consolidation method) and at foreign (CIB) branches (related to the transfer of the activities of the German branch), despite higher staff expenses in Turkey, in Personal Finance and at Leasing reflecting the impact of their respective business development.

Other operating expenses amounted to EUR (1,766) million in 2015, EUR (35) million or 2% higher than in 2014. The cost evolution in Belgium was negatively impacted by higher banking taxes (EUR (264) million in 2015 compared to EUR (227) million in 2014), mainly due to the first time introduction of the contribution to the Single Resolution Fund (SRF) in 2015. Cost increases in Turkey and at Personal Finance were mainly due to the continuous growth of activities in line with the development strategies. These increases in costs were partly offset by lower costs at the (CIB) foreign branches (linked to the transfer of the activities of the German branch) and in Poland (related to the change in consolidation method).

Depreciation charges stood at EUR (221) million in 2015, EUR (3) million slightly higher than the previous year.

Cost of risk totalled EUR (431) million in 2015, compared to EUR (283) million in 2014. Overall, cost of risk was higher in Belgium due to net releases of collective provisions that occurred last year. The cost of risk was also higher in Turkey (in line with the development of the activities in the country), at the Spanish (CIB) branch and in Luxembourg (both significantly impacted by releases of provisions in 2014).

Share of earnings of equity-method entities amounted to EUR 206 million in 2015, compared to EUR 150 million in 2014. The share of earnings in Leasing associates increased by EUR 38 million, mainly in relation with joint-venture SREI (due to difficult economic situation impacting the cost of risk and the revenues last year in India). The contribution of BNP Paribas Investment Partners was EUR 51 million, i.e. EUR 10 million higher than 2014, mainly due to better commercial performance in Belgium and Luxembourg. The contribution from AG insurance (EUR 105 million in 2015, down by EUR (4) million compared to 2014) was stable compared to last year despite positive exceptional items recorded in 2014.

Net results on non-current assets came in at EUR 151 million in 2015 versus EUR (3) million in 2014. The result in 2015 was mainly driven by the dilution capital gain realised in Poland on the merger between BNP Paribas Bank Polska and Bank BGŻ (for EUR 82 million), by the capital gain on the sale of the participation in Cronos for EUR 69 million and, in Luxembourg, by the capital gain on the sale of a building for EUR 20 million. Furthermore, the liquidation of TCG Fund gave rise to a positive impact of EUR 25.6 million. These positive elements were partly offset by the write-off of some intangible assets related to IT projects for EUR (19) million and a provision of EUR (24) million relating to the upcoming sale of the joint venture SREI, which is specialised in leasing activities located in India.

Income tax expenses totalled EUR (718) million in 2015, with an effective tax rate of 26%, compared to EUR (701) million in 2014, i.e. EUR 17 million higher than last year. Excluding the share of earnings of associates (reported net of income taxes), the effective tax rate reached at 28%.

Net income attributable to minority interests amounted to EUR 441 million in 2015, up EUR 24 million compared to EUR 417 million in 2014, mainly driven by higher net income in Leasing partly offset by a lower contribution from Luxembourg.

Net profit attributable to shareholders totalled EUR 1,575 million, compared to EUR 1,246 million in 2014.

Comments on the evolution of the balance sheet

The total balance sheet of BNP Paribas Fortis amounted to EUR 274 billion at the end of December 2015, down by EUR (1.5) billion or (1)% compared with the end of 2014.

The 2014 figures were restated in accordance with IFRIC 21 interpretation, which triggered, as at 31 December 2014, an increase of EUR 3 million in the shareholders' equity, balanced by a EUR 4 million decrease in accrued expenses and a EUR 1 million decrease in deferred tax assets.

The major scope change in 2015 was the merger of BNP Paribas Bank Polska with Bank BGŻ which was completed on 30 April 2015. Following the merger, BNP Paribas Fortis now holds 28.35% in the merged bank, operating under the name of Bank BGŻ BNP Paribas S.A. which is consolidated by the equity method. This investment amounted to EUR 0.4 billion in the BNP Paribas Fortis consolidated balance sheet as at 31 December 2015. BNP Paribas Bank Polska has now exited the consolidation scope, which has consequently led to a reduction in the total consolidated BNP Paribas Fortis balance sheet of EUR (5.3) billion on the assets side and EUR (4.8) billion on the liabilities side.

During the course of 2015, both loans to customers and customer deposits continued along a trajectory of strong growth, with customer loans mainly consisting of mortgage loans, term loans and consumer loans in Belgium. The continued growth in customer deposits is largely to be seen in the current and term deposits in Belgium, Luxemburg and the Netherlands.

TEB, BNP Paribas Fortis' subsidiary in Turkey, maintained its growth momentum, demonstrated by a double-digit increase in customer loans and deposits in local currency. Translated into euros, this increase is nevertheless considerably dampened by the adverse foreign exchange impact, as the Turkish lira lost 12.5% of its value against the euro in 2015 compared with end-2014.

On the interbank funding side, deposits from the central banks plus also loans from BNP Paribas increased significantly while funding through debt securities and subordinated debt remained nearly flat. However, the issuance of commercial paper in the US market was scaled down during the year, while greater emphasis was placed on the issuance of commercial paper in Belgium. In addition, BNP Paribas Fortis' funding was further strengthened by a subordinated loan provided by BNP Paribas.

At year-end 2015, the excess liquidity arising from funding by customer deposits and interbank borrowings or deposits was placed on overnight deposit at various central banks, primarily at the National Bank of Belgium, rather than in the repurchase market, which meant that the volume of repurchase activities shrank accordingly on both the assets and liabilities side.

The fair value of the derivative instruments on both the assets and liabilities side decreased, along with the level of collateral relating to margin calls on the derivative instruments, largely driven by the rise in interest rates from the second quarter of 2015 onwards.

On a geographical breakdown, based on the location of the various BNP Paribas Fortis companies, 67% of the assets are located in Belgium, 8% in Luxembourg and 25% in other countries.

Assets

Cash and amounts due from central banks amounted to EUR 16.5 billion, up by EUR 5.7 billion or 53% compared to the end of 2014, mainly linked to the large amounts of funds placed on overnight deposit at the central banks in Belgium (EUR 3.6 billion), the Netherlands (EUR 2.1 billion) and Luxembourg (EUR 0.5 billion) as it was preferred to have this excess liquidity placed at central banks rather than in the reverse repurchase market. The increase was in part offset by a lower volume of overnight deposits (EUR (1.5) billion) placed by the BNP Paribas Fortis branch in New York. Monetary reserves placed at the central banks increased by EUR 0.7 billion, mainly in Belgium.

Financial assets at fair value through profit or loss decreased significantly, by EUR (6.7) billion or (34)%, standing at EUR 12.9 billion compared with EUR 19.7 billion at the end of 2014. This evolution is mainly attributable to, on the one hand, lower trading on reverse repurchase activities of EUR (3.9) billion, and on the other hand, a decline of EUR (2.5) billion in the fair value of derivative instruments (mainly interest rate derivatives), which was primarily driven by the rise in the interest rate as from the second quarter of 2015. Net trading activities on the securities portfolio was EUR (0.2) billion lower compared to 2014.

Available-for-sale financial assets remained globally flat at EUR 32.7 billion at the end of 2015 compared with the previous year. The level of net investments in government bonds dropped by EUR (1.0) billion due to sale and reimbursements, observed mostly in a reduction of investment of EUR (0.79) billion in Belgian OLOs, Turkish government bonds of EUR (0.26) billion and Finnish government bonds of EUR (0.18) billion, offset to a minor extent by a rise in investment of EUR 0.24 billion in Dutch government bonds. Net investments in other bonds increased by EUR 0.4 billion, mainly relating to bonds issued by German authorities and by financial institutions in the Eurozone. Variable-income securities rose by EUR 0.7 billion subsequent to several acquisitions in unlisted private equities.

Loans and receivables due from credit institutions stood at EUR 13.1 billion at the end of 2015, EUR (1.1) billion or (8)% lower than the EUR 14.2 billion on the balance sheet at end 2014. This decrease was due to lower interbank loans and deposits with BNP Paribas Group entities, located mainly at the BNP Paribas Fortis branch in the Netherlands (EUR (0.5) billion) and in Luxembourg (EUR (0.3) billion). In Turkey, reverse repurchases declined by EUR (0.2) billion as the positions were terminated in 2015.

Loans and receivables due from customers increased considerably by EUR 9.8 billion or 6% on 2014, to reach EUR 176.6 billion at the end of 2015, largely thanks to continuing growth of EUR 8.5 billion in loans to customers, boosted significantly by growth of EUR 6.9 billion in Belgium (of which: EUR 3.4 billion in mortgage loans, EUR 2.7 billion in term loans and EUR 0.9 billion in consumer loans). In Turkey, the business development trend continued, reflected by an increase of EUR 0.4 billion in loans to customers, mainly term loans. Growth was however dampened to a large extent by the adverse effect of depreciating Turkish lira against EUR in 2015. Finance lease grew by EUR 0.8 billion thanks to good performance by leasing entities, mainly in the UK and Italy. During the year In Luxembourg, both term loans and mortgage loans increased, totalling EUR 0.4 billion. Consumer loans grew by EUR 0.2 billion, with a strong contribution from Von Essen in Germany, while term loans increased by EUR 0.3 billion at the BNP Paribas Fortis branch in the Netherlands. Securities classified as loans and receivables declined by EUR (1.3) billion, due to reimbursements in the structured credit portfolio, the sale of Portuguese government bonds, and also the transfer of several asset pools to a BNP Paribas Group entity.

Reverse repurchase activities grew by EUR 2.5 billion, offset by EUR (1.3) billion in demand accounts, mainly relating to a lower overdraft volume provided by the BNP Paribas Fortis branch in the Netherlands to its customers due to fluctuations in cash-pooling activities.

Accrued income and other assets decreased by EUR (3.1) billion or (27)%, standing at EUR 8.5 billion at the end of 2015, due in particular to lower cash collateral (EUR (1.9) billion) on the margin call accounts relating to the derivative transactions with BNP Paribas Group as a consequence of a rise in interest rates in 2015. Other assets decreased by EUR (0.9) billion.

Equity-method investments amounted to EUR 4.4 billion at the end of 2015, EUR 0.4 billion or 11% higher than at end 2014, mainly attributable to Bank BGŻ subsequent to its merger with BNP Paribas Bank Polska in the second quarter of 2015. After the merger, Bank BGŻ BNP Paribas was consolidated by the equity method in the consolidated balance sheet of BNP Paris Fortis, its consolidated investment amounting to EUR 0.4 billion at end-2015. In addition, the sale of Cronos holding, an equity-method investment, in the first quarter of 2015 gave rise to a negative variance of EUR (0.1) billion. Furthermore, the consolidated investments in AG Insurance and BNP Paribas Investment Partners grew by EUR 0.1 billion, explained by their positive net results for the year 2015 and also by the positive revaluation of the available-for-sale portfolios in AG Insurance.

Assets classified as held for sale stood at EUR 5.3 billion at the end of 2014. This was related to the classification as 'held for sale' of the assets and liabilities of BNP Paribas Bank Polska pursuant to the planned merger between BNP Paribas Bank Polska and Bank BGŻ. The merger was completed on 30 April 2015.

Liabilities and equity

Due to central banks amounted to EUR 1.2 billion, up by EUR 0.8 billion or 249% compared with the end of the previous year. This increase resulted from the deposits made by some central banks (i.e. Central Bank of Poland: EUR 0.4 billion) marginally offset by lower deposits from the National Bank of Belgium.

Financial liabilities at fair value through profit or loss decreased by EUR (9.9) billion or (37)%, totalling EUR 17.1 billion at the end of 2015 compared with the EUR 27.0 billion figure of the previous year. Similar to the trend observed on the asset side, trading in repurchase transactions on the liability side shrank by EUR (7.4) billion while the securities portfolios were up by EUR 0.7 billion. The fair value of derivative instruments decreased by EUR (2.4) billion owing to rising interest rates as from the second quarter of 2015. In addition, liabilities held at fair value decreased by EUR (0.6) billion due to reimbursements.

Due to credit institutions stood at EUR 22.6 billion at the end of 2015, EUR 7.1 billion or 46% higher compared with the EUR 15.5 billion figure at the end of 2014. This substantial increase is for the most part explained by higher interbank borrowings of EUR 8.2 billion, primarily in BNP Paribas Fortis, arising from the deposits placed by the Central Bank of Russia (EUR 2.4 billion), plus also some additional loans (EUR 4.4 billion) provided by BNP Paribas Group entities, counterbalanced by a drop of EUR (0.9) billion in repurchase agreements and a fall of EUR (0.2) billion in deposits in demand accounts.

Due to customers rose by EUR 8.4 billion or 5% to stand at EUR 176.2 billion at the end of 2015, compared with EUR 167.8 billion the previous year. This was partly thanks to a higher volume of repurchase agreement transactions (EUR 1.9 billion) in Belgium and, most importantly, to continuing strong growth in customer deposits of EUR 6.4 billion, primarily in current and term deposits, observed in Belgium (EUR 4.1 billion), Luxemburg (EUR 1.2 billion) and at the BNP Paribas Fortis branch in the Netherlands (EUR 1.2 billion), counterbalanced by lower term deposits (EUR (0.6) billion) in the BNP Paribas Fortis branch in New York.

In Belgium, although regulated saving deposits decreased by EUR (1.4) billion compared with 2014, this was largely offset by an increase in current accounts (EUR 2.6 billion), term deposits (EUR 1.2 billion) and special non-regulated saving deposits (EUR 1.7 billion).

In addition, current accounts at the branches in Spain and Austria showed some marginal increases (EUR 0.3 billion). In Turkey, deposits in current accounts declined by EUR (0.6) billion, however this was more than offset by higher deposits (EUR 0.7 billion) in savings accounts. Similarly to 'loans to customers' on the asset side, the boost to customer deposits was also adversely impacted by the weakening of the Turkish lira against EUR in 2015.

Debt securities decreased by EUR (1.0) billion or (8)%, standing at EUR 11.1 billion at the end of 2015, compared with EUR 12.1 billion the previous year. The decline is to a large extent due to less commercial paper (EUR (1.6) billion) being issued in the US market, counterbalanced by new issuances of commercial paper in Belgium (EUR 1.0 billion net of reimbursements). In Turkey and Luxembourg, the net volume of debt securities shrank by EUR (0.4) billion as a result of the positions reaching their maturities.

Accrued expenses and other liabilities decreased by EUR (0.9) billion or (12)%, amounting to EUR 6.6 billion at end 2015 compared with EUR 7.4 billion the previous year, mainly due to lower balances on the margin call accounts (cash collateral on derivatives).

Provisions for contingencies and charges came in at EUR 4.0 billion, down by EUR (0.3) billion compared with the EUR 4.3 billion total at the end of 2014, thanks to lower provisions for long-term employee benefits as a consequence of an increase in the discount rate.

Subordinated debt amounted to EUR 5.1 billion, up by EUR 0.8 billion or 17% compared with EUR 4.3 billion at the end of 2014, mainly linked to a subordinated loan of EUR 1.0 billion provided by BNP Paribas.

Liabilities classified as held for sale totalled EUR 4.7 billion at the end of 2014. This item referred to the classification as 'held for sale' of the assets and liabilities of BNP Paribas Bank Polska, pursuant to the planned merger between BNP Paribas Bank Polska and Bank BGŻ. The merger was duly completed on 30 April 2015.

Shareholders' equity amounted to EUR 18.8 billion at the end of 2015, down by EUR (1.5) billion compared with EUR 20.3 billion at the end of 2014. Net income from 2015 contributed EUR 1.6 billion, offset by the dividend payment (EUR (3.3) billion) to BNP Paribas. In addition, unrealised gains/losses on employee benefits contributed to a positive variance of EUR 0.3 billion as a result of an upward review in the discount rate. Changes in assets and liabilities directly recognised in equity decreased by EUR (0.1) billion, mainly explained by a lower foreign translation difference of EUR (0.2) billion induced by the depreciation of the Turkish lira against the euro in the course of 2015, counterbalanced by a positive revaluation of EUR 0.1 billion on available-for-sale investments.

Minority interests stood at EUR 5.3 billion at the end of 2015, increased slightly by EUR 0.2 billion or 3% on the previous year. Net income for 2015 amounted to EUR 0.4 billion, offset by the dividend payment (EUR 0.1 billion) to the minority shareholders. Following the merger between BNP Paribas Bank Polska and Bank BGŻ in 2015, the de-recognition of the assets and liabilities of BNP Paribas Bank Polska gave rise to a decrease of EUR (0.1) million in the minority interests, representing the 15% stake held by the minority shareholders of BNP Paribas Bank Polska.

Liquidity and solvency

BNP Paribas Fortis' liquidity remained sound, with customer deposits standing at EUR 173 billion and customer loans at EUR 170 billion.

Customer deposits consist of the 'due to customers' figure excluding 'repurchase agreements'. Customer loans are loans and receivables due from customers excluding 'securities classified as loans and receivables' and 'reverse repurchase agreements'.

BNP Paribas Fortis' solvency stood well above the minimum regulatory requirements. At 31 December 2015, BNP Paribas Fortis' phased-in Basel III Common Equity Tier 1 ratio (CET1 ratio, taking into account the CRD4 rules with application of the current transitional provisions) stood at 14.2 %. Total risk-weighted assets amounted to EUR 127.6 billion at 31 December 2015, of which EUR 105.6 billion are related to credit risk, EUR 2.2 billion to market risk and EUR 8.7 billion to operational risk, while counterparty risk, securitisation and equity risk worked out at EUR 2.3 billion, EUR 2.4 billion and EUR 6.4 billion respectively.

Principal risks and uncertainties

BNP Paribas Fortis' activities are exposed to a number of risks, such as credit risk, market risk, liquidity risk and operational risk. To ensure that these risks are identified and adequately controlled and managed, the Bank adheres to a number of internal control procedures and refers to a whole array of risk indicators, which are further described in Chapter 'Risk management and capital adequacy' to the BNP Paribas Fortis Consolidated Financial Statements 2015.

BNP Paribas Fortis is involved as a defendant in various claims, disputes and legal proceedings in Belgium and in some foreign jurisdictions, arising in the ordinary course of its banking business and following the restructuring of BNP Paribas Fortis and BNP Paribas Fortis Group in late September/early October 2008, as further described in Note 8.a 'Contingent assets and liabilities' to the BNP Paribas Fortis Consolidated Financial Statements 2015.

Events after the reporting period are further described in Note 8.l 'Events after the reporting period' to the BNP Paribas Fortis Consolidated Financial Statements 2015.

Statement of the Board of Directors

The Board of Directors of BNP Paribas Fortis is responsible for preparing the BNP Paribas Fortis Consolidated Financial Statements as at 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the European Union, and the BNP Paribas Fortis Non-consolidated Financial Statements as at 31 December 2015 in accordance with rules laid down in the Belgian Royal Decree of 23 September 1992 on the annual accounts of credit institutions.

The Board of Directors reviewed the BNP Paribas Fortis Consolidated and Non-consolidated Financial Statements on 3 March 2016 and authorised their issue.

The Board of Directors of BNP Paribas Fortis declares that, to the best of its knowledge, the BNP Paribas Fortis Consolidated Financial Statements and the BNP Paribas Fortis Non-consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit and loss of BNP Paribas Fortis and the undertakings included in the consolidation and that the information herein contains no omissions likely to modify significantly the scope of any statements made.

The Board of Directors of BNP Paribas Fortis also declares that, to the best of its knowledge, the management report includes a fair review of the development, results and position of BNP Paribas Fortis and the undertakings included in the consolidation, together with a description of the principal risks and uncertainties with which they are confronted.

The BNP Paribas Fortis Consolidated Financial Statements and the BNP Paribas Fortis Non-consolidated Financial Statements as at 31 December 2015 will be submitted to the Annual General Meeting of Shareholders for approval on 21 April 2016.

Brussels, 3 March 2016
The Board of Directors of BNP Paribas Fortis

Corporate Governance Statement

BNP Paribas Fortis adopted the 'Belgian Corporate Governance Code 2009' as its reference code (hereafter referred to as the 'Code').

The Code can be consulted on *http://www.corporategovernancecommittee.be*.

The remuneration report as referred to in Provision 7.2 of the Code can be found in Note 8.f 'Remuneration and benefits awarded to the BNP Paribas Fortis corporate officers'.

1. Compliance with the Code

BNP Paribas Fortis is of the opinion that it complies in general with the principles of the Code. The most important deviation relates to Principle 8 of the Code concerning the 'dialogue with shareholders'. This Principle states that: "*the company shall enter into a dialogue with shareholders and potential shareholders based on a mutual understanding of objectives and concerns*". The fact that BNP Paribas Fortis is not able to fully comply with Principle 8 of the Code follows from the shareholdership of BNP Paribas Fortis. Specifically, BNP Paribas SA, a limited liability company ('*société anonyme (SA)*'), having its registered office address at boulevard des Italiens 16, 75009 Paris, France, registered under number 662 042 449 RCS Paris, holds 99.93% of the shares of BNP Paribas Fortis. The remaining 0.07% of the issued shares are held by minority shareholders. Nevertheless, BNP Paribas Fortis constantly communicates with its various stakeholders through its website and via other media.

BNP Paribas Fortis's Corporate Governance Charter is available on its public website.

BNP Paribas SA itself is a Euronext-listed company. This implies that certain legal provisions on the disclosure of sensitive information to the market need to be taken into account by BNP Paribas Fortis, its directors and staff. The board of directors of BNP Paribas Fortis is however determined to protect the interests of all shareholders of BNP Paribas Fortis at all times and will provide all of them with the necessary information and facilities to exercise their rights, in compliance with the Companies Code.

BNP Paribas Fortis' policy on diversity is in line with the aim that at least one third of its board of directors will be composed of women by January 2017.

BNP Paribas Fortis did not receive any transparency declarations within the meaning of the Law of 2 May 2007 on the disclosure of significant shareholdings.

The non-executive directors did not formally meet in the absence of the chairman of the executive board or other executive directors for the purpose of assessing their interactions with executive directors (Provision 4.12 of the Code). However, given BNP Paribas Fortis' shareholdership and the composition of the board of directors, there is a continuous dialogue amongst non-executive directors both in and outside meetings of the board of directors and its committees.

2. Governing Bodies

Board of Directors

Role and responsibilities

In general, the board of directors is responsible for BNP Paribas Fortis in accordance with applicable law. Furthermore, the board of directors:

- approves, assesses and monitors the strategy and goals of BNP Paribas Fortis;
- determines and monitors the risk policy (including the risk tolerance) of BNP Paribas Fortis;

and

- approves BNP Paribas Fortis' governance memorandum.

In accordance with article 24 of the law of 25 April 2014 regarding the statutes of and supervision of credit institutions (the '**Banking Law**') and article 22 of the articles of association of BNP Paribas Fortis, the board of directors has transferred all of its management authority ('*bestuursbevoegdheid' / 'pouvoirs de gestion*') to an executive body, i.e. the executive board ('*directiecomité' / 'comité de direction*'), with the exception of everything which, by virtue of the Companies Code or the Banking Law, remains with the board of directors. The members of the executive board are also referred to as 'executive directors'.

Size and membership criteria

The board of directors of BNP Paribas Fortis is composed out of not less than five (5) and not more than 35 physical persons (legal persons cannot be members of the board of directors). Directors are appointed for one (1) or more renewable periods, each individual period covering not more than four (4) full accounting years of BNP Paribas Fortis.

The composition of the board of directors of BNP Paribas Fortis takes into account a balanced mix of (i) skills and competences, (ii) men and women and (iii) non-executive directors, whether independent or not, and members of the executive board. Executive directors may not however constitute a majority on the board of directors.

All directors must at all times be fit ('passende deskundigheid' / 'expertise adéquate') and proper ('professionele betrouwbaarheid' / 'honorabilité professionnelle') for the exercise of their function. All are preselected and assessed against a predefined list of selection criteria. In general, a director is considered to be "**fit**" if he/she has the knowledge, experience, skills and professional behaviour suitable for the exercise of his/her director's mandate; a director is considered to be "**proper**" if there are no elements suggesting differently and no reason to question the reputation of the director concerned.

BNP Paribas Fortis will assess and evaluate the suitability of each nominee director (including in case of nomination for re-appointment) prior to the appointment of such nominee director. BNP Paribas Fortis will also assess and evaluate each director as a minimum on an annual basis.

The decision will be subject to a separate suitability assessment subsequently performed by the relevant supervisor.

Composition

On 3 March 2016, the composition of the board of directors is as follows:

DAEMS Herman
Chairman of the board of directors; non-executive director; member of the board of directors since 14 May 2009. Board member mandate expires at the 2016 annual general meeting of shareholders.

JADOT Maxime
Executive director; chairman of the executive board since 1 March 2011; member of the board of directors by co-optation since 13 January 2011. Board member mandate confirmed and renewed on 21 April 2011 and on 23 April 2015; expires at the 2019 annual general meeting of shareholders.

DIERCKX Filip
Executive director; vice chairman of the executive board; member of the board of directors since 28 October 1998. Board member mandate renewed on 18 April 2013; expires at the 2017 annual general meeting of shareholders.

MENNICKEN Thomas
Executive director; member of the board of directors and the executive board since 14 May 2009. Board member mandate expires at the 2016 annual general meeting of shareholders.

VANDEKERCKHOVE Peter
Executive director; member of the board of directors and the executive board since 21 April 2011. Board member mandate renewed on 23 April 2015; expires at the 2019 annual general meeting of shareholders.

BEAUVOIS Didier
Executive director; member of the board of directors (by co-optation) and the executive board since 12 June 2014. Board member mandate confirmed and renewed on 23 April 2015; expires at the 2019 annual general meeting of shareholders.

BONNAFÉ Jean-Laurent
Non-executive director; member of the board of directors since 14 May 2009. Board member mandate expires at the 2016 annual general meeting of shareholders.

BOOGMANS Dirk
Independent non-executive director; member of the board of directors since 1 October 2009. Board member mandate expires at the 2016 annual general meeting of shareholders.

d'ASPREMONT LYNDEN Antoinette
Independent non-executive director; member of the board of directors since 19 April 2012. Board member mandate expires at the 2016 annual general meeting of shareholders.

DECRAENE Stefaan
Non-executive director; member of the board of directors since 18 April 2013. Board member mandate expires at the 2017 annual general meeting of shareholders.

DUTORDOIR Sophie
Independent non-executive director; member of the board of directors by co-optation since 30 November 2010. Board member mandate confirmed and renewed on 21 April 2011 and on 23 April 2015; expires at the 2019 annual general meeting of shareholders.

PAPIASSE Alain
Non-executive director; member of the board of directors since 14 May 2009. Board member mandate expires at the 2016 annual general meeting of shareholders.

VARÈNE Thierry
Non-executive director; member of the board of directors since 14 May 2009. Board member mandate expires at the 2016 annual general meeting of shareholders.

LABORDE Thierry
Non-executive director; member of the board of directors since 19 November 2015 by co-optation. Board mandate confirmed on 23 December 2015; expires at the 2019 annual general meeting of shareholders.

The BNP Paribas Fortis board of directors, which is responsible for setting general policy and supervising the activities of the executive board, is currently composed of fourteen (14) directors, of whom nine (9) are non-executive directors (three (3) of these appointed as independent directors in compliance with the criteria laid down in article 526ter of the Companies Code) and five (5) are executive directors.

Between 1 January 2015 and 31 December 2015, the composition of the board of directors was as follows:

DAEMS, Herman
Chairman of the board of directors

BONNAFÉ, Jean-Laurent
Non-executive director

JADOT, Maxime
Chairman of the executive board; executive director

DIERCKX, Filip
Vice chairman of the executive board; executive director

MENNICKEN, Thomas
Executive director

VANDEKERCKHOVE, Peter
Executive director

BOOGMANS, Dirk
Independent non-executive director

DUTORDOIR, Sophie
Independent non-executive director

STÉPHENNE, Jean
Non-executive director (until 23 April 2015)

PAPIASSE, Alain
Non-executive director

VARÈNE, Thierry
Non-executive director

VILLEROY DE GALHAU, François
Non-executive director; vice chairman of the board of directors (until 30 April 2015)

d'ASPREMONT LYNDEN, Antoinette
Independent non-executive director

DECRAENE, Stefaan
Non-executive director

BEAUVOIS, Didier
Executive director

LABORDE Thierry
Non-executive director (since 19 November 2015)

Attendance at meetings:

The board of directors held 20 meetings in 2015. Attendance at these meetings was as follows:

Director	Number of Meetings Attended
DAEMS, Herman	20
BONNAFÉ, Jean-Laurent	0
JADOT, Maxime	19
BOOGMANS, Dirk	15
d'ASPREMONT LYNDEN, Antoinette	18
DIERCKX, Filip	19
DUTORDOIR, Sophie	15
MENNICKEN, Thomas	14
PAPIASSE, Alain	7
STÉPHENNE, Jean (until 23 April 2015)	3
VANDEKERCKHOVE, Peter	16
VARÈNE, Thierry	11
VILLEROY DE GALHAU, François (until 30 April 2015)	3
DECRAENE, Stefaan	9
BEAUVOIS, Didier	19
LABORDE, Thierry (as from 19 November 2015)	1

Assessment of the board of directors and of the directors

At least once a year, the governance and nomination committee will perform an evaluation of the board of directors and of all directors. The evaluation of directors took place in January 2015 and the evaluation of the board of directors took place in September 2015. In this evaluation, the governance and nomination committee will take into account any event that may impact the suitability assessment performed upon their nomination, and will include in its assessment whether the persons concerned have individually dedicated the time and efforts needed to perform their mandate properly. As part of this annual evaluation the governance and nomination committee will issue recommendations on how to manage and resolve any identified weaknesses on an individual basis through training or replacements and/or formulate points for attention for the purpose of improving the overall composition of the board of directors.

Remuneration

Information regarding the total remuneration for 2015, including benefits in kind and pension costs, of executive and non-executive members of the board of directors, paid and payable by BNP Paribas Fortis, is to be found in Note 8.f 'Remuneration and benefits awarded to the BNP Paribas Fortis corporate officers' to the BNP Paribas Fortis Consolidated Financial Statements. This Note is deemed to be the remuneration report in accordance with Provision 7.2 of the Code.

Executive board

Role and responsibilities

As indicated above, in accordance with article 24 of the Banking Law and article 22 of the articles of association of BNP Paribas Fortis, the board of directors has transferred all of its management authority ('*bestuursbevoegdheid*' / '*pouvoirs de gestion*') to an executive body, i.e. the executive board ('*directiecomité*' / '*comité de direction*'), with the exception of everything which, by virtue of the Companies Code or the Banking Law, remains with the board of directors. The members of the executive board are also referred to as 'executive directors'.

Size and membership criteria

The executive board is composed exclusively out of directors of BNP Paribas Fortis. Taking into account article 24, §2 of the Banking Law, the total number of members of the executive board must be inferior to half of the total number of directors. In addition, the executive board must keep the number of its members within bounds to ensure that it operates effectively and with the requisite flexibility.

Since all members of the executive board are to be considered effective leaders, suitability criteria apply in addition to the suitability criteria imposed upon directors in general. The decision whether or not a member of the executive board is suitable belongs to the competence of the board of directors, upon a written and motivated recommendation of the governance and nomination committee. The decision will be subject to a separate suitability assessment subsequently performed by the relevant supervisor.

Composition

On 3 March 2016, the composition of the executive board is as follows:

JADOT Maxime
Executive director; chairman of the executive board since 1 March 2011

DIERCKX Filip
Executive director; vice chairman of the executive board

MENNICKEN Thomas
Executive director

VANDEKERCKHOVE Peter
Executive director

BEAUVOIS Didier
Executive director

Remuneration

Reference is made to the information on remuneration set forth for the board of directors above.

Other board committees

Article 27 of the Banking Law provides that the board of directors must set up four board committees as from 1 January 2015 onwards. During its meeting of 10 December 2014, the board of directors decided, on the basis of a recommendation of the governance, nomination and remuneration committee, "*...to dissolve the ARCC and the GNRC and to establish an audit committee, a risk committee, a remuneration committee and a governance & nomination committee, to act respectively as the committees referred to in articles 28 to 31 of the Banking Law...*" and agreed upon the composition of the four committees.

The existence of these committees does not in any way impinge upon the board's right to set up further ad-hoc committees to deal with specific matters as and when the need arises. Each board committee has an advisory function in relation to the board. The appointment of committee members is based on (i) their specific competencies and experience, in addition to the general competency requirements for board members, and (ii) the requirement that each committee, as a group, should possess the competencies and experience needed to perform its tasks.

The establishment, composition, responsibilities and functioning of the aforementioned board committees comply with the Code.

As from 1 January 2015, the four board committees identified above functioned in accordance with the organisation set out below.

Audit committee (AC)

In accordance with article 27 of the Banking Law, BNP Paribas Fortis is required to set up a separate audit committee to assist the board of directors with audit related matters. Prior to the entering into force of the Banking Law, the audit committee was part of the audit, risk and compliance committee (the '**ARCC**').

Role and responsibilities

The competences of the audit committee are set forth in the Banking Law and are listed herewith: finance, internal control and risk management, internal audit and external audit. The audit committee shall, upon request of the board of directors, assist (and make recommendations to) the board of directors in all audit and accounting related matters.

Membership criteria

The membership criteria for directors composing a board committee are similar to those of other directors.

In addition, the audit committee as a whole must have the necessary skills and competences in the field of audit and accounting in order to discharge its duties. In addition to the suitability criteria applicable to non-executive directors, the chairman of the audit committee is expected to also meet the requirements set out in his / her function profile. There are no particular additional suitability requirements for audit committee members in addition to the suitability requirements for non-executive directors, subject to what is stated hereafter. At least one (1) member of the audit committee must have an expertise in the field of audit and accounting. Both of the independent directors currently sitting on the BNP Paribas Fortis audit committee comply with this rule.

The governance and nomination committee will assess whether or not the requirements applicable to the chairman of the audit committee are met. Subsequently, the potential chairman of the audit committee will need to undergo a suitability assessment by the relevant supervisor. There is no particular additional suitability assessment for other members of the audit committee.

Composition

The audit committee is composed of at least three (3) non-executive directors, of which at least one (1) director is an independent director within the meaning of article 526ter of the Companies Code.

The chairman of the audit committee is either the chairman of the board of directors or another non-executive director.

The chairman of the audit committee, who must be an independent director, will meet on a regular basis with the audit committee chairmen of the most important entities within the controlled perimeter of BNP Paribas Fortis.

Composition on 3 March 2016:

- Dirk Boogmans (non-executive, independent director), chairman
- Antoinette d'Aspremont Lynden (non-executive, independent director)
- Thierry Varène (non-executive director)

Attendance at meetings

The audit committee met five (5) times in 2015. Attendance was as follows:

Committee Member	Number of Meetings Attended
BOOGMANS, Dirk	5
d'ASPREMONT LYNDEN, Antoinette	5
VARENE, Thierry	2

Remuneration

Information regarding the remuneration for 2015, including that of the members of the audit committee, paid and payable by BNP Paribas Fortis, is to be found in Note 8.f 'Remuneration and benefits awarded to the BNP Paribas Fortis corporate officers' to the BNP Paribas Fortis Consolidated Financial Statements. This Note is deemed to be the remuneration report within the meaning of Provision 7.2 of the Code.

Risk committee (RC)

In accordance with article 27 of the Banking Law, BNP Paribas Fortis is required to set up a separate risk committee to assist the board of directors with risk (related) matters. Prior to the entering into force of the Banking Law, the risk committee was part of the ARCC.

Role and responsibilities

The risk committee shall, upon request of the board of directors, assist (and make recommendations to) the board of directors in all risk (related) matters. In addition, several special competences of the risk committee are set forth in article 29 of the Banking Law and are listed herewith: (i) risk tolerance, (ii) price setting and (iii) remuneration policy.

Membership criteria

The membership criteria for directors composing a board committee are similar to those of other directors.

In addition to the suitability criteria for non-executive directors, all members of the risk committee have individually the required knowledge, expertise, experience and skills in order to be able to challenge the risk tolerance, risk strategy and risk management of BNP Paribas Fortis and to participate actively in the discharge of all the duties of the risk committee. In addition to the suitability criteria for risk committee members, the chairman of the risk committee is expected to meet also the requirements set out in his / her function profile.

The governance and nomination committee will assess whether or not the suitability requirements applicable to the members and chairman of the risk committee are met. For this assessment, the governance and nomination will take into account the induction program that BNP Paribas Fortis will provide to any new member of the risk committee. Subsequently, the potential chairman of the risk committee will need to undergo a suitability assessment by the relevant supervisor. There is no particular additional suitability assessment for other members of the risk committee.

Composition

The risk committee is composed of at least three (3) non-executive directors, of which at least one (1) director is an independent director within the meaning of article 526ter of the Companies Code.

The chairman of the risk committee is either the chairman of the board of directors or another non-executive director.

Composition on 3 March 2016:

- Dirk Boogmans (non-executive, independent director), chairman
- Antoinette d'Aspremont Lynden (non-executive, independent director)
- Thierry Varène (non-executive director)

Attendance at meetings

The risk committee met five (5) times in 2015. Attendance was as follows:

Committee Member	Number of Meetings Attended
BOOGMANS, Dirk	5
d'ASPREMONT LYNDEN, Antoinette	5
VARENE, Thierry	2

Remuneration

Information regarding the remuneration for 2015, including that of the members of the risk committee, paid and payable by BNP Paribas Fortis, is to be found in Note 8.f 'Remuneration and benefits awarded to the BNP Paribas Fortis corporate officers' to the BNP Paribas Fortis Consolidated Financial Statements. This Note is deemed to be the remuneration report within the meaning of Provision 7.2 of the Code.

Governance and nomination committee (GNC)

In accordance with article 27 of the Banking Law, BNP Paribas Fortis is required to set up a separate governance and nomination committee to assist the board of directors with nomination (related) matters. Prior to the entering into force of the Banking Law, the governance and nomination committee was part of the governance, nomination and remuneration committee.

Role and responsibilities

The competences of the governance and nomination committee are set forth in the Banking Law and the regulations of the Belgian National Bank and include being capable of rendering a sound and independent judgment on the composition and functioning of the board of directors and other management bodies of BNP Paribas Fortis and specifically on the individual and collective expertise of their members, their integrity, reputation, independence of spirit and availability.

Membership criteria

The membership criteria for directors composing a board committee are similar to those of other directors.

The governance and nomination committee as a whole must have the necessary skills and competences in the field of governance and nomination regulation in the Belgian banking sector. Furthermore, in addition to the suitability requirements applicable to non-executive directors, the chairman of the governance and nomination committee is expected to also meet all the requirements as set out in his / her function profile. There are no particular additional individual suitability requirements for other members of the governance and nomination committee.

The governance and nomination committee will assess whether or not the requirements applicable to the chairman of the committee are met. Subsequently, the potential chairman of the governance and nomination committee will need to undergo a suitability assessment by the relevant supervisor. There is no particular additional suitability assessment for other members of the governance and nomination committee.

Composition

The governance and nomination committee is composed of at least three (3) non-executive directors, of which at least one (1) director is an independent director within the meaning of article 526ter Companies Code.

The chairman of the governance and remuneration committee is either the chairman of the board of directors or another non-executive director.

Composition on 3 March 2016:

- Herman Daems, (non-executive director) chairman
- Sophie Dutordoir (non-executive, independent director)
- Thierry Laborde (non-executive director)

Attendance at meetings

The governance and nomination committee met seven (7) times in 2015. Attendance was as follows:

Committee Member	Number of Meetings Attended
DAEMS, Herman	7
DUTORDOIR, Sophie	7
LABORDE, Thierry (since 19 November 2015)	1

Remuneration

Information regarding the remuneration for 2015, including that of the members of the governance and nomination committee, paid and payable by BNP Paribas Fortis, is to be found in Note 8.f 'Remuneration and benefits awarded to the BNP Paribas Fortis corporate officers' to the BNP Paribas Fortis consolidated financial statements. This Note is deemed to be the remuneration report within the meaning of Provision 7.2 of the Code.

Remuneration committee (RemCo)

In accordance with article 27 of the Banking Law, BNP Paribas Fortis is required to set up a separate remuneration committee to assist the board of directors with remuneration (related) matters. Prior to the entering into force of the Banking Law, the remuneration committee was part of the governance, nomination and remuneration committee.

Role and responsibilities

The competences of the remuneration committee are set forth in the Banking Law and include being capable to provide a sound and independent judgement on the remuneration policies and reward practices and related incentives taking into account risk control, net equity needs and liquidity position.

Membership criteria

In addition to the suitability requirements applicable to non-executive directors, the chairman of the remuneration committee is expected to also meet all the requirements as set out in his / her function profile. There are no particular additional suitability requirements for other members of the remuneration committee.

The governance and nomination committee will assess whether or not the requirements applicable to the chairman of the committee are met. Subsequently, the potential chairman of the remuneration committee will need to undergo a suitability assessment by the relevant supervisor. There is no particular additional suitability assessment for other members of the remuneration committee.

Composition

The remuneration committee is composed of at least three (3) non-executive directors, of which at least one (1) director is an independent director within the meaning of article 526ter of the Companies Code. The committee must be composed in such a way that it is capable of rendering a sound and independent judgement on the remuneration policy and reward practices and related incentives taking into account risk control, net equity needs and liquidity position.

The chairman of the remuneration committee is either the chairman of the board of directors or another non-executive director.

Composition on 3 March 2016:

- Herman Daems, (non-executive director) chairman
- Sophie Dutordoir (non-executive, independent director)
- Thierry Laborde (non-executive director)

Attendance at meetings

The remuneration committee met five (5) times in 2015. Attendance was as follows:

Committee Member	Number of Meetings Attended
DAEMS, Herman	5
DUTORDOIR, Sophie	5
LABORDE, Thierry (since 19 November 2015)	0

Remuneration

Information regarding the remuneration for 2015, including that of the members of the remuneration committee, paid and payable by BNP Paribas Fortis, is to be found in Note 8.f 'Remuneration and benefits awarded to the BNP Paribas Fortis corporate officers' to the BNP Paribas Fortis consolidated financial statements. This Note is deemed to be the remuneration report within the meaning of Provision 7.2 of the Code.

Executive committee

An executive committee has been set-up, in order for the executive committee to assist the executive board with the fulfilment of its role and responsibilities and to advice the executive board if and when useful.

The executive committee currently consist of fourteen (14) members and is composed of five (5) executive directors who together make up the executive board and the nine (9) key heads of businesses and support functions:

Maxime JADOT
Executive director, chairman of the executive board / executive committee and chief executive officer

Filip DIERCKX
Executive director, vice chairman of the executive board / executive committee and chief operating officer (group functions)

Thomas MENNICKEN
Executive director, member of the executive committee and head of corporate and investment banking

Peter VANDEKERCKHOVE
Executive director, member of the executive committee, head of retail and private banking

Didier BEAUVOIS
Executive director, member of the executive committee, chief risk officer

Bert VAN ROMPAEY
Member of the executive committee, head of human resources

Vincent BERNARD
Member of the executive committee, chief financial officer

Olivier DE BROQUEVILLE
Member of the executive committee, head of investment solutions

Yvan DE COCK
Member of the executive committee, head of corporate and public banking

Hilde DUSON
Member of the executive committee, chief compliance officer

Michael ANSEEUW
Member of the executive committee, chief retail banking

Paul THYSENS
Member of the executive committee, chief information officer

Stéphane VERMEIRE
Member of the executive committee, chief private banking and wealth management

Sandra WILIKENS
Member of the executive committee, secretary general

3. Internal Control Procedures

Roles and responsibilities for preparing and processing accounting and financial information

The Finance Function, under the authority of the Chief Executive Officer, is responsible for preparing and processing accounting and financial information and its work is defined in a specific Charter covering all those working in the function. In particular it consists of:

- defining accounting policies and standards as well as management information principles and standards;
- preparing accounting information and making the regulatory returns;
- producing information on solvency and liquidity ratios calculating the ratios and making the regulatory returns;
- preparing management information (achieved and forecast) and providing the necessary support for financial policy;
- managing the risk associated with accounting and financial information (results, balance sheet, solvency and liquidity) by defining and implementing a permanent operational control system;
- overseeing the architecture, design and deployment of the financial information systems (results, balance sheet, solvency, liquidity);
- managing the organisation and operational processing of activities related to the Finance Function;

Producing accounting and financial information

Accounting policies and rules

The local financial statements for each entity are prepared under local GAAP while the BNP Paribas Fortis Consolidated Financial Statements are prepared under International Financial Reporting Standards (IFRS) as endorsed by the European Union.

A dedicated team within Accounting & Reporting (A&R), section of the Finance department, draws up the accounting policies based on IFRS as endorsed by the European Union and to be applied by all BNP Paribas Fortis entities. These are aligned with BNP Paribas Group accounting policies. This A&R team monitors regulatory changes and prepares new internal accounting policies in line with the level of interpretation necessary to adapt them to the operations carried out by BNP Paribas Fortis. A BNP Paribas Group accounting manual is available, together with additional documentation and guidance related to the specific BNP Paribas Fortis products and scope. This IFRS accounting manual is distributed to all accounting and reporting teams. It is regularly updated to reflect regulatory changes. The dedicated A&R team also handles requests for specific accounting analysis made by the local entities and the Core Businesses/Business Lines.

The Financial Management department draws up management reporting rules.

The accounting principles and rules associated with solvency are within the remit of Risk Management, and those associated with liquidity are within the remit of ALM – Treasury.

The process of preparing information

There are two distinct reporting channels involved in the process of preparing information:

- the financial accounting channel: the particular responsibility of the accounting channel is to perform the entities' financial and cost accounting, and to prepare the BNP Paribas Fortis' consolidated financial statements in compliance with accounting policies and standards. It also produces related information on solvency and liquidity, ensuring that it is consistent with the accounting at each level. This channel certifies the reliability of the information produced by applying internal certification procedures (described below);

- the management accounting channel: this channel prepares the management information (especially that from the Divisions/OEs/business lines compiled from the data per entity) that is relevant to the economic management of activities, complying with the established internal principles and standards. It ensures the consistency of the management data with the accounting data, at every level. This channel is responsible for the preparation of solvency and liquidity ratios and for their analysis.

Group Finance designs, distributes and administers the reporting tools for the two channels. These tools are designed to suit the channels' individual objectives and necessary complementarity, and provide information for the entire BNP Paribas Group. In particular, Group Finance promotes the use of standard accounting systems in Group entities. The systems are designed at Group level and progressively rolled out. This approach promotes the sharing of information and facilitates the implementation of cross-functional projects in the context of the development of pooled account processing and synthesis within the Group.

For the preparation of liquidity-related data, the bank has adopted the principle of integrating internal management data and those required for regulatory reporting, which revolves around the following building blocks:

- governance involving Finance, ALM-Treasury and Risk Management,

- policies and methodologies applicable as required by regulations;

- dedicated tools ensuring data collection and the production of internal and regulatory reports.

This system ensures the production of the LCR and NSFR regulatory reports.

Permanent control of accounting and financial information

Internal control within the Finance Function

Internal control at Finance is performed by dedicated teams supported by specialised tools, encompassing accounting controls and other operational permanent control areas.

The mission of these teams is to ensure, on a permanent basis, the reliability of the processes used for producing and validating the financial figures for BNP Paribas Fortis, and to ensure compliance with the legal and regulatory reporting requirements. Other activities consist inter alia of maintaining relations with the external auditors and ensuring that their recommendations are correctly applied throughout BNP Paribas Fortis, monitoring the certifications issued by BNP Paribas Fortis, and verifying the valuation of financial instruments.

Internal Certification Process

BNP Paribas Fortis monitors the accounting and financial reporting risk through a certification process, whose purpose is to report on the quality of the information provided in the MATISSE reporting system. The results of the certification process are presented quarterly to the BNP Paribas Fortis Audit Committee and are an integral part of the accounting process.

Under a general rule set by BNP Paribas Group, each entity submitting a MATISSE reporting package is required to certify the accuracy of the reporting package on a quarterly basis, using the Finance Accounting Control Tool (FACT), an application designed to support the certification process across the BNP Paribas Group. Certificates are made up of standardised questions addressing the main accounting and financial risk areas.

Permanent control within Finance provides a level of comfort to the CFO, the BNP Paribas Fortis Audit Committee, the external auditors and also the National Bank of Belgium that the internal control measures are being properly maintained.

The certification process encompasses:

- certification that the accounting data reported are reliable and comply with the BNP Paribas Fortis accounting policies
- certification that the accounting internal control system designed to ensure the quality of accounting data is operating effectively.

This internal certification process forms part of the overall permanent control monitoring system and enables the BNP Paribas Fortis Finance department, which has overall responsibility for the preparation and quality of the BNP Paribas Fortis consolidated financial statements, to be informed of any incidents relating to the preparation of the financial statements, to monitor the implementation by the accounting entities of appropriate corrective measures and, if necessary, to book appropriate provisions. As regards BNP Paribas Fortis in Belgium, the certification process is supported by an extensive set of sub-certificates which cover all activities that may generate accounting and financial risks for the company.

The certification system is also used in liaison with Risk Management for information forming part of the regulatory reporting on credit risk and solvency ratios. Those contributing to the reports attest that they have complied with the standards and procedures and that the data used are of appropriate quality. They further describe the results of the controls carried out at the various stages of producing the reports, including the accounting data to credit-risk data reconciliation. On the same principles, a certification system has been installed for liquidity-related data. The various contributors report on compliance with standards and the results of key controls performed to ensure the quality of the reporting.

Control of the value of financial instruments and the use of valuation in determining the results of market activities and accounting reports

The Finance department delegates the determination and control of market value or models of financial instruments to the various departments involved in measuring financial instruments within the overall process of monitoring market risk and management data. However, it remains the responsibility of the Finance department to oversee the accuracy of these operations.

The purpose of these control procedures within Finance is:

- to ensure that transactions involving financial instruments are properly recorded in BNP Paribas Fortis' financial and management data;
- to guarantee the quality of the measurement and reporting of financial instruments used both in preparing the financial and management accounts and in managing and monitoring market and liquidity risks; and
- to ensure that the results of market transactions are accurately determined and correctly analysed.

Periodic control – central accounting inspection team

General Inspection has a team of inspectors (the Central Accounting Inspection Team) who are specialists in accounting and financial audit. This reflects its strategy of strengthening audit capability in accountancy, as regards both the technical complexity of its work and its coverage of accounting risk.

Its action plan is based on the remote accounting internal control tools available to BNP Paribas Fortis and the risk evaluation chart set up by General Inspection.

The core aims of the team are as follows:

- to constitute a hub of accounting and financial expertise in order to reinforce the capability of General Inspection when carrying out inspections in such areas;
- to identify and inspect risk areas at the level of BNP Paribas Fortis.

Relations with the statutory auditors

In 2015, the college of accredited statutory auditors was composed of:

- PwC Bedrijfsrevisoren bcvba / PwC Reviseurs d'Entreprises sccrl, represented by Mr Damien WALGRAVE
- Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises SC sfd SCRL, represented by Mr Yves DEHOGNE and Mr Bernard DEMEULEMEESTER.

The statutory auditors are appointed by the Annual General Meeting of Shareholders, based on advice from the Audit Committee and upon a proposal by the Board of Directors and the Works Council.

The statutory auditors are required to issue a report every financial year, in which they give their opinion regarding the fairness of the consolidated financial statements of BNP Paribas Fortis and its subsidiaries.

The statutory auditors also carry out specified procedures of the quarterly accounts. As part of their statutory audit assignment, they:

- examine any significant changes in accounting standards and present their recommendations to the Audit Committee regarding choices that have a material impact;

- present the relevant entity and the Finance department with their findings, observations and recommendations for the purpose of improving aspects of the internal control system for the preparation of accounting and financial information, reviewed in the course of their audit.

The Audit Committee of the Board of Directors is informed about any accounting choices that have a material impact on the financial statements, so that they can submit these choices to the Board of Directors for a final decision.

4. Conflicts of Interest

In addition to the legal provisions on conflicts of interest in the Companies Code, BNP Paribas Fortis is required to comply with the provisions of the Banking Law and the substance of a number of circular letters issued by the National Bank of Belgium (NBB) whose purpose is to avoid conflicts of interest between BNP Paribas Fortis and its directors or executive management, inter alia in relation to external functions exercised and any loans granted.

In addition, BNP Paribas Fortis has in place a general policy and code of conduct regarding conflicts of interest, which states that the attainment of commercial, financial, professional or personal objectives must not stand in the way of compliance with the following basic principles:

1. Act fairly, honestly and transparently
2. Respect others
3. Comply with the law, the regulations and professional standards
4. Comply with instructions
5. Act in the best interests of the customer
6. Ensure that market integrity is respected
7. Manage conflicts of interest
8. Behave professionally
9. Safeguard the interests of BNP Paribas
10. Report any irregularities observed.

Finally, BNP Paribas Fortis directors have been assessed by the relevant supervisor before their formal appointment, in accordance with the Banking Law. Before issuing its approval for an appointment, the relevant supervisor conducts an assessment which involves verifying that certain conflicts of interest do not exist.

BNP Paribas Fortis Consolidated Financial Statements 2015

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

Profit and loss account for the year ended 31 December 2015

In millions of euros	Note	Year to 31 Dec. 2015	Year to 31 Dec. 2014 [1]
Interest income	3.a	8,499	8,456
Interest expense	3.a	(3,074)	(3,387)
Commission income	3.b	2,421	2,445
Commission expense	3.b	(810)	(804)
Net gain/loss on financial instruments at fair value through profit or loss	3.c	135	151
Net gain/loss on available-for-sale financial assets and other financial assets not measured at fair value	3.d	59	107
Income from other activities	3.e	440	480
Expense on other activities	3.e	(435)	(437)
REVENUES		**7,235**	**7,011**
Salary and employee benefit expenses	7.a	(2,440)	(2,562)
Other operating expense		(1,766)	(1,731)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	5.n	(221)	(218)
GROSS OPERATING INCOME		**2,808**	**2,500**
Cost of risk	3.f	(431)	(283)
OPERATING INCOME		**2,377**	**2,217**
Share of earnings of equity-method entities		206	150
Net gain on non-current assets		151	(3)
Goodwill	5.o	-	-
PRE-TAX INCOME		**2,734**	**2,364**
Corporate income tax	3.g	(718)	(701)
NET INCOME BEFORE DISCONTINUED OPERATIONS		**2,016**	**1,663**
Net result of discontinued operations			
NET INCOME		**2,016**	**1,663**
Net income attributable to minority interests		441	417
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		**1,575**	**1,246**

(1) *Figures restated according to the IFRIC 21 interpretation (see Notes 1.a and 2.)*

Statement of net income and changes in assets and liabilities recognised directly in equity

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014 [1]
Net income for the period	**2,016**	**1,663**
Changes in assets and liabilities recognised directly in equity	**146**	**829**
Items that are or may be reclassified to profit or loss	**(126)**	**924**
Changes in exchange rate movements	(211)	104
of which deferred tax	8	20
Changes in fair value of available-for-sale financial assets, including those reclassified as loans and receivables	96	398
of which deferred tax	(21)	(160)
Changes in fair value of available-for-sale assets reported in net income, including those reclassified as loans and receivables	(5)	(25)
of which deferred tax	4	7
Changes in fair value of hedging instruments designated as cash flow hedges	8	69
of which deferred tax	8	(44)
Changes in fair value of hedging instruments designated as cash flow hedges reported in net income	2	13
of which deferred tax	-	(2)
Charges in equity-method investments	(16)	365
of which deferred tax	8	(165)
Items that will not be reclassified to profit or loss	**272**	**(95)**
Remeasurement gains (losses) related to post-employment benefit plans	268	(77)
of which deferred tax	(126)	29
Items related to equity-method investments	4	(18)
of which deferred tax	(1)	9
TOTAL	**2,162**	**2,492**
- Attributable to equity shareholders	1,734	1,759
- Attributable to minority interests	428	733

[1] *Figures restated according to the IFRIC 21 interpretation (see Notes 1.a and 2.)*

Balance sheet at 31 December 2015

In millions of euros	Note	31 December 2015	31 December 2014 (1)
ASSETS			
Cash and amounts due from central banks		16,505	10,758
Financial instruments at fair value through profit or loss			
Trading securities	5.a	1,970	2,145
Loans and repurchase agreements	5.a	1,870	5,777
Instruments designated as at fair value through profit or loss	5.a	1,946	2,038
Derivative financial instruments	5.a	7,180	9,728
Derivatives used for hedging purposes	5.b	1,907	1,948
Available-for-sale financial assets	5.c	32,729	32,663
Loans and receivables due from credit institutions	5.f	13,064	14,207
Loans and receivables due from customers	5.g	176,640	166,851
Remeasurement adjustment on interest-rate risk hedged portfolios		1,218	1,445
Held-to-maturity financial assets	5.j	582	1,141
Current and deferred tax assets	5.k	2,527	3,161
Accrued income and other assets	5.l	8,495	11,585
Equity-method investments	5.m	4,396	3,948
Investment property	5.n	125	147
Property, plant and equipment	5.n	2,034	1,889
Intangible assets	5.n	186	173
Goodwill	5.o	309	328
Assets classified as held for sale		-	5,274
TOTAL ASSETS		**273,683**	**275,206**
LIABILITIES			
Due to central banks		1,175	337
Financial instruments at fair value through profit or loss			
Trading securities	5.a	3,044	2,382
Borrowings and repurchase agreements	5.a	3,584	10,967
Instruments designated as at fair value through profit or loss	5.a	5,355	6,250
Derivative financial instruments	5.a	5,095	7,448
Derivatives used for hedging purposes	5.b	4,120	4,380
Due to credit institutions	5.f	22,609	15,472
Due to customers	5.g	176,161	167,800
Debt securities	5.i	11,133	12,063
Remeasurement adjustment on interest-rate risk hedged portfolios		1,067	1,250
Current and deferred tax liabilities	5.k	691	676
Accrued expenses and other liabilities	5.l	6,561	7,437
Provisions for contingencies and charges	5.p	3,957	4,281
Subordinated debt	5.i	5,084	4,333
Liabilities classified as held for sale		-	4,735
TOTAL LIABILITIES		**249,636**	**249,811**
CONSOLIDATED EQUITY			
Share capital and additional paid-in capital		*9,605*	*9,605*
Retained earnings		*6,787*	*8,518*
Net income for the period attributable to shareholders		*1,575*	*1,246*
Total capital, retained earnings and net income for the period attributable to shareholders		17,967	19,369
Changes in assets and liabilities recognised directly in equity		787	886
Shareholders' equity		**18,754**	**20,255**
Retained earnings and net income for the period attributable to minority interests		5,146	4,966
Changes in assets and liabilities recognised directly in equity		147	174
Total minority interests		**5,293**	**5,140**
TOTAL CONSOLIDATED EQUITY		**24,047**	**25,395**
TOTAL LIABILITIES AND EQUITY		**273,683**	**275,206**

(1) *Figures restated according to the IFRIC 21 interpretation (see Notes 1.a and 2.)*

Cash flow statement for the year ended 31 December 2015

In millions of euros	Note	Year to 31 Dec. 2015	Year to 31 Dec. 2014 [1]
Pre-tax income		**2,734**	**2,364**
Non-monetary items included in pre-tax net income and other adjustments		**1,779**	**(227)**
Net depreciation/amortisation expense on property, plant and equipment and intangible assets		285	283
Impairment of goodwill and other non-current assets		(8)	(4)
Net addition to provisions		318	261
Share of earnings of equity-method entities		(206)	(150)
Net expense (income) from investing activities		(114)	276
Net expense from financing activities		1	1
Other movements		1,503	(894)
Increase in cash related to assets and liabilities generated by operating activities		**4,885**	**2,918**
Increase in cash related to transactions with credit institutions		8,383	3,927
Net increase (decrease) in cash related to transactions with customers		(1,771)	1,430
Decrease in cash related to transactions involving other financial assets and liabilities		(1,512)	(2,124)
Net increase (decrease) in cash related to transactions involving non-financial assets and liabilities		(22)	26
Taxes paid		(193)	(341)
INCREASE IN CASH AND EQUIVALENTS GENERATED BY OPERATING ACTIVITIES		**9,398**	**5,055**
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS GENERATED BY DISCONTINUED OPERATING ACTIVITIES		**(98)**	**53**
Net increase (decrease) in cash related to acquisitions and disposals of consolidated entities		129	(1,488)
Decrease related to property, plant and equipment and intangible assets		(448)	(324)
DECREASE IN CASH AND EQUIVALENTS RELATED TO CONTINUING INVESTING ACTIVITIES		**(319)**	**(1,812)**
DECREASE IN CASH AND EQUIVALENTS RELATED TO DISCONTINUED INVESTING ACTIVITIES		**(232)**	**(4)**
Decrease in cash and equivalents related to transactions with shareholders		(3,312)	(507)
Decrease in cash and equivalents generated by other financing activities		(777)	(1,826)
DECREASE IN CASH AND EQUIVALENTS RELATED TO FINANCING ACTIVITIES		**(4,089)**	**(2,333)**
INCREASE IN CASH AND EQUIVALENTS RELATED TO DISCONTINUED FINANCING ACTIVITIES		**-**	**64**
EFFECT OF MOVEMENT IN EXCHANGE RATES ON CASH AND EQUIVALENTS		**(152)**	**323**
EFFECT OF MOVEMENT IN EXCHANGE RATES ON CASH AND EQUIVALENTS OF DISCONTINUED ACTIVITIES		**3**	**(7)**
Additional information			
Interest paid		(3,285)	(3,516)
Interest received		8,479	8,338
Dividend paid/received		(3,269)	(635)
Balance of cash and equivalent accounts at the start of the period		**11,519**	**10,386**
Cash and amounts due from central banks		*10,758*	*9,896*
Due to central banks		*(337)*	*(136)*
On-demand deposits with credit institutions	*5.f*	*2,254*	*2,596*
On-demand loans from credit institutions	*5.f*	*(1,156)*	*(1,970)*
Deduction of receivables and accrued interest on cash and equivalents			
Balance of cash and equivalent accounts at the end of the period		**16,377**	**11,519**
Cash and amounts due from central banks		*16,505*	*10,758*
Due to central banks		*(1,175)*	*(337)*
On-demand deposits with credit institutions	*5.f*	*1,971*	*2,254*
On-demand loans from credit institutions	*5.f*	*(924)*	*(1,156)*
Deduction of receivables and accrued interest on cash and equivalents			
INCREASE IN CASH AND EQUIVALENTS OF CONTINUING ACTIVITIES		**4,858**	**1,133**
Balance of cash and equivalent accounts of discontinued activities at the start of the period		**347**	**141**
Balance of cash and equivalent accounts of discontinued activities at the end of the period		**-**	**347**
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS OF DISCONTINUED ACTIVITIES		**(347)**	**206**

[1] *Figures restated according to the IFRIC 21 interpretation (see Notes 1.a and 2.)*

Statement of changes in shareholders' equity between 1 January 2014 and 31 December 2015

In millions of euros	Capital and retained earnings			Changes in assets and liabilities recognised directly in equity				Total Shareholders' equity
	Share capital	Non-distributed reserves	Total	Exchange rates	Financial assets available for sale and reclassified as loans and receivables	Derivatives used for hedging purposes	Total	
Capital and retained earnings at 1 January 2014 [1]	9,605	8,775	18,380	(335)	502	116	283	18,663
Other movements	-	220	220	-	-	-	-	220
Dividends	-	(387)	(387)	-	-	-	-	(387)
Changes in assets and liabilities recognised directly in equity	-	(90)	(90)	(120)	650	73	603	513
Net income for 2014	**-**	**1,246**	**1,246**	**-**	**-**	**-**	**-**	**1,246**
Capital and retained earnings at 31 December 2014 [1]	9,605	9,764	19,369	(455)	1,152	189	886	20,255
Other movements	-	17	17	-	-	-	-	17
Dividends	-	(3,252)	(3,252)	-	-	-	-	(3,252)
Changes in assets and liabilities recognised directly in equity	-	258	258	(195)	102	(6)	(99)	159
Net income for 2015	**-**	**1,575**	**1,575**	**-**	**-**	**-**	**-**	**1,575**
Capital and retained earnings at 31 December 2015	9,605	8,362	17,967	(650)	1,254	183	787	18,754

[1] *Figures restated according to the IFRIC 21 interpretation (see Notes 1.a and 2.)*

Minority interests between 1 January 2014 and 31 December 2015

In millions of euros	Capital and retained earnings	Changes in assets and liabilities recognised directly in equity	Total minority interests
Capital and retained earnings at 1 January 2014 [1]	4,955	(147)	4,808
Other movements	(174)	-	(174)
Dividends	(227)	-	(227)
Changes in assets and liabilities recognised directly in equity	(5)	321	316
Net income of 2014	**417**	**-**	**417**
Capital and retained earnings at 31 December 2014 [1]	4,966	174	5,140
Other movements	(144)	-	(144)
Dividends	(131)	-	(131)
Changes in assets and liabilities recognised directly in equity	14	(27)	(13)
Net income of 2015	**441**	**-**	**441**
Capital and retained earnings at 31 December 2015	5,146	147	5,293

[1] *Figures restated according to the IFRIC 21 interpretation (see Notes 1.a and 2.)*

Notes to the Consolidated Financial Statements 2015

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

1 Summary of significant accounting policies applied by BNP Paribas Fortis

1.a Applicable accounting standards

1.a.1 Accounting standards

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

As of 1 January 2015, BNP Paribas Fortis has applied the IFRIC 21 "Levies" interpretation. As this interpretation has a retrospective effect, the comparative financial statements as at 1 January and 31 December 2014 have been restated as presented in note 2.

The introduction of the other standards which are mandatory as of 1 January 2015, has no effect on the 2015 financial statements.

BNP Paribas Fortis did not choose to early-adopt the new standards, amendments, and interpretations adopted by the European Union, whose application in 2015 was optional.

Information on the nature and extent of risks relating to financial instruments as required by IFRS 7 "Financial Instruments: Disclosures" along with information on regulatory capital required by IAS 1 "Presentation of Financial Statements" is presented in the section 'Risk management and capital adequacy' in the Annual report. This information is an integral part of the notes to the BNP Paribas Fortis consolidated financial statements.

1.a.2 New accounting standards, published but not yet applicable

IFRS 9 Financial Instruments, issued by the IASB in July 2014, will replace IAS 39 Financial Instruments: recognition and measurement, related to the classification and measurement of financial instruments. It sets out the new principles for the classification and measurement of financial instruments, for impairment for credit risk on financial assets and for general hedge accounting (or micro hedging).

IFRS 9 is mandatory for annual periods beginning on or after 1 January 2018 and must first be endorsed by the European Union for application in Europe.

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

Application of these two criteria may lead to different classification and measurement of some financial assets compared with IAS 39.

Investments in equity instruments such as shares will be classified as instruments at fair value through profit or loss, or, as an option, as instruments at fair value through shareholders' equity.

The only change introduced by IFRS 9 with respect to financial liabilities relates to recognition of changes in fair value attributable to changes in the credit risk of the liabilities designated as at fair value through profit or loss (fair value option), which will be recognised in shareholders' equity and not in profit or loss.

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

Under the impairment model in IAS 39, an impairment loss is recognised where there is an objective evidence of impairment. 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, BNP Paribas Fortis may recognise additional collective impairment with respect to a given economic sector or geographic area affected by exceptional economic events.

[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.*

The new impairment model under IFRS 9 requires recognition of 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.

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

The objective of the hedge accounting model under IFRS 9 is to better reflect risk management, especially by expanding the eligible hedging instruments and eliminating some overly prescriptive rules. On initial application of IFRS 9, BNP Paribas Fortis may choose either to apply the new hedge accounting provisions or to maintain the hedge accounting principles under IAS 39 until the new macro hedging standard comes into force.

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

The IFRS 9 implementation projects in BNP Paribas Fortis have started for each phase of the standard. At this stage, these projects focus mainly on analysing financial assets for the purposes of classification and defining the methodology for the new impairment model.

IFRS 15 Revenue from Contracts with Customers, issued in May 2014, will supersede a number of standards and interpretations on revenue recognition (in particular IAS 18 Revenue and IAS 11 Construction Contracts). This standard does not apply to revenue from lease contracts, insurance contracts or financial instruments. It is based on a five-step model framework to determine the timing and amount of recognition of revenue from ordinary activities. IFRS 15 is mandatory for annual periods beginning on or after 1 January 2018 and must first be endorsed by the European Union for application in Europe.

1.b Segment reporting

The Bank considers that within the legal and regulatory scope of BNP Paribas Fortis ('controlled perimeter'), the nature and financial effects of the business activities in which it engages and the economic environments in which it operates are best reflected through the following segments:

- Belgium
- Luxembourg
- Other

Operating segments are components of BNP Paribas Fortis:

- that engage in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the Board of Directors of BNP Paribas Fortis in order to make decisions about resources to be allocated to that segment and to assess its performance;
- for which discrete financial information is available.

The Board of Directors of BNP Paribas Fortis is deemed to be the chief operating decision maker (CODM) within the meaning of IFRS 8 'Operating Segments', jointly overseeing the activities, performance and resources of BNP Paribas Fortis.

BNP Paribas Fortis, like many other companies with diverse operations, organises and reports financial information to the CODM in more than one way.

BNP Paribas Fortis and the legal entities that are part of the Group exercise management control over the full legal and regulatory scope, known as the 'controlled perimeter', including the establishment of appropriate governance structures and control procedures.

Within this organisational structure and in the context of the regulatory scope ('controlled perimeter') of BNP Paribas Fortis, the operating segments mentioned above are best aligned with the core principles and criteria for determining operating segments as defined in IFRS 8 'Operating Segments'.

Transactions or transfers between the operating segments are entered into under normal commercial terms and conditions as would be the case with non-related third parties.

1.c Consolidation

1.c.1 Scope of consolidation

The consolidated financial statements of BNP Paribas Fortis include entities that are controlled by BNP Paribas Fortis, jointly controlled, and under significant influence, with the exception of those entities whose consolidation is regarded as immaterial to BNP Paribas Fortis. 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 BNP Paribas Fortis obtains effective control. Entities under temporary control are included in the consolidated financial statements until the date of disposal.

1.c.2 Consolidation methods

Controlled enterprises are fully consolidated. BNP Paribas Fortis 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, BNP Paribas Fortis 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 BNP Paribas Fortis absorbs the related variability. The assessment of control shall consider all facts and circumstances able to determine BNP Paribas Fortis' 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, BNP Paribas Fortis 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 BNP Paribas Fortis contractually holds the decision-making power, for instance where BNP Paribas Fortis 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 BNP Paribas Fortis is acting on its own account and that it thus has control over those entities.

Where BNP Paribas Fortis 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), BNP Paribas Fortis 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, BNP Paribas Fortis accounts for its share of the assets, liabilities, revenues and expenses in accordance with the applicable IFRSs.

Enterprises over which BNP Paribas Fortis 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 BNP Paribas Fortis 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 BNP Paribas Fortis effectively exercises significant influence. This applies to companies developed in partnership with other groups, where BNP Paribas Fortis 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 BNP Paribas Fortis' share of losses of an equity-method entity equals or exceeds the carrying amount of its investment in this entity, BNP Paribas Fortis 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 BNP Paribas Fortis 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 BNP Paribas Fortis.

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 BNP Paribas Fortis 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.c.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 Fortis 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, BNP Paribas Fortis 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.c.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.

BNP Paribas Fortis 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, BNP Paribas Fortis can elect to measure minority interests at fair value, in which case a proportion of goodwill is allocated to them. To date, BNP Paribas Fortis 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 (Belgian GAAP), have not been restated in accordance with the principles of IFRS 3.

Measurement of goodwill

BNP Paribas Fortis tests goodwill for impairment on a regular basis.

Cash-generating units

BNP Paribas Fortis has split all its activities into cash-generating units[2], representing the reporting entities or groups of reporting entities of BNP Paribas Fortis. This split is consistent with the organisational structure and management methods of BNP Paribas Fortis, and reflects the independence of each reporting entity or group of reporting entities 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 the Executive Committee, 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.

Transactions under common control

Transfers of assets or exchange of shares between entities under common control do not fall within the scope of IFRS 3 'Business Combinations' or other IFRS standards. Therefore, based on IAS 8, which requires management to use its judgement in developing and applying an accounting policy that provides relevant and reliable financial statement information, BNP Paribas Fortis has decided to adopt a predecessor basis of accounting. Under this method, BNP Paribas Fortis, as acquiring party, recognises those assets and liabilities at their carrying amount as determined and reported by the transferring entity in the consolidated financial statements of BNP Paribas at the date of the transfer. Consequently, no new goodwill (other than the existing goodwill relating to either of the combining entities) is recognised. Any difference between the consideration paid/transferred and the share in the net assets measured at the predecessor carrying amount is presented as an adjustment in equity. This predecessor basis of accounting for the business combinations under common control is applied prospectively from the date of the acquisition.

[2] *As defined by IAS 36*

BNP Paribas Fortis has opted to apply the scope exemption for business combinations under common control, as set out in IFRS 3, also to the acquisition of an interest in an associate in a transaction under common control. As such, BNP Paribas Fortis will measure the value of its share in the net assets of the interest in an associate, acquired in a transaction under common control, based on the predecessor carrying amounts as determined and reported by the transferring entity in the Consolidated Financial Statements of BNP Paribas at the date of the transfer.

1.d Financial assets and financial liabilities

1.d.1 Loans and receivables

Loans and receivables include credit provided by BNP Paribas Fortis, the share of BNP Paribas Fortis 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.d.2 Securities

Categories of securities

Securities held by BNP Paribas Fortis 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 BNP Paribas Fortis 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.d.10.

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

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

Fair value incorporates an assessment of the counterparty risk on these securities.

Loans and receivables

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

Held-to-maturity financial assets

Held-to-maturity financial assets are investments with fixed or determinable payments and fixed maturity that BNP Paribas Fortis 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 BNP Paribas Fortis' right to receive payment is established.

Repurchase agreements and securities lending/borrowing

Securities temporarily sold under repurchase agreements continue to be recorded in BNP Paribas Fortis' 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 BNP Paribas Fortis' 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 BNP Paribas Fortis, 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 BNP Paribas Fortis' rights to receive the related cash flows expire, or until BNP Paribas Fortis has substantially transferred all the risks and rewards related to ownership of the securities.

1.d.3 Foreign currency transactions

The methods used to account for assets and liabilities relating to foreign currency transactions entered into by BNP Paribas Fortis, 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.

[3] *Monetary assets and liabilities are assets and liabilities to be received or paid in fixed or determinable amounts of cash.*

1.d.4 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 BNP Paribas Fortis, with the probability of drawdown taken into account in any assessment of financing commitments.

At an individual level, objective evidence that a financial asset is impaired includes observable data regarding the following events:

- the existence of accounts that are more than three months past due (six months past due for real estate loans and loans to local authorities);
- knowledge or indications that the borrower meets significant financial difficulty, such that a risk can be considered to have arisen regardless of whether the borrower has missed any payments;
- concessions with respect to the credit terms granted to the borrower that the lender would not have considered had the borrower not been meeting financial difficulty (see section "Restructuring of assets classified as "Loans and receivables").

The amount of the impairment is the difference between the carrying amount before impairment and the present value, discounted at the original effective interest rate of the asset, of those components (principal, interest, collateral, etc.) regarded as recoverable. Changes in the amount of impairment losses are recognised in the profit and loss account under "Cost of risk". Any subsequent decrease in an impairment loss that can be related objectively to an event occurring after the impairment loss was recognised is credited to the profit and loss account, also under "Cost of risk". Once an asset has been impaired, the theoretical income earned on the carrying amount of the asset calculated at the original effective interest rate used to discount the estimated recoverable cash flows is recognised under "Interest income" in the profit and loss account.

Impairment losses on loans and receivables are usually recorded in a separate provision account which reduces the amount for which the loan or receivable was recorded in assets upon initial recognition. Provisions relating to off-balance sheet financial instruments, financing and guarantee commitments or disputes are recognised in liabilities. Impaired receivables are written off in whole or in part and the corresponding provision is reversed for the amount of the loss when all other means available to the Bank for recovering the receivables or guarantees have failed, or when all or part of the receivables have been waived.

Counterparties that are not individually impaired are risk-assessed on a portfolio basis with similar characteristics. This assessment draws upon an internal rating system based on historical data, adjusted as necessary to reflect circumstances prevailing at the balance sheet date. It enables BNP Paribas Fortis 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, BNP Paribas Fortis 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 BNP Paribas Fortis 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, BNP Paribas Fortis 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. BNP Paribas Fortis 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.d.13) 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.d.5 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 BNP Paribas Fortis 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.d.6 Issues of debt securities

Financial instruments issued by BNP Paribas Fortis are qualified as debt instruments if, in issuing the instruments, BNP Paribas Fortis has a contractual obligation to deliver cash or another financial asset to the holder of the instrument. The same applies if BNP Paribas Fortis is required to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to BNP Paribas Fortis, or to deliver a variable number of BNP Paribas Fortis' 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 BNP Paribas Fortis' equity instruments are accounted for as hybrid instruments with a debt component and an equity component, determined on initial recognition.

1.d.7 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 BNP Paribas Fortis, 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 BNP Paribas Fortis acquires equity instruments issued by subsidiaries under the exclusive control of BNP Paribas Fortis, the difference between the acquisition price and the share of net assets acquired is recorded in retained earnings attributable to BNP Paribas Fortis 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 Fortis 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 BNP Paribas Fortis' interest in a fully consolidated subsidiary is recognised in BNP Paribas Fortis' 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.d.8 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, BNP Paribas Fortis 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, BNP Paribas Fortis 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.d.9 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.

BNP Paribas Fortis 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, BNP Paribas Fortis 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.d.10 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.d.11 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 BNP Paribas Fortis 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.d.12 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.d.13 Derecognition of financial assets and financial liabilities

BNP Paribas Fortis derecognises all or part of a financial asset either when the contractual rights to the cash flows from the asset expire or when BNP Paribas Fortis 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, BNP Paribas Fortis retains the asset in its balance sheet and recognises a liability for the obligation created as a result of the transfer of the asset.

BNP Paribas Fortis derecognises all or part of a financial liability when the liability is extinguished in full or in part.

1.d.14 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, BNP Paribas Fortis 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.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 BNP Paribas Fortis 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 BNP Paribas Fortis 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 BNP Paribas Fortis 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. BNP Paribas Fortis 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

BNP Paribas Fortis' companies may either be the lessee or the lessor in a lease agreement.

1.f.1 Lessor accounting

Leases contracted by BNP Paribas Fortis as lessor are categorised as either finance leases or operating leases.

Finance leases

In a finance lease, the lessor transfers substantially all the risks and rewards of ownership of an asset to the lessee. It is treated as a loan made to the lessee to finance the purchase of the asset.

The present value of the lease payments, plus any residual value, is recognised as a receivable. The net income earned from the lease by the lessor is equal to the amount of interest on the loan, and is taken to the profit and loss account under "Interest income". The lease payments are spread over the lease term, and are allocated to reduction of the principal and to interest, such that the net income reflects a constant rate of return on the net investment outstanding in the lease. The rate of interest used is the rate implicit in the lease.

Individual and portfolio impairments of lease receivables are determined using the same principles as applied to other loans and receivables.

Operating leases

An operating lease is a lease under which substantially all the risks and rewards of ownership of an asset are not transferred to the lessee.

The asset is recognised under property, plant and equipment in the lessor's balance sheet and depreciated on a straight-line basis over the lease term. The depreciable amount excludes the residual value of the asset. The lease payments are taken to the profit and loss account in full on a straight-line basis over the lease term. Lease payments and depreciation expenses are taken to the profit and loss account under "Income from other activities" and "Expense on other activities".

1.f.2 Lessee accounting

Leases contracted by BNP Paribas Fortis 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 BNP Paribas Fortis 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.

Short-term benefits

BNP Paribas Fortis 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 BNP Paribas Fortis 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, BNP Paribas Fortis draws a distinction between defined-contribution plans and defined-benefit plans.

Defined-contribution plans do not give rise to an obligation for BNP Paribas Fortis 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 BNP Paribas Fortis. 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 BNP Paribas Fortis 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 BNP Paribas Fortis, using the projected unit credit method. This method takes into account various parameters, specific to each country or entities of BNP Paribas Fortis, 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 BNP Paribas Fortis 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 BNP Paribas, 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.

BNP Paribas Fortis 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 BNP Paribas Fortis 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 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 BNP Paribas Fortis 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 BNP Paribas Fortis, where BNP Paribas Fortis 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 BNP Paribas Fortis' 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 goodwill and intangible assets;
- impairment testing on investments in equity-method entities;
- deferred tax asset recognition;
- 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 Retrospective impact of the IFRIC 21 interpretation

As of 1 January 2015, BNP Paribas Fortis has applied the IFRIC 21 "Levies" interpretation in the consolidated financial statements. As this interpretation has a retrospective effect, the comparative financial statements as at 1 January and 31 December 2014 have been restated.

The IFRIC 21 interpretation provides guidance on the timing for recognising levies that are accounted for in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". These levies are mainly classified as other operating expenses in the profit and loss account. Income taxes and equivalent taxes that are within the scope of IAS 12 "Income Taxes" are excluded from the scope of this interpretation. The obligating event that gives rise to the recognition of a levy which is within the scope of IFRIC 21 is the activity that triggers the payment of the levy, as identified by the legislation. Thus, some levies which were previously recognised progressively over the fiscal year (such as Financial Stability Contributions, Deposit Guarantee Schemes, Subscription tax and the "Contribution Sociale de Solidarité" in France), have to be accounted for as at 1 January in their entirety. The European Single Resolution fund is applied as from 1 January 2015 and has no retrospective impact for the year 2014.

As regards the profit and loss account for the year ended 31 December 2014, the application of IFRIC 21 led to a EUR 0.4 million increase in other operating expenses.

As regards the balance sheet as at 1 January 2014, applying IFRIC 21 triggers an increase of EUR 3 million in the shareholders' equity, reflecting the de-recognition of the "Contribution Sociale de Solidarité", which was previously recognised as an expense in 2013, while it was payable in 2014. This increase in shareholders' equity is balanced by the EUR 4 million decrease in accrued expenses and the EUR 1 million decrease in deferred tax assets.

The following table presents impacts on the balance sheet as at 31 December 2014 according to the IFRIC 21 interpretation.

In millions of euros	31 December 2014 As published	31 December 2014 Restated IFRIC 21	IFRIC 21 adjustments
ASSETS			
Total impact on assets	**275,206**	**275,206**	**-**
LIABILITIES			
Current and deferred tax liabilities	675	676	1
Accrued expenses and other liabilities	7,441	7,437	(4)
Total impact on liabilities	**249,814**	**249,811**	**(3)**
CONSOLIDATED EQUITY			
Retained earnings	8,517	8,518	1
Shareholders' equity	**20,254**	**20,255**	**1**
Retained earnings and net income for the period attributable to minority interests	4,964	4,966	2
Total impact on minority interests	**5,138**	**5,140**	**2**
Total impact on consolidated equity	**25,392**	**25,395**	**3**
Total impact on liabilities and equity	**275,206**	**275,206**	**-**

3 Notes to the profit and loss account for the year ended 31 December 2015

3.a Net interest income

BNP Paribas Fortis includes under 'Interest income' and 'Interest expense' all income and expense from financial instruments measured at amortised cost (interest, fees/commissions, transaction costs), and from financial instruments measured at fair value that do not meet the definition of a derivative instrument. These amounts are calculated using the effective interest method. The change in fair value on financial instruments at fair value through profit or loss (excluding accrued interest) is recognised under 'Net gain/loss on financial instruments at fair value through profit or loss'.

Interest income and expense on derivatives accounted for as fair value hedges are included with the revenues generated by the hedged item. Similarly, interest income and expense arising from derivatives used to hedge transactions designated as at fair value through profit or loss is allocated to the same accounts as the interest income and expense relating to the underlying transactions.

In millions of euros	Year to 31 Dec. 2015			Year to 31 Dec. 2014		
	Income	Expense	Net	Income	Expense	Net
Customer items	**6,747**	**(1,637)**	**5,110**	**6,647**	**(1,940)**	**4,707**
Deposits, loans and borrowings	6,061	(1,608)	4,453	5,964	(1,920)	4,044
Repurchase agreements	-	(4)	(4)	8	(2)	6
Finance leases	686	(25)	661	675	(18)	657
Interbank items	**283**	**(357)**	**(74)**	**345**	**(389)**	**(44)**
Deposits, loans and borrowings	265	(297)	(32)	334	(330)	4
Repurchase agreements	18	(60)	(42)	11	(59)	(48)
Debt securities issued	**-**	**(302)**	**(302)**	**-**	**(410)**	**(410)**
Cash flow hedge instruments	**428**	**(356)**	**72**	**271**	**(240)**	**31**
Interest rate portfolio hedge instruments	**432**	**(230)**	**202**	**461**	**(234)**	**227**
Financial instruments at fair value through profit or loss	**82**	**(192)**	**(110)**	**97**	**(174)**	**(77)**
Fixed-income securities	11	-	11	15	-	15
Loans / Borrowings	14	(1)	13	20	(15)	5
Repurchase agreements	57	(78)	(21)	62	(59)	3
Debt securities	-	(113)	(113)	-	(100)	(100)
Available-for-sale financial assets	**495**	**-**	**495**	**581**	**-**	**581**
Held-to-maturity financial assets	**32**	**-**	**32**	**54**	**-**	**54**
Total interest income / (expense)	**8,499**	**(3,074)**	**5,425**	**8,456**	**(3,387)**	**5,069**

Interest income on individually impaired loans amounted to EUR 36 million in the year ending 31 December 2015, compared with EUR 52 million in the year ending 31 December 2014.

3.b Commission income and expense

Net commission income amounted to EUR 1,611 million in 2015, down EUR (30) million or (2)% compared to 2014. The net commissions are mainly composed of :

- Commission income and expense on financial instruments not measured at fair value through profit or loss amounted to EUR 443 million and EUR (85) million respectively in 2015, compared with income of EUR 544 million and expenses of EUR (101) million in 2014.
- Net commission income related to trust and similar activities through which BNP Paribas Fortis holds or invests assets on behalf of clients, trusts, pension and personal risk funds or other institutions amounted to EUR 406 million in 2015, compared with EUR 367 million in 2014.
- Net commission income related to payment services amounted to EUR 313 million in 2015, compared with EUR 328 million in 2014.
- Net commission income related to insurance amounted to EUR 346 million in 2015, compared with EUR 317 million in 2014.

3.c Net gain/loss on financial instruments at fair value through profit or loss

Net gain/loss on financial instruments at fair value through profit or loss includes all profit and loss items relating to financial instruments managed in the Trading Book and financial instruments (including dividends) that BNP Paribas Fortis has designated as at fair value through profit or loss under the fair value option, other than interest income and expense which are recognised in 'Net interest income' (Note 3.a).

Gains and losses on financial instruments designated as at fair value through profit or loss are mainly due to instruments whose changes in value may be compensated by changes in the value of economic hedging derivatives.

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Trading Book	**(5)**	**23**
Interest rate and credit instruments	(38)	(68)
Equity financial instruments	82	115
Foreign exchange financial instruments	(44)	(28)
Other derivatives	(4)	2
Repurchase agreements	(1)	2
Financial instruments designated as at fair value through profit or loss	**120**	**151**
of which debt remeasurement effect arising from BNP Paribas Fortis issuer risk (note 5.d)	21	(43)
Impact of hedge accounting	**20**	**(23)**
Fair value hedging derivatives	305	(980)
Hedged items in fair value hedge	(285)	957
Total	**135**	**151**

Net gains on the Trading Book in 2015 and 2014 include a non-material amount relating to the ineffective portion of cash flow hedges.

3.d Net gain/loss on available-for-sale financial assets and other financial assets not measured at fair value

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Loans and receivables, fixed-income securities [(1)]	**48**	**127**
Disposal gains and losses	48	127
Equities and other variable-income securities	**11**	**(20)**
Dividend income	23	19
Additions to impairment provisions	(23)	(47)
Net disposal gains	11	8
Total	**59**	**107**

(1) *Interest income from fixed-income financial instruments is reported in 'Net interest income' (Note 3.a), and impairment losses relating to potential issuer default are included in 'Cost of risk' (Note 3.f).*

Upon sale of the available-for-sale securities, or where there is objective evidence of impairment, the unrealised gains or losses on these securities, recognised in other comprehensive income, are reclassified from equity to profit and loss. For the year ending 2015, this amounted to a gain of EUR 14 million, compared to a gain of EUR 36 million for the year ending 2014.

3.e Net income from other activities

In millions of euros	Year to 31 Dec. 2015			Year to 31 Dec. 2014		
	Income	Expense	Net	Income	Expense	Net
Net income from investment property	34	(16)	18	41	(28)	13
Net income from assets held under operating leases	130	(94)	36	136	(98)	38
Other net income and expense	276	(325)	(49)	303	(311)	(8)
Total net income from other activities	**440**	**(435)**	**5**	**480**	**(437)**	**43**

3.f Cost of risk

Cost of risk represents the net amount of impairment losses recognised in respect to credit risks inherent in the banking intermediation activities, plus any impairment losses in the cases of known counterparty risks on over-the-counter financial instruments.

Cost of risk for the period

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Net allowances to impairment	(434)	(309)
Recoveries on loans and receivables previously written off	37	38
Irrecoverable loans and receivables not covered by impairment provisions	(34)	(12)
Total cost of risk for the period	**(431)**	**(283)**

Cost of risk for the period by asset type

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Loans and receivables due from credit institutions	(12)	6
Loans and receivables due from customers	(399)	(305)
Financial instruments of trading activities	2	25
Other assets	-	5
Commitments given and other items	(22)	(14)
Total cost of risk for the period	**(431)**	**(283)**
Cost of risk on a specific basis	(379)	(353)
Cost of risk on a collective basis	(52)	70

Credit risk impairment

Impairment variance during the period

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Total impairment provisions at start of year	**3,434**	**4,160**
Discontinued operations	-	249
Total impairment provisions of continuing operations at start of year	**3,434**	**3,911**
Net allowance to impairment	434	309
Impairment provisions used	(589)	(674)
Effect of exchange rate movements and other items	(3)	(112)
Total impairment provisions of continuing operations at end of year	**3,276**	**3,434**

Impairment by asset type

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Impairment of assets		
Loans and receivables due from credit institutions (Note 5.f)	105	133
Loans and receivables due from customers (Note 5.g)	2,945	3,069
Financial instruments on trading activities	73	72
Available-for-sale financial assets (Note 5.c)	11	28
Other assets	1	1
Total impairment of financial assets	**3,135**	**3,303**
of which specific impairment	2,513	2,711
of which collective provisions	622	592
Provisions recognised as liabilities		
Provisions for commitments given		
- to credit institutions	10	6
- to customers	106	115
Other specific provisions	25	10
Total provisions recognised for credit commitments (Note 5.p)	**141**	**131**
of which specific impairment for commitments given	113	103
of which collective provisions	28	28
Total impairment and provisions	**3,276**	**3,434**

3.g Corporate income tax

Reconciliation of the effective tax expense to the theoretical tax expense at standard tax rate in Belgium	Year to 31 Dec. 2015		Restated Year to 31 Dec. 2014	
	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 Belgium	**(860)**	**33.99%**	**(752)**	**33.99%**
Impact of differently taxed foreign profits	75	(3.0%)	82	(5.9%)
Impact of dividends and securities disposals taxed at reduced rate	82	(3.2%)	34	(2.4%)
Tax impact of previously unrecognised deferred taxes (tax losses and temporary differences)	(9)	0.4%	(35)	2.5%
Tax impact of using tax losses for which no deferred tax asset was previously recognised	5	(0.2%)	8	(0.6%)
Other items	(11)	0.4%	(38)	2.7%
Corporate income tax expense	**(718)**	**28.39%**	**(701)**	**30.32%**
of which				
Current tax expense for the year to 31 December	(305)		(293)	
Deferred tax expense for the year to 31 December (Note 5.k)	(413)		(408)	

4 Segment information

4.a Operating segments

BNP Paribas Fortis in Belgium

In Belgium, BNP Paribas Fortis offers a comprehensive package of financial services to private individuals, the self-employed, members of the professions and SMEs. The Bank also provides high net worth individuals, corporations and public and financial institutions with customised solutions, for which it is able to draw on the know-how and international network of the mother company, BNP Paribas.

In Retail & Private Banking (RPB), BNP Paribas Fortis has a solid footprint, serving 3.6 million individuals, professionals, SMEs and private banking customers. It has a very strong presence in the local market, through an extensive network of 789 branches, plus other channels such as ATMs and online banking facilities, including mobile banking. In its Retail banking activities, BNP Paribas Fortis operates under four complementary brands: the main brand BNP Paribas Fortis, plus Fintro, bpost bank/banque and Hello bank!, a 100% digital mobile banking service. In the insurance sector, BNP Paribas Fortis works in close cooperation with the Belgian market leader, AG Insurance.

Corporate & Public Bank, Belgium (CPBB) provides a comprehensive range of local and international financial services to Belgian enterprises, public entities and local authorities. The offering includes domestic banking products, specialist financial skills, and securities, insurance and real estate services. Skills include specialist trade services, cash management, factoring and leasing, plus M&A and capital markets activities. A central team of corporate bankers, relationship managers and skills officers ensures that BNP Paribas Fortis stays close to the market. This team, combined with the European network of business centres managed within Corporate & Institutional Banking, enables the Bank to offer unified commercial services to its Belgian clients locally and abroad.

Corporate & Institutional Banking (CIB) offers its clients (in Belgium and throughout Europe) full access to BNP Paribas CIB's product portfolio. CIB consists of five Business Lines: Global Markets, Financing Solutions, Corporate Finance, Private Equity, and Transaction Banking EMEA.

BNP Paribas Fortis in Luxembourg

BGL BNP Paribas ranks among the leading banks operating in the Luxembourg financial marketplace. It has made a significant contribution to the country's emergence as a major international financial centre and is deeply rooted in Luxembourg's economic, cultural, sporting and social life.

As a partner with a longstanding commitment to the national economy, BGL BNP Paribas offers a wide range of products both for individuals and for professional and institutional clients. Ranked as the number one bank for corporates and the number two bank for resident individuals in the Grand Duchy of Luxembourg, BGL BNP Paribas is also the leader in bancassurance, providing combined offerings of insurance and banking services.

BNP Paribas Fortis in other countries

The operating segment 'Other' covers all activities carried out by BNP Paribas Fortis outside Belgium and Luxembourg. This segment mainly comprises Türk Ekonomi Bankasi (TEB), BNP Paribas Leasing Solutions, BNP Paribas Investment Partners and the foreign branches of BNP Paribas Fortis.

BNP Paribas Fortis operates in Turkey via Türk Ekonomi Bankasi (TEB), in which it has a 48.72% stake. Retail Banking products and services consist of debit and credit cards, personal loans, and investment and insurance products distributed through the TEB branch network and via internet and phone banking. Corporate banking services include international trade finance, asset and cash management, credit services, currency hedging, interest and commodity risk, plus factoring and leasing. Through its commercial and SME banking departments, the Bank offers an array of banking services to small and medium-sized enterprises.

4.b Information by operating segment

Income and expense by operating segment

In millions of euros	Year to 31 Dec. 2015				Restated Year to 31 Dec. 2014			
	Belgium	Luxembourg	Other	Total	Belgium	Luxembourg	Other	Total
Revenues	**4,168**	**685**	**2,382**	**7,235**	**3,930**	**727**	**2,354**	**7,011**
Operating expense	(2,775)	(369)	(1,283)	(4,427)	(2,792)	(378)	(1,341)	(4,511)
Cost of risk	(130)	(2)	(299)	(431)	(83)	16	(216)	(283)
Operating Income	**1,263**	**314**	**800**	**2,377**	**1,055**	**365**	**797**	**2,217**
Non-operating items	77	19	261	357	(68)	-	215	147
Pre-tax income	**1,340**	**333**	**1,061**	**2,734**	**987**	**365**	**1,012**	**2,364**

Assets and liabilities by operating segment

In millions of euros	31 December 2015				Restated 31 December 2014			
	Belgium	Luxembourg	Other	Total	Belgium	Luxembourg	Other	Total
Assets	**182,529**	**23,015**	**68,139**	**273,683**	**179,673**	**22,971**	**72,562**	**275,206**
of which goodwill on acquisitions during the period	-	-	-	-	-	-	-	-
of which investments in associates and Joint ventures	1,167	97	3,132	4,396	1,140	89	2,719	3,948
Liabilities	**172,839**	**18,079**	**58,718**	**249,636**	**167,985**	**18,153**	**63,673**	**249,811**

The total assets of the TEB entities amounted to EUR 23,410 million at 31 December 2015.

4.c Country-by-country reporting

The country-by-country reporting has been prepared to comply with the requirements set out in Article 89 of the European Union Capital Requirements Directive IV. The information is presented using the same basis as the Consolidated Financial Statements of BNP Paribas Fortis for the period ending 31 December 2015, which are prepared in accordance with IFRSs as adopted by the European Union. The country information relates to the country of incorporation or residence of branches and subsidiaries.

In millions of euros, Year to 31 Dec. 2015 (*)	Revenues	Pre-tax income	Current tax	Deferred tax	Corporate income tax	FTE (**) as at 31 Dec. 2015	Nature of activities
Belgium	**4,278**	**1,373**	**(65)**	**(364)**	**(429)**	**15,184**	
of which: BNP Paribas Fortis NV/SA (Including Bass Master Issuer NV)	*3,893*	*1,096*	*(32)*	*(308)*	*(340)*	*14,598*	*Credit institution*
Turkey	**1,222**	**344**	**(74)**	**(2)**	**(76)**	**10,414**	
of which: Türk Ekonomi Bankası AS	*1,189*	*326*	*(74)*	*1*	*(73)*	*9,919*	*Credit institution*
Luxembourg	**720**	**365**	**(67)**	**(10)**	**(77)**	**2,370**	
of which: BGL BNP Paribas	*666*	*318*	*(65)*	*(4)*	*(69)*	*2,320*	*Credit institution*
France	**285**	**104**	**(69)**	**15**	**(54)**	**1,248**	
of which: BNP Paribas Lease Group BPLG	*166*	*40*	*(53)*	*19*	*(34)*	*1,214*	*Leasing firm*
Germany	**207**	**85**	**(22)**	**(7)**	**(29)**	**678**	
of which: Von Essen GMBH & CO. KG Bankgesellschaft	*115*	*51*	*(5)*	*(4)*	*(9)*	*338*	*Credit institution*
Poland	**70**	**(19)**	**(5)**	**10**	**5**	**9**	
of which: BNP Paribas Bank Polska S.A. (First 4 months of 2015)	*66*	*(21)*	*(4)*	*9*	*5*	*-*	*Credit institution*
United Kingdom	**139**	**86**	**(28)**	**9**	**(19)**	**418**	
Spain	**80**	**31**	**39**	**(48)**	**(9)**	**255**	
The Netherlands	**71**	**12**	**(3)**	**2**	**(1)**	**224**	
Kosovo	**36**	**18**	**(2)**	**-**	**(2)**	**585**	
Other	**127**	**129**	**(9)**	**(18)**	**(27)**	**205**	
Total	**7,235**	**2,528**	**(305)**	**(413)**	**(718)**	**31,590**	

(*) *The financial data correspond to the contribution to consolidated income of fully consolidated entities under exclusive control.*

(**) *Full-time equivalents (FTE) at 31 December 2015 in wholly consolidated, fully consolidated entities.*

5 Notes to the balance sheet at 31 December 2015

5.a Financial assets, financial liabilities and derivatives at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss consist of held-for-trading transactions - including derivatives - and certain assets and liabilities designated by BNP Paribas Fortis as at fair value through profit or loss at the time of acquisition or issuance.

	31 December 2015		31 December 2014	
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	1,970	502	2,145	529
Loans and repurchase agreements	1,870	1,444	5,777	1,509
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**3,840**	**1,946**	**7,922**	**2,038**
Securities portfolio	3,044	-	2,382	-
Borrowings and repurchase agreements	3,584	249	10,967	351
Debt securities (Note 5.i)	-	3,776	-	4,415
Subordinated debt (Note 5.i)	-	1,330	-	1,484
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**6,628**	**5,355**	**13,349**	**6,250**

Loans measured at fair value through profit or loss

BNP Paribas Fortis has designated some financial assets of Corporate and Public Bank Belgium (CPBB) as at fair value through profit or loss. Selected inflation rate-linked credit contracts with governmental counterparties are designated as at fair value through profit or loss, reducing a potential accounting mismatch between the measurement of the interest rate swaps and other derivatives involved and the credit otherwise measured at amortised cost.

The evolution of the fair value of the loans held at fair value through profit or loss is influenced by repayments, by the evolution of the interest rates and by a tightening of the credit spreads.

Some other structured loans and contracts, including derivatives, are also designated as 'Held at fair value through profit or loss', thereby reducing a potential accounting mismatch.

The amortised cost of 'Loans held at fair value through profit or loss' at 31 December 2015 was EUR 1,126 million (31 December 2014: EUR 1,161 million).

In millions of euros	31 December 2015		31 December 2014	
	Positive market value	Negative market value	Positive market value	Negative market value
Interest rate derivatives	5,601	4,037	7,736	5,921
Foreign exchange derivatives	940	941	1,415	1,429
Credit derivatives	8	8	30	26
Equity derivatives	631	109	546	72
Other derivatives	-	-	1	-
Derivative financial instruments	**7,180**	**5,095**	**9,728**	**7,448**

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 BNP Paribas Fortis' activities in financial instruments markets, and do not reflect the market risks associated with such instruments.

In millions of euros	31 December 2015			31 December 2014		
	Organised markets (1)	Over-the-counter	Total	Organised markets (1)	Over-the-counter	Total
Interest rate derivatives	126,790	959,648	1,086,438	245,226	337,407	582,633
Foreign exchange derivatives	-	89,561	89,561	-	74,808	74,808
Credit derivatives	-	216	216	-	1,485	1,485
Equity derivatives	32	1,803	1,835	62	1,807	1,869
Other derivatives	-	1	1	-	9	9
Derivatives financial instruments	**126,822**	**1,051,229**	**1,178,051**	**245,288**	**415,516**	**660,804**

(1) *Financial instruments negotiated on organised markets are mainly traded with clearing houses*

5.b Derivatives used for hedging purposes

The table below shows the fair value of derivatives used for hedging purposes.

In millions of euros	31 December 2015		31 December 2014	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Fair value hedges	**1,651**	**3,791**	**1,592**	**3,973**
Interest rate derivatives	1,651	3,791	1,592	3,973
Cash flow hedges	**256**	**329**	**356**	**407**
Interest rate derivatives	253	329	352	398
Foreign exchange derivatives	3	-	4	9
Derivatives used for hedging purposes	**1,907**	**4,120**	**1,948**	**4,380**

The total notional amount of derivatives used for hedging purposes stood at EUR 117,998 million at year-end 2015 compared with EUR 112,287 million at 31 December 2014.

5.c Available-for-sale financial assets

In millions of euros	31 December 2015			31 December 2014		
	Net	of which provisions for impairments recognised in the profit and loss account	of which changes in value recognised directly in equity	Net	of which provisions for impairments recognised in the profit and loss account	of which changes in value recognised directly in equity
Fixed-income securities	**31,449**	**(11)**	**635**	**32,067**	**(28)**	**723**
Treasury bills and Government bonds	22,765	-	382	23,793	-	467
Other fixed-income securities	8,684	(11)	253	8,274	(28)	256
Equities and other variable-income securities	**1,280**	**(516)**	**244**	**596**	**(493)**	**150**
Of which listed securities	55	-	34	33	-	12
Of which unlisted securities	1,225	(516)	210	563	(493)	138
Total available-for-sale financial assets	**32,729**	**(527)**	**879**	**32,663**	**(521)**	**873**

The gross amount of impaired fixed-income securities is EUR 11 million at 31 December 2015 (EUR 28 million at 31 December 2014).

The Visa Europe shares, included in the unlisted variable-income securities, have been remeasured through shareholders' equity, at EUR 23.2 million, to take into account the terms of the agreement of acquisition by Visa Inc. The remeasured value was calculated by applying a discount to the estimated sale price, composed of a cash amount and preferred shares.

This discount is representative of the following valuation uncertainties:

- the definitive closing of the transaction, subject to approvals by European regulators,
- the definitive breakdown of the sale price between sellers,
- the liquidity of preferred shares,
- the assessment of litigation related to Visa Europe's activity.

This agreement includes an earn-out clause. This earn-out, payable after the fourth anniversary of the closing, has not been taken into account in the valuation of Visa Europe shares as at 31 December 2015.

Changes in value taken directly to equity are detailed as follows:

	31 December 2015			31 December 2014		
In millions of euros	**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'	**635**	**244**	**879**	**723**	**150**	**873**
Deferred tax linked to these changes in value	(104)	(17)	(121)	(100)	(5)	(105)
BNP Paribas Fortis' share of changes in value of available-for-sale securities owned by equity-method entities after deferred tax and insurance policyholders' surplus reserve	795	97	892	801	86	887
Unamortised changes in value of available-for-sale securities reclassified as loans and receivables	(297)	-	(297)	(398)		(398)
Other variations	-	2	2		1	1
Changes in value of assets taken directly to equity under the heading 'Financial assets available for sale and reclassified as loans and receivables'	**1,029**	**326**	**1,355**	**1,026**	**232**	**1,258**
Attributable to equity shareholders	951	303	1,254	928	224	1,152
Attributable to minority interests	78	23	101	98	8	106

5.d Measurement of the fair value of financial instruments

Valuation process

BNP Paribas Fortis has retained the fundamental principle that it should have a unique and integrated processing chain for producing and controlling the valuations of financial instruments that are used for the purpose of daily risk management and financial reporting. All these processes are based on a common economic valuation which is a core component of business decisions and risk management strategies.

Economic value is composed of mid-market value and additional valuation adjustments.

Mid-market value is derived from external data or valuation techniques that maximise the use of observable and market-based data. Mid-market value is a theoretical additive value which does not take account of i) the direction of the transaction or its impact on the existing risks in the portfolio, ii) the nature of the counterparties, and iii) the aversion of a market participant to particular risks inherent in the instrument, the market in which it is traded, or the risk management strategy.

Additional valuation adjustments take into account valuation uncertainty and include market and credit risk premiums to reflect costs that might 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 collateralised derivative instruments, they include an explicit adjustment to the interbank interest rate (Funding Valuation Adjustment – FVA).

Fair value generally equals the economic value, subject to limited additional adjustments, such as own credit adjustments, which are specifically required by IFRS standards.

The main additional valuation adjustments are presented in the section below.

Additional valuation adjustments

Additional valuation adjustments retained by BNP Paribas Fortis 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 Fortis 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 Fortis 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 Fortis, on respectively the value of debt securities designated as at fair value through profit and 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 through profit or loss is increased by EUR 42 million as at 31 December 2015, compared with an increase in value of EUR 63 million as at 31 December 2014, i.e. a EUR 21 million variation recognised in 'net gain on financial instruments at fair value through profit or loss' (Note 3.c).

Instrument classes and classification within the fair value hierarchy for assets and liabilities measured at fair value

As explained in the summary of significant accounting policies (Note 1.d.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 risks. Derivatives used for hedging purposes are mainly interest rate derivatives.

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	**1,923**	**47**	**-**	**1,970**	**198**	**86**	**218**	**502**	**22,402**	**9,124**	**1,203**	**32,729**
Treasury bills and government bonds	1,750	3		1,753				-	18,507	4,258		22,765
Asset Backed Securities	-	-	-	-	-	-	-	-	-	-	-	-
CDOs / CLOs				-				-				-
Other Asset Backed Securities				-				-				-
Other fixed-income securities	75	44	-	119	-	-	-	-	3,840	4,844	-	8,684
Equities and other variable-income securities	98	-	-	98	198	86	218	502	55	22	1,203	1,280
Loans and repurchase agreements	**-**	**1,719**	**151**	**1,870**	**-**	**1,444**	**-**	**1,444**				
Loans				-		1,444		1,444				
Repurchase agreements		1,719	151	1,870			-					
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND AVAILABLE-FOR-SALE FINANCIAL ASSETS	**1,923**	**1,766**	**151**	**3,840**	**198**	**1,530**	**218**	**1,946**	**22,402**	**9,124**	**1,203**	**32,729**
Securities portfolio	**3,042**	**2**	**-**	**3,044**	**-**	**-**	**-**	**-**				
Treasury bills and government bonds	3,040			3,040				-				
Other fixed-income securities	2	2		4				-				
Equities and other variable-income securities			-				-					
Borrowings and repurchase agreements	**-**	**3,522**	**62**	**3,584**	**-**	**249**	**-**	**249**				
Borrowings		17		17		249		249				
Repurchase agreements		3,505	62	3,567				-				
Debt securities (Note 5.i)	**-**	**-**	**-**	**-**	**-**	**3,168**	**608**	**3,776**				
Subordinated debt (Note 5.i)	**-**	**-**	**-**	**-**	**-**	**1,330**	**-**	**1,330**				
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**3,042**	**3,524**	**62**	**6,628**	**-**	**4,747**	**608**	**5,355**				

In millions of euros	31 December 2014											
	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	**2,035**	**110**	**-**	**2,145**	**137**	**87**	**305**	**529**	**24,389**	**7,713**	**561**	**32,663**
Treasury bills and government bonds	799	3		802				-	20,056	3,737		23,793
Asset Backed Securities	-	-	-	-	-	-	-	-	-	-	-	-
CDOs / CLOs				-				-				-
Other Asset Backed Securities				-				-				-
Other fixed-income securities	1,126	107		1,233				-	4,300	3,974		8,274
Equities and other variable-income securities	110			110	137	87	305	529	33	2	561	596
Loans and repurchase agreements	**-**	**5,572**	**205**	**5,777**	**-**	**1,509**	**-**	**1,509**				
Loans		4		4		1,509		1,509				
Repurchase agreements		5,568	205	5,773			-					
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND AVAILABLE-FOR-SALE FINANCIAL ASSETS	**2,035**	**5,682**	**205**	**7,922**	**137**	**1,596**	**305**	**2,038**	**24,389**	**7,713**	**561**	**32,663**
Securities portfolio	**2,377**	**5**	**-**	**2,382**	**-**	**-**	**-**	**-**				
Treasury bills and government bonds	2,362			2,362				-				
Other fixed-income securities	15	4		19				-				
Equities and other variable-income securities	1		1				-					
Borrowings and repurchase agreements	**-**	**10,411**	**556**	**10,967**	**-**	**351**	**-**	**351**				
Borrowings				-		351		351				
Repurchase agreements		10,411	556	10,967			-					
Debt securities (Note 5.i)	**-**	**-**	**-**	**-**	**-**	**3,551**	**864**	**4,415**				
Subordinated debt (Note 5.i)	**-**	**-**	**-**	**-**	**-**	**1,474**	**10**	**1,484**				
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**2,377**	**10,416**	**556**	**13,349**	**-**	**5,376**	**874**	**6,250**				

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		5,286	315	5,601		3,855	182	4,037
Foreign exchange derivatives		940		940		941		941
Credit derivatives		3	5	8		4	4	8
Equity derivatives		631		631		109		109
Other derivatives				-				-
Derivative financial instruments not used for hedging purposes	**-**	**6,860**	**320**	**7,180**	**-**	**4,909**	**186**	**5,095**
Derivative financial instruments used for hedging purposes	**-**	**1,907**		**1,907**	**-**	**4,120**	**-**	**4,120**

In millions of euros	31 December 2014							
	Positive market value				Negative market value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate derivatives		7,716	20	7,736		5,906	15	5,921
Foreign exchange derivatives		1,415		1,415		1,429		1,429
Credit derivatives		30		30		20	6	26
Equity derivatives		546		546		72		72
Other derivatives		1		1				-
Derivative financial instruments not used for hedging purposes	**-**	**9,708**	**20**	**9,728**	**-**	**7,427**	**21**	**7,448**
Derivative financial instruments used for hedging purposes	**-**	**1,948**		**1,948**	**-**	**4,380**	**-**	**4,380**

Transfers between levels may occur when an instrument fulfils the criteria defined, which are generally market and product dependent. The main factors influencing transfers are changes in the observation capabilities, passage of time, and events during the transaction lifetime. The timing of recognising transfers is determined at the end of the reporting period.

During 2015, transfers between Level 1 and Level 2 were not significant.

Description of main instruments in each level

The following section provides a description of the instruments in each level in the hierarchy. It describes notably instruments classified in Level 3 and the associated valuation methodologies. For main Trading Book instruments and derivatives classified in Level 3, further quantitative information is provided about the inputs used to derive fair value.

Level 1:
This level encompasses all derivatives and securities that are listed on exchanges or quoted continuously in other active markets.

Level 1 includes notably equity securities and liquid bonds, shortselling of these instruments, derivative instruments traded on organised markets (futures, options,...) and shares of funds, for which the net asset value is calculated on a daily basis.

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 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, foreign exchange (FX) forwards and options

- Structured derivatives such as exotic FX and interest rate options

Derivatives are classified in Level 2 when there is a documented stream of evidence supporting one of the following:

- Fair value is predominantly derived from prices or quotations of other Level 1 and Level 2 instruments, through standard market interpolation or stripping techniques whose results are regularly corroborated by real transactions

- Fair value is derived from other standard techniques such as replication or discounted cash flows that are calibrated to observable prices, that bear limited model risk and enable an effective offset of the risks of the instrument through trading Level 1 or Level 2 instruments

- Fair value is derived from more complex or proprietary valuation techniques but is directly evidenced through regular back-testing using external market-based data.

Determining of whether an over-the-counter (OTC) derivative is eligible for Level 2 classification involves judgement. Consideration is given to the origin, transparency and reliability of external data used and the amount of uncertainty associated with the use of models. It follows that the Level 2 classification criteria involve multiple analysis axis within an 'observability zone' whose limits are determined by i) a predetermined list of product categories and ii) the underlying and maturity bands. These criteria are regularly reviewed and updated, together with the applicable additional valuation adjustments, so that the classification by level remains consistent with the valuation adjustment policy.

Level 3:

Unlisted private equities investments are classified as Level 3, whose valuations are performed according to the BNP Paribas Fortis' valuation policy which follows the International Private Equity and Venture Capital Valuation (IPEV) guidelines.

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.

Repurchase agreements: mainly long-term or structured repurchase agreements. 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 the available data such as the implied basis of a 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.

Interest rate derivatives are classified at Level 3 when the exposure is beyond the observation zone for rate curves or volatility surfaces, or relates to less liquid markets such as emerging interest rates markets. The valuation technique is standard, and uses external market information and extrapolation techniques. Valuation adjustments for liquidity are taken for main yield and spread positions and specialised by currency and index.

- Vanilla derivatives (such as interest rate swaps and currency rate swaps) are subject to additional valuation adjustments linked to uncertainty on liquidity, specialised by the nature of underlying and liquidity bands.

- Complex derivatives classified at Level 3 comprise inflation derivatives and volatility swaps.

  Volatility swaps involve material model risk, as it is difficult to infer 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 at 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 the annual inflation 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, the products are classified as Level 3 due to the lack of liquidity and some uncertainties inherent in the calibration.

  These complex derivatives are subject to specific additional valuation adjustment so as to cover uncertainties linked to liquidity, parameters and model risk.

Valuation adjustments (CVA, DVA and FVA)

The additional valuation adjustment for counterparty credit risk (CVA),own-credit risk for derivatives (DVA) and the explicit funding valuation adjustment (FVA) are deemed to be unobservable components of the valuation framework and therefore classified in Level 3. This does not impact, in general cases, the classification of individual transactions into the fair value hierarchy. However since 2014, 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 poorly collateralized vanilla interest rate instruments with very long residual maturity.

For these products classified in Level 3, the following table provides the range of values of main unobservable inputs. The ranges displayed correspond to a variety of different underlying instruments and are meaningful only in the context of the valuation technique implemented by BNP Paribas Fortis. The weighted averages, where relevant and available, are based on fair values, nominal amounts or sensitivities.

Risk classes	Balance Sheet valuation		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
	Asset	Liability					
Repurchase agreements	151	62	Long-term repo and reverse-repo agreements	Proxy techniques, based amongst others 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-113 bp	73 bp [(a)]
Interest rate derivatives	315	182	Floors and caps on inflation rate or on the cumulative inflation (such as redemption floors), predominantly on European and French inflation	Inflation pricing model	Volatility of cumulative inflation	0.8% - 11.1%	[(b)]
					Volatility of the year on year inflation rate	0.3 % - 1.7 %	
			Forward volatility products such as volatility swaps, mainly in euro	Interest rates option pricing model	Forward volatility of interest rates	0.3 % - 0.7%	[(b)]
Credit Derivatives	5	4	Single name Credit Default Swaps (other than CDS on ABSs and loans indices)	Stripping, extrapolation and interpolation	Credit default spreads beyond observation limit (10 years)	110 bp to 245 bp	181 bp [(c)]
					Illiquid credit default spread curves (across main tenors)	5 bp to 1,338 bp	180 bp [(c)]

(a) *Weights based on relevant risk axis at portfolio level*

(b) *No weighting since no explicit sensitivity is attributed to these inputs*

(c) *Weighting is not based on risks, but on alternative methodology in relation with the Level 3 instruments (PV or notional)*

Table of movements in Level 3 financial instruments

For Level 3 financial instruments, the following movements occurred between 1 January 2014 and 31 December 2015:

In millions of euros	Financial Assets				Financial Liabilities		
	Financial instruments at fair value through profit or loss held for trading	Financial instruments designated as at fair value through profit or loss	Available-for-sale financial assets	TOTAL	Financial instruments at fair value through profit or loss held for trading	Financial instruments designated as at fair value through profit or loss	TOTAL
At 31 December 2013	**822**	**436**	**533**	**1,791**	**388**	**196**	**584**
Purchases			49	**49**			**-**
Issues				**-**		344	**344**
Sales		(54)	(7)	**(61)**			**-**
Settlements [1]	(10)		12	**2**	408	(32)	**376**
Transfers to level 3				**-**		480	**480**
Transfers from level 3	(678)			**(678)**	(184)	(112)	**(296)**
Gains or (losses) recognised in profit or loss with respect to transactions expired or terminated during the period	91		(44)	**47**		(2)	**(2)**
Gains or (losses) recognised in profit or loss with respect to unexpired instruments at the end of the period		(77)		**(77)**	(35)		**(35)**
- Exchange rate movements			*1*	**1**			**-**
- Changes in assets and liabilities recognised in equity			*17*	**17**			**-**
At 31 December 2014	**225**	**305**	**561**	**1,091**	**577**	**874**	**1,451**
Purchases	151	1	617	**769**			**-**
Issues				**-**	56	138	**194**
Sales		(54)	(6)	**(60)**			**-**
Settlements [1]	(44)		(14)	**(58)**	(492)	(14)	**(506)**
Transfers to level 3	324			**324**	89		**89**
Transfers from level 3	(25)			**(25)**		(340)	**(340)**
Gains or (losses) recognised in profit or loss with respect to transactions expired or terminated during the period			(24)	**(24)**		(50)	**(50)**
Gains or (losses) recognised in profit or loss with respect to unexpired instruments at the end of the period	(160)	(34)		**(194)**	18		**18**
- Exchange rate movements			*(2)*	**(2)**			**-**
- Changes in assets and liabilities recognised in equity			*71*	**71**			**-**
At 31 December 2015	**471**	**218**	**1,203**	**1,892**	**248**	**608**	**856**

[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 have been reflected as if they had taken place at the end of the reporting period.

The Level 3 financial instruments may be hedged by other Level 1 and Level 2 instruments, the gains and losses of which are not shown in this table. Consequently, the gains and losses shown in this table are not representative of the gains and losses arising from management of the net risk on all these instruments.

Sensitivity of fair value to reasonably possible changes in level 3 assumptions

The following table summarises those financial assets and financial liabilities classified as Level 3 for which alternative assumptions in one or more of the unobservable inputs would change fair value significantly.

The amounts disclosed are intended to illustrate the range of possible uncertainty inherent to the judgement applied when estimating Level 3 parameters, or when selecting valuation techniques. These amounts reflect valuation uncertainties that prevail at the measurement date, and even though such uncertainties predominantly derive from the portfolio sensitivities that prevailed at that measurement date, they are not predictive or indicative of future movements in fair value, nor do they represent the effect of market stress on the portfolio value.

In estimating sensitivities, BNP Paribas Fortis either remeasured the financial instruments using reasonably possible inputs, or applied assumptions based on the additional valuation adjustment policy.

For derivative exposures, the sensitivity measurement is based on the additional credit valuation (CVA), the explicit funding valuation adjustment (FVA) and the parameter and model uncertainty additional adjustments related to Level 3.

Regarding the additional credit valuation (CVA) and the explicit funding valuation adjustment (FVA), the uncertainty was calibrated based on prudent valuation adjustments described in the technical standard 'Prudent Valuation' published by the European Banking Authority. For other additional adjustments, two scenarios were considered: a favourable scenario where all or portion of the additional valuation adjustment is not considered by market participants and an unfavourable scenario where market participants would require as much as twice the additional valuation adjustments considered by BNP Paribas Fortis for entering into a transaction.

In millions of euros	31 December 2015		31 December 2014	
	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)				
CDOs / CLOs				
Other Asset Backed Securities				
Other fixed-income securities				
Equities and other variable-income securities	+/-2	+/-12	+/-3	+/-5
Repurchase agreements	+/-1		+/-4	
Derivative financial instruments	+/-25		+/-134	
Interest rate derivatives	*+/-25*		*+/-134*	
Credit derivatives	*+/-0*		*+/-0*	
Equity derivatives				
Other derivatives				
Sensitivity of Level 3 financial instruments	**+/-28**	**+/-12**	**+/-140**	**+/-5**

Deferred margin on financial instruments measured using techniques developed internally and based on inputs partly unobservable in active markets

Deferred margin on financial instruments ('Day One Profit') only concerns the scope of market activities eligible for Level 3.

The day one profit is calculated after setting aside additional valuation adjustments for uncertainties as described previously and released to profit or loss over the expected period for which the inputs will be unobservable.

The unamortised amount is included under 'Financial instruments at fair value through profit or loss' as a reduction in the fair value of the relevant complex transactions.

The deferred margin not taken to the profit and loss account but contained in the price of the derivatives sold to clients and measured using internal models based on non-observable parameters ('Day One Profit') is less than EUR 1 million.

5.e Reclassification of financial instruments initially recognised at fair value through profit or loss held for trading purposes or as available-for-sale assets

The amendments to IAS 39 and IFRS 7 adopted by the European Union on 15 October 2008 permit the reclassification of instruments initially held for trading or available-for-sale within the customer loan portfolios or as available-for-sale securities.

In millions of euros	Reclassification date	31 December 2015		31 December 2014	
		Carrying value	Market or model value	Carrying value	Market or model value
Structured transactions and other fixed-income securities from the available-for-sale portfolio		**3 847**	**4 042**	**4 605**	**4 960**
of which Portuguese sovereign securities	*30 June 2011*	*310*	*360*	*400*	*464*
of which Irish sovereign securities	*30 June 2011*	*138*	*174*	*134*	*178*
of which structured transactions and other fixed-income securities	*30 June 2009*	*3 399*	*3 508*	*4 071*	*4 318*
Structured transactions and other fixed-income securities from other assets portfolio	**30 June 2009**	**39**	**39**	**430**	**430**
Structured transactions and other fixed-income securities from the trading portfolio	**30 June 2009**	**129**	**136**	**150**	**161**

Without these reclassifications, BNP Paribas Fortis' net income would not have been significantly different for the year ended 31 December 2015, nor for the year ended 31 December 2014. Similarly, changes in value of assets and liabilities recognised directly in equity would not have been significantly different in 2015, nor in 2014.

5.f Interbank and money-market items

Loans and receivables due from credit institutions

In millions of euros	31 December 2015	31 December 2014
On demand accounts	1,973	2,255
Loans[1]	11,164	11,856
Repurchase agreements	32	229
Total loans and receivables due from credit institutions, before impairment	**13,169**	**14,340**
of which doubtful loans	*160*	*202*
Impairment of loans and receivables due from credit institutions (Note 3.f)	**(105)**	**(133)**
specific impairment	(90)	(120)
collective provisions	(15)	(13)
Total loans and receivables due from credit institutions, net of impairment	**13,064**	**14,207**

(1) *Loans and receivables due from credit institutions include term deposits made with central banks, which amounted to EUR 308 million as at 31 December 2015 (EUR 319 million as at 31 December 2014).*

Due to credit institutions

In millions of euros	31 December 2015	31 December 2014
On demand accounts	924	1,156
Borrowings	20,782	12,553
Repurchase agreements	903	1,763
Total due to credit institutions	**22,609**	**15,472**

5.g Customer items

Loans and receivables due from customers

In millions of euros	31 December 2015	31 December 2014
On demand accounts	9,405	10,682
Loans to customers	154,571	147,892
Repurchase agreements	2,489	30
Finance leases	13,120	11,316
Total loans and receivables due from customers, before impairment	**179,585**	**169,920**
of which doubtful loans	*5,267*	*5,916*
Impairment of loans and receivables due from customers (Note 3.f)	**(2,945)**	**(3,069)**
specific impairment	*(2,338)*	*(2,491)*
collective provisions	*(607)*	*(578)*
Total loans and receivables due from customers, net of impairment	**176,640**	**166,851**

Breakdown of finance leases

In millions of euros	31 December 2015	31 December 2014
Gross investment	**15,480**	**13,584**
Receivable within 1 year	*5,128*	*4,414*
Receivable after 1 year but within 5 years	*9,280*	*7,436*
Receivable beyond 5 years	*1,072*	*1,734*
Unearned interest income	**(2,360)**	**(2,268)**
Net investment before impairment	**13,120**	**11,316**
Receivable within 1 year	*4,369*	*3,696*
Receivable after 1 year but within 5 years	*7,862*	*6,193*
Receivable beyond 5 years	*889*	*1,427*
Impairment provisions	**(331)**	**(369)**
Net investment after impairment	**12,789**	**10,947**

Due to customers

In millions of euros	31 December 2015	31 December 2014
On demand deposits	72,210	72,909
Term accounts and short-term notes	40,426	31,921
Regulated savings accounts	60,667	62,017
Repurchase agreements	2,858	953
Total due to customers	**176,161**	**167,800**

5.h Past-due and doubtful loans

The following tables present the carrying amounts of financial assets that are past due but not impaired and impaired assets and related collateral or other guarantees. The amounts shown are stated before any provision on a portfolio basis.

The amounts shown for collateral and other guarantees correspond to the lower of the value of the collateral or other guarantee and the value of the secured assets.

Past-due but not impaired loans

In millions of euros	31 December 2015					
	< 90 days	> 90 days < 180 days	> 180 days < 1 year	> 1 year	Total	Collateral received
Loans and receivables due from credit institutions	1				1	1
Loans and receivables due from customers	2,762	21	4	1	2,788	1,235
Total past-due but not impaired loans	**2,763**	**21**	**4**	**1**	**2,789**	**1,236**

In millions of euros	31 December 2014					
	< 90 days	> 90 days < 180 days	> 180 days < 1 year	> 1 year	Total	Collateral received
Loans and receivables due from credit institutions	2				2	2
Loans and receivables due from customers	2,896	22	7	1	2,926	1,243
Total past-due but not impaired loans	**2,898**	**22**	**7**	**1**	**2,928**	**1,245**

Doubtful loans

In millions of euros	31 December 2015			
	Doubtful loans			Collateral received
	Gross value	Impairment	Net	
Available-for-sale financial assets (excl. variable-income securities) (Note 5.c)	11	(11)		
Loans and receivables due from credit institutions (Note 5.f)	160	(90)	70	66
Loans and receivables due from customers (Note 5.g)	5,267	(2,338)	2,929	2,353
Doubtful assets	**5,438**	**(2,439)**	**2,999**	**2,419**
Financing commitments given	171	(3)	168	146
Guarantee commitments given	211	(85)	126	-
Off-balance sheet doubtful commitments	**382**	**(88)**	**294**	**146**
Total	**5,820**	**(2,527)**	**3,293**	**2,565**

In millions of euros	31 December 2014			
	Doubtful loans			Collateral received
	Gross value	Impairment	Net	
Available-for-sale financial assets (excl. variable-income securities) (Note 5.c)	28	(28)		
Loans and receivables due from credit institutions (Note 5.f)	202	(120)	82	53
Loans and receivables due from customers (Note 5.g)	5,916	(2,491)	3,425	2,599
Doubtful assets	**6,146**	**(2,639)**	**3,507**	**2,652**
Financing commitments given	164	(1)	163	124
Guarantee commitments given	233	(93)	140	
Off-balance sheet doubtful commitments	**397**	**(94)**	**303**	**124**
Total	**6,543**	**(2,733)**	**3,810**	**2,776**

5.i Debt securities and subordinated debt

This note covers all debt securities and subordinated debt measured at amortised cost and designated as at fair value through profit or loss.

Debt securities measured at amortised cost:

In millions of euros	31 December 2015	31 December 2014
Negotiable certificates of deposit and other debt securities	11,049	11,712
Bond issues	84	351
Total debt securities	**11,133**	**12,063**

Debt securities and subordinated debt at fair value through profit and loss

In millions of euros	31 December 2015	Amount accepted Tier 1	Amount accepted Tier 2	31 December 2014
Debt securities	3,776	-	-	4,415
Subordinated debt	1,330	198	245	1,484

Subordinated debt measured at amortised cost

In millions of euros	31 December 2015	Amount accepted Tier 1	Amount accepted Tier 2	31 December 2014
Redeemable subordinated debt	4,974	-	2,663	4,203
Undated subordinated debt	110	-	107	130
Total subordinated debt at amortised cost	**5,084**			**4,333**

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 proportionate settlement of the RPN. The agreement between Ageas and BNP Paribas will expire by year-end 2016.

BNP Paribas obtained the prior agreement from the European Central Bank to proceed to purchase of CASHES within a limit of EUR 200 million nominal amount.

As at 31 December 2015, due to this prior agreement, the subordinated liability is eligible to Tier 1 for capital for EUR 198 million (during the transitional period).

5.j Held-to-maturity financial assets

In millions of euros	31 December 2015	31 December 2014
Treasury bills and government bonds	330	336
Other fixed-income securities	252	805
Total held-to-maturity financial assets	**582**	**1,141**

No held-to-maturity financial asset has been impaired as at 31 December 2015, nor as at 31 December 2014.

5.k Current and deferred taxes

In millions of euros	31 December 2015	Restated 31 December 2014
Current taxes	70	127
Deferred taxes	2,457	3,034
Current and deferred tax assets	**2,527**	**3,161**
Current taxes	159	119
Deferred taxes	532	557
Current and deferred tax liabilities	**691**	**676**

Changes in deferred tax over the period:

In millions of euros	Year to 31 Dec. 2015	Restated Year to 31 Dec. 2014
Net deferred taxes at start of period	**2,477**	**3,097**
Net losses arising from deferred taxes (note 3.g)	(413)	(408)
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	115	(586)
Changes in deferred taxes linked to changes in value and reversal through profit or loss of changes in value of cash flow hedge derivatives	7	(45)
Changes in deferred taxes linked to items recognised directly in equity that will not be reclassified to profit and loss	(127)	38
Effect of exchange rate, scope and other movements	(134)	381
Net deferred taxes at end of period	**1,925**	**2,477**

Breakdown of deferred taxes and liabilities by nature:

In millions of euros	31 December 2015	Restated 31 December 2014
Available-for-sale financial assets including those reclassified as loans and receivables	(788)	(839)
Hedging derivatives	733	844
Unrealised finance lease reserve	(197)	(232)
Provisions for employee benefit obligations	78	225
Provisions for credit risk	451	496
Other items	(13)	(12)
Tax loss carryforwards	1,661	1,995
Net deferred taxes	**1,925**	**2,477**
Deferred tax assets	2,457	3,034
Deferred tax liabilities	(532)	(557)

Unrecognised deferred tax assets totalled EUR 1,272 million at 31 December 2015 compared with EUR 1,311 million as at 31 December 2014.

In order to determine the size of the tax loss carryforwards recognised as assets, BNP Paribas Fortis 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 revenues and charges in line with their business plan.

Main entities with deferred tax assets recognised on tax loss carry forwards:

In millions of euros	31 December 2015	Statutory limits on carryforwards	Expected recovery period
BNP Paribas Fortis (excluding branches)	1,590	unlimited	5 years
US Branch	46	20 years	14 years
Other	25	-	-
Total deferred tax assets relating to tax loss carryforwards	**1,661**		

5.l Accrued income/expense and other assets/liabilities

In millions of euros	31 December 2015	Restated 31 December 2014
Guarantee deposits and bank guarantees paid	3,407	5,261
Settlement accounts related to securities transactions	108	470
Collection accounts	36	33
Accrued income and prepaid expenses	358	249
Other debtors and miscellaneous assets	4,586	5,572
Total accrued income and other assets	**8,495**	**11,585**
Guarantee deposits received	1,241	1,788
Settlement accounts related to securities transactions	49	450
Collection accounts	60	61
Accrued expense and deferred income	976	1,072
Other creditors and miscellaneous liabilities	4,235	4,066
Total accrued expense and other liabilities	**6,561**	**7,437**

5.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. 2015			31 December 2015	Restated year to 31 Dec. 2014			31 December 2014
	Share of earnings	Share of changes in assets and liabilities recognised directly in equity	Share of earnings and of changes in assets and liabilities recognised directly in equity	Investments in associates and joint ventures	Share of earnings	Share of changes in assets and liabilities recognised directly in equity	Share of earnings and of changes in assets and liabilities recognised directly in equity	Investments in equity method associates
Joint ventures	7	(41)	(34)	440	(38)	78	40	485
Associates [1]	199	29	228	3,956	189	269	458	3,463
Total equity method entities	**206**	**(12)**	**194**	**4,396**	**151**	**347**	**498**	**3,948**

[1] *Including controlled but non material entities consolidated under the equity method*

Financing and guarantee commitments given by BNP Paribas Fortis to joint ventures and associates are listed in the Note 8.g 'Related parties'.

The carrying amount of the BNP Paribas Fortis' investment in the main joint ventures and associates is presented in the following table:

In millions of euros Name	Country of registration	Activity	Accounting standard	Nature of relationship	31 December 2015		31 December 2014	
					Interest %	Equity-method investments	Interest %	Equity-method investments
Joint ventures								
bpost bank	Belgium	Retail banking	-	-	50%	**366**	50%	**405**
Associates								
AG Insurance	Belgium	Multichannel insurer	IFRS	Strategic investment	25%	**1,840**	25%	**1,773**
BNPP - Investment Partners	France	Asset Management	IFRS	Strategic investment	30.85%	**1,220**	30.85%	**1,171**
Bank BGŻ BNP Paribas	Poland	Retail banking	-	-	28.35%	**441**	-	**-**

AG Insurance:

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Total net income	419	433
Changes in assets and liabilities recognised directly in equity	238	937

In millions of euros	31 December 2015	31 December 2014
Total assets	73,975	74,113
Total liabilities	67,195	67,774
Net assets of the equity associate	**6,780**	**6,339**

BNPP Investement Partners:

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Total net income	149	21
Changes in assets and liabilities recognised directly in equity	(6)	6

In millions of euros	31 December 2015	31 December 2014
Total assets	3,961	4,260
Total liabilities	1,018	1,447
Net assets of the equity associate	**2,943**	**2,812**

Reconciliation of AG Insurance's total net assets to BNP Paribas Fortis' carrying amount in the Consolidated Financial Statements:

In millions of euros	31 December 2015	31 December 2014
Total net assets	6,780	6,339
Minority interest at AG Insurance level	(231)	(134)
Purchase Price Allocations (PPA)	(62)	16
Adjusted total net assets	**6,487**	**6,221**
BNP Paribas Fortis' interest % in AG Insurance	25%	25%
BNP Paribas Fortis' share in AG Insurance	1,622	1,555
Goodwill	218	218
Carrying amount	**1,840**	**1,773**

BNP Paribas Fortis received dividends of EUR 98 million from AG Insurance in 2015 (EUR 56 million in 2014).

Impairment testing on investments in equity associates

According to the IFRS-rules, there is a requirement to assess at the end of each reporting period whether there is any objective evidence that an investment in an equity associate is impaired. There is objective evidence of impairment if events have occurred, during the period, which have negative impacts on the estimated future cash flows that will be generated by the investment. If so, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36, by comparing its carrying amount with its recoverable amount, being the highest of the fair value less costs to sell and the value in use.

It is considered that at 31 December 2015, there were no triggers requiring an impairment test for the investments in associates and joint ventures, except for the investment in the asset management activities. This investment continued to suffer from a difficult financial environment in the asset management sector. The current market conditions imply that the profitability of many asset managers remains under pressure while future earnings prospects are also still uncertain.

Accordingly, this investment was tested for impairment by comparing its carrying amount with its value-in-use. The valuation approach is the DCF (discounted cash flow model) analysis, aligned with the methodology as also applied at BNP Paribas Group level.

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 and the growth rate to perpetuity.

The perpetual growth rate is set at 2%, the level of expected long-term inflation. The test takes into account a cost of capital in line with current market standards. Other key parameters include the cost/income ratio, the tax rate and the growth rates of revenues and expenses. These parameters are specific to the business.

Equity allocated is set at 7% of the Risk Weighted Assets. This constraint complies with regulatory requirements applicable to a bank and is consistent with the fact that this asset manager is owned by a bank.

Based on the above, it appeared that no additional impairments (nor release hereof) were required.

In 2013 and 2012, the impairment testing on the investment in BNPP IP showed that the recoverable amount was below the carrying amount of the investment, which gave rise to a goodwill impairment of respectively EUR (446) million and EUR (470) million.

The table below shows the sensitivity of the estimated value of the investment to key assumptions:

In millions of euros	**31 December 2015**
	BNPP IP
Cost of capital	
Adverse change (+10 basis points)	(16)
Positive change (-10 basis points)	16
Cost/income ratio	
Adverse change (+1%)	(28)
Positive change (-1%)	28
Long-term growth rate	
Adverse change (-50 basis points)	(52)
Positive change (+50 basis points)	60

Regarding the investment in AG Insurance, an analysis was performed, which did not identify any impairment trigger as of 31 December 2015.

5.n Property, plant, equipment and intangible assets used in operations, investment property

	31 December 2015			31 December 2014		
In millions of euros	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount
Investment property	**249**	**(124)**	**125**	**279**	**(132)**	**147**
Land and buildings	2,327	(1,230)	1,097	2,268	(1,180)	1,088
Equipment, furniture and fixtures	1,078	(847)	231	1,162	(891)	271
Plant and equipment leased as lessor under operating leases	517	(242)	275	532	(251)	281
Other property, plant and equipment	604	(173)	431	457	(208)	249
Property, plant and equipment	**4,526**	**(2,492)**	**2,034**	**4,419**	**(2,530)**	**1,889**
Purchased software	296	(258)	38	290	(246)	44
Internally-developed software	189	(137)	52	173	(117)	56
Other intangible assets	118	(22)	96	123	(50)	73
Intangible assets	**603**	**(417)**	**186**	**586**	**(413)**	**173**

Investment property

The estimated fair value of investment property accounted for at amortised cost at 31 December 2015 is EUR 134 million, compared with EUR 155 million at 31 December 2014.

Operating leases

Operating leases and investment property transactions are in certain cases subject to agreements providing for the following minimum future payments:

In millions of euros	31 December 2015	31 December 2014
Future minimum lease payments receivable under non-cancellable leases	**446**	**417**
Payments receivable within 1 year	*162*	*115*
Payments receivable after 1 year but within 5 years	*245*	*252*
Payments receivable beyond 5 years	*39*	*50*

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 BNP Paribas Fortis.

Depreciation, amortisation and impairment

Net depreciation and amortisation expense for the year ending 31 December 2015 was EUR 221°million, compared with EUR 218 million for the year ending 31 December 2014.

The net increase in impairment on property, plant and equipment and intangible assets taken to the profit and loss account in the year ending 31 December 2015 amounted to EUR 0.2 million, compared with EUR 2 million for the year ended 31 December 2014.

5.0 Goodwill

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Carrying amount at start of period	**328**	**319**
Acquisitions		
Divestments		
Impairment recognised during the period		
Exchange rate adjustments	(19)	9
Other movements		
Carrying amount at end of period	**309**	**328**
Gross value	556	679
Accumulated impairment recognised at the end of period	(247)	(351)

Goodwill by cash-generating unit is as follows:

In millions of euros	Carrying amount		Impairment recognised during the period		Acquisition of the period	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
BNP Paribas Fortis in Belgium	**28**	**28**	**-**	**-**	**-**	**-**
Alpha Crédit	*22*	*22*				
Fortis Commercial Finance	*6*	*6*				
BNP Paribas Fortis in Luxembourg	**137**	**136**	**-**	**-**	**-**	**-**
Leasing (BPLS)	*137*	*136*				
BNP Paribas Fortis in other countries	**144**	**164**	**-**	**-**	**-**	**-**
TEB Group	*144*	*164*				
Total goodwill	**309**	**328**	**-**	**-**	**-**	**-**

BNP Paribas Fortis activities are divided into cash-generating units, representing reporting entities or groups of reporting entities of BNP Paribas Fortis. The breakdown is consistent with BNP Paribas Fortis' organisational structure and management methods, and reflects the independence of the reporting entities in terms of results and management approach. This 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.

The cash generating units to which goodwill is allocated are:

- **Alpha Credit** is the bank's consumer credit specialist. It provides a comprehensive range of consumer loans at point of sale (retail stores and car dealerships) and directly to clients. It distributes also its products through the bank's retail network and through bpost bank. It is the market leader in Belgium and Luxembourg.

- **Fortis Commercial finance** is the subsidiary of the bank regrouping its factoring activities. It is mainly active in Belgium, Germany, UK and The Netherlands. It is the market leader in Belgium.

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

- **Turk Ekonomi Bankasi (TEB):** Present mostly in Turkey, TEB 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 services.

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 comparable 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.

Sensitivities

The table below shows the 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.

	31 December 2015	
In millions of euros	**Alpha Crédit**	**BPLS**
Cost of capital		
Adverse change (+10 basis points)	(7)	(63)
Positive change (-10 basis points)	8	65
Cost/income ratio		
Adverse change (+1%)	(14)	(85)
Positive change (-1%)	14	85
Cost of risk		
Adverse change (+5%)	(94)	(134)
Positive change (-5%)	75	106
Long-term growth rate		
Adverse change (-50 basis points)	(14)	(177)
Positive change (+50 basis points)	17	209

There are no grounds for goodwill impairment even if the adverse scenarios reflected in the table are applied for the impairment test.

5.p Provisions for contingencies and charges

In millions of euros	31 December 2014	Net additions to provisions	Provisions used	Changes in value recognised directly in equity	Effect of movements in exchange rates and other movements	31 December 2015
Provisions for employee benefits	**3,827**	**(1)**	**(63)**	**(226)**	**(23)**	**3,514**
of which post-employment benefits (Note 7.b)	3,308	32	(35)	(206)	(18)	3,081
of which post-employment healthcare benefits (Note 7.b)	96	-	-	(20)	-	76
of which provision for other long-term benefits (Note 7.c)	102	8	(6)		(2)	102
of which provision for voluntary departure, early retirement plans, and headcount adaptation plan (Note 7.d)	309	(48)	(10)		(3)	248
of which provision for share-based payment	12	7	(12)		-	7
Provisions for home savings accounts and plans	**-**	**-**	**-**		**-**	**-**
Provisions for credit commitments (Note 3.f)	**131**	**19**	**(68)**	**-**	**(1)**	**81**
Provisions for litigation	**207**	**6**	**(14)**	**-**	**4**	**203**
Other provisions for contingencies and charges	**116**	**60**	**(27)**	**1**	**9**	**159**
Total provisions for contingencies and charges	**4,281**	**84**	**(172)**	**(225)**	**(11)**	**3,957**

5.q Offsetting of financial assets and liabilities

The following table presents the amounts of financial assets and liabilities before and after offsetting. This information, required by IFRS 7 aims to enable the comparability with the accounting treatment applicable in accordance with generally accepted accounting principles in the United States (US GAAP), which are less restrictive than IAS 32 as regards offsetting.

'Amounts set off on the balance sheet' have been determined according to IAS 32. Thus, a financial asset and a financial liability are offset and the net amount presented on the balance sheet when and only when, the BNP Paribas Fortis has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The amounts offset derive mainly from repurchase agreements and derivative instruments traded with clearing houses.

The 'Impacts of Master Netting Agreements and similar agreements' are relative to outstanding amounts of transactions within an enforceable agreement, which do not meet the offsetting criteria defined by IAS 32. This is the case of transactions for which offsetting can only be performed in case of default, insolvency or bankruptcy of one of the contracting parties.

'Financial instruments given or received as collateral' include guarantee deposits and securities collateral recognised at fair value. These guarantees can only be exercised in case of default, insolvency or bankruptcy of one of the contracting parties.

Regarding master netting agreements, the guarantee deposits received or given in compensation for the positive or negative fair values of financial instruments are recognised in the balance sheet in 'Accrued income or expenses' and 'Other assets or liabilities'.

In millions of euros at 31 December 2015	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments received as collateral	Net amounts
Assets						
Financial instruments at fair value through profit or loss						
Trading securities	*1,970*	-	*1,970*	-	-	*1,970*
Loans	-	-	-	-	-	-
Repurchase agreements	*3,362*	*(1,492)*	*1,870*	*(1,241)*	*(580)*	*49*
Instruments designated as at fair value through profit or loss	*1,946*	-	*1,946*	-	-	*1,946*
Derivative financial instruments (including derivatives used for hedging purposes)	*9,102*	*(15)*	*9,087*	*(4,037)*	*(1,332)*	*3,718*
Loans and receivables due from customers and credit institutions	**190,250**	**(546)**	**189,704**	**(1,673)**	**(780)**	**187,251**
of which repurchase agreements	*2,521*	-	*2,521*	*(1,673)*	*(780)*	*68*
Accrued income and other assets	**8,495**	**-**	**8,495**	**-**	**(3,224)**	**5,271**
of which guarantee deposits paid	*3,407*	-	*3,407*	-	*(3,224)*	*183*
Other assets not subject to offsetting	60,611	-	60,611	-	-	60,611
TOTAL ASSETS	**275,736**	**(2,053)**	**273,683**	**(6,951)**	**(5,916)**	**260,816**

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	*3,044*	-	*3,044*	-	-	*3,044*
Borrowings	*17*	-	*17*	-	-	*17*
Repurchase agreements	*5,059*	*(1,492)*	*3,567*	*(1,418)*	*(1,879)*	*270*
Instruments designated as at fair value through profit or loss	*5,355*	-	*5,355*	-	-	*5,355*
Derivative financial instruments (including derivatives used for hedging purposes)	*9,230*	*(15)*	*9,215*	*(4,037)*	*(3,189)*	*1,989*
Due to customers and to credit institutions	**199,316**	**(546)**	**198,770**	**(1,496)**	**(1,981)**	**195,293**
of which repurchase agreements	*3,761*	-	*3,761*	*(1,496)*	*(1,981)*	*284*
Accrued expense and other liabilities	**6,561**	**-**	**6,561**	**-**	**(1,195)**	**5,366**
of which guarantee deposits received	*1,241*	-	*1,241*	-	*(1,195)*	*46*
Other liabilities not subject to offsetting	23,107	-	23,107	-	-	23,107
TOTAL LIABILITIES	**251,689**	**(2,053)**	**249,636**	**(6,951)**	**(8,244)**	**234,441**

In millions of euros at 31 December 2014	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 according to IFRS 7 §13 C (e)
Assets						
Financial instruments at fair value through profit or loss						
Trading securities	*2,145*	-	*2,145*	-	-	*2,145*
Loans	*4*	-	*4*	-	-	*4*
Repurchase agreements	*6,220*	*(447)*	*5,773*	*(3,646)*	*(1,990)*	*137*
Instruments designated as at fair value through profit or loss	*2,038*	-	*2,038*	-	-	*2,038*
Derivative financial instruments (including derivatives used for hedging purposes)	*11,691*	*(15)*	*11,676*	*(5,402)*	*(1,884)*	*4,390*
Loans and receivables due from customers and credit institutions	**181,630**	**(572)**	**181,058**	**(164)**	**(89)**	**180,805**
of which repurchase agreements	*259*	-	*259*	*(164)*	*(89)*	*6*
Accrued income and other assets	**11,585**	**-**	**11,585**	**-**	**(4,605)**	**6,980**
of which guarantee deposits paid	*5,261*	-	*5,261*	-	*(4,605)*	*656*
Other assets not subject to offsetting	60,927	-	60,927	-	-	60,927
TOTAL ASSETS	**276,240**	**(1,034)**	**275,206**	**(9,212)**	**(8,568)**	**257,426**

In millions of euros, at 31 December 2014	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 according to IFRS 7 §13 C (e)
Liabilities						
Financial instruments at fair value through profit or loss						
Trading securities	*2,382*	-	*2,382*	-	-	*2,382*
Borrowings	-	-	-	-	-	-
Repurchase agreements	*11,414*	*(447)*	*10,967*	*(3,054)*	*(7,198)*	*715*
Instruments designated as at fair value through profit or loss	*6,250*	-	*6,250*	-	-	*6,250*
Derivative financial instruments (including derivatives used for hedging purposes)	*11,843*	*(15)*	*11,828*	*(5,402)*	*(4,602)*	*1,824*
Due to customers and to credit institutions	**183,844**	**(572)**	**183,272**	**(756)**	**(1,783)**	**180,733**
of which repurchase agreements	*2,716*	-	*2,716*	*(756)*	*(1,783)*	*177*
Accrued expense and other liabilities	**7,437**	**-**	**7,437**	**-**	**(1,694)**	**5,743**
of which guarantee deposits received	*1,788*	-	*1,788*	-	*(1,694)*	*94*
Other liabilities not subject to offsetting	27,675	-	27,675	-	-	27,675
TOTAL LIABILITIES	**250,845**	**(1,034)**	**249,811**	**(9,212)**	**(15,277)**	**225,322**

5.r Transfers of financial assets

BNP Paribas Fortis enters into transactions in which it transfers financial assets held on the balance sheet and as a result may either be eligible to derecognise the transferred asset in its entirely or must continue to recognise the transferred asset to the extent of any continuing involvement. More information is included in Note 1 'Summary of significant accounting policies'.

Financial assets that have been transferred but not derecognised by BNP Paribas Fortis 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 2015		31 December 2014	
In millions of euros	**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	424		568	
Repurchase agreements				
Securities at fair value through profit or loss	524	520	788	779
Securities classified as loans and receivables	395	395	487	487
Available-for-sale financial assets	3,467	3,464	8,042	8,030
Total	**4,810**	**4,379**	**9,885**	**9,296**

Securitisation transactions partially refinanced by external investors, whose recourse is limited to the transferred assets:

In millions of euros	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	35,832	2,386	37,426	2,317	35,109
Total	**35,832**	**2,386**	**37,426**	**2,317**	**35,109**

In millions of euros	31 December 2014				
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities	Net position
Securitisation					
Loans and receivables	36,421	2,582	38,014	2,582	35,432
Total	**36,421**	**2,582**	**38,014**	**2,582**	**35,432**

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.

6 Financing commitments and guarantee commitments

6.a Financing commitments given or received

Contractual value of financing commitments given and received by BNP Paribas Fortis:

In millions of euros	31 December 2015	31 December 2014
Financing commitments given		
- to credit institutions	654	631
- to customers	59,111	52,084
Confirmed letters of credit	*43,133*	*47,482*
Other commitments given to customers	*15,978*	*4,602*
Total financing commitments given	**59,765**	**52,715**
Financing commitments received		
- from credit institutions	11,310	18,351
- from customers	10	26
Total financing commitments received	**11,320**	**18,377**

6.b Guarantee commitments given by signature

In millions of euros	31 December 2015	31 December 2014
Guarantee commitments given		
- to credit institutions	6,254	5,759
- to customers	18,415	18,051
Sureties provided to tax and other authorities, other sureties	*491*	*366*
Other guarantees	*17,924*	*17,685*
Total guarantee commitments given	**24,669**	**23,810**

6.c Other guarantee commitments

Financial instruments given as collateral:

In millions of euros	31 December 2015	31 December 2014
Financial instruments (negotiable securities and private receivables) lodged with central banks and eligible for use at any time as collateral for refinancing transactions after haircut	10,836	13,887
- Used as collateral with central banks	-	*803*
- Available for refinancing transactions	*10,836*	*13,084*
Securities sold under repurchase agreements	7,451	14,063
Other financial assets pledged as collateral for transactions with credit institutions, financial customers	5,924	6,206

Financial instruments given as collateral by BNP Paribas Fortis that the beneficiary is authorised to sell or reuse as collateral amounted to EUR 7,477 million at 31 December 2015 (EUR 14,076 million at 31 December 2014).

Financial instruments received as collateral:

In millions of euros	31 December 2015	31 December 2014
Financial instruments received as collateral (excluding repurchase agreements)	7,189	4,349
of which instruments that BNP Paribas Fortis is authorised to sell and reuse as collateral	*615*	*920*
Securities received under repurchase agreements	4,593	6,357

The financial instruments received as collateral or under repurchase agreements that BNP Paribas Fortis effectively sold or reused as collateral amounted to EUR 4,003 million at 31 December 2015 (compared with EUR 5,122 million at 31 December 2014).

Financial instruments given or received as collateral are mainly measured at fair value.

7 Salaries and employee benefits

7.a Salary and employee benefit expenses

In millions of euros	31 December 2015	31 December 2014
Fixed and variable remuneration, incentive bonuses and profit-sharing	(1,830)	(1,900)
Employee benefit expense	(601)	(655)
Payroll taxes	(9)	(7)
Total salary and employee benefit expenses	**(2,440)**	**(2,562)**

7.b Post-employment benefits

IAS 19 distinguishes between two categories of plans, each handled differently depending on the risk incurred by the entity. When the entity is committed to paying a fixed amount, stated as a percentage of the beneficiary's annual salary, for example, to an external entity handling payment of the benefits based on the assets available for each plan member, it is described as a defined-contribution plan. Conversely, when the entity's obligation is to manage the financial assets funded through the collection of contributions from employees and to bear the cost of benefits itself or to guarantee the final amount subject to future events, it is described as a defined-benefit plan. The same applies, if the entity entrusts management of the collection of premiums and payment of benefits to a separate entity, but retains the risk arising from management of the assets and/or from future changes in the benefits.

Defined-contribution pension plans of BNP Paribas Fortis entities

BNP Paribas Fortis has implemented over the past few years a wide campaign of converting defined-benefit plans into defined-contribution plans.

Since defined-benefit plans have been closed to new employees in most countries, they are offered the benefit of joining defined contribution pensions plans.

The amount paid into defined-contribution post-employment plans for the year to 31 December 2015 was EUR 50 million, compared with EUR 48 million for the year to 31 December 2014.

The breakdown by major contributors is determined as follows:

Contribution amount In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Turkey	43	40
Other	7	8
TOTAL	**50**	**48**

Defined-benefit pension plans of BNP Paribas Fortis entities

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 98% at 31 December 2015 (87% at 31 December 2014) through AG Insurance, in which BNP Paribas Fortis owns a 25% equity interest.

BNP Paribas Fortis senior managers are covered by a top-up pension plan paying a lump sum based on the number of years of service and final salary. This plan is pre-funded at 85% (74% at end-2014) through AXA Belgium and AG Insurance. Since 1 January 2015, this plan is closed for new senior managers. Those are offered a new defined-contribution scheme, which also applies to senior managers already in service at that date who chose to join this scheme.

In addition, the law requires employers to guarantee a minimum return on assets saved under defined-contribution schemes. As a result of this obligation, these plans are classified as defined-benefit schemes. An annual review ensures that the financial assets are sufficient to honour the guaranteed return imposed upon the employer. BNP Paribas Fortis accounts for its defined contribution pension schemes according to the methodology commonly known as ''intrinsic value method'' on the Belgian market.

At 31 December 2015, the amount of assets of Belgian schemes with minimum guaranteed return stood at EUR 615 million (EUR 529 million at 31 December 2014) and the obligations at EUR 541 million at 31 December 2015 (EUR 505 million at 31 December 2014). The obligations have been determined on an individual basis as the maximum between the mathematical reserves and the minimum guarantee at 31 December 2015. The expected contribution of BNP Paribas Fortis to Belgian schemes during 2016 will amount to an expected EUR 39 million.

The main Belgian defined contribution schemes are backed by insurance contracts with AG Insurance, the main characteristic of which being to offer a return guaranteed by the insurer of 4.75% or 3.25% until the retirement age on the major part of the reserves and of the contributions paid. The remainder is invested in assets with a guaranteed return of 1.75% or 1.00%. The other schemes only have a guaranteed return until the retirement age on the reserves, which is of 3.25%, 2.25% or 1.50%.

At 31 December 2015 the situation was as shown hereunder :

	In millions of euros	
Investment in insured assets with an insured guaranteed return of :	Amount of reserves at 31 December 2015	Expected Contribution in 2016 by employees and BNP Paribas Fortis
4.75%	172	4
3.25%	284	19
2.25%	34	-
1.75%	39	4
1.50%	5	11
1.00%	7	1

For each of its defined contribution schemes, BNP Paribas Fortis has calculated the present value of the difference between the mathematical reserves and the minimum guarantee not only at 31 December 2015 but also at the moment of retirement of its employees. This actuarial study demonstrates that the financial assets detained in defined contribution pension schemes in Belgium are sufficient to honour the minimum guaranteed return on assets detained at 31 December 2015 until the moment on which the employees retire.

In Turkey, the pension plan replaces the national pension scheme (these obligations should in the future be transferred to the Turkish State and are measured based on the terms of the transfer) and offers guarantees exceeding the minimal legal requirements. At the end of 2015, obligations under this plan are fully funded by financial assets held with an external foundation; these financial assets exceed the related obligations, but since it is not refundable, this surplus is not recognised as an asset by BNP Paribas Fortis. The funding rate for the scheme as at 31 December 2015 stood at 172% (195% at 31 December 2014).

Obligations under defined-benefit plans

Assets and liabilities recognised on the balance sheet

In millions of euros, at 31 December 2015	Defined-benefit obligation arising from wholly or partially funded plans	Defined-benefit obligation arising from unfunded plans	Present value of defined-benefit obligation	Fair value of plan assets	Fair value of reimburse- ment 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	2,973	17	2,990	-	(2,912)	-	78	(2,912)	-	(2,912)	2,990
Turkey	281	31	312	(484)	-	203	31	-	-	-	31
Others	318	13	331	(285)	(18)	-	28	(32)	(14)	(18)	60
TOTAL	**3,572**	**61**	**3,633**	**(769)**	**(2,930)**	**203**	**137**	**(2,944)**	**(14)**	**(2,930)**	**3,081**

In millions of euros, at 31 December 2014	Defined-benefit obligation arising from wholly or partially funded plans	Defined-benefit obligation arising from unfunded plans	Present value of defined-benefit obligation	Fair value of plan assets	Fair value of reimburse- ment 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	3,163	19	3,182	-	(2,778)	-	404	(2,778)	-	(2,778)	3,182
Turkey	253	36	289	(492)	-	239	36	-	-	-	36
Others	334	13	347	(259)	(16)	-	72	(18)	(2)	(16)	90
TOTAL	**3,750**	**68**	**3,818**	**(751)**	**(2,794)**	**239**	**512**	**(2,796)**	**(2)**	**(2,794)**	**3,308**

(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.*

Changes in the present value of the defined benefit obligation

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Present value of defined-benefit obligation at start of period	**3,818**	**3,471**
Current service cost	150	138
Interest cost	59	90
Past service costs	-	-
Settlements	2	1
Actuarial (gains)/losses on change in demographic assumptions	35	5
Actuarial (gains)/losses on change in financial assumptions	(174)	274
Actuarial (gains)/losses on experience gaps	4	(26)
Actual employee contributions	10	10
Benefits paid directly by the employer	(31)	(25)
Benefits paid from assets/reimbursement rights	(231)	(164)
Exchange rate (gains)/losses on the obligation	(30)	18
(Gains)/losses on the obligation related to changes in the consolidation scope	22	23
Others	(1)	3
Present value of defined-benefit obligation at end of period	**3,633**	**3,818**

Change in the fair value of plan assets and reimbursement rights

	Plan assets		Reimbursement rights	
In millions of euros	**Year to 31 Dec. 2015**	**Year to 31 Dec. 2014**	**Year to 31 Dec. 2015**	**Year to 31 Dec. 2014**
Fair value of assets at start of period	**751**	**645**	**2,794**	**2,651**
Expected return on assets	31	35	40	64
Settlements	-	-	-	-
Actuarial (gains)/losses on assets	25	36	183	112
Actual employee contributions	-	-	10	10
Employer contributions	32	17	113	109
Benefits paid from assets	(18)	(9)	(213)	(155)
Exchange rate (gains)/losses on assets	(52)	28	-	-
Gains/(losses) on assets related to changes in the consolidation scope	-	(1)	3	3
Other	-	-	-	-
Fair value of assets at end of period	**769**	**751**	**2,930**	**2,794**

Components of the cost of defined-benefit plans

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Service costs	**152**	**139**
Current service cost	150	138
Past service cost	-	-
Settlements	2	1
Net financial expense	**6**	**11**
Interest cost	59	90
Interest income on plan assets	(13)	(15)
Interest income on reimbursement rights	(40)	(64)
Total recognised in 'Salary and employee benefit expenses'	**158**	**150**

Other items recognised directly in equity

In millions of euros	Year to 31 Dec. 2015	Year to 31 Dec. 2014
Other items recognised directly in equity	**373**	**(92)**
Actuarial (losses)/gains on plan assets or reimbursement rights	208	149
Actuarial (losses)/gains of demographic assumptions on the present value of obligations	(35)	(5)
Actuarial (losses)/gains of financial assumptions on the present value of obligations	174	(274)
Experience (losses)/gains on obligations	(4)	26
Variation of the effect of asset limitation	30	12

Main actuarial assumptions used to calculate obligations

For each monetary zone BNP Paribas Fortis discounts its obligations using the yields of high quality corporate bonds, with a term consistent with the duration of the obligations.

The ranges of rates used are as follows:

In %	31 December 2015		31 December 2014	
	Discount rate	Compensation increase rate [1]	Discount rate	Compensation increase rate [1]
Eurozone	0.40%-2.00%	2.00%-3.30%	0.40%-1.60%	1.95%-3.30%
Turkey	10.30%	6.00%	8.60%	6.00%

[1] *Including price increases (inflation)*

The impact of a 100bp change in discount rates on the present value of post-employment benefit obligations is as follows:

Change in the present value of obligations In millions of euros	31 December 2015		31 December 2014	
	Discount rate -100bp	Discount rate +100bp	Discount rate -100bp	Discount rate +100bp
Eurozone	311	(262)	305	(255)
Turkey	17	(14)	20	(16)

Actual rate of return on plan assets and reimbursement rights over the period

In % (1)	31 December 2015	31 December 2014
Belgium	1.10%-5.20%	1.30%-8.30%
Turkey	10.80%	8.72%

(1) *Range of value, reflecting the existence of several plans in the same country.*

Breakdown of plan assets:

In %	31 December 2015						31 December 2014					
	Shares	Governmental bonds	Non-Governmental bonds	Real-estate	Deposit account	Others	Shares	Governmental bonds	Non-Governmental bonds	Real-estate	Deposit account	Others
Belgium	6%	57%	18%	2%	0%	17%	2%	63%	18%	0%	0%	17%
Turkey	0%	0%	0%	5%	93%	2%	0%	1%	0%	5%	91%	3%
Others	14%	39%	11%	2%	6%	28%	15%	30%	22%	1%	0%	31%
TOTAL	**6%**	**48%**	**15%**	**2%**	**13%**	**16%**	**3%**	**51%**	**16%**	**1%**	**12%**	**17%**

BNP Paribas Fortis 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

In Belgium, BNP Paribas Fortis has a healthcare plan for retired employees. This plan is closed to new entrants.

The present value of obligations relating to post-employment healthcare benefits stood at EUR 76 million at 31 December 2015, down from EUR 96 million at 31 December 2014, implying an decrease of EUR 20 million during the year 2015.

The expense for post-employment healthcare benefits amounts to EUR 2 million for the year 31 December 2015, against EUR 3 million for the year 31 December 2014.

Other items related to post-employment healthcare and directly accounted for in equity amount to EUR (19) million for 31 December 2015, against EUR 21 million for 31 December 2014.

7.c Other long-term benefits

BNP Paribas Fortis 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.

As part of the BNP Paribas Fortis 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 BNP Paribas Fortis.

In millions of euros	31 December 2015	31 December 2014
Net provisions for other long-term benefits	**102**	**102**
Asset recognised in the balance sheet under 'Other long-term benefits '	-	-
Obligation recognised in the balance sheet under 'Other long-term benefits'	102	102

7.d Termination benefits

BNP Paribas Fortis 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 millions of euros	31 December 2015	31 December 2014
Provision for voluntary departure and early retirement plans, and headcount adaptation plans	248	309

8 Additional information

8.a Contingent liabilities: legal proceeding and arbitration

Legal proceedings

BNP Paribas Fortis (and its consolidated subsidiaries) is involved as a defendant in various claims, disputes and legal proceedings in Belgium and in a number of foreign jurisdictions, arising in the ordinary course of its banking business, including inter alia in connection with its activities as lender, employer, investor and taxpayer.

BNP Paribas Fortis makes provisions for such matters when, in the opinion of its management and after consulting its legal advisors, it is probable that a payment will have to be made by BNP Paribas Fortis and when the amount can be reasonably estimated.

With respect to certain other claims and legal proceedings against BNP Paribas Fortis (and its consolidated subsidiaries) of which management is aware (and for which, according to the principles outlined above, no provision has been made), the management is of the opinion, after due consideration of appropriate advice, that, while it is often not feasible to predict or determine the ultimate outcome of all pending or threatened legal and regulatory proceedings, such proceedings are without legal merit, can be successfully defended or that the outcome of these actions is not expected to result in a significant loss in the BNP Paribas Fortis Consolidated Financial Statements.

Following the restructuring of Fortis (referring to both 'Fortis SA/NV' and 'Fortis N.V.' and currently 'Ageas SA/NV', hereafter 'Ageas') in late September and early October 2008, a number of groups representing shareholders, and other parties, initiated, or threatened to initiate, legal action against various entities of the former Fortis Group and/or certain members of their Board of Directors and management.

If these claims and legal proceedings were to be successful, they could eventually result in monetary consequences for BNP Paribas Fortis. Such impact remains unquantifiable at this stage.

These legal actions include inter alia the following:

- MCS Noteholders claim against Ageas, BNP Paribas Fortis and others

  Certain holders of Mandatory Convertible Securities (hereafter 'MCS') filed two actions against the co-issuers of the MCS, including BNP Paribas Fortis, and against Bank of New York Corporate Trustee Services Ltd in its capacity of trustee, before the Commercial Court of Brussels, firstly claiming annulment of the MCS Notes conversion and the restitution of their MCS Notes and, secondly, claiming damages. On 23 March 2012 the Commercial Court of Brussels dismissed both actions. Certain holders then filed an appeal in June 2012 claiming damages for a provisional amount of EUR 350 million and the appointment of an expert. BNP Paribas Fortis will continue to contest this case vigorously as it considers that these claims have no merit.

- Claims before the Dutch courts

  These legal actions relate to a rights issue by Fortis at the time of the acquisition of ABN Amro and the role of BNP Paribas Fortis as underwriter.

  In September 2007, BNP Paribas Fortis acted together with Merrill Lynch and other banks as underwriter of the rights issue by Fortis SA/NV and Fortis N.V. (now Ageas SA/NV) in the amount of EUR 13.4 billion. The purpose of this rights issue was to partly finance Fortis's participation in its acquisition of ABN Amro Bank N.V.

  BNP Paribas Fortis received on 3 February 2011 a writ of summons from the Dutch association of shareholders 'VEB NCVB'. This association alleges that BNP Paribas Fortis, Ageas, Merrill Lynch and others are jointly and severally liable in connection with the alleged shortcomings of the prospectus. VEB NCVB is seeking declaratory relief that the statements and alleged omissions in the prospectus were misleading to all who purchased Fortis shares between 24 September 2007 and 3 October 2008 and that as a consequence BNP Paribas Fortis is jointly, with other banks and officers, liable for the damages sustained by those shareholders. On 7 July 2011 BNP Paribas Fortis received a writ of summons from a Dutch foundation named 'Stichting Investor Claims against Fortis'. This action addresses the same subject matter and is largely based on the same allegations. Ageas and Merrill Lynch are co-defendants.

As these are Dutch legal proceedings relating to a declaration sought by an association, no actual claim for damages can be made at this stage. However, these proceedings may potentially lead to future individual damage claims.

On 20 August 2012, BNP Paribas Fortis (and eight other defendants) received a writ of summons from the foundation 'Stichting Investor Claims against Fortis' and other investors, seeking to have the defendants declared jointly and severally liable for the payment of damages arising inter alia, in so far as BNP Paribas Fortis is concerned, from the communication of allegedly incorrect or incomplete information to the market during the period from the acquisition of ABN Amro until 17 October 2008.

- Claims before the Belgian Courts

Retail and institutional investors in Fortis shares started legal actions before the courts of Brussels in order to obtain damages from BNP Paribas Fortis and Merrill Lynch in their role as overall coordinator of the rights issue of Fortis in September 2007, as described above. The claimants allege that the banks breached their duty as financial advisors, including with respect to the information to be provided to investors in the prospectus issued by Fortis.

The examining magistrate of the Court of First Instance in Brussels in charge since 2008 of investigating the case relating to events which occurred within the Fortis Group in 2007 and 2008 passed his file to the Public Prosecutor in October 2012. In November 2012 seven individuals were indicted by the examining magistrate and in February 2013 the Public Prosecutor requested the court to order a trial. As additional investigative measures have been ordered, the hearing before the court has not yet taken place.

- Other litigation and investigations in relation to certain events in 2007 and 2008 with regard to the Fortis Group in which the Bank is not a party

This includes, inter alia, the following cases:

(i) an inquiry into the management and course of events at Fortis ordered by the Dutch 'Ondernemingskamer' (Enterprise Chamber) whose report was filed in June 2010. After the filing of the report, the Court decided in April 2012 that improper management had occurred in 2007 and 2008 at Fortis. Ageas' appeal was rejected by the High Court on 6 December 2013. This is a closed proceeding;

(ii) the Court of Appeal of Amsterdam ruled on 29 July 2014 that Fortis is liable for having made misleading statements and having communicated in a misleading way in the period between 29 September and 1 October 2008;

(iii) the College van Beroep voor het Bedrijfsleven in The Hague has (a) annulled by its verdict of 14 February 2014 the AFM fines concerning Fortis' communication about subprime exposure in 2007, and (b) confirmed by its verdict of 4 March 2014 the AFM fine concerning Fortis's disclosure in June 2008. These are closed proceedings;

(iv) the Court of Appeal of Brussels imposed on 24 September 2015 fines on Ageas and others for miscommunication in the period May and June 2008; and

(v) the Commercial Court of Brussels ruled on 1 February 2016 that Fortis did not commit any fault regarding the issuance of the prospectus relating to its rights issue in September 2007.

Like many other companies in the banking, investment, mutual funds and brokerage sectors, BNP Paribas Fortis (and its consolidated subsidiaries) has received or may receive requests for information from supervisory, governmental or self-regulatory agencies. BNP Paribas Fortis responds to such requests, cooperates with the relevant regulators and other parties and helps to address any issues they might raise.

8.b Business combinations and other changes of the consolidation scope

Operations realised in 2015

Merger between BNP Paribas Bank Polska and Bank BGŻ

On 30 April 2015 the legal merger of BNP Paribas Bank Polska (in which BNP Paribas Fortis held 85% interest) with Bank BGŻ (held by BNP Paribas by 88.98%) was finalised. After the merger, BNP Paribas Fortis holds 28.35% in the merged bank operating under the name Bank BGŻ BNP Paribas S.A.

The merger was executed through a transfer of all assets, equity and liabilities of BNP Paribas Bank Polska to Bank BGŻ. Bank BGŻ increased its share capital through the issuance of the series I shares that were delivered by Bank BGŻ to the existing shareholders of BNP Paribas Bank Polska (merger by take-over). On 30 April 2015 the share capital of Bank BGŻ was increased by PLN 28,099,554 (Merger shares) from PLN 56,138,764 up to PLN 84,238,318 and is divided into 84,238,318 registered and bearer shares with a nominal value of PLN 1 each.

Under the term of exchange, for every six shares of BNP Paribas Bank Polska, the shareholders of BNP Paribas Bank Polska receive five Merger Shares of Bank BGŻ (the "Share Exchange Ratio").

At the moment of the merger BNP Paribas Fortis lost control in BNP Paribas Bank Polska (from 85% to 28.35%), this leads to the de-recognition of the assets and liabilities of BNP Paribas Bank Polska. The difference between 85% of the Net Asset Value (NAV) of BNP Paribas Bank Polska and the fair value of the consideration received (80.47 PLN/BGŻ share) at the date of the merger, amounted to EUR 82.2 million, which was recognised in the line 'Net gain on non-current assets' (GNAI) in the consolidated profit and loss account of BNP Paribas Fortis.

BNP Paribas Fortis accounts for the acquisition of the merged bank – Bank BGŻ BNP Paribas S.A. by applying the 'Predecessor basis of accounting method', meaning the net assets of Bank BGŻ BNP Paribas S.A. were measured at the predecessor carrying amounts at the date of merger as the transaction is under common control. The difference between the fair value of Bank BGŻ shares and 28.35% of the NAV of the merged bank BGŻ BNP Paribas at the date of the merger resulted in a goodwill of EUR 51.2 million which is presented in the line 'Equity-method investments' in the consolidated balance sheet of BNP Paribas Fortis. The goodwill was later adjusted to EUR 60.9 million.

As a result of the merger, Bank BGŻ BNP Paribas S.A. is consolidated by equity method by BNP Paribas Fortis.

Sygma Bank

On 01 December 2015, Bank BGŻ BNP Paribas S.A. acquired from BNP Paribas Personal Finance, 100% of Sygma Bank Polska in view of complementing its product offering in the consumer finance market in Poland. As at 31 December 2015, Sygma Bank was consolidated in BNP Paribas Fortis' consolidated financial statements by equity method (28.35%). As a result of this operation, a badwill of EUR 5.3 million was recognised in the profit and loss account.

Société Immobilière du Royal Building

In October 2015, Société Immobilière du Royal Building, a fully consolidated entity, was sold by BGL BNP Paribas to a group entity, Cardif Lux Vie, which is consolidated by equity method.

As a result of this operation, Société Immobilière du Royal Building changed its consolidation method from full consolidation to equity method, and BGL BNP Paribas recognised a net capital gain amounting to EUR 13.3 million.

TCG Fund I L.P.

TCG Fund I L.P., the parent company of Cronos Holding Company Ltd, has been liquidated in September 2015. The result of its liquidation as at 31 December 2015 amounted to EUR 25.6 million (or USD 28.1 million), relating to the recycling of its foreign translation difference from equity to the profit and loss account.

Cronos Holding Company Limited

On 20 January 2015, Cronos Holding Company Limited, previously consolidated by equity method, has been disposed of by TCG Funds I L.P. to an external party. The consideration amounted to EUR 165 million (or USD 199 million), and the capital gains amounted to EUR 68.9 million (or USD 77.5 million). Cronos Holding company Ltd was specialised in the activities of container leasing.

Operations realised in 2014

Specialised Finance (SF)

The transfer of the loans relating to Specialised Finance (SF), which began in 2013, continued during the first quarter of 2014 and was finalised by 31 March 2014, at which date the remaining outstanding amount of the Specialised Finance (SF) loans transferred from BNP Paribas Group to BNP Paribas Fortis stood at EUR 7,965 million and the total consideration paid for the transferred SF loans amounted to EUR (9,528) million. The difference between the consideration paid and the initial carrying value of the transferred assets is presented as an adjustment in equity, amounting to EUR (251) million. This is in accordance with the 'predecessor basis of accounting method' as described in Note 1 'Summary of significant accounting policies applied by BNP Paribas Fortis'. Under this method, as the acquisition occurred between entities under common control, BNP Paribas Fortis, as acquiring party, recognised the acquired assets and liabilities at their carrying value instead of fair value. The carrying value was determined by the transferring entity at the date of the transfer.

Disposal of the Frankfurt branch activities

This transaction relates to the (partial) restructuring of the European branch network of BNP Paribas Group and BNP Paribas Fortis, with the aim of optimising certain aspects of the BNP Paribas Group structure by creating an efficient geographical position in Europe for Corporate & Investment Banking (CIB) as a whole while also providing CIB within BNP Paribas Fortis with attractive business opportunities.

All assets and liabilities of the BNP Paribas Fortis branch in Germany (Frankfurt) (except for its participation in Von Essen Bank) were transferred to the German branch of BNP Paribas on 5 December 2014 for a consideration of EUR 336 million.

Creation of a branch in Finland

As part of growth plans for the Nordic Region, BNP Paribas Fortis and BNP Paribas Group resolved to enhance the Corporate and Investment Banking offering to existing clients and prospective clients in Finland.

This branch has the characteristics of a representative office, performing only auxiliary and preparatory tasks, such as market research, identifying prospective of customers, providing information on the BNP Paribas Group to clients and country-related information to other entities of the BNPP Group and their clients. However, since the concept of a representative office is not recognised in Finland, the establishment has been set up with the status of a foreign branch.

The branch was registered with the Trade Register in Helsinki on 14 August 2014 and commenced operations in August of the same year.

Initial Public Offering (IPO) in BNP Paribas Polska

The Polish regulatory authority (KNF) requested BNP Paribas Fortis to increase the free-float equity in BNP Paribas Polska from a level of 0.11% to 15% of the capital. Following the approval by an Extraordinary General Shareholders' meeting on 7 April 2014 for a capital increase of PLN 228.5 million, an IPO took place during April and May. As a consequence of the IPO, the total voting rights held by BNP Paribas Fortis in BNP Paribas Polska were reduced from 99.89% to 85%. The impact of the dilution in shareholding in BNP Paribas Polska, on BNP Paribas Fortis shareholders' equity amounted to EUR (16) million.

8.c 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 BNP Paribas Fortis' balance sheet (before elimination of intra-group balances and transactions) and to the BNP Paribas Fortis' profit and loss account.

	31 December 2015	Year to 31 Dec. 2015						
In millions of euros	Total assets before elimination of intra-group transactions	Revenues	Net income	Net income and changes in assets and liabilities recognised directly in equity	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	43,196	1,374	484	487	50%	301	310	130
Other minority interests						140	118	1
TOTAL						441	428	131

	31 December 2014	Year to 31 Dec. 2014						
In millions of euros	Total assets before elimination of intra-group transactions	Revenues	Net income	Net income and changes in assets and liabilities recognised directly in equity	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	41,068	1,347	432	617	50%	259	359	226
Other minority interests						158	374	
TOTAL						417	733	226

There are no particular contractual restrictions on the assets of the BGL BNP Paribas Group relating to the presence of the minority shareholder.

Acquisitions of additional interests and partial sales of interests leading to changes in minority interests in the equity of subsidiaries

In millions of euros	31 December 2015		31 December 2014	
	Attributable to shareholders	Minority interests	Attributable to shareholders	Minority interests
BNP Paribas Polska SA				
BNP Paribas Bank Polska SA has realised a capital increase, fully subscribed by external investors. BNP Paribas Fortis' interest in this entity decreased from 99.89% to 84.99%			(16)	69
Merger with Bank BGŻ (note 8.b)	-	(71)		
Turk Ekonomi Bankasi				
BNP Paribas Fortis Yatirimlar Holding has bought out minority shareholders' interests representing 1.01% of the capital, lifting its interest percentage of Turk Ekonomi Bankasi AS to 45.76%			17	(35)
An additional acquisition of 2.96% of minority interest has been realised by BNP Paribas Fortis Yatirimlar Holding , lifting its interest percentage of Turk Ekonomi Bankasi AS to 48.72%	(9)	(39)		
Other	-	3	-	-
TOTAL	(9)	(107)	1	34

Commitments to repurchase minority shareholders' interests

In connection with the acquisition of certain entities, BNP Paribas Fortis 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 320 million at 31 December 2015, compared with EUR 416 million at 31 December 2014.

8.d Significant restrictions in subsidiaries, associates and joint ventures

Significant restrictions relating to the ability of entities to transfer cash to BNP Paribas Fortis

The ability of entities to pay dividends or to repay loans and advances depends, inter alia, on local regulatory requirements for capitalisation and legal reserves, as well as the entities' financial and operating performance. During 2014 and 2015, no BNP Paribas Fortis entity was subject to significant restrictions other than those arising from regulatory requirements.

Significant restrictions relating to BNP Paribas Fortis' ability to use the assets lodged in consolidated structured entities

Access to the assets of consolidated structured entities in which third-party investors (other than BNP Paribas Group entities) have invested is limited in as much as these entities' assets are reserved for the holders of units or securities. These assets totalled EUR 0.6 billion as at 31 December 2015 compared with EUR 1.5 billion as at 31 December 2014).

Significant restrictions relating to BNP Paribas Fortis' ability to use assets pledged as collateral or under repurchase agreements

The financial instruments pledged by BNP Paribas Fortis as collateral or under repurchase agreements are reported in Note 5.r and 6.c.

Significant restrictions relating to liquidity reserves

Significant restrictions related to liquidity reserves correspond to the mandatory deposits placed with central banks presented in Chapter "Risk management and capital adequacy - Liquidity and refinancing risk".

8.e Structured entities

BNP Paribas Fortis considers that it has sponsored a structured entity when it has been involved in its design.

BNP Paribas Fortis is engaged in transactions with sponsored structured entities primarily through its activities of:

- securitisation of financial assets as either the originator or the sponsor;
- fund management;
- specialised asset financing.

In addition, BNP Paribas Fortis 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 of structured entities is detailed in Note 1.c.2. 'Consolidation methods'.

Consolidated structured entities

The main categories of consolidated structured entities are:

ABCP (Asset-Backed Commercial Paper) conduits: the Scaldis ABCP securitisation conduits are securitisation transactions managed by BNP Paribas Fortis on behalf of its customers. Details on how these are financed and BNP Paribas Fortis' risk exposure are reported in Chapter "Risk Management and capital adequacy" under "Securitisation as sponsor on behalf of clients / Short-term refinancing".

Proprietary securitisation: proprietary securitisation positions originated and held by BNP Paribas Fortis are detailed in Chapter "Risk Management and capital adequacy" under 4.c 'Securitisation' (originator under Basel III).

Unconsolidated structured entities

BNP Paribas Fortis has entered into relations with unconsolidated structured entities in the course of its business activities in order to meet the needs of its customers.

Information relating to interests in sponsored structured entities

The main categories of unconsolidated sponsored structured entities are as follows:

Securitisation: BNP Paribas Fortis 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, whose redemption is linked to their performance.

Funds: BNP Paribas Fortis structures and manages funds in order 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 BNP Paribas Fortis. The BNP Paribas Fortis entities responsible for managing these funds may receive management fees and performance commission. Moreover, BNP Paribas Fortis may hold units in these funds.

Asset financing: BNP Paribas Fortis finances structured entities that acquire assets (ships, export finance 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, BNP Paribas Fortis 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 BNP Paribas Fortis to variable returns from the performance of the entity.

BNP Paribas Fortis' assets and liabilities relating to the interests held in sponsored structured entities are as follows:

In millions of euros, at 31 December 2015	Securitisation	Funds	Asset Financing	Others	Total
INTERESTS ON BNP PARIBAS FORTIS BALANCE SHEET					
ASSETS					
Trading Book	1	-	1	4	6
Instruments designated as at fair value through profit or loss	-	-	-	-	-
Available-for-sale financial assets	-	25	-	8	33
Loans and receivables	520	-	342	81	943
Other assets	-	-	-	-	-
TOTAL ASSETS	521	25	343	93	982
LIABILITIES					
Trading Book	-	152	-	4	156
Instruments designated as at fair value through profit or loss	-	26	-	-	26
Financial liabilities carried at amortised cost	20	1,567	21	44	1,652
Other liabilities	-	-	-	-	-
TOTAL LIABILITIES	20	1,745	21	48	1,834
MAXIMUM EXPOSURE TO LOSS	521	25	711	320	1,577
SIZE OF THE STRUCTURED ENTITIES	18,112	2,225	3,626	455	24,418

In millions of euros, at 31 December 2014	Securitisation	Funds	Asset Financing	Others	Total
INTERESTS ON BNP PARIBAS FORTIS BALANCE SHEET					
ASSETS					
Trading Book	1	-	2	61	64
Instruments designated as at fair value through profit or loss	-	1	-	-	1
Available-for-sale financial assets	-	1	1	8	10
Loans and receivables	711	-	150	144	1,005
Other assets	-	-	-	2	2
TOTAL ASSETS	**712**	**2**	**153**	**215**	**1,082**
LIABILITIES					
Trading Book	-	157	-	4	161
Instruments designated as at fair value through profit or loss	-	44	-	-	44
Financial liabilities carried at amortised cost	-	1,881	9	110	2,000
Other liabilities	-	-	-	-	-
TOTAL LIABILITIES	**-**	**2,082**	**9**	**114**	**2,205**
MAXIMUM EXPOSURE TO LOSS	**712**	**2**	**175**	**434**	**1,323**
SIZE OF THE STRUCTURED ENTITIES	**22,314**	**3,251**	**3,702**	**482**	**29,749**

BNP Paribas Fortis' maximum exposure to losses on sponsored structured entities is the nominal amount of the cash loss incurred. It is composed of the carrying amount of the assets, excluding, for available-for-sale financial assets, changes in the carrying amount taken directly to equity, plus the nominal amount of the financing commitments and guarantee commitments given and the notional amount of credit default swaps (CDS) sold.

Information relating to interests in non-sponsored structured entities

The main interests held by BNP Paribas Fortis when it acts solely as an investor in non-sponsored structured entities are detailed below:

- **Units in other funds not managed by BNP Paribas Fortis:** as part of its trading business, BNP Paribas Fortis 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. BNP Paribas Fortis also invests in minority holdings in support of companies as part of its venture capital business. These investments amounted to EUR 0.9 billion as at 31 December 2015 (EUR 0.7 billion as at 31 December 2014).

- **Investments in securitisation vehicles:** the breakdown of the BNP Paribas Fortis' exposure and the nature of the securities held are presented in Chapter "Risk Management and capital adequacy" under "Securitisation - Securitisation as investor". These investments in securitisation vehicles amounted to EUR 2.9 billion as at 31 December 2015 (nil as at 31 December 2014). Furthermore, BNP Paribas Fortis also has positions on SPVs that are sponsored by BNP Paribas Group, but not sponsored by BNP Paribas Fortis, these investments represent EUR 0.2 billion on-balance and EUR 0.6 billion off-balance as at 31 December 2015. (EUR 0.2 billion and nil as at 31 December 2014).

8.f Compensation and benefits awarded to bnp paribas fortis' corporate officers

The remuneration policy for the Board of Directors and Executive Board did not change significantly during 2015.

8.f.1 Remuneration of the members of the board of directors

Remuneration policy with regard to the Members of the Board of Directors

Executive and non-Executive Members of the Board of Directors receive Board remuneration based on the principles set out below, as approved by the General Shareholders' Meeting of 23 April 2015, during which the principle of keeping the maximum Board remuneration at a total of EUR 1.5 million per annum was confirmed.

Annual fixed salary Chairman Board of Directors	EUR	50,000	(gross)
Annual fixed salary Board Members	EUR	25,000	(gross)
Attendance fee Chairman Board Committees	EUR	4,000	(gross)
Attendance fee Members Board of Directors / Board Committees	EUR	2,000	(gross)

The non-Executive Members of the Board of Directors do not receive any variable pay, pension plan or insurances, nor any other benefits [1].

[1] *With the exception of the Chairman, who receives the use of a company car, mobile phone and internet at home.*

Remuneration for the year

The table below shows the gross Board remuneration paid in 2015 to each member of the Board of Directors.

In euros		Fixed fees	Attendance fees board*	Total 2015
Herman DAEMS	Chairman	50,000	98,000	148,000
Didier BEAUVOIS	Executive	25,000	20,000	45,000
Jean-Laurent BONNAFÉ	Non-Executive (non remunerated as from 01/01/2015)	-	-	-
Dirk BOOGMANS	Non-Executive	25,000	58,000	83,000
Antoinette D'ASPREMONT LYNDEN	Non-Executive	25,000	40,000	65,000
Stefaan DECRAENE	Non-Executive	25,000	14,000	39,000
Filip DIERCKX	Executive	25,000	20,000	45,000
Sophie DUTORDOIR	Non-Executive	25,000	38,000	63,000
Maxime JADOT	Executive	25,000	20,000	45,000
Thierry LABORDE	Non-Executive (as from 01/12/2015)	6,250	4,000	10,250
Thomas MENNICKEN	Executive	25,000	18,000	43,000
Alain PAPIASSE	Non-Executive	25,000	14,000	39,000
Jean STÉPHENNE	Non-Executive (until 23/04/2015)	6,250	2,000	8,250
Peter VANDEKERCKHOVE	Executive	25,000	18,000	43,000
Thierry VARÈNE	Non-Executive	25,000	28,000	53,000
François VILLEROY DE GALHAU	Non-Executive (until 30/04/2015)	8,333	12,000	20,333
TOTAL		**345,833**	**404,000**	**749,833**

(*) *This column includes the Board fees for all Committees*

(**) *The remuneration paid to Luc Vansteenkiste as permanent invitee amounted to EUR 12,250*

8.f.2 Remuneration of the members of the executive board

Remuneration policy regarding the Members of the Executive Board

The Members of the Executive Board have self-employed status and receive a Board remuneration based on the same principles as non-Executive Members. In addition, they are rewarded for their functions in the Executive Management through the following components: fixed monthly remuneration; variable annual remuneration based on the achievement of clear performance criteria and risk monitoring linked to collective and individual performance criteria as mentioned below; a company insurance plan (pension plan, hospital plan, life insurance and disability benefits); benefits in kind (the use of a company car, mobile phone and internet); and the opportunity to obtain share-based long-term incentive payments. Their remuneration is subject to strict regulation under CRD IV and the Belgian Banking Law.

The remuneration structure and policy on levels of remuneration are determined by the Board of Directors upon a recommendation from the Remuneration Committee with reference to common practices and market benchmarking for determining appropriate executive management compensation, and with guidance from specialised consultancy firms. Governance relating to remuneration followed the same principles and processes as last year and it is expected to continue to do so in the coming years.

Performance criteria used to determine variable remuneration

The entire process described hereunder is audited by the Inspection Générale.

Individual performance

A self-assessment is prepared by each Executive Board Member, which is then challenged by the Chief Executive Officer, who decides on the scoring in close discussion with the Chairman of the Board of Directors. An overall assessment is also made by the Risk and Compliance departments.

Individual performance is assessed in the light of the degree of attainment of personal objectives and managerial performance as assessed by the Board of Directors in terms of the following four management principles:

- **Client Focus:** inspiring people to focus in an innovative way on the client first and foremost, as the interests of the client must always be central to the action;
- **Risk-Aware Entrepreneurship:** undertaking initiatives for development and efficiency while being accountable, by:
  - Acting in an interdependent and cooperative way with the other entities to serve the overall interests of the Group and its clients
  - Being continuously vigilant as to the risks related to one's area of responsibility and empowering staff to do the same;
- **People Care:** caring for our people, by showing them respect, promoting equal opportunities and developing their talents and skills;
- **Lead by example:** setting an example through one's own behaviour and ethical conduct by following the regulations, applying the compliance rules and behaving in a socially responsible manner.

Team performance based on Bank Key Performance Indicators (KPIs)

Collective performance is based on Key Performance Indicators (KPIs) designed to show that the Executive Board is acting as a single Team. Every year, the Bank draws up a strategic plan, from which are derived indicators enabling the Executive Board to measure and assess the Bank performance. The performance criteria measured for each business are: financial results, cost management, risk management/compliance, long term developments, Corporate Social Responsibility, and people management. On a yearly basis, the Executive Board receives a score for its overall performance.

The appraisal period during which performance is assessed is January to December of each year. The methods used to assess the performance against targets are both qualitative (customer satisfaction, sound risk governance, Global People Survey results, people management, etc.) and quantitative (net operating profit, gross income, increase in market share, etc.).

Future performance applied to the deferred part of the variable remuneration

The variable part of the remuneration is subject to the deferral principle, whereby the deferred part is conditional on the future performance of the company and to sound risk management.

Remuneration for the year

The table below shows the gross remuneration paid or payable to the Members of the Executive Board for the year 2015, including benefits in kind and Director's fees.

	2015		2014	
	Chief Executive Officer	Other Members of the Executive Board	Chief Executive Officer	Other Members of the Executive Board
Remuneration				
Fixed [4]	928,513	2,477,373	928,513	2,765,057
Cash part of variable	210,000	448,530	100,000	315,000
Deferred part of variable	70,000	179,020		30,000
Multi-annual variable compensation [1]	70,000	120,000	245,000	312,000
Director's fees [5]	105,516	243,612	105,516	231,766
Benefits in Kind [2]	7,173	238,702	7,832	238,242
Pension, life insurance and orphan's pension [3]	270,144	179,397	268,502	519,789
Total	**1,661,346**	**3,886,634**	**1,655,363**	**4,411,854**

(1) *In order to fully comply with the EU Capital Requirement Directive IV applicable to the Credit Institutions, the multi-annual variable compensation indicated is the amount related to the performance of the year under review and not the amount allocated during the year under review. Thus, the allocation timing rule of the mutli-annual variable compensation is aligned on that of the annual variable compensation. Consequently, the multi-annual variable compensation taken into account in the total compensation reported in 2014 is that awarded by the Board of Directors in 2015. Likewise, the multi-annual variable compensation taken into account in the total compensation reported in 2015 is that awarded by the Board of Directors in 2016.*

(2) *The members of the Executive Board each have a company car and a mobile phone. Reimbursement of school fees is included in the reported benefits in kind.*

(3) *For defined contribution plan and defined benefit plan : sum of employer contributions.*

(4) *Gross rental allowances are included in the reported fixed remuneration.*

(5) *In order to comply with article 96 of the Companies Code we have included the board fees received in the controlled perimeter.*

Information on Multi-annual variable compensation

2014 and 2015

The Contingent Sustainable and International Scheme ('CSIS') is designed to compensate Material Risk Takers identified as key employees of BNP Paribas Group for their performance on terms that are compliant with EU rules, provided that they act in the long-term interests of the BNP Paribas Group. The scheme is intended to support the effective alignment of compensation with prudent risk-taking behaviour. In compliance with the Capital Requirements Directive 4 (CRD4), the CSIS provides for the award of instruments that can be fully written down to adequately reflect the credit quality of the institution as a going concern.

To this end, payments under the CSIS will be cancelled if the BNP Paribas Group finds that its credit quality has deteriorated as would be evidenced by a fall of the Group's Common Equity Tier 1 ratio (CET1 ratio) below a level of 7% or the Group's entry into a resolution procedure.

In addition, in order to reflect the Group ambition to growth while acting with environmental, economic and social responsibility, the Group has also decided:

- to make:
  - 85% of the CSIS Award subject to a condition based on the operating performance of the Group ('Group Performance Indicator – GPI');
  - 15% of the CSIS Award subject to a condition based on the Corporate Social Responsibility ('CSR') performance, as it is considered essential that the BNP Paribas Group acts at all levels, and in a significant way, to promote greater environmental, economic and social responsibility; and
- to condition any payment under the scheme to the 2017 (year 2018 for 2015 plan) Group Pre-Tax Income being positive.

The CSIS Award is a cash amount denominated in local currency (the 'Notional Instrument Amount') bearing an interest rate (the 'Interest Amount'). For 2014 the Vesting Period starts on 1 January 2015 and ends on 1 January 2018. There is a retention period of six months between 1 January 2018 and 30 June 2018. The beneficiary is entitled to receive on the Date of Payment an amount of interest calculated from 1 January 2018 to 30 June 2018. The annual interest rate is equal to 1.70%. For 2015 the Vesting Period starts on 1 January 2016 and ends on 1 January 2019. There is a retention period of 6 months between 1 January 2019 and 30 June 2019. The beneficiary is entitled to receive on the Date of Payment an amount of interest calculated from 1 January 2019 to 30 June 2019. The annual interest rate is equal to 1.70%.

Information on severance pay

In 2015 no termination benefits were paid to members of the Board of Directors.

8.g Other related parties

Other related parties of the BNP Paribas Fortis comprise:

- BNP Paribas (and all its subsidiaries) which has control over BNP Paribas Fortis,
- Consolidated companies of BNP Paribas Fortis (including entities consolidated under the equity method)
- and entities managing post-employment benefit plans offered to BNP Paribas Fortis' employees.

Transactions between the BNP Paribas Fortis 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 Fortis is provided in note 8.j "Scope of consolidation". Transactions and outstanding balances between fully-consolidated entities of BNP Paribas Fortis are eliminated.

Outstanding balances of related party transactions :

In millions of euros	31 December 2015			31 December 2014		
	Entities of the BNP Paribas Group	Joint ventures	Associates [1]	Entities of the BNP Paribas Group	Joint ventures	Associates [1]
ASSETS						
Loans, advances and securities						
Demand accounts	*1,401*	-	*32*	*1,384*	-	*39*
Loans	*8,894*	-	*2,034*	*9,516*	-	*1,270*
Securities	*245*	-	-	*243*	-	*35*
Securities held in the non-trading portfolio	1,626	-	-	7	-	86
Other assets	2,063	7	104	3,207	2	76
Total	**14,229**	**7**	**2,170**	**14,357**	**2**	**1,506**
LIABILITIES						
Deposits						
Demand accounts	*391*	*178*	*442*	*459*	*125*	*256*
Other borrowings	*13,885*	*45*	*2,431*	*8,846*	*36*	*2,399*
Debt securities	2,368	-	9	1,371	-	9
Other liabilities	798	-	72	273	-	21
Total	**17,442**	**223**	**2,954**	**10,949**	**161**	**2,685**
FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS						
Financing commitments given	3,097	2,414	1,577	916	3,019	1,757
Guarantee commitments given	7,220	-	192	6,934	-	143
Total	**10,317**	**2,414**	**1,769**	**7,850**	**3,019**	**1,900**

(1) *Including controlled but non material entities consolidated under the equity method.*

BNP Paribas Fortis also carries out trading transactions with related parties involving derivatives (swaps, options and forwards, etc.) and financial instruments (equities, bonds, etc.).

Related-party profit and loss items:

In millions of euros	Year to 31 Dec. 2015			Year to 31 Dec. 2014		
	Entities of the BNP Paribas Group	Joint ventures	Associates	Entities of the BNP Paribas Group	Joint ventures	Associates
Interest income	354	-	20	402	-	32
Interest expense	(244)	-	(24)	(363)	(1)	(30)
Commission income	127	4	508	138	3	453
Commission expense	(58)	-	(6)	(48)	-	(4)
Services provided	1	1	1	1	1	1
Services received	-	-	(4)	-	-	-
Lease income	1	-	3	1	-	3
Total	**181**	**5**	**498**	**131**	**3**	**455**

(1) *Including controlled but non material entities consolidated under the equity method*

BNP Paribas Fortis entities managing certain post-employment benefit plans offered to BNP Paribas Fortis' employees

In Belgium, BNP Paribas Fortis funds a number of pension schemes managed by AG Insurance in which the BNP Paribas Fortis has a 25% equity interest.

8.h Financial instruments by maturity

The table below gives a breakdown of the balance sheet by contractual maturity. The maturities of the 'trading portfolio' reported under financial assets and liabilities measured at fair value through profit or loss are regarded as 'undetermined' insofar as these instruments are intended to be sold or redeemed before their contractual maturity dates.

The maturities of debt securities and subordinated debt, which are part of the financial liabilities designated as at fair value through profit or loss, are reported based on undiscounted cash flows of future interest and principal payments.

The maturities of variable-income financial assets classified as available for sale, derivative hedging instruments, re-measurement adjustments on interest-rate risk hedged portfolios and undated subordinated debt are also deemed to be 'undetermined'.

In millions of euros, at 31 December 2015	**Not determined**	**Overnight or demand**	**Up to 1 month (excl. overnight)**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Cash and amounts due from central banks		16,505						16,505
Financial assets at fair value through profit or loss	12,966							12,966
Derivatives used for hedging purposes	1,907							1,907
Available-for-sale financial assets	1,280		2,626	1,599	2,516	14,729	9,979	32,729
Loans and receivables due from credit institutions	63	2,203	1,853	450	2,868	4,298	1,329	13,064
Loans and receivables due from customers		9,959	13,516	9,765	20,735	57,728	64,937	176,640
Re-measurement adjustment on interest-rate risk hedged portfolios	1,218							1,218
Held-to-maturity financial assets			1	37	35	341	168	582
Financial assets by maturity	**17,434**	**28,667**	**17,996**	**11,851**	**26,154**	**77,096**	**76,413**	**255,611**
Due to central banks		1,175						1,175
Financial liabilities at fair value through profit or loss	13,123		34	205	802	1,988	1,172	17,324
Derivatives used for hedging purposes	4,120							4,120
Due to credit institutions		1,421	8,856	2,342	4,297	4,936	757	22,609
Due to customers		132,091	13,798	22,006	3,058	2,875	2,333	176,161
Debt securities			2,115	1,766	4,322	2,641	289	11,133
Subordinated debt	107		10	778	615	2,412	1,162	5,084
Re-measurement adjustment on interest-rate risk hedged portfolios	1,067							1,067
Financial liabilities by maturity	**18,417**	**134,687**	**24,813**	**27,097**	**13,094**	**14,852**	**5,713**	**238,673**

In millions of euros 31 December 2014	Not determined	Overnight or demand	Up to 1 month (excl. overnight)	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Cash and amounts due from central banks		10,758						10,758
Financial assets at fair value through profit or loss	19,688							19,688
Derivatives used for hedging purposes	1,948							1,948
Available-for-sale financial assets	595		939	1,739	1,296	14,552	13,542	32,663
Loans and receivables due from credit institutions	66	2,377	2,207	626	1,093	6,338	1,500	14,207
Loans and receivables due from customers		11,037	22,390	13,877	15,076	40,709	63,762	166,851
Re-measurement adjustment on interest-rate risk hedged portfolios	1,445							1,445
Held-to-maturity financial assets			10	551		320	260	1,141
Financial assets by maturity	**23,742**	**24,172**	**25,546**	**16,793**	**17,465**	**61,919**	**79,064**	**248,701**
Due to central banks		337						337
Financial liabilities at fair value through profit or loss	22,329		55	318	632	2,612	1,466	27,412
Derivatives used for hedging purposes	4,380							4,380
Due to credit institutions		1,259	3,978	2,390	3,391	3,625	829	15,472
Due to customers		127,969	13,998	15,717	3,777	3,714	2,625	167,800
Debt securities			1,442	3,600	4,970	1,776	275	12,063
Subordinated debt	127		31	167	102	3,241	665	4,333
Re-measurement adjustment on interest-rate risk hedged portfolios	1,250							1,250
Financial liabilities by maturity	**28,086**	**129,565**	**19,504**	**22,192**	**12,872**	**14,968**	**5,860**	**233,047**

8.i Fair value of financial instruments carried at amortised cost

The information supplied in this note must be used and interpreted with the greatest caution for the following reasons:

- These fair values are an estimate of the value of the relevant instruments as of 31 December 2015. They are liable to fluctuate from day to day as a result of changes in various parameters, such as interest rates and credit quality of the counterparty. In particular, they may differ significantly from the amounts actually received or paid on maturity of the instrument. In most cases, the fair value is not intended to be realised immediately, and in practice might not be realised immediately. Consequently, this fair value does not reflect the actual value of the instrument to BNP Paribas Fortis 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 BNP Paribas Fortis.

		31 December 2015				
		Estimated fair value				
In millions of euros	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Carrying value**
FINANCIAL ASSETS						
Loans and receivables due from credit institutions	5.f	-	13,064	-	13,064	13,064
Loans and receivables due from customers [1]	5.g	534	12,586	154,530	167,650	163,851
Held-to-maturity financial assets	5.j	474	152	-	626	582
FINANCIAL LIABILITIES						
Due to credit institutions	5.f	-	22,835	-	22,835	22,609
Due to customers	5.g	-	176,849	-	176,849	176,161
Debt securities	5.i	-	11,232	-	11,232	11,133
Subordinated debt	5.i	-	5,228	-	5,228	5,084

(1) *Finance leases excluded*

In millions of euros	Note	31 December 2014				
		Estimated fair value				Carrying value
		Level 1	Level 2	Level 3	Total	
FINANCIAL ASSETS						
Loans and receivables due from credit institutions	5.f	-	14,219	-	14,219	14,207
Loans and receivables due from customers [1]	5.g	642	12,280	146,815	159,737	155,904
Held-to-maturity financial assets	5.j	390	802	-	1,192	1,141
FINANCIAL LIABILITIES						
Due to credit institutions	5.f	-	15,472	-	15,472	15,472
Due to customers	5.g	-	168,549	-	168,549	167,800
Debt securities	5.i	-	12,276	-	12,276	12,063
Subordinated debt	5.i	-	4,352	-	4,352	4,333

(1) *Finance leases excluded*

The valuation techniques and assumptions used by BNP Paribas Fortis ensure that the fair value of financial assets and liabilities carried at amortised cost is measured on a consistent basis throughout the Bank. 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 BNP Paribas Fortis'. The description of the fair value hierarchy levels is also presented in the accounting principles (Note 1.d.9). 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 the carrying amount. These instruments have been classified in Level 2, except for loans to customers which are classified in Level 3.

8.j Scope of consolidation

		31 December 2015					31 December 2014				
Name	Country	Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
Consolidating company											
BNP Paribas Fortis	**Belgium**										
Belgium											
Ace Equipment Leasing	Belgium	Full		99.80%	24.95%	V4	Full		100%	25%	
Ace Leasing	Belgium										S4
Ag Insurance	Belgium	Equity		25%	25%		Equity		25%	25%	
Alpha Card S.C.R.L.	Belgium	Equity		49.99%	49.99%		Equity		49.99%	49.99%	
Alpha Crédit S.A.	Belgium	Full		99.99%	99.99%		Full		99.99%	99.99%	
Belgian Mobile Wallet	Belgium	Equity		20%	20%	V2-V3	Equity		33.18%	33.18%	V2
Bnp Paribas Fortis Factor Nv SA	Belgium	Full		99.99%	99.99%		Full		99.99%	99.99%	
Bnp Paribas Lease Group (Belgique)	Belgium	Full		99.99%	24.99%		Full		99.99%	24.99%	
Bpost Banque - Bpost Bank	Belgium	Equity	2	50%	50%		Equity	2	50%	50%	
Demetris N.V.	Belgium	Equity	1	99.99%	99.99%		Equity	1	99.99%	99.99%	
Eos Aremas Belgium S.A./N.V.	Belgium	Equity		49.97%	49.97%		Equity		49.97%	49.97%	
Es-Finance	Belgium	Full		100%	100%		Full		100%	100%	
Fortis Lease Belgium	Belgium	Full		100%	25%		Full		100%	25%	
Fortis Lease Car & Truck	Belgium										S4
Fortis Private Equity Belgium N.V.	Belgium	Full		99.99%	99.99%		Full		99.99%	99.99%	
Fortis Private Equity Expansion Belgium N.V.	Belgium	Full		100%	99.99%		Full		100%	99.99%	
Fortis Private Equity Management N.V.	Belgium	Equity	1	100%	100%		Equity	1	100%	100%	E1
Fortis Private Equity Venture Belgium S.A.	Belgium										S4
Fscholen	Belgium	Equity	2	50%	50%		Equity	2	50%	50%	E1
Immobilière Sauvenière S.A.	Belgium	Equity	1	99.99%	99.99%		Equity	1	99.99%	99.99%	
Nissan Finance Belgium N.V.	Belgium										S4
Belgium - Special Purpose Entities											
Bass Master Issuer Nv	Belgium	Full					Full				
Esmée Master Issuer	Belgium	Full					Full				

New entries (E) in the scope of consolidation

E1 Passing qualifying thresholds as defined by BNP Paribas Fortis (see note 1.c.1)
E2 Incorporation
E3 Purchase, gain of control or significant influence

Removals (S) from the scope of consolidation

S1 Cessation of activity (including dissolution, liquidation)
S2 Disposal, loss of control or loss of significant influence
S3 Entities removed from the scope because < qualifying thresholds (see note 1.c.1)
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 %

Miscellaneous

D1 Consolidation method change not related to fluctuation in voting or ownership interest

Prudential scope of consolidation

1 Controlled but non material entities consolidated under the equity method as associates (see note 1.c.1)
2 Jointly controlled entities under proportional consolidation for prudential purposes.

Full - Full consolidation
Equity - Equity Method

		31 December 2015					31 December 2014				
Name	**Country**	**Method**		**Voting (%)**	**Interest (%)**	**Ref.**	**Method**		**Voting (%)**	**Interest (%)**	**Ref.**
Luxembourg											
Bgl Bnp Paribas	Luxembourg	Full		50%	50%		Full		50%	50%	
Bgl Bnp Paribas Factor S.A.	Luxembourg	Full		100%	50%		Full		100%	50%	
Bnp Paribas Fortis Funding S.A.	Luxembourg	Full		99.99%	99.99%		Full		99.99%	99.99%	
Bnp Paribas Lease Group Luxembourg S.A.	Luxembourg	Full		99.99%	49.99%		Full		99.99%	49.99%	
Bnp Paribas Leasing Solutions	Luxembourg	Full		50%	25%		Full		50%	25%	
Cardif Lux Vie	Luxembourg	Equity		33.33%	16.67%		Equity		33.33%	16.67%	
Cofhylux S.A.	Luxembourg	Full		100%	50%		Full		100%	50%	
Plagefin S.A.	Luxembourg	Full		100%	50%		Full		100%	50%	
Plagefin - Placement, Gestion, Finance Holding S.A.	Luxembourg										S4
Luxembourg - Special Purpose Entities											
Alleray S.A.R.L.	Luxembourg	Full					Full				E1
Société Immobilière De Monterey S.A.	Luxembourg	Full					Full				
Société Immobilière Du Royal Building S.A.	Luxembourg	Equity				S2	Full				
Rest of the world											
Agrilease B.V.	Netherlands										S3
Albury Asset Rentals Limited	United Kingdom	Full		100%	25%		Full		100%	25%	
All In One Vermietung Gmbh	Austria	Equity	1	100%	25%		Equity	1	100%	25%	
All In One Vermietungsgesellschaft Fur Telekommunikationsanlagen Mbh	Germany	Equity	1	100%	25%		Equity	1	100%	25%	
Alpha Murcia Holding B.V.	Netherlands	Equity	1	100%	100%		Equity	1	100%	100%	
Aprolis Finance	France	Full		50.99%	12.75%		Full		50.99%	12.75%	
Arius	France	Full		100%	25%		Full		100%	25%	
Artegy	France	Full		100%	25%		Full		100%	25%	
Artegy Limited	United Kingdom	Equity	1	100%	25%		Equity	1	100%	25%	D1
Bank BGŻ Bnp Paribas SA	Poland	Equity		28.35%	28.35%	E3					
Bnp Paribas Bank Polska S.A.	Poland					S4	Full		84.99%	84.99%	V3
Bnp Paribas Commercial Finance Limited	United Kingdom	Full		100%	100%		Full		100%	100%	
Bnp Paribas Factor Deutschland B.V.	Netherlands	Full		100%	100%		Full		100%	100%	
Bnp Paribas Factor Gmbh	Germany	Full		100%	100%		Full		100%	100%	

New entries (E) in the scope of consolidation

- E1 Passing qualifying thresholds as defined by BNP Paribas Fortis (see note 1.c.1)
- E2 Incorporation
- E3 Purchase, gain of control or significant influence

Removals (S) from the scope of consolidation

- S1 Cessation of activity (including dissolution, liquidation)
- S2 Disposal, loss of control or loss of significant influence
- S3 Entities removed from the scope because < qualifying thresholds (see note 1.c.1)
- 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 %

Miscellaneous

- D1 Consolidation method change not related to fluctuation in voting or ownership interest

Prudential scope of consolidation

1 Controlled but non material entities consolidated under the equity method as associates (see note 1.c.1)

2 Jointly controlled entities under proportional consolidation for prudential purposes.

Full - Full consolidation
Equity - Equity Method

Name	Country	31 December 2015				31 December 2014			
		Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
Bnp Paribas Factoring Coverage Europe Holding N.V.	Netherlands	Full	100%	100%		Full	100%	100%	
Bnp Paribas Finansal Kiralama A.S.	Turkey	Full	99.99%	26.06%	V1	Full	99.99%	25.94%	V1
BNP Paribas Fortis (Austria branch)	Austria	Full	100%	100%		Full	100%	100%	
BNP Paribas Fortis (Czech Republic branch)	Czech republic	Full	100%	100%		Full	100%	100%	
BNP Paribas Fortis (Germany branch)	Germany	Full	100%	100%		Full	100%	100%	
BNP Paribas Fortis (Netherlands branch)	Netherlands	Full	100%	100%		Full	100%	100%	
BNP Paribas Fortis (Norway branch)	Norway	Full	100%	100%		Full	100%	100%	
BNP Paribas Fortis (Romania branch)	Romania	Full	100%	100%		Full	100%	100%	
BNP Paribas Fortis (Spain branch)	Spain	Full	100%	100%		Full	100%	100%	
BNP Paribas Fortis (Sweden branch)	Sweden	Full	100.%	100%		Full	100%	100%	
BNP Paribas Fortis (Finland branch)	Finland	Full	100%	100%		IG	100%	100%	E2
BNP Paribas Fortis (U.S.A branch)	United States	Full	100%	100%		Full	100%	100%	
BNP Paribas Fortis (UK branch)	United Kingdom				S1	Full	100%	100%	
BNP Paribas Fortis (Denmark branch)	Denmark	Full	100%	100%		Full	100%	100%	
Bnp Paribas Fortis Yatirimlar Holding Anonim Sirketi	Turkey	Full	100%	100%		Full	100%	100%	
Bnp Paribas Investment Partners	France	Equity	33.33%	30.85%		Equity	33.33%	30.85%	
Bnp Paribas Lease Group (Rentals) Limited	United Kingdom	Full	100%	25%		Full	100%	25%	
Bnp Paribas Lease Group Bplg	France	Full	100%	25%		Full	100%	25%	
Bnp Paribas Lease Group Ifn S.A.	Romania	Equity 1	99.94%	24.99%		Equity 1	99.94%	24.99%	
Bnp Paribas Lease Group Kft.	Hungary	Equity 1	100%	25%		Equity 1	100%	25%	
Bnp Paribas Lease Group Leasing Solutions S.P.A.	Italy	Equity	26.17%	6.54%		Equity	26.17%	6.54%	
Bnp Paribas Lease Group Lizing Rt	Hungary	Equity 1	100%	25%		Equity 1	100%	25%	
Bnp Paribas Lease Group Plc	United Kingdom	Full	100%	25%		Full	100%	25%	
Bnp Paribas Lease Group Sp.Z.O.O	Poland	Equity 1	100%	25%		Equity 1	100%	25%	
Bnp Paribas Leasing Solutions Immobilier Suisse	Switzerland				S4	Equity 1	100%	25%	
Bnp Paribas Leasing Solutions Limited	United Kingdom	Full	100%	25%		Full	100%	25%	
Bnp Paribas Leasing Solutions N.V.	Netherlands	Full	100%	25%		Full	100%	25%	
Bnp Paribas Leasing Solutions Suisse Sa	Switzerland	Equity 1	100%	25%		Equity 1	100%	25%	
Bnpp Factor A/S	Denmark	Equity 1	100%	100%	E1				
Claas Financial Services	France	Full	60.11%	15.03%		Full	60.10%	15.03%	
Claas Financial Services Inc	United States	Full	100%	15.03%		Full	100%	15.03%	

New entries (E) in the scope of consolidation

E1 Passing qualifying thresholds as defined by BNP Paribas Fortis (see note 1.c.1)
E2 Incorporation
E3 Purchase, gain of control or significant influence

Removals (S) from the scope of consolidation

S1 Cessation of activity (including dissolution, liquidation)
S2 Disposal, loss of control or loss of significant influence
S3 Entities removed from the scope because < qualifying thresholds (see note 1.c.1)
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 %

Miscellaneous

D1 Consolidation method change not related to fluctuation in voting or ownership interest

Prudential scope of consolidation

1 Controlled but non material entities consolidated under the equity method as associates (see note 1.c.1)
2 Jointly controlled entities under proportional consolidation for prudential purposes.

Full - Full consolidation
Equity - Equity Method

Name	Country	31 December 2015					31 December 2014				
		Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
Claas Financial Services Ltd	United Kingdom	Full		51%	12.75%		Full		51%	12.75%	
Cnh Industrial Capital Europe Gmbh	Austria	Full		100%	12.52%		Full		100%	12.52%	
Cnh Industrial Capital Europe	France	Full		50.10%	12.52%		Full		50.09%	12.52%	
Cnh Industrial Capital Europe Bv	Netherlands	Full		100%	12.52%		Full		100%	12.52%	
Cnh Industrial Capital Europe Ltd	United Kingdom	Full		100%	12.52%		Full		100%	12.52%	
Commercial Vehicle Finance Limited	United Kingdom	Full		100%	25%		Full		100%	25%	
Cronos Holding Company Limited	Bermuda					S3	Equity		30.11%	30.01%	
Dominet S.A.	Poland										S1
Fb Transportation Capital Llc	United States	Full		100%	100%		Full		100%	100%	
Fortis Funding Llc	United States	Full		100%	100%		Full		100%	100%	
Fortis Lease	France	Full		99.99%	24.99%		Full		99.99%	24.99%	
Fortis Lease Deutschland Gmbh	Germany	Equity	1	100%	25%		Equity	1	100%	25%	
Fortis Lease Iberia Sa	Spain	Equity	1	100%	41.04%		Equity	1	100%	41.04%	
Fortis Lease Operativ Lizing Zartkoruen Mukodo Reszvenytarsasag	Hungary	Equity	1	100%	25%		Equity	1	100%	25%	
Fortis Lease Polska Sp.Z.O.O.	Poland										S3
Fortis Lease Portugal	Portugal	Equity	1	100%	25%		Equity	1	100%	25%	
Fortis Lease Romania Ifn Sa	Romania					S4	Equity	1	100%	25%	
Fortis Lease Uk Ltd	United Kingdom	Equity	1	100%	25%		Equity	1	100%	25%	D1
Fortis Vastgoedlease B.V.	Netherlands	Equity	1	100%	25%		Equity	1	100%	25%	D1
Heffiq Heftruck Verhuur B.V. before (Barloworld Heftruck Verhuur B.V.)	Netherlands										S3
Hfgl Limited	United Kingdom	Full		100%	25%		Full		100%	25%	
Humberclyde Commercial Investments Limited	United Kingdom	Full		100%	25%		Full		100%	25%	
Humberclyde Commercial Investments N°1 Limited	United Kingdom	Full		100%	25%		Full		100%	25%	
Inkasso Kodat Gmbh & Co. Kg	Germany	Equity	1	100%	100%		Equity	1	100%	100%	
Jcb Finance	France	Full		100%	12.53%		Full		100%	12.52%	
Jcb Finance Holdings Ltd	United Kingdom	Full		50.10%	12.53%		Full		50.09%	12.52%	
Kronenburg Vastgoed N.V.	Netherlands					S3	Full		100%	45.76%	V1
Locatrice Italiana S.P.A.	Italy	Equity		100%	25%	V3					
Manitou Finance Limited	United Kingdom	Full		51%	12.75%		Full		51.01%	12.75%	
Mff	France	Full		51%	12.75%		Full		51%	12.75%	
RD Portofoliu SRL	Romania	Equity	1	100%	25%	E2					

New entries (E) in the scope of consolidation

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- 2 Jointly controlled entities under proportional consolidation for prudential purposes.

Full - Full consolidation
Equity - Equity Method

		31 December 2015					31 December 2014				
Name	**Country**	**Method**		**Voting (%)**	**Interest (%)**	**Ref.**	**Method**		**Voting (%)**	**Interest (%)**	**Ref.**
Same Deutz Fahr Finance	France	Full		100%	25%		Full		100%	25%	
Same Deutz Fahr Finance Limited	United Kingdom	Full		100%	25%		Full		100%	25%	
Société Alsacienne De Développement Et D'Expansion	France	Full		100%	50%		Full		100%	50%	
Srei Equipment Finance Limited	India	Equity	2	50%	12.50%		Equity	2	50%	12.50%	
Stichting Effecten Dienstverlening	Netherlands					S3	Full		100%	45.76%	V1
Sygma Bank Polska SA (Spolka Akcyjna)	Poland	Equity		28.35%	28.35%	E3					
Teb Arval Arac Filo Kiralama A.S.	Turkey	Equity		25%	25%		Equity		25%	25%	
Teb Faktoring A.S.	Turkey	Full		99.99%	48.72%	V1	Full		99.99%	45.76%	V1
Teb Holding A.S.	Turkey	Full		50%	50%		Full		50%	50%	
Teb Portfoy Yonetimi A.S.	Turkey	Full		79.63%	39.11%	V1	Full		79.63%	37.49%	V1
Teb Sh A	Kosovo	Full		100%	50%		Full		100%	50%	
Teb Yatirim Menkul Degerler A.S.	Turkey	Full		99.99%	48.72%	V1	Full		99.99%	45.76%	V1
The Economy Bank Nv	Netherlands					S3	Full		100%	45.76%	V1
TKB BNP Paribas Investment Partners Holding BV	Netherlands					S2	Equity		16.67%	15.43%	
Turk Ekonomi Bankasi A.S.	Turkey	Full		76.22%	48.72%	V1	Full		73.26%	45.76%	V1
Von Essen Gmbh & Co. Kg Bankgesellschaft	Germany	Full		100%	100%		Full		100%	100%	
-											
Astir B.V.	Netherlands										S3
Scaldis Capital Limited	Jersey	Full					Full				
Scaldis Capital Llc	United States					S1	Full				
Scaldis Capital Ltd	Ireland	Full					Full				
Tcg Fund I, L.P.	Cayman Islands					S1	Full				

New entries (E) in the scope of consolidation

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Miscellaneous

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Full - Full consolidation
Equity - Equity Method

8.k Fees paid to the statutory auditors

The breakdown of the fees paid to the statutory auditors for the year 2015 and 2014 is as follows:

Year to 31 Dec. 2015	Deloitte		PricewaterhouseCoopers Audit		TOTAL	
Excluding tax, in thousands of euros	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Audit						
Statutory audits and contractual audits, including:	817	38%	2,816	87%	**3,633**	**67%**
- BNP Paribas Fortis	*650*	*30%*	*815*	*25%*	*1,465*	*27%*
- Consolidated subsidiaries	*167*	*8%*	*2,001*	*62%*	*2,168*	*40%*
Other reviews and services directly related to the statutory audit mandate, including:	246	11%	111	3%	**357**	**7%**
- BNP Paribas Fortis	*96*	*4%*	*42*	*1%*	*138*	*3%*
- Consolidated subsidiaries	*150*	*7%*	*69*	*2%*	*219*	*4%*
Total audit	**1,063**	**49%**	**2,927**	**90%**	**3,990**	**74%**
Non Audit						
Tax and legal	-	0%	19	1%	**19**	**0%**
- BNP Paribas Fortis	*-*	*0%*	*-*	*0%*	*-*	*0%*
- Consolidated subsidiaries	-	0%	19	1%	19	0%
Others	1,095	51%	292	9%	**1,387**	**26%**
- BNP Paribas Fortis	*1,081*	*50%*	*289*	*9%*	*1,370*	*25%*
- Consolidated subsidiaries	*14*	*1%*	*3*	*0%*	*17*	*0%*
Total non-audit	**1,095**	**51%**	**311**	**10%**	**1,406**	**26%**
TOTAL	**2,158**	**100%**	**3,238**	**100%**	**5,396**	**100%**

Year to 31 Dec. 2014	Deloitte		PricewaterhouseCoopers Audit		TOTAL	
Excluding tax, in thousands of euros	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Audit						
Statutory audits and contractual audits, including:	973	30%	2,898	89%	**3,871**	**60%**
- BNP Paribas Fortis	*677*	*21%*	*857*	*26%*	*1,534*	*24%*
- Consolidated subsidiaries	*296*	*9%*	*2,041*	*63%*	*2,337*	*36%*
Other reviews and services directly related to the statutory audit mandate, including:	416	13%	135	5%	**551**	**8%**
- BNP Paribas Fortis	*416*	*13%*	*52*	*2%*	*468*	*7%*
- Consolidated subsidiaries	*-*	*0%*	*83*	*3%*	*83*	*1%*
Total audit	**1,389**	**42%**	**3,033**	**93%**	**4,422**	**68%**
Non Audit						
Tax and legal	-	0%	212	7%	**212**	**3%**
- BNP Paribas Fortis	*-*	*0%*	*212*	*7%*	*212*	*3%*
- Consolidated subsidiaries	*-*	*0%*	*-*	*0%*	*-*	*0%*
Others	1,889	57%	4	0%	**1,893**	**29%**
- BNP Paribas Fortis	*989*	*30%*	*4*	*0%*	*993*	*15%*
- Consolidated subsidiaries	*900*	*27%*	*-*	*0%*	*900*	*14%*
Total non-audit	**1,889**	**58%**	**216**	**7%**	**2,105**	**32%**
TOTAL	**3,278**	**100%**	**3,249**	**100%**	**6,527**	**100%**

Fees paid to auditors that 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 Fortis, shown in the table above, amount to EUR 2,364,000 for the year 2015.

8.l Events after the reporting period

There have been no material events since the balance sheet date that would require adjustments to the Consolidated Financial Statements as at 31 December 2015.

Risk management and capital adequacy

Introduction

The information presented in this chapter reflects the entirety of the risks carried by BNP Paribas Fortis. It provides a comprehensive description of BNP Paribas Fortis' risk management organisation and a quantitative and qualitative overview of BNP Paribas Fortis' risk exposure at year-end 2015.

BNP Paribas Fortis' risk measures are presented according to the Basel III Pillar 3 principles. These risks are calculated using methods approved by the Belgian banking regulator, i.e. the National Bank of Belgium (NBB), and are measured and managed as consistently as possible with the BNP Paribas Risk methodologies.

Further details on the BNP Paribas Group's approach to the measuring and managing of risks resulting from banking activities can be found in the Registration Document and the BNP Paribas Annual Financial Report 2015.

1 Risk management organisation

1.a Mission and organisation

Risk management is key in the banking business. At BNP Paribas Group, operating methods and procedures throughout the organisation are geared towards addressing risks effectively. The entire process is supervised primarily by the Risk department, which is responsible for measuring and controlling risks at Group level. Risk is independent from the Core Business divisions, Business Lines and territories and reports directly to Group Executive Management.

The guiding principles of the mission and organisation of BNP Paribas Fortis' Risk department are aligned:

- with the mission of BNP Paribas Risk namely to:
  - advise the Bank's management on risk appetite and policy
  - provide a 'second pair of eyes' so that risks taken by the Bank are aligned with its policies and are compatible with its profitability and solvency objectives
  - report to and alert Bank management, Core Business division heads and the special committee of the Board of Directors on the status of the risks to which the Bank is exposed
  - ensure compliance with banking regulations in the risk area, in liaison with other relevant group functions
- and with its organisational principles:
  - a single integrated Risk entity, which is responsible for risk aspects across all businesses
  - independent of business-line management
  - organised with local and global reporting lines (matrix principle)

The BNP Paribas Fortis Risk department was integrated into BNP Paribas Risk function in November 2009. The Chief Risk Officer (CRO) of BNP Paribas Fortis is a Member of the Executive Board and also has a reporting line to the BNP Paribas Head of Risk Domestic Markets. The CRO has no hierarchical link to the heads of businesses or of countries. This structure is designed to:

- ensure objective risk control
- ensure that swift, objective and complete information is provided in the event of increased risk
- maintain a single set of high-quality risk management standards throughout the Bank
- ensure that the Bank's risk professionals implement and further develop methods and procedures of the highest quality in line with its international competitors' best practices.

The CRO heads the various Risk functions:

- Enterprise Risk Architecture is responsible for the regulatory affairs, risk analytics and modelling, risk strategic analysis, reporting and provisioning, risk ALM – treasury and liquidity.
- Risk CIB is tasked to provide full transparency and a dynamic analysis of market & counterparty risks to all BNPP Fortis businesses and is responsible for the management of credit risks on Financial Institutions, on Sovereigns and on Corporates belonging to BNPPF CIB.
- Risk Belgian Retail Banking is responsible for the management of credit risks arising from all Business Lines within the perimeter of BNP Paribas Fortis (Retail & Private Banking Belgium, Corporate & Public Bank Belgium).
- Risk Function COO is responsible for risk systems, operational permanent control (ensuring second-line control of the Risk function and of business continuity), the Risk Operating Office (coordinating the non-core support functions), change management projects and communication.
- Risk IRC (Risk Independent Review & Control) is responsible for the independent review for credit, market, counterparty, insurance and operational risk.
- 2OPC BNP Paribas Fortis Belgium provides reasonable assurance of the existence and the efficient functioning of an operational permanent control framework within BNP Paribas Fortis in Belgium that meets the supervisory requirements of BNP Paribas Fortis as well as those of BNP Paribas Group.

Outside Belgium, alongside the existing local and global reporting lines, the CROs of companies that remain within the BNP Paribas Fortis perimeter report to the CRO of BNP Paribas Fortis in order to ensure compliance with internal and external rules.

The key principle of the Bank's overall risk governance (covering all risk types including credit, market, counterparty, liquidity risk, operational risk, etc.) is the double-walled defence, as stated in the BNP Paribas Fortis Risk Policy as reviewed by the Executive Board and the Audit, Risk & Compliance Committee.

The primary responsibility for Risk lies with the businesses (first line of defence), which are responsible for the approval, monitoring and management of the risks arising from their activities.

The Risk function provides a 'second pair of eyes', helping to ensure that the risks taken by the Bank are compliant and compatible with its policies; it represents the second line of defence in accordance with the mission stated above, contributing strongly to joint decision making with the businesses and increasing the emphasis on risk monitoring and controls.

1.b BNP Paribas Fortis Risk committees

- Audit Committee (AC): in accordance with article 27 of the Banking Law, BNP Paribas Fortis is required to set up a separate audit committee to assist the board of directors with audit related matters. Prior to the entering into force of the Banking Law, the audit committee was part of the Audit, Risk and Compliance Committee (the 'ARCC'). The competences of the audit committee are set forth in the Banking Law and are listed herewith: finance, internal control and risk management, internal audit and external audit. The audit committee shall, upon request of the board of directors, assist (and make recommendations to) the board of directors in all audit and accounting related matters.

- Risk Committee (RC): in accordance with article 27 of the Banking Law, BNP Paribas Fortis is required to set up a separate risk committee to assist the board of directors with risk (related) matters. Prior to the entering into force of the Banking Law, the risk committee was part of the ARCC. The risk committee shall, upon request of the board of directors, assist (and make recommendations to) the board of directors in all risk (related) matters. In addition, several special competences of the risk committee are set forth in article 29 of the Banking Law and are listed herewith: (i) risk tolerance, (ii) price setting and (iii) remuneration policy.

- Central Credit Committee: the highest Credit Committee of BNP Paribas Fortis, which acts in line with the authority of the delegations held by its members (CEO and Heads of Business Lines, together with the CRO and other senior Risk representatives); it ensures that customer-level credit decisions are taken within the desired credit risk profile, the formulated credit policies and the Bank's legal lending limits.

- Capital Markets Risk Committee: defines and enforces the Risk strategy, policies, methods and thresholds for capital markets, including investment portfolios, at activity and transaction level.

- Risk Policy Committee: defines the risk profile at portfolio level, approves policies, reviews exposures and examines risks in the light of market conditions, business strategy and profitability, and enforces risk decisions.

- Bank Assets and Liabilities Committee: manages liquidity, interest rate and forex risk on the balance sheet and manages the Bank's funding and capital.

- Committee on Impairments and Provisions: makes final decisions on consolidated provisions and impairments.

- Exceptional Transactions Committees: validates and approves exceptional transactions.

- New Activity Committees: validates and approves new activities and products, including any significant changes in current activities.

2 Risk measurement and categories

2.a Risk measurement

Risk measurement is a crucial step in the risk management process.

To assess and measure risks, BNP Paribas Fortis uses several qualitative and/or quantitative methodologies. These range from regular reporting on matters such as concentration and quantitative and qualitative portfolio overviews to more sophisticated quantitative risk models for estimating internal risk parameters. The latter include probability of default, loss given default, exposure at default and expected loss (for credit risk) and Value at Risk (for market risk).

The development and review of these models, and their validation, are subject to Bank-wide standards in order to ensure adequacy and consistency.

The monitoring of the observed risk parameters, stress tests and model-based expectations are then compared to a framework of limits and risk guidelines.

Ultimately, all these risk measurements, together with stress tests, are then consolidated in Risk dashboards, which provide a general overview for senior management. These aggregation documents are intended to provide a basis for well-founded decisions and are subject to on-going improvement.

2.b Risk taxonomy

The risk categories reported below evolve in line with methodological developments at BNP Paribas and regulatory requirements.

Credit and counterparty risk

Credit risk is the risk of incurring a loss on financial assets (existing or potential due to commitments given) resulting from a change in the credit quality of the Bank's debtors, which may ultimately result in default. 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.

Credit risk is measured at portfolio level, taking into account correlations between the values of the loans and receivables making up the portfolio.

Counterparty risk is the credit risk embedded in payments or transactions between counterparties. Those transactions typically include bilateral contracts such as over-the-counter (OTC) derivative contract, which expose the Bank to the risk of counterparty default. The amount of this risk may vary over time in line with changing market parameters, which in turn impacts the replacement value of the relevant transactions or portfolio.

Market risk

Market risk is the risk of incurring a loss of value due to adverse changes in market prices or parameters, whether quoted in the market or not.

Quoted 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-quoted parameters are those based on working assumptions such as parameters contained in models or based on statistical or economic analyses, non-ascertainable in the market.

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 relating to banking activities encompasses the risk of loss on equity holdings on the one hand, and the interest rate and foreign exchange risks stemming from banking intermediation activities on the other hand.

Operational risk

Operational risk is the risk of incurring a loss due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Management of operational risk is based on an analysis of the 'cause-event-effect' chain.

Internal processes giving rise to operational risk may involve employees and/or IT systems. External events include, but are not limited to: floods, fire, earthquakes and terrorist attacks. Credit or market events such as default or fluctuations in value do not fall within the scope of operational risk.

Operational risk encompasses human resources risks, legal risks, tax risks, information system risks, misprocessing risks, risks relating to published financial information and the financial implications resulting from compliance and reputational risk.

Compliance and reputational risk

Compliance risk is the risk of legal, administrative or disciplinary sanctions, together with the significant financial loss that a bank may suffer as a result of its failure to comply with all the laws, regulations, codes of conduct and standards of good practice applicable to banking and financial activities, including instructions given by an executive body, particularly in the application of guidelines issued by a supervisory body.

By definition, compliance 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.

Reputational risk is the risk of damaging the trust placed in a corporation by its customers, counterparties, suppliers, employees, shareholders, regulators and any other stakeholder whose trust is an essential condition for the corporation to carry out its day-to-day operations.

Reputational risk is primarily contingent on all the other risks borne by the Bank.

Asset-liability management risk

Asset-liability management risk is the risk of incurring a loss as a result of mismatches in interest rates, maturities or nature between assets and liabilities. Asset-liability management risk arises in non-trading portfolios and primarily relates to global interest rate risk.

Liquidity and refinancing risk

Liquidity and refinancing risk is the risk of the Bank being unable to fulfil its obligations at an acceptable price in a given place and currency.

3 Capital adequacy

Framework

As a credit institution, BNP Paribas Fortis is subject to regulatory supervision.

The Belgian Banking Act of 25 April 2014 on the status and the supervision of credit institutions aligns the Belgian legislation in accordance with the new EU regulatory framework. The Capital Requirements Directive (CRD IV) is the legal framework for the supervision of credit institutions in all Member States of the European Union and is the basis of the Single Supervisory Mechanism (SSM), composed of the European Central Bank (ECB) and the national competent authorities, such as the National Bank of Belgium (NBB). The Capital Requirements Regulation (CRR) was published under reference number 575/2013 on June 26th 2013 in the Official Journal of the European Union and is in force as of June 27th 2013, while the supervised entities within its scope are subject to it as of January 1st 2014.

As such BNP Paribas Fortis is supervised, at consolidated and statutory level, by the ECB and the NBB. BNP Paribas Fortis' subsidiaries may also be subject to regulation by various supervisory authorities in the countries where these subsidiaries operate.

Regulators require banks to hold a minimum level of qualifying capital under the 1st Pillar of the Basel III framework.

Since January 1st 2014, BNP Paribas Fortis has been computing its qualifying capital and its risk-weighted assets under the CRR/CRD IV (Capital Requirement Regulation and Directive) framework, which is the EU implementation of Basel III, a revised global agreement by the Basel Committee on Banking Supervision in response to the financial crisis.

The CBFA (the former Belgian supervisor) has granted to BNP Paribas Fortis its approval for using the most advanced approaches for calculating the risk-weighted assets under Basel II (and, hence, Basel III): Advanced Internal Ratings Based Approach for credit and market risk and Advanced Measurement Approach for operational risk.

Some subsidiaries of BNP Paribas Fortis have not received such approval and therefore use the Standardised Approach for calculating risk-weighted assets.

Breakdown of regulatory capital

Qualifying capital for regulatory purpose is calculated at consolidated level based on IFRS accounting standards, taking into account prudential filters and deductions imposed by the regulator, as described in the CRR/CRD IV and transposed into the new Belgian Banking Law published in April 2014.

The table below details the composition of the regulatory capital of BNP Paribas Fortis:

In millions of euros	31 December 2015	
	Basel III (transitional**)	of which amounts subject to pre-regulation treatment *
Common Equity Tier 1 (CET1) capital : instruments and reserves	-	-
Capital instruments and the related share premium accounts	9,605	-
Retained earnings	6,787	-
Accumulated other comprehensive income (and other reserves)	787	-
Funds for general banking risk	-	-
Minority interests (amount allowed in consolidated CET 1)	3,995	1,835
Independently reviewed interim profits net of any foreseeable charge or dividend	1,575	-
COMMON EQUITY TIER 1 (CET1) CAPITAL BEFORE REGULATORY ADJUSTMENTS	**22,749**	**1,835**
Common Equity Tier 1 (CET1) : regulatory adjustments	(4,597)	485
COMMON EQUITY TIER 1 (CET1) CAPITAL	**18,152**	**2,320**
Additional Tier 1 (AT1) capital: instruments	249	122
Additional Tier 1 (AT1) capital: regulatory adjustments	-	-
ADDITIONAL TIER 1 (AT1) CAPITAL	**249**	**122**
TIER 1 CAPITAL (T1 = CET1 + AT1)	**18,401**	**2,442**
Tier 2 (T2) capital: instruments and provisions	3,083	650
Tier 2 (T2) capital: regulatory adjustments	(269)	(7)
TIER 2 (T2) CAPITAL	**2,814**	**643**
TOTAL CAPITAL (TC = T1 + T2)	**21,215**	**3,085**

(*) *By virtue of regulation (EU) N° 575/2013*

(**) *The new regulatory requirements are progressively implemented (phase-in) as from the 1st of January 2014 until the 1st of January 2019, which means that capital adequacy ratios are presented as "transitional" or "fully phased-in".*

The table below shows the key capital indicators:

In millions of euros	31 December 2015	31 December 2014
Common equity Tier 1 Capital (CET1)	18,152	18,540
Tier 1 Capital	18,401	18,840
Total Capital	21,215	21,349
Risk weighted commitments		
Credit risk	105,629	106,457
Securitisation	2,382	3,395
Counterparty Risk	2,335	2,942
Equity Risk	6,360	4,815
Market risk	2,167	2,124
Operational risk	8,681	8,538
TOTAL RISK WEIGHTED COMMITMENTS	**127,554**	**128,271**
CET 1 ratio	14.2%	14.5%
Tier 1 ratio	14.4%	14.7%
Total capital ratio	16.6%	16.6%
Levarage ratio exposure		
On-balance sheet exposures	257,785	
Derivative exposures	5,667	
Securities financing transactions	4,449	
Other off-balance sheet exposures	40,234	
TOTAL LEVERAGE RATIO EXPOSURE	**308,135**	
Leverage ratio	5.97%	

The table below shows the Risk-Weighted Assets and Capital Requirements

In millions of euros	31 December 2015 Basel III		31 December 2014 Basel III		Variation	
	Risk-weighted assets	Capital Requirement	Risk-weighted assets	Capital Requirement	Risk-weighted assets	Capital Requirement
CREDIT RISK	**105,629**	**8,450**	**106,457**	**8,517**	**(828)**	**(67)**
Credit risk: IRB approach	**52,629**	**4,210**	**49,097**	**3,928**	**3,532**	**282**
Central governments and central banks	974	78	1,147	92	(173)	(14)
Corporates	34,598	2,768	31,947	2,556	2,651	212
Institutions	2,630	210	2,772	222	(142)	(12)
Retail	14,291	1,143	13,102	1,048	1,189	95
Real estate loans	10,061	805	9,007	721	1,054	84
Revolving exposures	76	6	81	6	(5)	-
Other exposures	4,154	332	4,014	321	140	11
Other non-credit-obligation assets	136	11	129	10	7	1
Credit risk: Standardised approach	**53,000**	**4,240**	**57,360**	**4,589**	**(4,360)**	**(349)**
Central governments and central banks	6,008	481	4,359	349	1,649	132
Corporates	22,277	1,782	25,569	2,045	(3,292)	(263)
Institutions	4,105	328	4,658	373	(553)	(45)
Retail	17,220	1,378	18,195	1,456	(975)	(78)
Real estate loans	135	11	892	71	(757)	(60)
Revolving exposures	151	12	146	12	5	-
Other exposures	16,934	1,355	17,157	1,373	(223)	(18)
Other non-credit-obligation assets	3,390	271	4,579	366	(1,189)	(95)
BANKING BOOK SECURITISATION POSITIONS	**2,382**	**191**	**3,395**	**272**	**(1,013)**	**(81)**
Securitisation positions: IRB approach	2,382	191	3,395	272	(1,013)	(81)
Securitisation positions: Standardised approach	-	-	-	-	-	-
COUNTERPARTY RISK	**2,335**	**187**	**2,942**	**235**	**(607)**	**(48)**
Counterparty risk: IRB approach	**2,005**	**160**	**2,474**	**198**	**(469)**	**(38)**
CVA charge	321	26	296	24	25	2
Other counterparty risk	1,684	134	2,178	174	(494)	(40)
Central governments and central banks	5	-	3	-	2	-
Corporates	1,316	105	1,811	145	(495)	(40)
Institutions	362	29	363	29	(1)	-
Other non-credit-obligation assets	1	-	1	-	-	-
Counterparty risk: Standardised approach	**330**	**27**	**468**	**37**	**(138)**	**(10)**
CVA charge	82	7	171	14	(89)	(7)
Other counterparty risk	248	20	297	23	(49)	(3)
Central governments and central banks	-	-	-	-	-	-
Corporates	158	13	194	15	(36)	(2)
Institutions	84	7	99	8	(15)	(1)
Retail	6	-	4	-	2	-
EQUITY RISK	**6,360**	**509**	**4,815**	**385**	**1,545**	**124**
Internal model	-	-	-	-	-	-
Simple weighting method	2,261	181	1,390	111	871	70
Standardised approach	4,099	328	3,425	274	674	54
MARKET RISK	**2,167**	**173**	**2,124**	**170**	**43**	**3**
Internal model	1,698	135	1,685	135	13	-
VaR	489	39	321	26	168	13
Stressed VaR	889	70	748	60	141	10
Incremental Risk Charge	320	26	616	49	(296)	(23)
Comprehensive Risk Measure	-	-	-	-	-	-
Standardised approach	469	38	439	35	30	3
Trading Book securitisation positions	-	-	-	-	-	-
OPERATIONAL RISK	**8,681**	**694**	**8,538**	**683**	**143**	**11**
Advanced Measurement Approach (AMA)	5,782	462	5,347	428	435	34
Standardised approach	697	56	730	58	(33)	(2)
Basic indicator approach	2,202	176	2,461	197	(259)	(21)
TOTAL	**127,554**	**10,204**	**128,271**	**10,262**	**(717)**	**(58)**

Pillar 2 Process

The second Pillar of the Basel Accord, as transposed in CRD IV, provides that the supervisor shall determine whether the policies, strategies, procedures and arrangements implemented by BNP Paribas Fortis on the one hand, and the capital held on the other hand, are adequate for risk management and risk coverage purposes. This evaluation exercise by the supervisors to determine the adequacy of mechanisms and capital with respect to bank risk levels is designated in the regulations under the acronym SREP (Supervisory Review Evaluation Process).

The SREP conducted by the supervisor has an internal equivalent within institutions in the form of the ICAAP (Internal Capital Adequacy Assessment Process). ICAAP is the annual process by which institutions assess the adequacy of their capital with their internal measurements of the levels of risk generated by their usual activities.

BNP Paribas Fortis' ICAAP focuses on two key pillars: risk review and capital planning.

The risk review is a comprehensive review of management policies and internal control rules applicable to Pillar 1 exposures as stated in the Basel regulations and Pillar 2 exposures as defined in the classification of risks used by BNP Paribas Fortis.

Capital planning is based on the most recent actual and estimated financial data available. These data are used to project future capital requirements, in particular by factoring in the Bank's goal of maintaining a first-class credit rating to protect its origination capability, its business development targets and anticipated regulatory changes.

Capital planning consists of comparing the capital ratio targets defined by BNP Paribas Fortis with future projected capital requirements, and testing their robustness in a stressed macroeconomic environment.

Based on CRD 4/CRR, Pillar 1 risks are covered by regulatory capital, calculated on the basis of the methods defined in the current regulation. Pillar 2 risks are based on qualitative approaches, dedicated monitoring frameworks and, if necessary, quantitative assessments.

The SREP and ICAAP definitions as well as the conditions for their interaction were previously defined in the "Guidelines on the Application of the Supervisory Review Process under Pillar 2" of 25 January 2006 published by the CEBS.

This directive was supplemented on 19 December 2014 by the EBA with "Guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP)". These new guidelines are a step in the implementation of the Single Supervisory Mechanism (SSM) and offer supervisors a common and detailed methodology that enables them to successfully complete the SREP according to a European standard. The EBA SREP guidelines will be applicable starting 1 January 2016, with transitional provisions until 2019.

4 Credit and counterparty risk

The following table shows all BNP Paribas Fortis' financial assets, including fixed-income securities, which are exposed to credit risk. Credit risk exposure does not include collateral and other security taken by the Bank in its lending business or purchases of credit protection.

Exposure to credit risk by Basel asset class

In millions of euros	31 December 2015			31 December 2014		
	IRBA	Standardised Approach	Total	IRBA	Standardised Approach	Total
Central governments and central banks	46,428	12,335	58,763	41,770	12,767	54,537
Corporates	112,625	28,594	141,219	100,129	34,071	134,200
Institutions *	20,080	10,568	30,648	21,142	10,949	32,091
Retail	74,966	32,030	106,996	71,285	30,939	102,224
Securitisation positions	4,636	-	4,636	5,553	-	5,553
Other non-credit-obligation assets **	329	3,456	3,785	325	4,615	4,940
Total exposure	**259,064**	**86,983**	**346,047**	**240,204**	**93,341**	**333,545**

(*) *Institutions asset class comprises credit institutions and investment firms, including those recognised in other countries. It also includes some exposures to regional and local authorities, public sector agencies and multilateral development banks that are not treated as central government authorities.*

(**) *Other non-credit-obligation assets include tangible assets, accrued income and other assets.*

The table above shows the entire prudential scope based on the asset classes defined in accordance with Article VI.2 of the CBFA Regulation of 17 October 2006 on capital requirements for credit institutions and investment firms.

The increase in Corporate credit risk exposure is mainly influenced by a growth in on- and off-balance exposure in the CIB and Corporate Banking Business within BNP Paribas Fortis (in IRB-approach). This evolution is partially compensated by the deconsolidation of BNPP Fortis Polska following its merge with BGZ (standardised approach).

For Retail, the overall increase in the credit risk exposures is mainly driven by the mortgage loans portfolio (Belgium and Luxembourg) and, to a lesser extent, by Alpha Credit consumer loans portfolio both in the IRB-approach. Within the standardised approach, the impact of the above mentioned transfer of BNPP Fortis Poland to BGZ is entirely outbalanced by growing retail activities within Turkey, as well as within our factoring and lease entities.

Exposure to Counterparty Risk

BNP Paribas Fortis is exposed to counterparty risk on its capital markets transactions. This risk is managed through the widespread use of standard close-out netting and collateral agreements as well as through a dynamic hedging policy. Changes in the value of the Bank's exposure are taken into account in the measurement of over-the-counter financial instruments through a credit value adjustment process.

The table below shows the Bank's exposure to counterparty risk (measured as exposure at the time of default) by Basel asset class on derivatives contracts and securities lending/borrowing transactions, after the impact of any netting agreements.

Exposure at default by calculation approach

In millions of euros	31 December 2015			31 December 2014		
	IRBA**	Standardised Approach	Total	IRBA	Standardised Approach	Total
Central governments and central banks	535	-	535	739	-	739
Corporates	3,772	84	3,856	5,012	146	5,158
Institutions *	2,173	2,027	4,200	1,856	1,593	3,449
Retail	1	8	9	1	5	6
Total exposure	**6,481**	**2,119**	**8,600**	**7,608**	**1,744**	**9,352**

(*) *Institutions asset class comprises credit institutions and investment firms, including those recognised in other countries. It also includes some exposures to regional and local authorities, public sector agencies and multilateral development banks that are not treated as central government authorities.*

(**) *For the IRBA approach, exposures correspond to the ones used to compute the capital charge. Since 2014, this is the Stressed EAD.*

4.a Credit risk

4.a.1 General credit policy and control and provisioning procedures

BNP Paribas Fortis' lending activities are governed by the Global Credit Policy, which applies to all BNP Paribas Group entities. It is approved by the BNP Paribas Group Risk Committee, chaired by the Chief Executive Officer and endorsed by the BNP Paribas Fortis Executive Board, chaired by the Chief Executive Officer. The policy is underpinned by core principles relating to compliance with the Group's ethical standards, clear definition of responsibilities (Business and Risk), and the existence and implementation of procedures and requirements for a thorough analysis of risks. It is cascaded in the form of specific policies tailored to each type of business or counterparty. The framework for the governance of credit risks within the Bank is further detailed in a specific, transversal approach which is built upon key credit routing principles, rules governing the granting of delegations of authority and the role of the Central Credit Committee, which is the highest-level credit committee at the Bank. It also reiterates and reinforces the key principle that the Risk Function is independent from the Businesses.

4.a.2 The credit lifecycle

Decision-making procedures

The basis for effective credit risk management is the identification of both existing and potential credit risk inherent in any product or activity. This process includes the gathering of all relevant information concerning the products offered, the counterparties involved and all other elements that may influence credit risk. In particular, before making any commitments, BNP Paribas Fortis carries out an in-depth review of any known development plans of the client and ensures that the Bank has thorough knowledge of all the structural aspects of the client's operations and that adequate monitoring will be feasible.

Assessing the credit risk of a proposed transaction consists of:

- analysis of the probability that the client will fail to meet his obligations, which also translates into a risk classification on the Bank's rating scale (*BNP Paribas Fortis Master Scale*)
- analysis of the possibilities of fulfilling the client's obligations by other means in the event that the client fails to meet his obligations himself
- formulation of a credit proposal which brings all these facets to the attention of the decision makers.

Authorised persons or committees composed of designated Business and Risk representatives take a joint decision based on the credit proposal. Credit proposals must comply with the Bank's Global Credit Policy and with any specific policies, and must in all cases comply with the applicable laws and regulations.

A system of discretionary lending limits has been established, under which all lending decisions must be approved by formally designated members of the Business and the Risk department. The underlying principle is the need to achieve an appropriate balance, in terms of overall profitability, between two opposite drivers, i.e. maximising the decision-making autonomy of the businesses on the one hand and reducing unexpected counterparty risk on the other.

Approvals are systematically given in writing, either by means of a signed approval form or in the minutes of formal meetings of a Credit Committee. Discretionary lending limits correspond to aggregate commitments by business group and vary according to internal credit ratings and the specific nature of the business concerned. In addition, an industry expert or designated specialist may also be required to sign off on the loan application for certain sectors or industries. In Retail banking, simplified procedures are applied, based on statistical decision-making aids, for standard products and limited amounts.

Monitoring procedures

All BNP Paribas Fortis entities are subject to comprehensive risk monitoring and reporting. This is carried out by Control and Reporting units which are responsible for ensuring that lending commitments comply with the loan approval decision, that credit risk reporting data are reliable and that risks accepted by the Bank are effectively monitored. Exception reports are produced (at varying intervals depending on the business) and various tools are used to provide early warnings of potential escalations of credit risks. Monitoring is carried out at different levels, generally reflecting the organisation of discretionary lending limits. The monitoring teams report to the Risk department. Monitoring teams are closely involved in the organisation of the Watchlist and Impairment Committees which meet at monthly intervals to examine all higher risk, sensitive or problem loans in excess of a certain amount. Its responsibilities include guidance on strategy and giving its opinion on any adjustments to impairment provisions, based on the recommendations of the relevant Business and the Risk department.

Impairment procedures

The Risk department reviews all corporate, bank and sovereign loans in default at monthly intervals to confirm the amount of any impairment loss to be recognised. The review relates to all material decisions taken at the appropriate decision levels as defined in the related policies. The amount of the impairment loss is based on the present value of probable net recoveries, taking into account the possible realisation of guarantees received.

In addition, a collective impairment figure is established for each Business on a statistical basis. The BNP Paribas Fortis Committee on Impairments and Provisions meets on a quarterly basis to approve the amount of the impairment. This is based on simulations of losses to maturity on portfolios of loans whose credit quality is considered to be impaired, but where the customers concerned have not been identified as in default (i.e. loans not covered by specific impairment). The simulations carried out by the Risk department use the parameters of the internal rating system described below.

The aforementioned Committee takes the final decision on all aspects of cost of risk, including specific provisions for impairment and collective impairments. Decisions on the structured credits portfolio are taken by the same Committee.

4.a.3 Internal rating system

BNP Paribas Fortis has chosen to adopt the most advanced approach – the 'Advanced Internal Ratings Based Approach' (AIRBA) as described in the Basel II accord – and received approval from the CBFA on 3 March 2008 for using this approach to calculate capital requirements under Basel II (now Basel III). Projects designed to achieve convergence with the BNP Paribas Group are currently in progress with a view to harmonising methods, processes and systems, while remaining compliant with regulatory requirements.

The Bank has a comprehensive internal rating system for determining risk-weighted assets used to compute capital adequacy ratios. A periodic assessment and control process has been deployed to ensure that the system is appropriate and correctly implemented. For corporate loans, the system is based on three parameters: the counterparty's probability of default expressed via a rating; loss given default, which depends on the structure of the transaction; and the credit conversion factor (CCF), which estimates the portion of off-balance sheet exposure at risk.

There are twenty counterparty ratings. Seventeen cover performing clients with credit assessments ranging from 'excellent' to 'very concerning', and three relate to clients classified as in default, as per the definition published by the banking regulator.

Ratings are determined at least once a year, in connection with the annual review of the client's total exposure, drawing on the combined expertise of Business Line staff and Senior Credit Officers from the Risk department, the latter having the final say. High quality tools have been developed to support the rating process, including analysis assistance and credit scoring systems. The decision to use these tools and the choice of technique depends on the nature of the risk.

Various quantitative and other methods are used to check rating consistency and the robustness of the rating system. Loans to private customers and very small businesses are rated using statistical analyses of groups of risks with the same characteristics. The Risk department has overall responsibility for the quality of the entire system. This responsibility is fulfilled either by directly designing the system, validating it and/or verifying its performance.

'Loss given default' is determined either using statistical models for books with the highest degree of granularity or using expert judgment based on comparative values. Basel III defines 'loss given default' as the loss that the Bank would suffer in the event of the counterparty's default.

For each transaction, it is measured using the recovery rate for a senior unsecured exposure to the counterparty concerned, adjusted for the effects of any risk mitigation techniques (collateral and other security). Amounts recoverable against collateral and other security are estimated each year on a prudent basis and discounts are applied for realising security in a period of economic slowdown.

Exposure at default has been modelled by the Bank, when the regulation allows it. Conversion factors are used to measure the off-balance sheet exposure at risk in the event of borrower default.

Each of the three credit risk parameters is back-tested annually to check the system's performance for each of the Bank's business segments. Back-testing consists of comparing estimated and actual results for each parameter.

For back-testing ratings, the default rate of populations in each rating category, or each group of risks with similar characteristics for Retail banking operations, is compared with the actual default rate observed on a year-by-year basis. An analysis by rating policy, rating, geographical area and rating method is carried out to identify any areas where the models might be underperforming. The stability of the rating and its population is also verified. The Bank has also developed back-testing techniques tailored to low-default portfolios to assess the appropriateness of the system, even where the number of actual defaults is very low.

Back-testing of the overall recovery rates is based mainly on analysing recovery flows on exposures in default. When an exposure has been written off, each amount recovered is discounted back to the default date and calculated as a percentage of the exposure. When an exposure has not yet been written off, the amount of provisions made is used as a proxy for the exposure that will not be recovered. The recovery rate determined in this way is then compared with the initial forecast rate. As with the rating, recovery rates are analysed on an overall basis and by rating policy and geographical area. Variances on an item-by-item and average basis are analysed taking into account the bimodal distribution of recovery rates. The results of these tests show that the Bank's estimates are consistent with economic downturn conditions and are conservative on an average basis.

The credit conversion factor is also back-tested annually.

The result of all back-testing work is presented annually to the bodies responsible for overseeing the rating system and risk practitioners worldwide. These results and ensuing discussions are used to help set priorities in terms of developing methodology and deploying tools.

Internal estimates of risk parameters are used in the Bank's day-to-day management in line with Basel III recommendations. For example, apart from calculating capital requirements, they are used when making new loans or reviewing existing loans to measure profitability, determine collective impairment, monitor and ensure active risk management, and for internal and external reporting.

4.a.4 Portfolio policy

In addition to carefully selecting and assessing individual risks, BNP Paribas Fortis follows a portfolio-based policy designed to diversify risks among borrowers, industries and countries. As part of this policy, BNP Paribas Fortis may use credit risk transfer instruments (such as securitisation programmes or credit derivatives) to hedge individual risks, reduce portfolio concentration or cap potential losses under crisis scenarios.

4.a.5 Risk mitigation techniques

Collateral and other security

Risk mitigation is the result of reducing the credit risk by hedging or by obtaining collateral. Hedging is any financial technique designed to reduce or eliminate the financial risk engendered by products and/or activities. Security (collateral) is any commitment made or privilege given by a counterparty or third party to which the Bank can seek recourse in the event of the counterparty's default in order to reduce loan losses, or any other agreement or arrangement having a similar effect. The lending activity is never based purely on collateral or hedging. Risk mitigation factors are always regarded as an alternative solution.

The BNP Paribas Global Credit Policy, which also applies to BNP Paribas Fortis, sets out how transactions should be structured in order to mitigate risk. Collateral and other security are taken into account at fair value, and only accepted as the main source of repayment in exceptional cases such as for example commodities financing. Cash generated by operations is regarded as the primary source of the borrower's ability to repay. Guarantors are subject to the same rigorous upfront assessment process as primary debtors.

Banking regulations set clear guidelines for assessing the risk-mitigating effect of collateral and other security under the Basel III advanced approaches. The Bank's diversified business base means that loans are secured by many different types of collateral and security charges over inventory, accounts receivable or real estate. Risk assessments also take into account direct guarantees issued by the counterparty's parent company or other guarantors such as financial institutions. Other guarantees assessed by the Bank include credit derivatives, export credit agencies and credit enhancers. Acceptance of these types of guarantees is governed by strict criteria. A guarantee is considered as mitigating a risk only when the guarantor is rated higher than the counterparty. The value of collateral or other security is only taken into account in measuring exposure if there is no strong correlation with the risk on the first-rank debtor.

IRB approach – Sovereign/Corporates/Institutions

The following table gives the breakdown by Basel asset class - Sovereign, Corporates and Institutions - of the risk mitigation resulting from collateral and guarantees relating to the portfolio of loans and credit commitments for all Business Lines using the advanced IRB Approach.

In millions of euros	31 December 2015				31 December 2014			
	Basel III				Basel III			
		Risk mitigation				Risk mitigation		
	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collateral	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collateral
Central governments and central banks	46,428	1,392	9	1,401	41,770	1,365	1	1,366
Corporates	112,625	17,763	8,137	25,900	100,129	17,687	5,964	23,651
Institutions	20,080	2,001	59	2,060	21,142	1,993	107	2,100
Total	**179,133**	**21,156**	**8,205**	**29,361**	**163,041**	**21,045**	**6,072**	**27,117**

Standardised approach – Sovereign/Corporates/Institutions

The following table gives the breakdown by Basel asset class – Sovereign, Corporates and Institutions - of the risk mitigation resulting from collateral and guarantees relating to the portfolio of loans and credit commitments for all Business Lines using the standardised approach.

In millions of euros	31 December 2015				31 December 2014			
	Basel III				Basel III			
		Risk mitigation				Risk mitigation		
	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collateral	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collateral
Central governments and central banks	12,335	-	-	-	12,767	-	1	1
Corporates	28,594	-	90	90	34,071	157	50	207
Institutions	10,568	-	-	-	10,949	-	26	26
Total	**51,497**	**-**	**90**	**90**	**57,787**	**157**	**77**	**234**

Purchases of credit protection

Optimisation of credit portfolio management requires the use of efficient hedging techniques to avoid concentration or unwanted exposure in the loan or debt security portfolio. For this purpose, BNP Paribas Fortis uses mainly single name credit default swaps (CDS). CDS counterparties are carefully selected and virtually all contracts benefit from collateral agreements.

Asset securitisation

Asset securitisation is the process of creating a marketable financial instrument that is backed by the cash flow or value of specific financial assets. During the securitisation process, assets (e.g. consumer loans, receivables, mortgages) are selected and pooled together into a special purpose vehicle (SPV) which issues securities that can be sold to investors. Detailed information on asset securitisation is provided in section 4.c 'Securitisation' of this chapter and in Note 5.e 'Reclassification of financial instruments initially recognised at fair value through profit or loss held for trading purposes or as available-for-sale assets'.

Diversification of exposure to credit risk

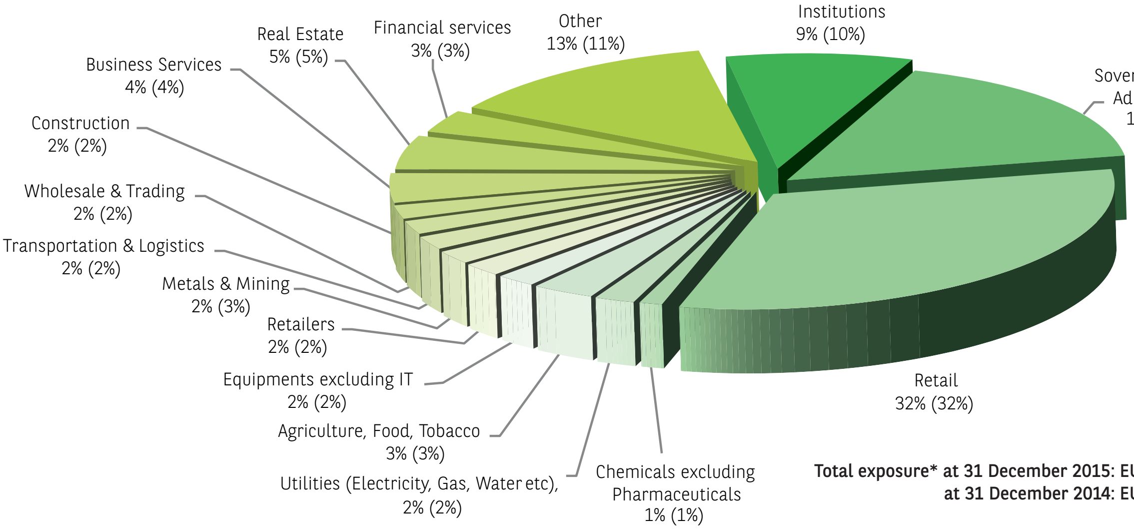
Credit risk concentration is any exposure to a counterparty or an aggregate of exposures to a number of positively correlated counterparties (i.e. tendency to default under similar circumstances) with the potential to produce a significant amount of capital loss due to a bankruptcy or failure to pay. Avoidance of concentrations is therefore fundamental to BNP Paribas Fortis' credit risk strategy of maintaining granular, liquid and diversified portfolios.

In order to identify potential linkages between exposures to single counterparties, BNP Paribas Fortis applies the concept of 'Total Group Authorisation'. This implies that groups of connected counterparties are deemed to be a 'Business Group' for the management of credit risk exposure.

To manage the diversity of credit risk, BNP Paribas Fortis' credit risk management policy seeks to spread credit risk across different sectors and countries. The table below shows the industry concentration of BNP Paribas Fortis' customer credit portfolio at 31 December 2015.

Breakdown of credit risk by Basel III Asset Class and by corporate industry at 31 December

In millions of euros	31 December 2015		31 December 2014	
	Exposure	%	Exposure	%
Agriculture, Food, Tobacco	10,190	7%	9,591	7%
Financial services	10,670	8%	10,101	8%
Chemicals excluding Pharmaceuticals	2,404	2%	2,295	2%
Construction	6,701	5%	7,852	6%
Retailers	6,584	5%	6,513	5%
Equipment excluding IT	5,832	4%	5,557	4%
Real estate	17,408	12%	15,997	12%
Metals & Mining	5,698	4%	8,592	6%
Wholesale & Trading	5,853	4%	6,083	5%
Business services	14,397	10%	12,756	10%
Transportation & Logistics	7,335	5%	6,340	5%
Utilities (electricity, gas, water, etc.)	5,854	4%	5,744	4%
Other	42,294	30%	36,779	26%
TOTAL	**141,220**	**100%**	**134,200**	**100%**



Total exposure* at 31 December 2015: EUR 338 billion
at 31 December 2014: EUR 323 billion

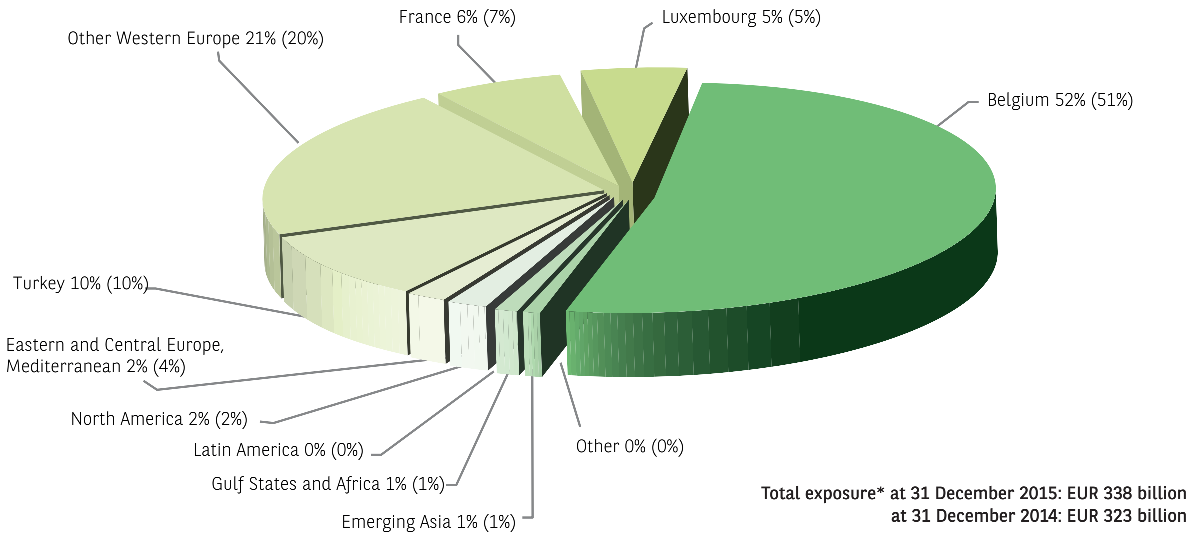
(*) *Total exposure excluding counterparty risk, equity, other non-credit-obligation assets and securitisation positions. Percentages between brackets reflect the breakdown as at 31 December 2014.*

Country concentration risk is the sum of all exposures to obligors in the country concerned. The table below shows the geographical concentration of BNP Paribas Fortis' customer credit portfolio at 31 December 2015.

Geographical breakdown of credit risk at 31 December 2015 by counterparty's country of location

In millions of euros	31 December 2015					
	Basel III					
	Central governments and central banks	Corporates	Institutions	Retail	TOTAL	%
Europe	**56,257**	**130,773**	**29,663**	**106,391**	**323,084**	**95%**
Belgium	32,251	58,476	12,579	70,790	174,096	52%
Netherlands	7,363	12,824	663	912	21,762	6%
Luxembourg	4,148	7,693	315	6,237	18,393	5%
France	1,627	5,439	11,153	3,268	21,487	6%
Turkey	5,105	9,782	1,675	16,751	33,313	10%
Other European countries	5,763	36,559	3,278	8,433	54,033	16%
North America	**1,121**	**5,159**	**180**	**-**	**6,460**	**2%**
Asia & Pacific	**350**	**1,508**	**343**	**553**	**2,754**	**1%**
Rest of the World	**1,035**	**3,777**	**461**	**52**	**5,325**	**2%**
TOTAL	**58,763**	**141,217**	**30,647**	**106,996**	**337,623**	**100%**

In millions of euros	31 December 2014					
	Basel III					
	Central governments and central banks	Corporates	Institutions	Retail	TOTAL	%
Europe	**51,032**	**126,699**	**30,627**	**101,751**	**310,109**	**96%**
Belgium	28,926	52,863	13,736	67,372	162,897	50%
Netherlands	4,834	11,742	355	1,203	18,134	6%
Luxembourg	3,882	7,176	266	6,063	17,387	5%
France	1,710	4,990	11,664	3,251	21,615	7%
Turkey	4,552	11,963	1,550	13,999	32,064	10%
Other European countries	7,128	37,965	3,056	9,863	58,012	18%
North America	**2,219**	**2,537**	**186**	**3**	**4,945**	**2%**
Asia & Pacific	**325**	**1,375**	**747**	**455**	**2,902**	**1%**
Rest of the World	**961**	**3,589**	**531**	**15**	**5,096**	**2%**
TOTAL	**54,537**	**134,200**	**32,091**	**102,224**	**323,052**	**100%**



(*) *Total exposure excludes counterparty risk, equity, other non-credit-obligation assets and securitisation positions. Percentages between brackets reflect the breakdown as at 31 December 2014.*

4.a.6 Credit risk rating

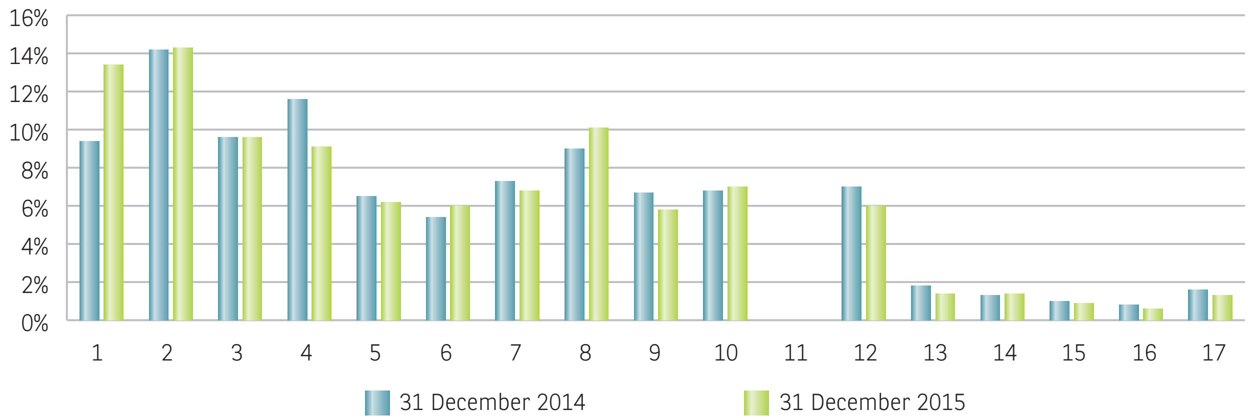
Credit risk rating is a classification that results from the Risk Rating Assignment Process, which is based on a qualified assessment and formal evaluation. This classification is the result of an analysis of each obligor's financial history and an estimate of its ability to meet debt obligations in the future.

To that end, BNP Paribas Fortis has drawn up a 'Master Scale', ranging from 1 to 20, which provides an indication of the probability that a counterparty will default within one year. Master Scale ratings from 1 to 6 are considered investment grade, from 7 to 17 non-investment grade and from 18 to 20 impaired.

IRBA: Corporate exposures by credit rating

The chart below shows a breakdown by credit rating of performing loans and commitments in the Corporate loan book for the entire Bank's Business Lines, measured using the internal ratings-based approach (IRBA). This exposure represents EUR 109.7 billion of the gross credit risk at 31 December 2015, compared with EUR 96.8 billion at 31 December 2014.

Breakdown of IRBA - individually rated - Corporate exposures by credit rating



Retail banking operations

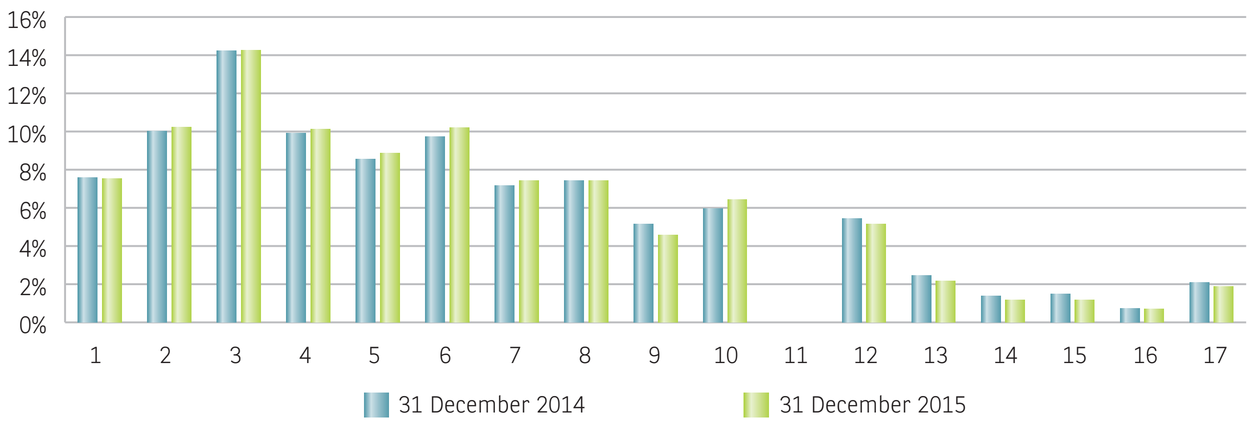
Retail banking operations are carried out through the BNP Paribas Fortis retail network. The Belgian field of operations is embedded in structured and automated credit processes, complying with the Basel III Internal Rating Based Advanced approach.

All the advanced Basel III parameter estimates (PD, EAD, LGD) are reviewed and/or updated yearly. The explanatory variables for the Retail part of the portfolio rely on internal behavioural data. These parameters are computed monthly on the basis of the latest available information and made available without any manual intervention.

Classical scoring techniques are used for screening customers at application time, always remaining in line with the Basel III parameters.

The chart below shows a breakdown by credit rating of performing loans and commitments in the Retail loan book for the entire Bank's Business Lines, measured using the internal ratings-based approach. This exposure represents EUR 73.8 billion of the gross credit risk at 31 December 2015, compared with EUR 69.9 billion at 31 December 2014.

Breakdown of IRBA - individually rated - Retail exposures by credit rating



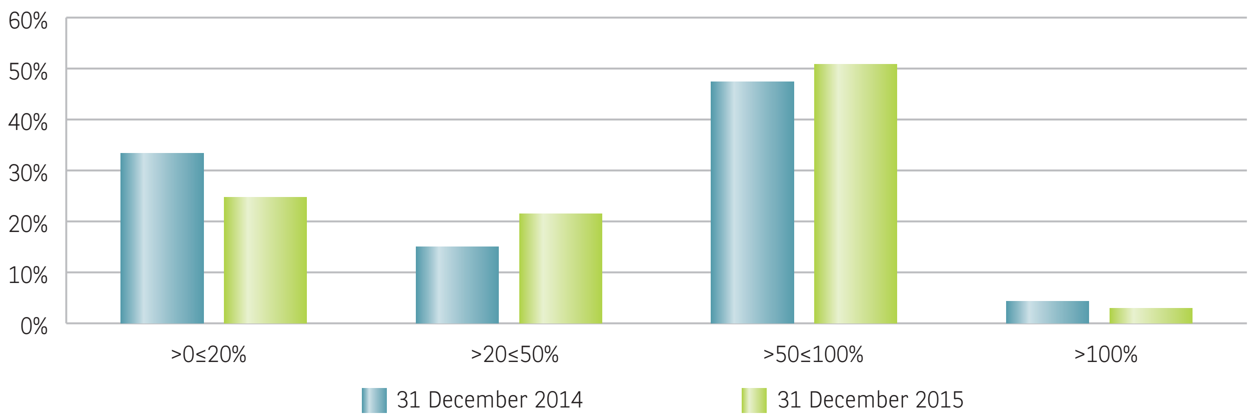
Standardised approach

BNP Paribas Fortis also applies the standardised approach or the 'Unrated Standardised Approach' (USTA) to legal entities or business units, inter alia those that are classified under 'Permanent exemptions'.

The entities classified under 'Permanent exemptions' are those legal entities or business units that are earmarked as non-material based on the eligibility criteria or processes defined by BNP Paribas Fortis. Permanent exemptions will remain as long as the eligibility criteria or processes for non-materiality continue to be met.

The chart below provides information on the exposure to the Corporate loan book (including institutions and governments) measured using the standardised approach and broken down by risk weight buckets.

Breakdown of Corporate (*) exposure by weighting via the standardised approach



(*) *The 'Corporate' loan book shown in the chart above includes corporates, central governments and central banks, and institutions*

4.b Counterparty risk

4.b.1 Introduction

Counterparty risk, as defined in chapter 4.b.2, is the translation of the credit risk embedded in the financial transactions between counterparties. Counterparty risk lies in the fact that a counterparty may default on its obligations to pay the Bank the full present value of a transaction or portfolio for which the Bank is a net receiver.

Counterparty risk is linked to the replacement cost of a derivative or portfolio in the event of the counterparty default. It can be seen as a market risk in case of default or a contingent risk. Counterparty risk arises from both bilateral activities of BNP Paribas Fortis with clients and cleared activities through clearing houses or external clearers.

As far as counterparty risk is concerned, the Risk function is split amongst five main themes:

- Counterparty risk exposure measurement,
- Exposures and limits control and analyses,
- Risk reduction mechanisms implementation,
- Credit Valuation Adjustments (CVA) computation and management,
- Stress tests definition and implementation.

4.b.2 Counterparty Risk Measurement

Counterparty exposure valuation

The exposure to counterparty risk is measured using two approaches:

Modelled exposures – internal model approach

Under the internal model approach, the Exposure at Default (EAD) for counterparty risk is computed from the EEPE (Effective Expected Positive Exposure) measure. EEPE is calculated using an internal exposure measurement system developed by BNP Paribas and validated by the French and Belgian regulator (ACPR and NBB). The output of this internal model is to generate counterparty exposure profiles.

The operating principle of the model is to simulate the evolution of all main risk factors (equities and commodities prices, FX or interest rates for example) to which counterparty exposures are sensitive to, given their current market values. Risk factors evolution is governed by stochastic, diffusion processes: thousands of time-trajectories (corresponding to potential market evolutions scenarios) are generated using Monte-Carlo simulations. Theses diffusion processes are periodically calibrated to the most recent 4 year period historical market data.

Based on the risk factors simulations, the model calculates the value of each transaction, from the current date until maturity (from 1 day to more than 30 years for longest transactions); this generates set of exposure distributions for each trade.

Trades may be covered by a Master Agreement (MA) for netting and can, in addition, benefit from a margin call agreement or credit support annex (CSA). For each counterparty, exposures are aggregated taking into account the legal contracts in place (MA, CSA) and, when appropriate, the riskiness of any collateral exchanged.

From the generated counterparty exposure distribution, the model computes:

- EPE (Expected Positive Exposure) profile representing an “average” exposure

- Potential Future Exposure (PFE) profile representing a “peak” exposure

The EPE profile is calculated by taking the mean of the counterparty exposure distribution, at each time point of the simulation with negative values of the distribution being set to 0. The EEPE is then calculated as a time weighted average of the one year, non-decreasing expected exposure profile: for each simulation date, exposure value taken into account is the maximum between the EPE profile value and the one corresponding to the previous simulation date. Exposure at default (EAD) used in capital calculation is the product of EEPE and a supervisory co-efficient (α).

The PFE profile is typically computed as the 90% percentile of the counterparty exposure distribution, at each time point of the simulation after aggregation and netting. This percentile level is set to 99% for hedge funds counterparties. The exposure of the PFE profile is used against a limit monitoring framework defined by counterparty and maturity.

The internal model for counterparty risk has been updated to comply with the legal implementation of Basel III that was effective from the 1st of January 2014:

- Margin period of risk extension to comply with CRR Article 285

- Specific correlation risk is taken into account for CRR Article 291

- Stressed EAD computation resulting from a stressed calibration for CRR Article 292

Non-modelled approach

For non-modelled counterparty risk exposures, the EAD is based on market price evaluation (Net Present Value + Add On).

4.b.3 Limit / Monitoring Framework

Limits corresponding to the risk tolerance of the bank are defined for the counterparty risk. For each counterparty, the highest exposure value of the PFE profile (MAX PFE) computed by the system is compared, on a daily basis, to the counterparty limit to the ensure compliance with the credit decisions.

In addition, this system can simulate ad-hoc transactions and measure their marginal impact on the counterparty portfolio.

Limits definition and calibration are the result of the risk approval process; they are validated in committees with different levels of authority, the highest authority level being the General Management Credit Committee.

This is complemented by sets of guidelines (e.g. guidelines for contingent market risk sensitivities per counterparty which are extracted from the market risk system) which provide further tools in the monitoring of counterparty risk and the prevention of systemic risk concentrations.

4.b.4 Counterparty Risk Reduction

Netting agreements

Netting is used by the Bank in order to mitigate counterparty credit risk associated with derivatives trading. The main instance where netting occurs is in case of trade-termination: if the counterparty defaults, all the trades are terminated at their current market value, and all the positive and negative market values are summed to obtain a single amount (net) to be paid to or received from the counterparty. The balance ('close-out netting') may be collateralised with cash, securities or deposits.

The Bank also applies settlement netting in order to mitigate counterparty credit risk in case of currency settlements. This corresponds to the netting of all payments and receipts between the Bank and a counterparty in the same currency, to be settled the same day. The netting results in a single amount (for each currency) to be paid either by the Bank or by the counterparty.

Transactions affected by this are processed in accordance with bilateral or multilateral agreements respecting the general principles of the national or international framework. The main forms of bilateral agreement are those issued by the National Bank of Belgium (NBB), and on an international basis by the International Swaps and Derivatives Association (ISDA).

Trade clearing

Trade clearing is part of BNP Paribas Fortis' usual Capital Market activities. As a clearing member, BNP Paribas Fortis contributes to the risk management framework of the central clearing counterparties (CCPs) through the payment of a default fund contribution as well as daily margin calls. The rules which define the relationships between BNP Paribas Fortis and the CCPs of which it is a member are described in each CCP's rule book. This scheme enables the reduction of notional amounts through the netting of the portfolio and a transfer of the risk from several counterparties to a single one with a robust risk management framework.

4.b.5 Credit Value Adjustments

The valuation of financial OTC trades carried out by BNP Paribas Fortis as part of its trading activities includes credit value adjustments (CVAs). A CVA is an adjustment of the trading portfolio valuation to take into account the counterparty risk. CVA is the fair value of any expected loss arising from counterparty exposure based on the potential positive value of the portfolio, the counterparty default probability and the estimated recovery rate.

Counterparty risk exposures on derivative instruments cover all derivative portfolio exposures of BNP Paribas Fortis, all underlyings and all Business Lines combined.

The credit value adjustment is not only a function of the expected exposure of a counterparty portfolio but also the credit risk level of the counterparty itself, which can be estimated by the level of the Credit Default Swaps (CDS) spreads used in the default probability calculation.

In order to reduce the risk associated with the credit quality deterioration embedded in a financial operations portfolio, BNP Paribas Fortis may use a dynamic hedging strategy, involving the purchase of market instruments such as credit derivative instruments.

To protect banks against the risk of losses due to CVA variations, Basel III introduced a dedicated capital charge on the VaR on CVA. This charge aims at capitalising the risk of loss caused by changes in the credit spread of a counterparty due to changes in its credit quality.

4.b.6 Stress testing and General Wrong Way Risk

Wrong way risk is where exposure to a counterparty is inversely correlated with the credit quality of the counterparty. Such risk can be split into two parts:

- General Wrong Way Risk (GWWR): the risk that the likelihood of default by counterparties is positively correlated with general market risk factors
- Specific Wrong Way Risk (SWWR): the risk arising when future exposure to a specific counterparty is positively correlated with the counterparty's probability of default due to the nature of the transactions with the counterparty.

In addition to the above, when a legal link between the exposures underlyings and the counterparty is established, the SWWR is subject to prescribed, regulatory capital treatment. GWWR is treated and measured using specific stress tests.

As per the stress testing framework and policy, the General Wrong Way Risk (GWWR) monitoring and analysis approach combines top-down and bottom-up aspects:

- For the top-down approach, the GWWR policy defines the generic rules and criteria to be used to detect GWWR. These criteria are based on the countries of incorporation of the counterparties, the region of which they are part and the industries in which they are involved, stressing market and macro-economic parameters appropriately. Various market risk positions that counterparties may have with BNP Paribas Fortis have been defined as the situations where GWWR should be analysed and reported.
- The GWWR framework relies upon a robust bottom-up approach with the expertise of the counterparty credit analysts specifically needed to define more specifically the most impacting scenarios at portfolio level (the approach consists of the use of stressed market parameters reflecting extreme but realistic conditions).

The BNP Paribas Fortis counterparty risk stress testing framework is aligned with the market risk framework (as presented within the market risk section). As such, the counterparty stress testing framework is implemented in conjunction with market risk stress testing and employs consistent market shifts where scenarios are shared. Testing also comprises factors specific to counterparty risk such as deteriorations in counterparty credit quality and increased volatility to simulate future counterparty risk exposures.

Such risk analysis is part of the management reporting framework which shares common forums with the market risk reporting setup such as the Capital Markets Risk Committee (CMRC). Both counterparty and market risk stress testing frameworks are governed by the Stress Testing Steering Committee.

4.b.7 Exposures at default

Exposures at default (EAD) by calculation approach

The tables below show the exposures at default for counterparty risk by calculation approach and by product type at 31 December 2015 and 31 December 2014.

	31 December 2015 Basel III		
In millions of euros	**IRBA**	**Standardised approach**	**Total**
Derivatives	5,487	975	6,462
Securities financing transactions and deferred settlement transactions	995	1,144	2,139
	-	-	-
Total	**6,482**	**2,119**	**8,601**

In millions of euros	31 December 2014		Basel III
	IRBA	Standardised approach	Total
Derivatives	7,117	1,629	8,746
Securities financing transactions and deferred settlement transactions	491	115	606
Total	**7,608**	**1,744**	**9,352**

The lower derivatives exposure is mainly due to a combination of (i) lower specific wrong way risk exposure, (ii) interest rates environment and (iii) a lower stock of derivatives.

The evolution in securities financing transactions is principally marked by higher use of centrally cleared repo transactions.

Exposure at default by rating

The table below (on internal models, as is the rest of this paragraph) shows the distribution of the OTC derivative portfolio by rating. For each element, the proportion of netted and collateralised transactions (in terms of number of trades) is indicated:

Rating	%	o/w netted part	o/w collat. part
AAA	0%	100%	33%
AA	23%	96%	88%
A	25%	98%	75%
BBB	23%	88%	12%
BB	22%	89%	4%
B	1%	89%	0%
CCC	2%	97%	0%
D	4%	93%	0%
Sum	**100%**		

Risk Weighted Assets

The following table shows the counterparty risk weighted assets according to three regulatory requirements at 31 December 2015:

In millions of euros	Capital	RWAs
CCR Bilateral	137	1,708
CCR Clearing	4	49
CVA Charge	26	321
Total	**167**	**2,078**

The bilateral CCR charge corresponds to the (classical) bilateral counterparty risk own funds requirements. It is computed on the non-cleared part of the OTC derivatives and repos portfolio. This charge is the maximum of the charge computed based on actual EADs and of the one computed from the Stressed EADs.

The following table presents the split of the bilateral CCR charge between OTC Derivatives and Repos:

In millions of euros	Capital	RWAs
OTC Derivatives	133	1,658
Repos/Slab	4	50
Total	**137**	**1,708**

The clearing CCR charge is the result of an extension of the bilateral CCR perimeter to clearing activities; it covers the cleared part of the OTC Derivatives and Repos portfolio plus the listed derivatives portfolio.

The CVA charge is het sum of two elements:

- CVA VaR charge, which represents own funds requirements measured from a VaR computation on CVA sensitivities to credit spreads
- CVA SVaR charge, which represents own funds requirements measured from a Stressed VaR computation on CVA sensitivities to credit spreads

In millions of euros	Capital	RWAs
CVA VaR Charge	5	65
CVA SVaR Charge	21	256
Total	**26**	**321**

The CVA sensitivities to credit spreads used to compute the CVA VaR (first element) are based on current EADs; those used to compute the CVA SVaR (second element) are based on stressed EADs.

4.c Securitisation

Asset securitisation is the process of creating a marketable financial instrument that is backed by the cash flow or value of specific financial assets. During the securitisation process, assets (e.g. consumer loans, receivables, mortgages) are selected and pooled together into a special purpose vehicle (SPV) which issues securities that can be sold to investors.

Proprietary securitisation (Originator under Basel III)

To support its business development, while meeting regulatory capital requirements, BNP Paribas Fortis has launched securitisation programmes. Securitisation of own assets can provide long term funding, liquidity or a capital management tool depending on the requirements. The related securitisation vehicles are fully consolidated and, hence, the securitised assets are reported on-balance in the Consolidated Financial Statements.

BNP Paribas Fortis has created a special purpose vehicle (SPV) called Bass Master Issuer NV/SA to securitise residential mortgage loans originally granted by BNP Paribas Fortis, and a SPV called Esmée Master Issuer NV/SA designed to securitise loans to self-employed people and small and medium-sized enterprises originally granted by BNP Paribas Fortis. Exposures in Bass Master Issuer NV/SA and Esmée Issuer NV/SA are excluded from the table below as bonds issued under these programmes have not so far been sold to third parties and are therefore not regarded as efficient under the current Basel requirements.

BNP Paribas Fortis NV/SA transfers monthly interest and principal repayments on the securitised loans to both Bass Master Issuer NV/SA and Esmée Master Issuer NV/SA. To the extent permitted under the provisions of the programme, the two SPVs use the capital receipts to purchase new loans from BNP Paribas Fortis NV/SA. The interest payments which Bass Master Issuer NV/SA and Esmée Master Issuer NV/SA receive are hedged on a quarterly basis against the interest payable on the issued bonds.

As at 31 December 2015, the total notional amount of the notes issued by Bass Master Issuer programme amounted to EUR 28.3 billion, and EUR 8.3 billion for the notes issued by Esmée Master Issuer programme.

As at 31 December 2015, the outstanding amount of residential mortgage loans in Bass Master Issuer NV/SA is EUR 27.5 billion and the outstanding amount of loans made to self-employed people and small and medium-sized enterprises in Esmée Master Issuer NV/SA is EUR 7.8 billion.

Additional information on the structure of Bass and Esmée can be found on the BNP Paribas Fortis' website: www.bnpparibasfortis.com/investors/securitization.

Securitisation as sponsor on behalf of clients

During 2015, securitisation provided a financing alternative for the Bank's clients. In particular, financing via Scaldis Capital Limited ('Scaldis'), an asset-backed commercial paper (ABCP) vehicle sponsored by BNP Paribas Fortis, gave BNP Paribas Fortis' corporate and institutional clients access to an alternative funding source than the capital markets. In order to rationalise the usage of BNP Paribas ABCP conduits, the financing of the remaining eligible assets from clients of BNP Paribas Fortis held by Scaldis were transferred to the vehicle Matchpoint Finance plc in the course of 2015. Thereafter, Scaldis progressively refinanced with BNP Paribas Fortis the outstanding eligible securities held by Scaldis and pertaining to its former investment activity. As at 15 December 2015, all outstanding ABCP issued by Scaldis was refinanced by BNP Paribas Fortis in the amount of USD 0.6 billion and Scaldis stopped its activity as issuer of commercial paper.

Scaldis eligible asset purchases are structured to justify an A-1/P-1/F1 rating level. Throughout 2015, and until Scaldis stopped issuing commercial paper in December, Scaldis commercial paper was rated in the highest short-term rating category by each of Standard & Poor's, Moody's and Fitch Ratings: respectively A-1, P-1 and F1.

Securitisation as investor

BNP Paribas Fortis has made investments in a wide variety of ABS/MBS (asset-backed securities/mortgage-backed securities), with a clear focus on differentiating deal ticket size and diversification by asset type and geographical distribution, ranging from European prime residential mortgage-backed securities (RMBS), to US student loans, credit cards, commercial MBS, collateralised loan obligations (CLOs), consumer ABS, SME and small business loans. Redemptions from these assets are no longer reinvested in the ABS/MBS portfolio.

BNP Paribas Fortis' structured credits are overweight in investment grade securities (93% of the portfolio is investment grade). BNP Paribas Fortis' credit risk exposures arising from these transactions as of year-end 2015 and the valuation methods applied are described in Note 5.e 'Reclassification of financial instruments initially recognised at fair value through profit or loss held for trading purposes or as available-for-sale assets'.

The Bank's activities in each of these roles are described below:

In millions of euros BNP Paribas Fortis role	31 December 2015	31 December 2014
Originator	-	-
Sponsor	1,406	1,468
Investor	3,230	4,085
Total exposure	**4,636**	**5,553**

Securitisation risk management

Securitisation transactions arranged by BNP Paribas Fortis on behalf of clients are highly technical and specific in nature. They are therefore subject to a specific risk management system, which comprises:

- independent analysis and monitoring by dedicated teams within the Risk department
- specific processes (with specific committees, approval procedures, credit and rating policies) in order to ensure a consistent, tailored approach.

5 Market risk

5.a Market risk related to trading activities

5.a.1 Introduction

Market risk arises from trading activities carried out by the Corporate and Investment Banking business and encompasses different risk factors:

- Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.
- Foreign exchange risk is the risk that the value of an instrument will fluctuate due to changes in foreign exchange rates.
- Equity risk arises from changes in the market prices and volatility of equity shares and/or equity indices.
- Commodities risk arises from changes in the market prices and volatility of commodities and/or commodity indices.
- Credit spread risk arises from the change in the credit quality of an issuer and is reflected in changes in the cost of purchasing protection on that issuer.
- Option products implied volatility and correlation risks, for which risk parameters can be derived from option market prices observed in an active market.

5.a.2 Market Risk Management Organisation

The market risk management system tracks and controls market risks as well as controlling financial instrument valuation whilst ensuring that the control functions remain totally independent from the Business Lines.

Within the risk function of the Group (Risk), the monitoring and management of market risks is performed by three departments: Risk Global Markets (Risk GM) covers the market risk activities of Global Markets, Enterprise Risk Architecture (ERA) covers the activities from ALM Treasury and Risk International Retail Banking (Risk IRB) covers International Retail Banking. Each department has the responsibility to define, monitor and analyse risk sensitivities and risk factors, and to measure and control Value at Risk (VaR), which is the global indicator of potential losses. The Risk ensures that all business activity complies with the limits approved by the various committees and approves new activities and major transactions, reviews and approves position valuation models and conducts a monthly review of market parameters (MAP review) in association with the Valuation and Risk Control (V&RC) department.

Market risk and financial instrument valuation monitoring is structured around several formal committees:

- The Capital Markets Risk Committee (CMRC) is the main committee governing the risks related to capital markets. It is responsible for addressing, in a consistent manner, the issues related to market and counterparty risk. The CMRC sets the high level trading limits and follows the evolution of the main exposures and stress risk. It meets once every quarter and is chaired by either the CEO or by the Head of Corporate and Investment Banking.

- The Product and Financial Control Committee (PFC) is the arbitration and decision-making Committee regarding financial instrument valuation matters. It meets quarterly to discuss the conclusions of the CIB Financial Control teams and their work to enhance control effectiveness and the reliability of the measurement and recognition of the results of market transactions. It is chaired by the Group Chief Financial Officer and brings together the Directors of Group Finance-Accounting, Corporate Investment Banking and Risk.

- At business unit level, the Valuation Review Committee (VRC) meets monthly to examine and approve the results of the Market parameters review (MAP review) and any changes in reserves. The Valuation Review Committee also acts as referee in any disagreements between trading and the control functions. The committee is chaired by the Senior Trader and other members include representatives from Trading, Risk, Group Valuation and Risk Control and Finance. Any disagreement is escalated to the PFC.

- The Valuation Methodology Committee (VMC) meets two to three times a year per business line to monitor model approvals and reviews, follow up relevant recommendations and present model governance improvements.

5.a.3 Valuation control

Financial instruments in the prudential Trading Book are valued and reported at market or model value through P&L, in compliance with applicable accounting standards. Such can also be the case for certain financial instruments classified in the Banking Book.

Portfolio valuation control is performed in accordance with the Charter of Responsibility for Valuation, which defines the division of responsibilities. These governance policies and practice apply to all Capital Markets and Treasury activities including the main ALM centre.

In addition to the Charter of Responsibilities, the relevant valuation controls are detailed in specific policies. We detail below the main processes that together form the valuation control governance.

Transaction booking control

This control comes under the responsibility of the Middle-Office within the Operations Department. However, certain complex transactions are controlled by Risk.

Market parameter review – Independent Price Verification

Price verification is managed jointly by Valuation and Risk Control (V&RC) and Risk. A comprehensive formal review of all the market parameters is performed at month-end. The types of parameters controlled by V&RC are essentially the parameters for which an automatic control against external sources can be implemented (security prices, vanilla parameters); this may include the use of consensus price services. The Risk function of the Group is in charge of controlling valuation methodologies as well as the most complex parameters, which are highly dependent on the choice of models.

The general principles of the Market parameter reviews are described in the Charter of Responsibility on Valuation and in specialised global policies such as the Global Marking and Independent Price Verification Policy and MAP review principles. The specific methodologies are described in documents known as the MAP books organised by product lines and regularly updated. The responsibilities of Risk and V&RC are defined for each point in time and conclusions of the Market Parameter reviews are documented in the MAP review finding documents.

The outcome of the market parameter review is the estimation of valuation adjustments communicated to Middle Office and Finance who enter it in accounting records. The results are communicated to the Trading management during Valuation Review Committee meetings, where a final decision or escalation is made. The opinion of the Control functions prevails. Any significant persistent disagreement can nevertheless be escalated to the PFC.

Models approval and reviews

For operations whose nature is common to BNP Paribas and BNP Paribas Fortis, BNP Paribas Fortis uses BNP Paribas models. Should BNP Paribas Fortis have specific products or activities not monitored outside BNP Paribas Fortis, Risk BNP Paribas Fortis would, in close cooperation with Risk BNP Paribas, draw up official valuation methodologies and reserve policies. In this case, Risk BNP Paribas Fortis would also be responsible for the 'models/products' mapping. The whole BNP Paribas model control framework must guarantee that the use of models is compliant with the IFRS standard relating to the fair value measurement of financial instruments.

Reserve and other valuation adjustments

Risk defines and calculates "reserves". These are adjustments to the market or model value affecting both the accounting valuation and regulatory capital. They can be considered either as the exit cost of a position or as premium for risks that cannot be diversified or hedged, as appropriate.

The reserves cover mainly:

- bid-offer and liquidity spreads
- model or market parameter uncertainties
- the elimination of non hedgeable risks (smoothing digital or barrier pay-offs).

A general valuation adjustment policy exists. Reserve methodologies are documented by Risk for each product line and these documents are updated regularly. The analysis of reserve variations is reported at the monthly VRC.

Reserve methodologies are regularly improved and any change is deemed to be a Valuation Model Event. Reserve improvements are generally motivated by the conclusion of a model review or by calibration with market information during the market parameter review process.

Additional Prudent Valuation Adjustments (PVA) are calculated in accordance with the last version of the Regulatory Technical Standards (RTS) published by the EBA on 23 January 2015. The RTS requires banks to estimate the price of their fair-valued positions using at least a 90% level of confidence.

There are different categories of PVA, the main ones being linked to close-out costs, market price uncertainty, concentration risk and model risk. Based on these PVA, BNP Paribas computes Additional Valuation Adjustments (AVA) including reserves already taken into account in the Fair Value as well the diversification mechanism described in the RTS.

From a prudential perspective, AVA are deducted from the common equity Tier 1 capital.

Day-one profit or loss

Some transactions are valued using 'non-observable' parameters. IAS 39 requires the recognition of any day-one P&L for non-observable transactions to be deferred where the initial model value has to be calibrated with the transaction price.

Risk works with Group Finance, Middle Offices, and Business Lines on the process of identifying and handling these profit and loss items, in order to determine whether a type of parameter or transaction is observable or not in accordance with the observability rules, which are duly documented.

The P&L impact of the P&L deferral is calculated by the Middle Office.

Observability rules are also used for the financial disclosures required by IFRS 7.

During 2015, no transactions at BNP Paribas Fortis were subject to day-one profit.

5.a.4 Market risk exposure

Market risk is first analysed by systematically measuring portfolio sensitivity to various market parameters. The results of these sensitivity analyses are compiled at various aggregate position levels and compared with market limits.

Risk monitoring setup and limit setting

BNP Paribas Fortis uses an integrated system to follow trading positions on a daily basis and manage VaR calculations. This system tracks not only the VaR, but also detailed positions and sensitivities to market parameters based on various simultaneous criteria (such as by currency, product or counterparty). This system is also configured to include trading limits, reserves and stress tests.

Responsibility for limit setting and monitoring is delegated at three levels, which are, in order of decreasing importance, CMRC, Business Line and Activity. Hence delegation exists from CMRC level right down to trading heads. Limits may be changed either temporarily or permanently, in accordance with the level of delegation and the prevailing procedures. Appropriate escalation mechanisms are in place to ensure that the independent view from the Risk department regarding the level of limits is heard.

Core risk analysis and reporting to Executive Management

Risk reports, through various risk analyses and dashboards, to Executive Management and Business Lines Senior Management on its risk analysis work (limits, VaR monitoring, core risk analysis, etc). The MCLAR (Market, Counterparty and Liquidity Analysis and Reporting) team is responsible for compiling and circulating main global risk reports.

The following risk reports are generated on a regular basis:

- Weekly/bi-monthly 'Main Position' reports for each Business Line, summarising all positions and highlighting items needing particular attention; these reports are mainly intended for Business Line managers
- Monthly risk dashboard covering Capital Markets' market and counterparty risks
- Quarterly risk 'dashboard' covering the key market, credit, liquidity and counterparty risks
- Supporting documentation for the core Capital Markets Risk Committee comprising markets and risk event summaries, global counterparty exposure summary, VaR/ Stressed VaR evolution, market and counterparty risk stress testing and capital evolution summaries, and market and counterparty risk back-testing

Value at Risk (VaR)

Value at Risk (VaR) is a statistical measure indicating the worst loss for a given portfolio over a given time period within a given confidence interval under normal market movements. It is not a maximum loss figure and may be exceeded in some cases, for example in the event of abnormal market conditions.

The BNP Paribas Fortis VaR methodology computes a 1-day Value at Risk at a 99% confidence level. The BNP Paribas Fortis VaR calculation uses an internal model which has been approved by the banking supervisor.

The VaR calculation is based on a Monte-Carlo approach, which not only performs normal or log-normal simulations but also accounts for abnormality often observed in financial markets as well as correlation between risk factors. A one year rolling window of historical market data (updated monthly) is used to calibrate the simulation.

The principal groups of simulated factors include: interest rates, credit spreads, exchange rates, equity prices, commodities prices, and associated implied volatilities.

The precise valuation method used varies depending not upon the product but upon the type of risk the Bank is capturing. Generally speaking, the methods used are either sensitivity-based or full-revaluation-based on P&L grid interpolation so as to incorporate both linear and - especially for derivatives - non-linear effects.

The algorithms, methodologies and sets of indicators are reviewed and improved regularly to take into account the evolution of the capital market.

Following agreement with the Belgian and French regulators (NBB and ACPR), the BNP Paribas internal model has been extended since the third quarter of 2011 to BNP Paribas Fortis.

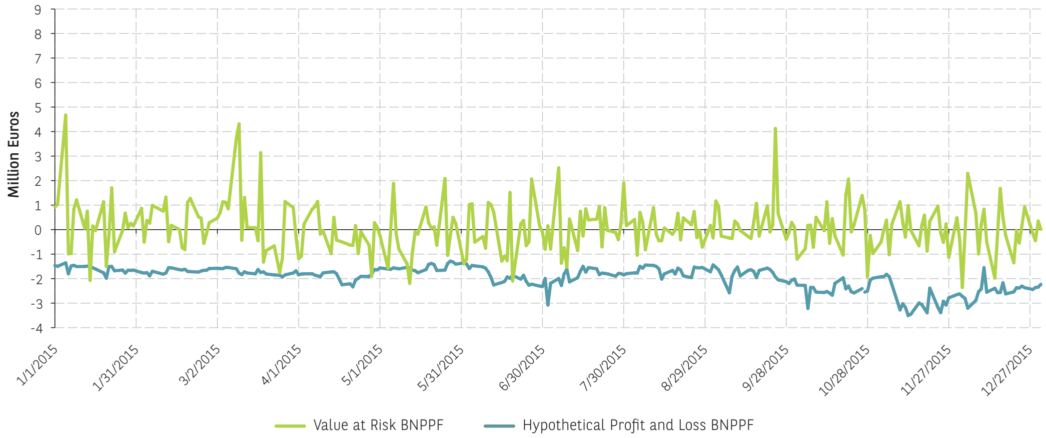
Evolution of the VaR (one-day, 99%)

The VaR figures set out below are calculated from the internal model for market risk, which uses parameters that comply with the regulation in place. They are based on a one-day time horizon and a 99% confidence interval.

In 2015, total average VaR was EUR 1.9 million (with a minimum of EUR 1.3 million and a maximum of EUR 3.5 million), after taking into account the EUR (1.0) million netting effect between the different types of risks. These amounts break down as follows:

In millions of euros	31 December 2015				31 December 2014	
Type of risk	Average	Minimum	Maximum	End of year	Average	End of year
Interest rate risk	1.8	1.1	3.4	2.1	1.7	1.3
Credit risk	0.5	0.4	0.7	0.5	0.5	0.6
Foreign exchange risk	0.5	0.2	1.2	0.4	0.5	0.2
Equity price risk	-	-	-	-	-	-
Commodity price risk	-	-	-	-	-	-
Netting effect	(1.0)	(0.4)	(1.8)	(0.8)	(0.9)	(0.7)
Total value at risk	**1.9**	**1.3**	**3.5**	**2.2**	**1.8**	**1.4**

Graph: comparison between (1-day, 99%) VaR and daily P&L revenue



Risk continuously tests the accuracy of the internal model through a variety of techniques including a regular comparison over a long period between the daily losses on market activities with the VaR (1 day).

This backtesting consists to compare the daily VaR in the trading book with the actual result generated. According to regulations, BNP Paribas completes this framework ("real backtesting") by a comparison of daily VaR and "hypothetical" results generated by the trading portfolio ("hypothetical backtesting"). The "hypothetical" result includes all the components of the actual result except intra-day income, fees and commissions. A backtesting event is reported when a loss, real or hypothetical, exceeds the amount of daily VaR. The confidence interval used to calculate the daily VaR is 99%, which corresponds theoretically to two to three events observed per year.

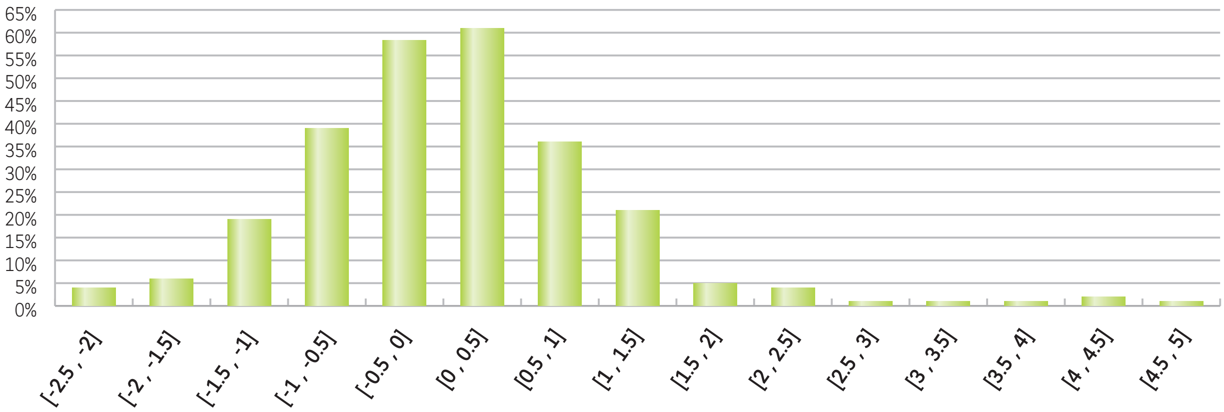
The number of events is computed at least quarterly and is equal to the higher of the number of overshootings (excesses) for the hypothetical and real changes in the portfolio's value.

Over 2015, 5 hypothetical backtesting overshootings were observed (no real backtesting events occurred). Most of the hypothetical losses have a non-significant impact on the bank result. Underlying positions were accounting CVA hedges; the hypothetical losses were offset symmetrically by gains on the CVA.

Distribution of daily trading revenues

The following histogram presents the distribution of the daily trading revenues of BNP Paribas Fortis. It indicates the numbers of trading days during which the revenue reached each of the levels indicated on the horizontal axis in million euros.

Distribution of the trading P&L over 2015 (in millions of euros):



Trading activities generated a positive result for more than 51% of the trading days of 2015.

Evolution of the VaR (ten-day, 99%)

The VaR figures set out below are calculated from an internal model, which uses parameters that comply with the method recommended by the Basel Committee for determining estimated value at risk ('Supplement to the Capital Accord to Incorporate Market Risks'). They are based on a ten-day time horizon and a 99% confidence interval.

In 2015, total average VaR for BNP Paribas Fortis was EUR 6.2 million (with a minimum of EUR 4.1 million and a maximum of EUR 11.2 million), after taking into account the EUR (2.7) million netting effect between the different types of risks. These amounts break down as follows:

In millions of euros	31 December 2015				31 December 2014	
Type of risk	Average	Minimum	Maximum	End of year	Average	End of year
Interest rate risk	5.8	3.5	10.9	6.7	5.2	4.2
Credit risk	1.6	1.2	2.2	1.5	1.7	1.9
Foreign exchange risk	1.5	0.6	3.7	1.4	1.5	0.8
Equity price risk	-	-	-	-	-	-
Commodity price risk	-	-	-	-	-	-
Netting effect	(2.7)	(1.2)	(5.6)	(2.4)	(2.8)	(2.2)
Total value at risk	**6.2**	**4.1**	**11.2**	**7.2**	**5.6**	**4.7**

Stressed VaR

A Stressed VaR (SVaR) is calibrated over a one-year period including a crisis period. A 12-month period (31 March 2008 to 31 March 2009) has been taken as a reference period for the calibration of the Stressed VaR. This choice is subject to quarterly review.

Stressed value at risk (one-day, 99%)

In millions of euros	31 December 2015				31 December 2014	
1 day	Average	Minimum	Maximum	End of year	Average	End of year
STRESSED VALUE AT RISK	4.8	2.9	7.5	4.8	4.5	2.9

Stressed value at risk (ten-day, 99%)

In millions of euros	31 December 2015				31 December 2014	
10 Days	Average	Minimum	Maximum	End of year	Average	End of year
STRESSED VALUE AT RISK	15.2	9.2	23.7	15.2	14.1	9.3

Incremental Risk Charge (IRC)

The IRC approach measures losses due to default and ratings migration at the 99.9% confidence interval over a capital horizon of one year, assuming a constant level of risk to this horizon.

This approach is used to capture the incremental default and migration risks on all non-securitised products.

The model is currently used in the Risk Management processes. It has been approved by both the French and Belgian banking supervisors.

The calculation of IRC is based on the assumption of a constant level of risk to the one-year capital horizon, implying that the trading positions or sets of positions can be rebalanced within this horizon in a manner that maintains the initial risk level, measured by the VaR or by the profile exposure by credit rating and concentration. This rebalancing frequency is called the 'liquidity horizon'.

The model is built around a ratings-based simulation for each obligor, which captures both the risk of the default and the risk of rating migration. The dependence among obligors is based on a multi-factor asset return model. The valuation of the portfolios is performed in each simulated scenario. The model uses a constant one-year liquidity horizon.

In millions of euros	31 December 2015				31 December 2014	
Type of risk	Average	Minimum	Maximum	End of year	Average	End of year
Total IRC	37.6	13.2	52.8	14.6	38.8	42.3

Comprehensive risk measure (Correlation portfolio)

The comprehensive risk measure (CRM) is a charge for structured credit correlation products in the Trading Books. Following the de-risking as set out in the Industrial Plan, the CRM is not applicable to BNP Paribas Fortis.

Securitisation positions in Trading Books outside correlation portfolio

This additional capital charge for re-securitisation is not applicable to BNP Paribas Fortis.

Market Risk stress testing framework

A range of stress tests are performed to simulate the impact of extreme market conditions on the value of the global Trading Books. Stress tests cover all market activities, applying a range of stressed market conditions.

The fundamental basic approach of the current Trading Book stress testing framework combines 'bottom-up' and 'top-down' stress testing:

- Macro Scenarios ('top-down') comprise the evaluation of a set of global level stress tests. These scenarios assess the impact of severe market movements on BNP Paribas Fortis' trading positions in relation to large global or major regional market shock events. They can be based on historical events or forward-looking hypothetical scenarios. Scenarios include events such as an emerging markets crisis, credit crunch or stock market crash.

  The official macro stress test scenarios currently comprise a range of eight different stress tests. The results of these scenarios are reviewed at every Capital Markets Risk Committee session.

  - Scenario 1: unexpected rate hike, driving short-term rates higher with a flattening of the interest rate curve
  - Scenario 2: stock market crash, with a 'flight to quality', leading to a drop in trading and a steepening of the interest rate curve
  - Scenario 3: generic emerging market crisis designed to test the global risk of these markets
  - Scenario 4: credit crunch, leading to a general risk-aversion
  - Scenario 5: euro crisis: low GDP expectations or threat of a country leaving the euro and a significant weakening of the currency

- Scenario 6: Energy crisis scenario driven by geopolitical turmoil with severe consequences for energy markets
- Scenario 7: US crisis scenario, mostly based on a structural US crisis spreading round the globe
- Scenario 8: Risk-on scenario: rally in equity and emerging markets, low realised volatility and drop in implied volatility in all markets (effectively a return to risky assets)

- Micro Level Scenarios ('bottom-up', at Group level): instead of looking at the effect on the global portfolio, these types of scenarios aim to highlight risk exposures on specific trading desks, regions or risk concentrations. This bottom-up approach enables the use of more complex stress scenarios and hence allows the detection of areas of potential losses such as complex market dislocations or idiosyncratic risk, which may not be easily identified under the global macro scenarios. This process facilitates the classification of risk areas into those where there may be lower liquidity and those where the risk may be more structural in nature.

It is the analysis and possible combination of the above scenarios which enables an Adverse Scenario for the Trading Books to be constructed and dynamically adjusted as conditions change. These official macro stress scenarios are presented at each CMRC along with the Adverse Scenario.

Stress testing is governed by the Capital Markets Stress Testing Steering Committee (STSC). The Committee meets monthly and sets the direction of all internal risk departmental stress scenario developments, infrastructure, analysis and reporting. The STSC governs all internal stress testing matters relating to both market and counterparty risk and decides upon the detailed composition of the CMRC official Stress Tests.

Stress testing is the core element of tail risk analysis, which is also captured through Stressed Value a Risk, the Incremental Risk Charge and the Comprehensive Risk Measure. Furthermore, the risk of a rare event used in the form of the 'average loss in addition to VaR' (Expected Shortfall) in allocating capital in respect of market risk between Business Lines is an additional element that allows tail risk to be taken into account in the management and monitoring of market risk.

5.b Market risk relating to banking activities

Market risk relating to banking activities encompasses the risk of loss on equity positions on the one hand, and the interest rate and currency risks stemming from banking intermediation activities on the other. Only equity and currency risk give rise to a weighted assets calculation under Pillar 1. Interest rate risk falls under Pillar 2.

Interest rate and currency risks in respect of banking intermediation activities and investments mainly relate to Retail banking activities, the Bank's specialised financing and savings management subsidiaries, the CIB financing businesses and investments made by BNP Paribas Fortis. These risks are managed by the ALM & Treasury Department.

At Group level, ALM & Treasury reports directly to the Group Functions. Strategic decisions are made by the Asset and Liability Committee (ALCO), which oversees ALM & Treasury activities. These committees have been set up at Group, Core Business division and Operating Entity level.

5.b.1 Equity risk

Equity interests held by the Bank outside the Trading Book refers to securities which convey a residual, subordinated claim on the assets or income of the issuer or have a similar economic substance. They include:

- listed and unlisted equities and units in investment funds
- options embedded in convertible and mandatory convertible bonds
- equity options
- super subordinated notes
- commitments given and hedges related to equity interests
- interests in companies accounted for by the equity method.

Modelling equity risk

In accordance with the Capital Requirements Directive, banks using the Internal Risk Based Approach are required to apply a separate treatment to the equity exposures held in their Banking Book. BNP Paribas Fortis therefore applies the Simple Risk Weight approach, except for (i) equity exposure held prior to 2008, for which the Standardised approach is applied, and (ii) participations which are deducted from own funds.

The Simple Risk Weight approach is based on long-term market observations and sets out separate risk weights covering unexpected losses:

- 190% of exposure value for private equity exposures in sufficiently diversified portfolios
- 290% of exposure value for exchange-traded equity exposure
- 370% of exposure value for other equity exposures.

In addition, expected losses for equity exposure are deducted from own funds. The model has been approved by the banking supervisor for measuring the capital requirement for equity risk as part of the Basel II approval process.

Exposure to equity risk*

In millions of euros	31 December 2015	31 December 2014
Simple risk weight method	**1,067**	**817**
190% weighted	474	440
290% weighted	107	94
370% weighted	486	283
Standardised approach	**1,939**	**1,776**
Total	**3,007**	**2,593**

(*) *fair value (on and off balance sheet)*

5.b.2 Currency risk (Pillar 1)

Calculation of risk-weighted assets

Currency risk relates to all transactions whether part of the Trading Book or not. This risk is treated in the same way under Basel I, Basel II and Basel III.

Except for BNP Paribas Fortis Belgium's currency exposure, which is calculated using the BNP Paribas Fortis internal model approved by the banking supervisor, exposure to currency risk is now determined under the Standardised approach, using the option provided by the banking supervisor to limit the scope to operational currency risk.

BNP Paribas Fortis entities calculate their net position in each currency, including the euro. The net position is equal to the sum of all asset items less all liability items plus off-balance sheet items (including the net forward currency position and the net delta-based equivalent of the currency option book), minus structural, non-current assets (long-term equity interests, property, plant and equipment, and intangible assets). These positions are converted into euros at the exchange rate prevailing at the reporting date and aggregated to give the Bank's overall net open position in each currency. The net position in a given currency is 'long' when assets exceed liabilities and 'short' when liabilities exceed assets. For each entity, the net currency position is balanced in the relevant currency (i.e. its reporting currency) such that the sum of long positions equals the sum of short positions.

The rules for calculating the capital requirements for currency risk are as follows:

- Matched positions in currencies of Member States participating in the European Monetary System are subject to a capital requirement of 1.6% of the value of the matched positions.
- Positions in closely correlated currencies are subject to a capital requirement of 4% of the matched amount.
- Other positions, including the balance of unmatched positions in the currencies mentioned above, are subject to a capital requirement of 8% of their amount.

Currency risk and hedging of earnings generated in foreign currencies

BNP Paribas Fortis' exposure to operational currency risks stems from net earnings in currencies other than the euro. BNP Paribas Fortis' policy is to hedge on a monthly basis all its non-EUR earnings against EUR. Earnings generated locally in a currency other than the operation's functional currency are hedged locally. Net earnings generated by foreign subsidiaries and branches and positions relating to portfolio impairment are managed centrally.

Currency risk and hedging of net investments in foreign operations

BNP Paribas Fortis' currency position on investments in foreign operations arises mainly from branch capital allocations and equity interests denominated in foreign currencies.

BNP Paribas Fortis' policy is to borrow the investment currency in order to protect the investment against currency risk. Such borrowings are documented as hedges of net investments in foreign operations. However, for some (more illiquid) currencies for which borrowing is difficult, the investment may also be financed by purchasing the currency against euros. This decision is taken by the ALCO.

5.b.3 Interest rate risk (pillar 2)

Interest rate risk management framework

ALM Treasury is responsible for the management of the interest rate risk of the Banking Book.

The Banking Book includes all interest-bearing assets and liabilities of BNPP Fortis, subject to accrual or Marked-to-Market treatment, but not categorised as 'market making', or 'client hedging'. In practice, it includes all interest bearing assets and liabilities of all Business Lines of BNPP Fortis (including the ALM Treasury investment portfolio and the CIB financing portfolios) with the exception of Trading activities. Transactions initiated by each BNP Paribas Fortis Business Line are systematically transferred to ALM Treasury via internal analytical contracts booked in the management accounts or via loans and borrowings.

The main decisions regarding the interest rate risk management of the Banking Book are taken at monthly ALCO meetings. These meetings are attended by the management of the Business Line, ALM Treasury, Finance and the Risk department.

Measurement of interest rate risk

Rate positions are measured taking into account the specific features of the risks managed. Hence BNP Paribas Fortis, in line with the Group, has defined the concepts of standard rate risks and structural rate risks. The standard rate risk corresponds to the general case, namely when it is possible to define the most appropriate hedging strategy for a given transaction. The structural rate risk is the interest rate risk for equity and non-interest-bearing current accounts: these balance sheet items generate regular revenues but are sensitive to interest rate levels. However it is not possible to define a single hedging strategy to fully neutralise the exposure. In this case, the Bank included all the possible so-called "neutral" management strategies in the interest rate risk plan.

The interest rate risk on the Banking Book is measured and monitored through two categories of risk indicators: risk indicators based on earnings calculations and risk indicators based on value calculations (market value).

The choice of indicators and risk modelling is reviewed by the dedicated Risk Management Function teams. The results of these reviews are presented to the committees on a regular basis.

Earnings Indicators

Interest rate risks are analysed in terms of interest rate gaps that measure for each future period the potential rate characteristic mismatches between assets and liabilities (fixed rate and indexation type). In the interest rate gaps, the optional effects, in particular linked to behavioural options, are embedded and translated into their delta equivalent.

The maturity split is determined on the basis of the contractual terms of the transactions and historical observations of customer behaviour. For Retail Banking products, behavioural models are based on historical or forward data and econometric studies. These possible management strategies notably relate to early redemption and savings accounts. Moreover, the maturities of non-interest-bearing current accounts and of capital are calculated according to a more conventional approach in order to take into account both a management benchmark and all the possible strategies defined as "neutral" in the interest rate risk plan.

When in a time-bucket there are:

- more assets than liabilities, then the risk is on the upside of rates as the Bank would lose income if an overnight rate rise makes it more costly to fund the excess assets;
- more liabilities than assets, then the risk is on the downside of rates as the business would lose income due to the lower return on reinvestment of excess liabilities.

In the case of Retail Banking activities, interest rate risk is also measured on a going-concern basis, incorporating dynamic changes in balance sheet items, through an indicator of earnings sensitivity to interest rate changes. The existence of partial or zero correlations between customer interest rates and market rates coupled with volume sensitivity to interest rates generates a risk to future revenues, linked to interest rate changes, looked at dynamically (including new origination).

Value Indicators

The Basel Committee on Banking Supervision imposed on banks a requirement to calculate the Economic Value of Equity Sensitivity as part of the June 2004 Basel II Framework. According to the text, in order to 'facilitate supervisors' monitoring of interest rate risk exposures across institutions, banks would have to provide the results of their internal measurement systems, expressed in terms of economic value in relation to capital, using a standardised interest rate shock (economic value of equity)'. The sensitivity of the economic value of equity is calculated for a parallel interest rate shock of +/-200bp. This sensitivity is then compared to the sum of banks' Tier 1 and Tier 2 capital.

Risk limits

Interest rate risk indicators span the entire banking book. The interest rate gaps are subject to interest rate risk limits across all time horizons. These limits are calibrated based on the nature of the risks (standard or structural in the case of current accounts and equity). Limits are reviewed on a regular basis (annually).

The revenue sensitivity indicator is subject to a warning threshold relative to the overall sensitivity level. BNP Paribas Fortis has introduced a system to monitor the impact of stress scenarios defined at Group level on business revenue.

Moreover, a specific sub-limit is defined for the scope of operations that do not qualify for hedge accounting under IFRS.

In compliance with the regulatory requirements, a limit on the sensitivity of the economic value of equity for a parallel shock of 200bp has also been set.

Sensitivity of earnings and value

The sensitivity of earnings to a change in interest rates is one of the key indicators used by the Bank in its analysis of overall interest-rate risk. The sensitivity of revenues is calculated across the entire Banking Book including the customer banking intermediation businesses, equity and for all currencies. It relies on reasonable activity assumptions over the same horizon as the indicator.

Earnings sensitivity is limited: an instantaneous downward parallel shock of 100 bp over a one-year horizon would have led to a decrease of 3.1% in Net Banking Income at 31 December 2015, compared to a decrease of 1.4% to 31 December 2014.

Since the financial transactions in the Banking Book are not intended to be sold, they are not managed on the basis of their fair value. As a consequence the sensitivity of the economic value of equity is only a reporting indicator, calculated in line with the regulatory requirements.

The sensitivity of the economic value of equity for an instantaneous parallel shock of 200 bp is 11% of Equity at 31 December 2015, lower than the level as at 31 December 2014 (14%) due to the reduction of the lender position through long term payer swaps.

Hedging of interest rate and foreign exchange risks

Hedges initiated by the Bank consist mainly of interest rate or currency hedges using derivative financial instruments (swaps, options and forwards).

Depending on the hedging objective, derivative financial instruments used for hedging purposes are qualified either as fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Each hedging relationship is formally documented at inception. The documentation describes the hedging strategy, identifies the hedged item and the hedging instrument, and the nature of the hedged risk; and describes the methodology used to test the expected (prospective) and actual (retrospective) effectiveness of the hedge.

Interest rate risk in the banking book

The Bank's strategy for managing global interest rate risk is based on closely monitoring the sensitivity of the Bank's earnings to changes in interest rates, factoring in all interest rate risks. The aim is to ensure the stability and regularity of the interest margin. This procedure requires an extremely accurate assessment of the risks incurred so that the Bank can determine the hedging strategy, after taking into account the effects of netting the different types of risk. These hedging strategies are defined and implemented by entity and by currency.

The hedges comprising swaps and options are typically accounted for as fair value hedges or cash flow hedges.

Interest rate risk is mitigated using a range of different instruments, the most important of which are derivatives - primarily interest rate swaps and options. Interest rate swaps are used to change the linear risk profile, which is mainly due to long-term assets and liabilities. Options are used to reduce non-linear risk, which is mainly caused by embedded options sold to clients, e.g. caps and prepayment options on mortgages.

Structural foreign exchange risk

Currency hedges are contracted by the ALM Treasury in relation to BNP Paribas Fortis' investments in foreign currencies and its future foreign currency revenues. Each hedging relationship is formally documented at inception. The documentation describes the hedging strategy, identifies the hedged item and the hedging instrument, and the nature of the hedged risk and describes the methodology used to test the expected (prospective) and actual (retrospective) effectiveness of the hedge.

A hedging relationship is applied and documented for investments in subsidiaries and branches financed by foreign currency loans so as to record movements in exchange rates symmetrically and avoid impacts on the profit and loss account. These instruments are designated as net investment hedges.

Fair value hedges are used to hedge the currency risk on equity investments in non-consolidated companies. During the 2015 financial year, no net investment hedging relationships were disqualified.

BNP Paribas Fortis hedges the variability of components of BNP Paribas Fortis' earnings, in particular the highly-probable future revenue streams (mainly interest income and fees) denominated in currencies other than the euro generated by the main businesses of BNP Paribas Fortis' subsidiaries or branches.

Hedging of financial instruments recognised in the balance sheet (fair value hedges)

Fair value hedges of interest rate risks relate either to identified fixed-rate assets or liabilities, or to portfolios of fixed-rate assets or liabilities. Derivatives are contracted to reduce the exposure of the fair value of these instruments to changes in interest rates.

Individual assets hedging consist mainly of available-for-sale securities; individual liabilities hedging consist mainly of fixed income securities issued by the BNP Paribas Fortis.

Hedges of portfolios of financial assets and liabilities, constructed by currency, relate to:

- fixed-rate loans (property loans, equipment loans, consumer credit and export loans);
- fixed-rate deposits (mainly demand deposits).

To identify the hedged amount, the residual balance of the hedged item is split into maturity bands, and a separate amount is designated for each band. The maturity split is determined on the basis of the contractual terms of the transactions and historical observations of customer behaviour (prepayment assumptions and estimated default rates).

Demand deposits, which do not bear interest at contractual rates, are qualified as fixed-rate medium-term financial liabilities. Consequently, the value of these liabilities is sensitive to changes in interest rates. Estimates of future cash outflows are based on historical analyses.

For each hedging relationship, expected hedge effectiveness is measured by ensuring that for each maturity band, the fair value of the hedged items is greater than the fair value of the designated hedging instruments.

Actual effectiveness is assessed on an ex-post basis by ensuring that the monthly change in the fair value of hedged items since the start of the month does not indicate any over-hedging.

Cash Flow Hedge

In terms of interest rate risk, BNP Paribas Fortis uses derivative instruments to hedge fluctuations in income and expenses arising on floating-rate assets and liabilities. Highly probable forecast transactions are also hedged. Hedged items are split into maturity bands by currency and benchmark interest rate. After factoring in prepayment assumptions and estimated default rates, BNP Paribas Fortis uses derivatives to hedge some or all of the risk exposure generated by these floating-rate instruments.

The effectiveness of these hedging relationships is documented and assessed on the basis of forecast maturity bands.

Amounts shown in the table represent by time bucket, the notional amounts of assets and liabilities subject to forecast cash flows designated as hedged items in cash flow hedge accounting relationships.

	31 December 2015	
In millions of euros	**Assets**	**Liabilities**
Less than 1 year	1,021	523
1 to 3 years	4,333	-
3 to 5 years	465	-
More than 5 years	674	1,000

6 Sovereign risks

Sovereign risk is the risk of a State defaulting on its debt, i.e. a temporary or prolonged interruption of debt servicing (interest and/or principal).

BNP Paribas Fortis holds sovereign bonds as part of its liquidity management process. Liquidity management is based on holding securities eligible as collateral for refinancing by central banks and includes a substantial share of highly rated debt securities issued by governments, supra-national authorities and agencies, representing a low level of risk.

Moreover, as part of its assets and liability management and structural interest rate risk management policy, BNP Paribas Fortis also holds a portfolio of assets including sovereign debt instruments, with interest rate characteristics that contribute to the asset & liability management hedging strategies. In addition, BNP Paribas Fortis is a primary dealer in sovereign debt securities in a number of countries, which leads it to take temporary long and short trading positions, some of which are hedged by derivatives.

BNP Paribas Fortis' euro sovereign bond portfolio is shown in the table below:

Banking Book In millions of euros	31 December 2015	31 December 2014
Eurozone		
Belgium	13,009	13,673
Netherlands	4,025	3,759
Italy	1,199	1,246
France	974	1,028
Austria	938	947
Spain	661	692
Luxembourg	188	189
Germany	116	144
Finland	11	195
Countries receiving support		
Portugal	330	419
Ireland	138	134
Total eurozone	**21,589**	**22,426**

7 Operational risk

Risk management framework

Regulatory framework

In line with the BNP Paribas Group framework, BNP Paribas Fortis has implemented an all-embracing, single, operational Risk Management framework for the entire Bank, which complies with the Basel III criteria laid down in the Advanced Measurement Approach ('AMA'). This approach supports the organisation by offering better management of risk through heightened operational risk awareness. It ensures effective measurement and monitoring of the operational risk profile.

Key players and governance

An appropriate risk management structure has been created around a model with three levels of defence, which places the primary responsibility for operational risk management and mitigation with the Businesses. The role of second line of defence is assumed by the Risk Management functions. Their role is to ensure that the operational Risk Management framework is properly embedded, that the operational risks that are identified, assessed, measured and managed reflect the true risk profile and that the resulting levels of own funds are adequate. The third line of defence is provided by the General Inspection (internal audit) department, which provides assurance that risk structures and policies are being properly implemented.

The main governance bodies for the areas of Operational Risk & Internal Control are the Internal Control Committees (ICCs).

BNP Paribas Fortis has four ICCs, each chaired by a member of the Executive Committee. In addition, there is also an ICC at the level of the Executive Committee.

The role of the ICCs covers the management of the operational permanent control framework and the management of operational risks and non-compliance risks. Operational risks and non-compliance risks include reputational risk, fraud risk, financial reporting risk, tax risk, legal risk, risk of not complying with laws, regulations and policies, operational risks related to people, processes, systems and the external environment, and business risk. The role of the ICCs includes, but is not limited to:

- creating an organised overall view of the operational permanent control framework and the management of BNP Paribas Fortis' operational risks and non-compliance risks.
- analysing and taking decisions on these subjects
- providing a level of warning, alert and escalation for any weaknesses observed
- demonstrating and evidencing the involvement of the Executive Board and Executive Committee in the management of these issues and follow-up on actions undertaken.

The objective of the ICCs is to allow the businesses and functions to signal the most significant operational risks, risks of non-compliance and weaknesses in the permanent control environment, highlight the associated action plan, and provide an overview of the status of the measures taken.

The Advanced Measurement Approach for Operational Risk Management

A framework encompassing the four elements is required for an Advanced Measurement Approach:

- Loss data collection ('Historical Incidents') is the first building block of the Operational Risk Management framework. Operational losses that occur throughout the organisation are systematically collected in a central database.

- BNP Paribas Fortis supplements this internal loss data with external loss data sources, using both consortium and public databases to supplement its internal loss database for risk analysis.

- A third element of the framework consists of forward-looking risk assessments ('Potential Incidents'), which serve to draw up the Bank's risk profile and are used as primary input for calculating capital requirements. Potential Incidents (PIs) provide an insight into different kinds of operational risks:

  - Those risks that are closely related to the internal organisation and control environment. These risk events, despite the fact they may occur frequently, have a rather low impact on the organisation.

  - More systemic or low frequency-high impact operational risks. This captures the operational risks to which the organisation is subject due to the type of activities in which it engages and the business environment in which it operates.

  Potential incidents are examined within each Business and support Function and result in a description of the identified risks, an analysis of the causal drivers of these risks and a description and assessment of the control environment. Lastly, the residual risk exposure is quantified.

- Operational risk triggers (key risk indicators or key performance indicators) are followed up to provide alerts on apparent changes in the operational risk profile due to internal or business environment factors.

Operational Control and Mitigation

BNP Paribas Fortis has a variety of tools to control and mitigate operational risk. Potential Incidents, Historical Incidents and key risk indicator movements enable the formalisation of actions to further control operational risks. These actions often relate to organisational and process contexts. Centrally coordinated operational risk mitigation techniques include business continuity management, information security measures, insurance and a governance structure including Exceptional Transactions Committees and New Activities Committees whose task is to decide on exceptional transactions and new activities.

8 Compliance and reputational risk

Compliance mission

The overall mission of the Compliance department is to provide reasonable assurance of the consistency and effectiveness of the BNP Paribas Fortis permanent control system and the compliance of its activities and to safeguard the Bank's reputation through advice, oversight and independent controls.

The Compliance department, as a second line of defence, has a dual role:

1. The first role consists of supervising the effective management of compliance risk. This involves policy-setting, providing advice, performing controls, providing assurance that the Bank is complying with rules and regulations and raising the awareness of colleagues of the need to follow key compliance principles:

   - Financial security: anti-money laundering, combating corruption and the financing of terrorism, financial sanctions and disclosure to financial intelligence units.
   - Customer protection: includes ensuring the appropriateness of products and services offered to clients and identifying/eliminating any conflicts of interest.
   - Employee integrity: covers codes of conduct, gifts policy, conflicts of interest and a personal transactions policy.
   - Market integrity: market abuse, conflicts of interest.
   - Outsourcing and Data Protection.

   The Compliance department sets policies and gives binding advice in these areas. In the event of any contention, advice from Compliance may be escalated to a higher level until consensus is found, so as to ensure appropriate issue resolution.

2. The second role relates to the oversight of the permanent control framework. In this area, Oversight of Operational Permanent Controls (2OPC) coordinates and supervises the functioning of the general permanent control framework. On October 1st 2015, 2OPC was integrated in the Risk function.

Compliance organisational setup

At BNP Paribas Group level, the organisation setup of the Compliance function has been reviewed in 2015. The Compliance function is organised as an independent, integrated and decentralized function. BNP Paribas Fortis' Chief Compliance Officer reports to BNP Paribas' Head of Domestic Markets Compliance and has a dotted line to BNP Paribas Fortis' Chief Executive Officer.

Compliance has direct, independent access to the Board's Risk Committee and Audit Committee, and is a permanent invitee to both Committees. The Chief Compliance Officer is a member of the Bank's Executive Committee.

Basic principles

The management of compliance and reputational risks is based on the following fundamental principles:

- Individual responsibility: compliance is everyone's responsibility, not solely the responsibility of the Compliance department.
- Exhaustive and comprehensive approach: the scope of compliance extends to all banking activities. In this respect, the Compliance department has unrestricted access to all required information.
- Independence: Compliance staff exercise their mission in a context which guarantees their independence of thought and action.
- Primacy of Group policies over local policies as far as is consistent with national law.

9 Liquidity and refinancing risk

Liquidity risk is the risk of the Bank being unable to fulfil current or future foreseen or unforeseen cash or collateral requirements, across all time horizons, from the short to the long term.

This risk may stem from the reduction in funding sources, draw down of funding commitments, a reduction in the liquidity of certain assets, or an increase in cash or collateral margin calls. It may be related to the bank itself (reputation risk) or to external factors (risks in some markets).

The Bank's liquidity risk is managed under a global liquidity policy approved by the Board of Directors. This policy is based on management principles designed to apply both in normal conditions and in a liquidity crisis. The Bank's liquidity position is assessed on the basis of internal standards and regulatory ratios.

9.a Liquidity risk management policy

Objectives

The objectives of the Bank's liquidity management policy are to secure a balanced financing structure for the development of the BNP Paribas Fortis business activities, and ensure it is sufficiently robust to cope with crisis situations.

The liquidity risk management framework relies on:

- management indicators:
  - by volume, to ensure that businesses or activities comply with their liquidity targets set in line with the Bank's financing capacity;
  - by price, based on internal liquidity pricing;
- the definition of monitoring indicators which enable assessment of the Bank's liquidity position under normal conditions and in crisis situations, the efficiency of actions undertaken and compliance with regulatory ratios;
- the implementation of liquidity risk management strategies based on diversification of funding sources with maturities in line with needs, and the constitution of liquidity reserves.

The Bank's liquidity policy defines the management principles that apply across all BNP Paribas Fortis entities and businesses and across all time horizons.

Governance

As for all risks, the Chief Executive Officer is granted authority by the Board of Directors to manage the Bank's liquidity risk. The Chief Executive Officer delegates this responsibility to the Asset & Liability Committee (ALCo).

The Risk Committee reports quarterly to the Board of Directors on liquidity policy principles and the Bank's liquidity position.

The Asset & Liability Committee is responsible for:

- defining the Bank's liquidity risk profile;
- monitoring compliance with regulatory liquidity ratios;
- deciding and monitoring management indicators and calibrating the quantitative thresholds set for the bank's businesses;
- deciding and monitoring the liquidity risk indicators and associating quantitative thresholds to them where necessary;
- deciding and overseeing implementation of liquidity risk management strategies, including monitoring of business lines, in normal and stressed conditions.

In particular, the Asset & Liability Committee is informed about funding programmes and programmes to build up liquidity reserves, simulations in crisis conditions (stress test), and about all events that may arise in crisis situations. The Asset & liability Committee is tasked with defining the management approach in periods of crisis (emergency plan).

The Asset & Liability Committee meets every month under normal conditions and with higher frequency in stressed conditions.

The permanent members of the Asset & Liability Committee are the Chief Operating Officer with responsibility for functions (Chairman), the COOs or Deputy COOs heading up core businesses, the Head of Global Markets, The Chief Risk Officer and or his deputy, the Chief Financial Officer, the head of ALM Treasury, the head of ALM Treasury BNP Paribas Group, the head of ALM Domestic Markets BNP Paribas Group, the head of ALM, the head of Financial Management and the Chief Financial Officer of Domestic Markets BNP Paribas.

Across the Bank, ALM Treasury is responsible for the operational implementation of the Asset & Liability Committee liquidity management decisions. The Asset & Liability Committees in entities or groups of entities are responsible for local implementation of the strategy decided by the Bank's Asset & Liability Committee to manage the bank's liquidity risk.

ALM Treasury is responsible for managing liquidity for the entire Bank across all maturities. In particular, it is responsible for funding and short-term issuance (certificates of deposit, commercial paper, etc.), for senior and subordinated debt issuance (MTNs, bonds, medium/long- term deposits, covered bonds, etc.), and loan securitisation programmes for the Bank. ALM Treasury is tasked with providing internal financing to the Bank's core businesses, operational entities and business lines, and investing their surplus cash. It is also responsible for building up and managing liquidity reserves, which comprise assets that can be easily sold in the event of a liquidity squeeze.

The Risk Management Function participates in the Asset & Liability Committee and the local ALCo's and oversees implementation by ALM Treasury of the relevant decisions made by these committees. It provides second-line control by reviewing the models and risk indicators (including liquidity stress tests), monitoring risk indicators and ensuring compliance with the limits assigned.

The Finance Function is responsible for producing the standardised regulatory liquidity indicators, as well as the internal monitoring indicators. Finance oversees the consistency of the internal monitoring indicators defined by the bank's ALM Committee. The Finance Function takes part in the Asset & Liability Committee and the local ALCo's.

9.b Liquidity risk management and supervision

The internal liquidity risk management and internal monitoring are based on a large range of indicators at various maturities. These indicators are measured on a regular basis by currency and maturity.

Management indicators

The monitoring indicators relate to the funding needs of the Bank's businesses under both normal and stressed conditions. These monitoring indicators are part of the Bank's budget planning mechanism which sets objectives that are routinely monitored (monthly) for any discrepancies.

Cash balance sheet

The Bank's cash balance sheet is a presentation of the balance sheet adapted to provide an analysis of the Bank's liquidity.

Funding requirements of the Bank's businesses

The cash balance sheet is a synthetic restatement of some of the indicators used for internal liquidity management for the Bank's businesses and entities ensuring systematic reconciliation with the Bank's consolidated financial statements.

Consumption of liquidity associated with the activity of the Bank's businesses is managed in particular in measuring the difference between commercial funding requirements (customer loans and overdrafts, trading assets) and commercial funding resources (customer deposits, sale of the Bank's debt securities to customers, trading liabilities).

This indicator is monitored for the various businesses of the Bank.

In addition to this commercial liquidity indicator, the Bank also continuously monitors the funding needs and resources of ALM Treasury and the Bank's structural resources.

Medium and long-term liquidity management is mainly based on the analysis of medium and long-term resources available to finance medium and long-term assets.

Internal liquidity pricing

All of the Bank's assets and liabilities are subject to internal liquidity pricing, the principles of which are decided by the Bank's Asset & Liability Committee and aim to take account of trends in the cost of market liquidity and the balance between assets and liabilities.

Monitoring indicators

Wholesale funding indicators

Funding sources depend on conditions in the debt markets and are raised from various types of debt investors. Funding sources are also diversified by geographical area and currency.

Funding sources are diversified through the use of various distribution networks, entities and collateralised or non-collateralised financing programmes.

The financing structure can also be strengthened by extending maturities, and targeting more stable funding sources.

Encumbrance of the Bank's assets and assets received by the Bank

Assets on the balance sheet and assets received in guarantee used as pledges, guarantees or enhancement of a Bank's transaction and which cannot be freely withdrawn are considered to be encumbered. The following are the main transactions with asset encumbrance:

- Repos and securities lending operations;
- Guarantees given to CCPs;
- Collateralised deposits;
- Guarantees given to central banks as part of monetary policy;
- Assets in portfolios hedging the issue of guaranteed bonds.

Encumbered securities are given as collateral in repurchase agreements, derivatives transactions or securities exchanges. The other assets correspond to the following: firstly, loans under monetary policy constraints or provided as collateral for structured debt; secondly, cash given as collateral against derivatives.

The ratio of encumbered assets to the assets on the Bank's balance sheet was 6.3% as at 31 December 2015.

Assets

In billions of euros	31 December 2015			
	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
ASSETS	14		266	
Equity instruments			2	2
Debt securities	6	6	37	37
Other assets	7		228	

Collateral received

In billions of euros	31 December 2015	
	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
COLLATERAL RECEIVED	4	4
Equity instruments	-	-
Debt securities	4	4
Other collateral received	-	-
OWN DEBT SECURITIES ISSUED OTHER THAN OWN COVERED BONDS OR ABSS	-	-

Encumbered assets / collateral received and associated liabilities

In billions of euros	31 December 2015	
	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
CARRYING AMOUNT OF SELECTED FINANCIAL LIABILITIES	16	18

Medium- to long-term position

The medium- and long-term liquidity positions are measured regularly at the bank level to evaluate the medium-and long-term resources and uses. In order to do this, each balance sheet item is reviewed by financial maturity using the models and agreements proposed by ALM Treasury and reviewed by the Risk Management Function.

Stress tests and liquidity reserve

Liquidity stress tests are performed regularly on various maturities and are based on market factors and/or factors specific to the Bank. The availability of sufficient reserves in the liquidity buffer to cope with a liquidity crisis is regularly measured at Bank level.

The liquidity reserve comprises deposits with central banks, available securities that can be immediately sold on the market or through a repurchase agreement, and available securities and loans that can be refinanced with central banks.

One of the ways to strengthen the Bank's liquidity position is to transform less liquid assets into liquid assets by securitising loans (see section 4.c 'Securitisation').

Regulatory liquidity ratios

Each regulatory ratio is monitored individually.

In view of the application as of October 2015 of the 30-day liquidity ratio (Liquidity Coverage Ratio - LCR) at Bank level, BNP Paribas Fortis measures its liquidity requirements in accordance with the provisions of the delegated act of October 2014 adopted by the European Commission.

The Bank has also adapted its monitoring process to the new regulation. The management indicators for the businesses' funding needs and the internal pricing terms therefore reflect the standardised assumptions set by the LCR and allowed the Bank to monitor compliance with the requirement.

There is no phased-in application of the LCR for BNP Paribas Fortis. As of 1 October 2015, the minimum liquidity coverage ratio is being set at 100% of total net cash outflows during the 30-day stress period.

The Bank's LCR at the end of 2015 is described below:

In billions of euros	31 December 2015
Liquidity assets	43
Net cash outflows over a 30-day stress period	(34)
LCR	**130.0%**

Report of the accredited statutory auditors

Joint statutory auditors' report to the general shareholders' meeting of the company bnp paribas fortis SA/NV on the consolidated financial statements for the year ended 31 December 2015

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report includes our report on the Consolidated Financial Statements for the year ended 31 December 2015 as defined below, as well as our report on other legal and regulatory requirements. These Consolidated Financial Statements comprise the consolidated profit and loss account, the consolidated statement of net income and changes in assets and liabilities recognised directly in equity, the consolidated balance sheet as at 31 December 2015, the consolidated cash flow statement for the year then ended, the consolidated statement of changes in shareholders' equity and the minority interests, as well as the summary of significant accounting policies and other explanatory notes.

Report on the Consolidated Financial Statements – Unqualified opinion

We have audited the Consolidated Financial Statements of BNP Paribas Fortis SA/NV ("the Company") and its subsidiaries (jointly "the group") for the year ended 31 December 2015, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. The total of the consolidated balance sheet amounts to EUR 273,683 (000,000) and the consolidated profit and loss account show a net income for the year (group share) of EUR 1,575 (000,000).

Board of directors' responsibility for the preparation of the Consolidated Financial Statements

The board of directors is responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines, is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the Consolidated Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Unqualified Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the group's net equity and consolidated financial position as at 31 December 2015 and of its consolidated financial performance and its consolidated statement of cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Emphasis of Matter regarding certain pending legal proceedings

Without further qualifying our opinion, we draw the attention to the fact that as described in note 8.a to the Consolidated Financial Statements as of 31 December 2015, as a result of 2008 events having impacted the Fortis group, a number of claimants have initiated legal actions against the former Fortis group, including the Company and/or certain members of their boards of directors and management. The ultimate outcome of these matters and the potential consequences for the Company and its directors cannot presently be determined, and therefore no provisions have been recorded in the Consolidated Financial Statements.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the board of directors' report on the Consolidated Financial Statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not impact our opinion on the Consolidated Financial Statements:

- The board of directors' report on the Consolidated Financial Statements includes the information required by law, is consistent with the Consolidated Financial Statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Brussels, 5 April 2016

The Joint Statutory Auditors

PwC Reviseurs d'Entreprises sccrl/ Bedrijfsrevisoren bcvba
Represented by
D. Walgrave
Reviseur d'Entreprises / Bedrijfsrevisor

Deloitte Reviseurs d'Entreprises sc sous forme d'une scrl / Bedrijfsrevisoren bv ovv cvba
Represented by

Y. Dehogne	B. De Meulemeester
Reviseur d'Entreprises / Bedrijfsrevisor	Reviseur d'Entreprises / Bedrijfsrevisor

BNP Paribas Fortis Annual Report 2015 (Non-consolidated)

Report of the Board of Directors

In conformity with Article 119 of the Belgian Companies Code and to avoid repetition, BNP Paribas Fortis has combined the non-consolidated report and the consolidated report of the Board of Directors. The consolidated report of the Board of Directors can be found at the beginning of the Annual Report.

Comments on the evolution of the balance sheet

The **total balance sheet** at 31 December 2015 amounted to EUR 204 billion, an increase of EUR 4 billion or 2% compared with 31 December 2014.

Assets

Cash in hand, balances with central banks and giro offices amounted to EUR 4.0 billion at 31 December 2015, an increase of EUR 0.5 billion or 14% compared with 2014.

The amount of EUR 4.0 billion at end 2015 consists mainly of assets of the Amsterdam branch at the National Bank of the Netherlands (EUR 3.1 billion), an increase of EUR 2,1 billion. This increase is partially compensated by a decrease of EUR (1.5) billion in funds stored at the Federal Reserve of New York.

Amounts receivable from credit institutions stood at EUR 18.8 billion at 31 December 2015, an increase of EUR 2.1 billion or 12%, mainly in Belgium.

The receivables of EUR 18.8 billion comprise current accounts (EUR 3.7 billion), deposit loans at the National Bank of Belgium (EUR 8.4 billion), term accounts (EUR 6.3 billion) and reverse repurchase agreements (EUR 0.4 billion). At the end of 2015, the amounts receivable from credit institutions represented 9% of total assets, compared to 8% at the end of 2014.

Amounts stored at the National Bank of Belgium increased by EUR 3.6 billion, while the Monetary Reserve increased by EUR 0.9 billion. Both evolutions are partially compensated by decreases in the current accounts for EUR (1.6) billion and reverse repo transactions for EUR (0.7) billion.

Amounts receivable from customers represented EUR 98.8 billion at 31 December 2015, an increase of EUR 5.1 billion or 5%, mainly in Belgium.

The receivables of EUR 98.8 billion consist of term loans (EUR 67.8 billion), mortgage loans (EUR 18.0 billion), advances on current accounts (EUR 8.3 billion), reverse repurchase agreements (EUR 3.9 billion) and other receivables (EUR 0.8 billion). At the end of 2015, the amounts receivable from customers represented 48% of the total assets versus 47% at the end of 2014.

Since 2008, this heading no longer contains the mortgage loans and term loans securitised via 'Special Purpose Vehicles', respectively EUR 26.7 billion and EUR 7.7 billion at the end of 2015. The securities representing the participation of the Bank in the 'Special Purpose Vehicles' are included under the heading 'Debt securities and other fixed-income securities'.

In Belgium, term loans increased by EUR 5.3 billion, spread over different type of loans like investment and structured finance credits. Mortgage loans increased by EUR 2.6 billion, thanks to new production in a low interest rate environment. Reverse repurchase agreements decrease by EUR (0.7) billion, other assets by EUR (0.8) billion and advances on current accounts by EUR (0.3) billion.

At foreign branches, advances on current accounts decreased by EUR (1.0) billion and are mainly located at the branch of Amsterdam. The term loans decreased by EUR (0.8) billion in the branch of Madrid, compensated by an increase of EUR 0.3 billion in the branch of Amsterdam, EUR 0.2 billion in the branch of Stockholm and EUR 0.1 billion in Branch of New York.

Debt securities and other fixed-income securities totalled EUR 62.6 billion at 31 December 2015. This portfolio decreased by EUR (0.8) billion or 1%, mainly in Belgium.

The amount of EUR 62.6 billion consists mostly of an investment portfolio of EUR 60.8 billion containing bonds issued by public authorities (EUR 20.0 billion), by financial institutions (EUR 1.0 billion), by 'Special Purpose Vehicles' (EUR 35.2 billion) and by other issuers (EUR 4.6 billion). The trading portfolio amounted to EUR 1.8 billion. Debt securities and other fixed-income securities represented 30% of total assets at the end of 2015, from 32% at the end of 2014.

Financial fixed assets amounted to EUR 8,3 billion at 31 December 2015, an increase of 0.4 billion compared to the situation at 31 December 2014.

Other assets totalled EUR 2.0 billion at 31 December 2015, a decrease of EUR (0.7) billion or 27%, mainly in Belgium.

The amount of EUR 2.0 billion consists mainly of transitory accounts and paid premiums on derivatives, predominantly trading options.

Deferred charges and accrued income amounted to EUR 8.0 billion at 31 December 2015, a decrease of EUR 2.2 billion or 21%, mostly in Belgium. This evolution relates to the decrease in fair value of derivatives due to the increase of the interest rates as of the second quarter of 2015, essentially on Interest Rate Swaps (EUR (2.2) billion).

Deferred charges and accrued income represented 4% of total assets at the end of 2015, compared to 5% at the end of 2014.

Liabilities

Amounts owed to credit institutions totalled EUR 15.0 billion at 31 December 2015. This represents an increase of EUR 3.1 billion or 27% compared to 2014.

The amount of EUR 15.0 billion consisted of sight accounts (EUR 2.0 billion), term accounts (EUR 11.2 billion) and repurchase agreements (EUR 1.8 billion). At the end of 2015, amounts owed to credit institutions represented 7% of total liabilities.

The increase of EUR 3.1 billion is mainly coming from funds received from other entities of the BNP Paribas Group (EUR 4.8 billion), compensated by a decrease in repo transactions for EUR (3.8) billion. In addition, funds were received from the Central Banks of Russia (EUR 3.0 billion) and Poland (EUR 0.4 billion).

Amounts payable to clients stood at EUR 147.5 billion at 31 December 2015. This represents an increase of EUR 2.7 billion or 2%, resulting from an increase of EUR 3.5 billion in Belgium and a decrease of EUR (0.8) billion in the foreign branches.

The amount of EUR 147.5 billion comprises regulated savings deposits (EUR 60.4 billion), current accounts (EUR 52.6 billion), term deposits (EUR 20.5 billion), repurchase agreements (EUR 4.7 billion), special deposits (EUR 6.4 billion) and trading short positions (EUR 2.9 billion), representing 72% of total liabilities as in 2014.

In Belgium, the evolution resulted principally from an increase in current accounts (EUR 2.5 billion), term deposits (EUR 1.5 billion) and in special deposits, mainly non-regulated saving accounts (EUR 1.7 billion). Those increases are compensated by a decrease in the regulated saving accounts (EUR (1.2) billion) and in repurchase agreements (EUR (1,5) billion).

At the foreign branches, the evolution is mainly due to the decrease of sight deposits at the New-York branch (EUR (1.5) billion).

Debts evidenced by certificates totalled EUR 11.2 billion at 31 December 2015, representing an increase by EUR 1.9 billion or 20% in 2015, mainly in New-York branch.

The amount of EUR 11.2 billion consists of certificates of deposit (EUR 6.7 billion), savings certificates (EUR 3.7 billion) and non-convertible bonds (EUR 0.8 billion), representing 5% of total liabilities, as at the end 2014.

Other amounts payable represented EUR 4.6 billion at 31 December 2015, a decrease of EUR (1.4) billion or 23% in 2015. The amount of EUR 4.6 billion consists mainly of transitory accounts and received premiums on derivatives, predominantly trading options.

Accrued charges and deferred income amounted to EUR 5.3 billion at 31 December 2015, a decrease of EUR 2.3 billion or 30%, mostly in Belgium. This evolution relates to a decrease in fair value of derivatives due to the increase of the interest rates as of the second quarter of 2015, essentially on Interest Rate Swaps (EUR (2.0) billion).

Accrued charges and deferred income represent 3% of total liabilities at end 2015 compared with 4% at end 2014.

Fund for general banking risks remained unchanged at EUR 872 million.

Subordinated liabilities amounted to EUR 6.2 billion at 31 December 2015, an increase of EUR 0.5 billion, compared at 31 December 2014.

Shareholders' equity after earnings appropriation, stood at EUR 13.0 billion at 31 December 2015, a decrease of EUR 0.4 billion or 3%. This decrease is due to the distribution of an intermediate gross dividend of EUR 2,0 billion (which was approved by the extraordinary general shareholders' meeting of 23 December 2015), partially compensated by the amount of retained profit (EUR 1.6 billion).

Comments on the evolution of the Income statement

The **year's result** showed a net profit of EUR 1,580 million, compared to EUR 1,336 million in 2014.

The result for the year 2015 is characterised by good commercial performance coupled with a continuous monitoring of the expenses.

The **interest margin** (Headings I and II) amounted to EUR 2,886 million in 2015, an increase of EUR 196 million or 7% on 2014. This variation is explained by an increase of EUR 217 million located in Belgium and a decrease of EUR (21) million at the foreign branches.

The increase in Belgium is mainly due to the decrease of interest charges on savings deposits (EUR 220 million), on debt represented by a security (EUR 78 million) and on subordinated debts (EUR 72 million) following interest rate cut. The interest income on mortgage loans increased by EUR 52 million, due to higher average volume (EUR 3.8 billion). This evolution is partly compensated by a decrease of interest income on the Investment Bonds portfolio (EUR (202) million).

The decline at the foreign branches is mainly due to the integration in 2015 of the main activity of Frankfurt branch into another entity of the BNP Paribas Group.

Income from variable-income securities (Heading III) amounted to EUR 381 million in 2015, an increase of EUR 89 million or 31% compared to 2014, mainly due to an increase in dividends received from participating interests.

Commissions (Headings IV and V) amounted to EUR 1,050 million. The increase of EUR 20 million or 2% is the net of a EUR 42 million increase in Belgium and a EUR (22) million decrease at the foreign branches.

In Belgium, the increase is mainly due to Asset management operations (EUR 42 million) for which there was more activity in 2015 than in 2014, in particular in relation to the securities business (EUR 11 million) and in relation to the management of investment funds (EUR 24 million).

The decrease in commission at foreign branches was essentially driven by the sale of the assets of Frankfurt branch to BNP Paribas Group.

Profit on financial operations (Heading VI) amounted to EUR 194 million, down by EUR (156) million.

Profit on financial transactions on trading in securities and other financial instruments amounted to EUR 169 million in 2015, versus EUR 241 million in 2014. The decrease of EUR (72) million can be explained by inter alia the lower performance of the derivatives activities and by the transfer in 2014 of a provision to 'Amounts written off on the amounts receivable' (EUR 22 million) following the restructuring of a deal.

The disposal of investment securities, mainly government bonds, generated a profit of EUR 25 million in 2015 compared to EUR 109 million in 2014.

General administrative expenses (Heading VII) came to EUR (2,595) million, a decrease of EUR 52 million compared to 2014.

Remuneration, social charges and pensions decreased by EUR 53 million or 3% compared to 2014, mainly due to the decrease of the basic salaries following the reduction in the number of FTEs (3%).

Other administrative expenses remained stable at EUR (1,115) million. The increase of expenses in Belgium, mainly due to the new European banking tax for the Single Resolution Fund of EUR (68) million is compensated by the decrease of expenses in the foreign branches.

Depreciation and amounts written off on formation expenses, intangible and tangible fixed assets (Heading VIII) amounted to EUR (128) million, a decrease of EUR 20 million on 2014.

This evolution is mainly due to lower amortisations on tangible fixed assets (EUR 7 million on buildings).

Amounts written off on the amounts receivable and the investment portfolio (Headings IX and X) totalled EUR (120) million, versus EUR (87) million in 2014, an increase of EUR (33) million.

In Belgium, impairments amount to EUR (107) million in 2015, versus EUR (109) millions in 2014, meaning a decrease of EUR 2 million.

In the foreign branches, impairments amount to EUR (13) million in 2015 (mainly in Madrid), versus EUR 22 million in 2014, meaning an increase of EUR (35) million.

Provisions for risks and charges (Headings XI and XII) showed a net dotation of EUR (7) million in 2015 against a reversal of EUR 5 million in 2014. This evolution is mainly linked to provision for trading activities litigations.

Other operating income (Heading XIV) amounted to EUR 240 million, up by EUR 16 million compared to 2014. This evolution is partially related to the re-invoicing of costs to entities of BNP Paribas Group.

Other operating charges (Heading XV) amounted to EUR (367) million for 2015, up by EUR (36) million compared to 2014. This evolution is mainly explained by the decrease of recoverable VAT rate.

Extraordinary income (Heading XVII) came to EUR 132 million in 2015, relating to the reversal of impairments on financial fixed assets (EUR 114 million, included under Heading XVII B, of which EUR 62 million on Ageas in Belgium and EUR 51 million on Von Essen Bank in Frankfurt branch), realised gains on financial fixed assets (EUR 6 million, included under Heading XVII D), and realised gains on tangible fixed assets (EUR 9 million, included under Heading XVII D).

In 2014, the extraordinary income of EUR 84 million resulted mainly from the reversal of impairments on financial fixed assets (EUR 15 million, included under Heading XVII B, of which EUR 9 million on Fortis Private Equity Belgium), realised gains on financial fixed assets (EUR 7 million, included under Heading XVII D), realised gains on tangible fixed assets (EUR 8 million, included under Heading XVII D) and other extraordinary income (EUR 51 million, included under Heading XVII E, of which EUR 24 million of badwill on activities of the Frankfurt branch).

Extraordinary charges (Heading XVIII) came to EUR (102) million in 2015, relating mainly to impairments on financial fixed assets (EUR (87) million, included under Heading XVIII B, of which EUR (48) million on BNPP Fortis Factor and EUR (31) million on Parthena Reys Perennial Fund), realised losses on financial fixed assets (EUR (2) million, included under Heading XVIII D, on Belgian Mobile Wallet), realised losses on tangible fixed assets (EUR (9) million, included under Heading XVIII D) and other extraordinary charges (EUR (3) million, included under Heading XVIII E).

In 2014, the amount of EUR (114) million mainly resulted from impairments on financial fixed assets (EUR (28) million, included under Heading XVIII B, of which EUR (15) million on BNP Paribas Fortis Funding), provisions for early departures (EUR (42) million, included under Heading XVIII C), realised losses on financial fixed assets (EUR (18) million, included under Heading XVIII D, on Fortis Holding Malta) and other extraordinary charges (EUR (3) million, included under Heading XVIII E).

Income taxes (Heading XX) showed a EUR 13 million positive balance in 2015, following a EUR (13) million negative outcome in 2014. The tax level was influenced by the provisions for early departures in Belgium, and by the specific tax regimes at the foreign branches.

The 11 **foreign branches** located in Amsterdam, Bucharest, Frankfurt, Copenhagen, Madrid, New York, Oslo, Prague, Stockholm, Helsinki and Vienna together realized a profit of EUR 90 million in 2015, mainly due to the reversal of an impairment on Von Essen Bank in Frankfurt branch. In 2014, the foreign branches made a profit of EUR 49 million.

The **Profit for the year available for appropriation** came to EUR 1,580 million in 2015, compared to EUR 1,336 million in 2014.

Proposed appropriation of the result for the accounting period

Profit for the year for appropriation	EUR	1,580.2	million
Profit brought forward from the previous year	EUR	2,757.9	million
Profit to be appropriated	EUR	4,338.1	million
Appropriation to statutory reserve	EUR	79.0	million
Profit to be carried forward	EUR	2,231.9	million
Dividend	EUR	2,005.5	million
Other allocations	EUR	21.7	million

The extraordinary general shareholders' meeting of 23 December 2015 approved the distribution of an intermediate gross dividend of EUR 4.15 per share, or EUR 2,005.5 million in total, which was paid on 24 December 2015.

Information related to Article 523 of the Belgian companies code

Remuneration and benefits awarded to the BNP Paribas Fortis executive directors

Meeting of the board of directors on 19 March 2015

"...The chairman of the remuneration committee provides the board of directors with feedback on the meetings of the remuneration committee of 11, respectively 23 February 2015 and of 19 March 2015. (...)"

"...The chairman of the remuneration committee explains that during the remuneration committee meeting of 18 March 2015, HR commented on the amounts of variable remuneration proposed for the **members of the executive committee** and on the methodology followed. Following further explanation, he invites the board of directors to proceed with formal decision making in this regard. (...)"

"...Then, the chairman of the remuneration committee explains that, during that same meeting, Mr. Dierckx left the room when Mr. Jadot commented on the remuneration of the members of the executive board. Finally, Mr. Jadot left the room when the remuneration committee discussed his remuneration. The board of directors should note that none of the members of the remuneration committee did oppose to the amounts, methodology or rationale of the remuneration proposed for the chairman and members of the executive board (hereafter referred to as the "**Executive Board Remuneration**") and hence the remuneration committee proposes to the board of directors to proceed with the formal approval of the Executive Board Remuneration.

Prior to any deliberation, the chairman explains that, **in compliance with article 523 of the Companies Code** all executive directors have informed (or will inform as the case may be) the board of directors and the statutory auditors of the Bank that each of them has interests of a patrimonial nature conflicting with those of the Bank with respect to the decision to approve the Executive Board Remuneration.

The chairman therefore invites the executive directors to leave the meeting room. The executive directors leave the meeting room and hence abstain from participating in the deliberations and decision making with respect to the Executive Board Remuneration.

The remaining (non-executive) directors take further note of the information provided and after due consideration, approve the Executive Board Remuneration as follows:

- For the chairman of the executive board, a total remuneration for the year 2014 of EUR 1,594,847, including benefits in kind and director's fees;
- For the remaining 4 members of the executive board, a total remuneration for the year 2014 of EUR 4,343,838, including benefits in kind and director's fees.

Following this decision, the executive directors enter the meeting room again".

Information regarding related party transactions

Board Procedure

Background

Due to a change in legislation which came into force on 1 January 2012, article 524 of the Companies Code, imposing a specific procedure pertaining to transactions between related parties, no longer applies to BNP Paribas Fortis SA/NV ('BNP Paribas Fortis' or the 'Company'). Nevertheless, the Board of Directors, upon the advice of the GNRC and in line with its internal governance principles, adopted on 15 December 2011 a 'Board Procedure for Related Party Transactions' (the 'Procedure') which is based on but not identical to article 524 of the Companies Code.

In the course of 2015, no related party transactions between affiliated companies of the Company within scope of the Procedure were brought to the attention of the Board of Directors.

BNP Paribas Fortis Financial Statements 2015 (Non-consolidated)

BALANCE SHEET AFTER APPROPRIATION

		Not.	Codes	Financial year	Previous financial year
ASSETS					
I.	**Cash on hand and claims on central banks and post offices**		**10100**	**4,027,393**	**3,525,925**
II.	**Government securities eligible for refinancing at central banks**		**10200**	**51,760**	**54,765**
III.	**Amounts receivable from credit institutions**	**5.1**	**10300**	**18,803,923**	**16,711,985**
	A. Immediately collectable		10310	11,200,748	8,567,485
	B. Other amounts receivable (term or period of notice)		10320	7,603,175	8,144,500
IV.	**Amounts receivable from customers**	**5.2**	**10400**	**98,805,091**	**93,686,754**
V.	**Bonds and other fixed-income securities**	**5.3**	**10500**	**62,573,225**	**63,412,948**
	A. Public issuers		10510	21,542,539	20,528,992
	B. From other issuers		10520	41,030,686	42,883,956
VI.	**Shares, units and other variable-income securities**	**5.4**	**10600**	**312,653**	**395,987**
VII.	**Financial fixed assets**	**5.5 / 5.6.1**	**10700**	**8,314,600**	**7,913,187**
	A. Participating interests in affiliated enterprises		10710	4,882,825	5,122,899
	B. Participating interests in enterprises linked by participating interests		10720	2,526,038	2,106,092
	C. Other shares constituting financial fixed assets		10730	393,667	172,424
	D. Subordinated claims on affiliated enterprises and other enterprises linked by participating interests		10740	512,070	511,772
VIII.	**Formation expenses and intangible fixed assets**	**5.7**	**10800**	**227,628**	**266,272**
IX.	**Tangible fixed assets**	**5.8**	**10900**	**983,509**	**1,015,253**
X.	**Own shares**		**11000**	**-**	**-**
XI.	**Other assets**	**5.9**	**11100**	**2,038,266**	**2,794,878**
XII.	**Deferred charges**	**5.10**	**11200**	**8,020,072**	**10,216,179**
TOTAL ASSETS			**19900**	**204,158,120**	**199,994,133**

		Not.	Codes	Financial year	Previous financial year
LIABILITIES					
DEBT CAPITAL			**201/208**	**191,107,647**	**186,496,716**
I.	**Amounts payable to credit institutions**	**5.11**	**20100**	**15,059,749**	**11,831,283**
	A. Immediately collectable		20110	3,131,334	3,126,062
	B. Refinancing by rediscounting commercial paper		20120	-	-
	C. Other amounts payable (on term or period of notice)		20130	11,928,415	8,705,221
II.	**Amounts payable to customers**	**5.12**	**20200**	**147,471,746**	**144,756,136**
	A. Savings / saving deposits		20210	60,427,505	61,630,654
	B. Other debts		20220	87,044,241	83,125,482
	1. Immediately collectable		20221	59,125,335	56,154,980
	2. On term or period of notice		20222	27,918,906	26,970,502
	3. Due to rediscounting of trade bills		20223	-	-
III.	**Amounts payable represented by a security**	**5.13**	**20300**	**11,182,357**	**9,311,288**
	A. Debt securities and other fixed-income securities in circulation		20310	4,520,585	5,318,067
	B. Other		20320	6,661,772	3,993,221
IV.	**Other amounts payable**	**5.14**	**20400**	**4,577,336**	**5,981,192**
V.	**Accrued charges and deferred income**	**5.15**	**20500**	**5,315,853**	**7,596,878**
VI.	**Provisions for risks and charges**		**20600**	**408,796**	**480,116**
	A. Provisions for risks and charges		20610	408,796	480,116
	1. Pensions and similar obligations		20611	22,249	20,749
	2. Taxes		20612	9,007	9,000
	3. Other risks and charges	5.16	20613	377,540	450,367
	B. Deferred taxes		20620	-	-
VII.	**Fund for general banking risks**		**20700**	**871,681**	**871,681**
VIII.	**Subordinated amounts payable**	**5.17**	**20800**	**6,220,129**	**5,668,142**
SHAREHOLDER'S EQUITY			**209/213**	**13,050,473**	**13,497,417**
IX.	**Capital**	**5.18**	**20900**	**9,374,878**	**9,374,878**
	A. Subscribed capital		20910	9,374,878	9,374,878
	B. Unclaimed capital (-)		20920	-	-
X.	**Issuance premiums**		**21000**	**230,475**	**230,475**
XI.	**Revaluation surpluses**		**21100**	**-**	**-**
XII.	**Reserves**		**21200**	**1,213,188**	**1,134,178**
	A. Legal reserves		21210	672,119	593,109
	B. Reserves not available for distribution		21220	36,988	36,988
	1. In respect of own shares held		21221	-	-
	2. Other		21222	36,988	36,988
	C. Untaxed reserves		21230	150,790	150,790
	D. Reserves available for distribution		21240	353,291	353,291
XIII.	**Profit (Loss) of the previous period brought forward (+)/(-)**		**21300**	**2,231,932**	**2,757,886**
TOTAL LIABILITIES			**29900**	**204,158,120**	**199,994,133**

		Not.	Codes	Financial year	Previous financial year
OFF-BALANCE SHEET HEADINGS					
I.	**Contingent liabilities**	**5.22**	**30100**	**29,080,082**	**28,675,171**
	A. Non-negotiated acceptances		30110	31,730	56,541
	B. Guarantees serving as direct credit substitutes		30120	15,777,031	14,972,325
	C. Other guarantees		30130	12,232,172	12,491,530
	D. Documentary credits		30140	1,039,149	1,154,775
	E. Assets pledged as collateral securities on account of third parties		30150	-	-
II.	**Commitments that may give rise to a credit risk**	**5.22/ 5.24**	**30200**	**52,628,229**	**49,866,381**
	A. Firm credit commitments		30210	2,460,209	4,159,933
	B. Commitments as a result of spot purchases of transferable or other securities		30220	-	-
	C. Undrawn margin on confirmed credit lines		30230	50,168,020	45,706,448
	D. Underwriting and placing commitments		30240	-	-
	E. Commitments as a result of open-ended sale and repurchase agreements		30250	-	-
III.	**Assets lodged with the credit institution**		**30300**	**108,631,568**	**111,915,367**
	A. Assets held by the credit institution for fiduciary purposes		30310	-	-
	B. Safe custody and equivalent items		30320	108,631,568	111,915,367
IV.	**Uncalled amounts of share capital**		**30400**	**125,474**	**119,209**

INCOME STATEMENT (PRESENTATION IN VERTICAL FORM)

		Not.	Codes	Financial year	Previous financial year
I.	**Interest receivable and similar income**	**5.23**	**40100**	**4,120,140**	**4,387,533**
	A. of which : from fixed-income securities		40110	904,710	1,136,258
II.	**Interest payable and similar charges**		**40200**	**1,233,669**	**1,696,771**
III.	**Income from variable-yield securities**	**5.23**	**40300**	**381,399**	**292,009**
	A. From shares and other variable-yield securities		40310	82,521	83,003
	B. From participating interests in affiliated enterprises		40320	173,540	132,050
	C. From participating interests in other enterprises linked by participating interests		40330	121,271	72,317
	D. From other shares held as financial fixed assets		40340	4,067	4,639
IV.	**Commissions receivable**	**5.23**	**40400**	**1,436,629**	**1,386,476**
	A. Brokerage and commissions		40410	552,507	542,611
	B. Fee for administrative services, counseling and custody		40420	305,242	268,258
	C. Other commissions received		40430	578,880	575,607
V.	**Commissions payable**		**40500**	**386,126**	**356,403**
VI.	**Profit (loss) on financial transactions (+)/(-)**	**5.23**	**40600**	**194,011**	**349,601**
	A. On trading of securities and other financial instruments		40610	169,020	240,931
	B. On disposal of investment securities		40620	24,991	108,670
VII.	**General administrative expenses**		**40700**	**2,594,576**	**2,646,905**
	A. Remuneration, social security costs and pensions		40710	1,479,437	1,532,017
	B. Other administrative expenses		40720	1,115,139	1,114,888
VIII.	**Depreciation/amortization of and other write-downs on formation expenses, intangible and tangible fixed assets**		**40800**	**128,113**	**148,035**
IX.	**Write downs on receivables and provisions for off balance sheet headings 'I. Contingent liabilities' and 'II. Commitments which could give rise to a risk' increase (decrease) (+)/(-)**		**40900**	**87,206**	**74,702**
X.	**Write-downs on the investment portfolio of debt securities, shares and other fixed-income or variable-yield securities increase (decrease) (+)/(-)**		**41000**	**32,091**	**11,949**
XI.	**Provisions for liabilities and charges other than those included in the off balance sheet headings 'I. Contingent liabilities' and 'II. Commitments which could give rise to a risk' utilization (write-back) (+)/(-)**		**41100**	**(74,105)**	**(36,143)**
XII.	**Provisions for liabilities and charges other than those included in the off balance sheet headings 'I. Contingent liabilities' and 'II. Commitments which could give rise to a risk**		**41200**	**80,769**	**31,623**
XIII.	**Transfer from (Transfer to) the fund for general banking risks (+)/(-)**		**41300**	**-**	**-**
XIV.	**Other operating income**	**5.23**	**41400**	**240,289**	**224,157**
XV.	**Other operating charges**	**5.23**	**41500**	**366,475**	**330,361**
XVI.	**Profit (loss) on normal activities before taxes (+)/(-)**		**41600**	**1,537,548**	**1,379,171**

		Not.	Codes	Financial year	Previous financial year
XVII.	**Extraordinary income**		**41700**	**131,674**	**84,760**
	A. Adjustments to amortization and write-downs on intangible and tangible fixed assets		41710	1,884	2,694
	B. Adjustments to write-downs on financial fixed assets		41720	114,087	14,693
	C. Adjustments to provisions for extraordinary risks and charges		41730	-	-
	D. Gain on disposal of fixed assets		41740	15,233	15,453
	E. Other extraordinary income	5.25	41750	470	51,920
XVIII.	**Extraordinary charges**		**41800**	**101,628**	**114,549**
	A. Extraordinary amortization and write-downs on formation expenses, intangible and tangible fixed assets		41810	-	19,623
	B. Write-downs on financial fixed assets		41820	86,450	28,422
	C. Provisions for extraordinary risks and charges			1,011	42,363
	D. Capital loss on disposal of fixed assets		41840	11,042	20,992
	E. Other extraordinary charges	5.25	41850	3,125	3,149
XIX.	**Profits(Loss) of the period before taxes (+)/(-)**		**41910**	**1,567,594**	**1,349,381**
XIXbis.	A. Transfer to deferred taxes		41921	-	-
	B. Transfer from deferred taxes		41922	-	-
XX.	**Income taxes (+)/(-)**	**5.26**	**42000**	**(12,612)**	**13,446**
	A. Taxes		42010	60,911	64,328
	B. Adjustment of taxes and write-back of tax provisions		42020	73,523	50,882
XXI.	**Profit (Loss) of the period (+)/(-)**		**42100**	**1,580,206**	**1,335,934**
XXII.	**Transfer to (Transfer from) untaxed reserves (+)/(-)**		**42200**	**-**	**-**
XXIII.	**Profits (Loss) of the period available for approbation (+)/(-)**		**42300**	**1,580,206**	**1,335,934**

APPROPRIATION ACCOUNT

		Codes	Financial year	Previous financial year
A.	**Profits (Losses) to be appropriated (+)/(-)**	**49100**	**4,338,092**	**4,094,631**
	1. Profits (Losses) of the period available for appropriation (+)/(-)	(42300)	1,580,206	1,335,934
	2. Profit (Losses) of the previous period brought forward (+)/(-)	(21300P)	2,757,886	2,758,697
B.	**Transfers from capital and reserves**	**49200**	**-**	**-**
	1. From capital and share premium account	49210	-	-
	2. From reserves	49220	-	-
C.	**Appropriations to capital and reserves**	**49300**	**(79,010)**	**(67,000)**
	1. From capital and share premium account	49310	-	-
	2. To legal reserve	49320	(79,010)	(67,000)
	3. To other reserves	49330	-	-
D.	**Profit (Loss) to be carried forward (+)/(-)**	**49400**	**2,231,932**	**2,757,886**
E.	**Shareholders' contribution in respect of loss**	**49500**	**-**	**-**
F.	**Distribution of profit**	**49600**	**(2,027,149)**	**(1,269,745)**
	1. Dividends	49610	(2,005,451)	(1,246,762)
	2. Directors or managers	49620	-	-
	3. Other allocations	49630	(21,698)	(22,983)

NOTES

I. STATEMENT OF AMOUNTS RECEIVABLE FROM CREDIT INSTITUTIONS (heading III of the assets)

		Codes	Financial year	Previous financial year
A.	**STATEMENT OF THE ITEM AS A WHOLE**	**(10300)**	**18,803,923**	**16,711,985**
1.	Amounts receivable from affiliated enterprises	50101	7,972,916	10,032,307
2.	Amounts receivable from other enterprises linked by participating interests	50102	-	-
3.	Subordinated amounts receivable	50103	33,750	33,750
B.	**GENERAL STATEMENT OF OTHER RECEIVABLES (on term or notice)**	**(10320)**	**7,603,175**	**8,144,500**
1.	Trade bills eligible for refinancing at the central bank of the country or countries of establishment of the credit institution	50104	187,166	214,531
2.	Breakdown of the other amounts receivable (on term or period of notice) by residual period to maturity			
	a. up to three months	50105	1,181,479	
	b. over three months and up to one year	50106	2,942,420	
	c. over one year and up to five years	50107	2,061,671	
	d. over five years	50108	1,391,323	
	e. indeterminate period	50109	26,282	

II. STATEMENT OF AMOUNTS RECEIVABLE FROM CUSTOMERS (heading IV of the assets)

		Codes	Financial year	Previous financial year
1.	**Amounts receivable from affiliated enterprises**	**50201**	**14,071,730**	**11,638,419**
2.	**Amounts receivable from other enterprises linked by participating interests**	**50202**	**494,364**	**863,861**
3.	**Subordinated amounts receivable**	**50203**	**37,169**	**41,489**
4.	**Trade bills eligible for refinancing at the central bank of the country or countries of establishment of the credit institution**	**50204**	**78,627**	**135,657**
5.	**Breakdown of the other amounts receivable (on term or period of notice) by residual period to maturity**			
	a. up to three months	50205	18,204,315	
	b. over three months and up to one year	50206	9,213,648	
	c. over one year and up to five years	50207	20,204,015	
	d. over five years	50208	42,451,195	
	e. indeterminate period	50209	8,731,918	
6.	**Breakdown of amounts receivable by nature of the debtor**			
	a. Claims on the government	50210	7,427,838	6,369,974
	b. Claims on clients	50211	13,804,882	12,069,513
	c. Claims on enterprises	50212	77,572,371	75,247,267
7.	**Breakdown of amounts receivable from customers by their nature**			
	a. Trade bills (including own acceptances)	50213	78,627	
	b. Amounts resulting from hire-purchase and similar claims	50214	-	
	c. Loans with flat-rate charges	50215	236,332	
	d. Mortgage loans	50216	18,041,680	
	e. Other term loans for periods of over one year	50217	50,235,809	
	f. Other amounts receivable	50218	30,212,643	
8.	**Geographical breakdown of amounts receivable from customers**			
	a. From Belgium	50219	63,827,862	
	b. From abroad	50220	34,977,229	
9.	**Analytical data concerning mortgage loans with reconstitution at the institution or coupled with life insurance and capitalization contracts**			
	a. The principal sums initially lent	50221	-	
	b. The reconstitution fund and mathematical reserves relating to these loans	50222	-	
	c. The net outstanding amount of these loans (a - b)	50223	-	

III. STATEMENT OF BONDS AND OTHER FIXED-INCOME SECURITIES (heading V of the assets)

		Codes	Financial year	Previous financial year
A.	**General statement**	**(10500)**	**62,573,225**	**63,412,948**
1.	**Bonds and other securities issued by affiliated enterprises**	**50301**	**35,417,332**	**35,483,034**
2.	**Bonds and other securities issued by other enterprises linked by participating interests**	**50302**	**-**	**-**
3.	**Bonds and securities representing subordinated claims**	**50303**	**-**	**-**
4.	**Geographical breakdown of the securities**			
	a. Belgian public issuers	50304	12,622,813	
	b. Foreign public issuers	50305	8,919,726	
	c. Belgian non-public issuers	50306	35,323,527	
	d. Foreign non-public issuers	50307	5,707,159	
5.	**Listing**			
	a. Book value of listed securities	50308	19,085,330	
	b. Market value of listed securities	50309	21,200,322	
	c. Book value of unlisted securities	50310	43,487,895	
6.	**Terms**			
	a. Remaining maturity of up to one year	50311	11,005,547	
	b. Remaining maturity of over one year	50312	51,567,678	
7.	**Breakdown according to whether securities belong to**			
	a. The commercial portfolio	50313	1,704,052	
	b. The investment portfolio	50314	60,869,173	
8.	**For the commercial portfolio**			
	a. Positive difference between the acquisition value and the market value for securities valued at their market value	50315	9,143	
	b. Positive difference between market value and book value for securities valued in accordance with Art. 35ter, § 2, second paragraph	50316	64,707	
9.	**For the investment portfolio**			
	a. positive difference in respect of all securities combined whose redemption value is higher than their book value	50317	67,522	
	b. negative difference in respect of all securities combined whose redemption value is lower than their book value	50318	578,192	

		Codes	Financial year	Previous financial year
B.	**DETAILS OF THE BOOK VALUE OF THE INVESTMENT PORTFOLIO BONDS AND OTHER FIXED-INCOME SECURITIES**			
1.	**Acquisition value at the end of the financial year**	**50323P**	**xxxxxxxxxxxxxxx**	**61,649,593**
2.	**Changes during the financial year**	**50319**	**(724,865)**	
	a. Acquisitions	50320	2,780,941	
	b. Transfers	50321	3,572,827	
	c. Adjustments made in accordance with Article 35 ter § 4 and 5	50322	67,021	
3.	**Acquisition value at the end of the financial year**	**50323**	**60,924,728**	
4.	**Transfers between portfolios**			
	a. Transfers from the investment portfolio to the commercial portfolio	50324	-	
	b. Transfers from the commercial portfolio to the investment portfolio	50325	-	
	c. Impacts on the result	50326	-	
5.	**Write-offs at the end of the financial year**	**50332P**	**xxxxxxxxxxxxxxx**	**79,838**
6.	**Changes during the financial year**	**50327**	**(24,283)**	
	a. Charged	50328	1,866	
	b. Taken back because surplus	50329	11,110	
	c. Cancelled	50330	15,039	
	d. Transferred from one heading to another (+)/(-)	50331	-	
7.	**Write-offs at the end of the financial year**	**50332**	**55,555**	
8.	**Net book value at the end of the financial year**	**(50314)**	**60,869,173**	

III.BIS THEMATICAL CITIZEN LOANS

		Codes	Financial year	Previous financial year
1.	**Total amount of collected funds**	**50340**	**338,770**	**297,851**
	a. of which : saving notes and term deposits (art. 4)	50341	293,738	262,525
	b. of which: inter bank loans (art.6)	50342	45,032	35,326
2.	**Utilisation of the collected funds**	**50350**	**585,851**	**524,459**
	a. Citizen loans granted	50351	585,851	524,459
	b. Realized investments (art.11)	50352	-	-
	c. Inter bank loans granted	50353	-	-
3.	**Revenue from investments (art.11)**	**50360**	**-**	**1,569**

IV. STATEMENT OF SHARES AND OTHER VARIABLE-INCOME SECURITIES (heading VI of the assets)

		Codes	Financial year	Previous financial year
A.	**GENERAL STATEMENT**	**(10600)**	**312,653**	**395,987**
1.	**Geographical breakdown of the securities**			
	a. Belgian issuers	50401	2,681	2,804
	b. Foreign issuers	50402	309,972	393,183
2.	**Listing**			
	a. Book value of listed securities	50403	-	
	b. Market value of listed securities	50404	-	
	c. Book value of unlisted securities	50405	312,653	
3.	**Breakdown according to whether securities belong to**			
	a. The commercial portfolio	50406	-	
	b. The investment portfolio	50407	312,653	
4.	**For the commercial portfolio**			
	a. Positive difference between the acquisition value and the market value for securities valued at their market value	50408	-	
	b. Positive difference between market value and book value for securities valued in accordance with Art. 35ter, § 2, second paragraph	50409	-	

		Codes	Financial year	Previous financial year
B.	**ANALYSIS OF THE CARRYING AMOUNT OF INVESTMENT PORTFOLIO SHARES AND OTHER VARIABLE-YIELD SECURITIES**			
1.	**Acquisition value at the end of the financial year**	**50414P**	xxxxxxxxxxxxxxx	**690,405**
2.	**Changes during the financial year**	**50410**	**(34,756)**	
	a. Acquisitions	50411	-	
	b. Transfers	50412	-	
	c. Other changes (+)/(-)	50413	(34,756)	
3.	**Acquisition value at the end of the financial year**	**50414**	**655,649**	
4.	**Transfers between portfolios**			
	a. Transfers from the investment portfolio to the commercial portfolio	50415	-	
	b. Transfers from the commercial portfolio to the investment portfolio	50416	-	
	c. Impacts on the result	50417	-	
5.	**Write-offs at the end of the financial year**	**50423P**	xxxxxxxxxxxxxxx	**294,418**
6.	**Changes during the financial year**	**50418**	**48,578**	
	a. Charged	50419	56,398	
	b. Excess written back	50420	15,063	
	c. Cancelled	50421	-	
	d. Transferred from one heading to another (+)/(-)	50422	7,243	
7.	**Write-offs at the end of the financial year**	**50423**	**342,996**	
8.	**Net book value at the end of the financial year**	**(50407)**	**312,653**	

V. STATEMENT OF THE FINANCIAL FIXED ASSETS (heading VII of the assets)

		Codes	Financial year	Previous financial year
A.	**GENERAL STATEMENT**			
1.	**Breakdown of financial fixed assets by economical sector**			
a.	Participations in affiliated enterprises which are credit institutions	50501	3,165,858	3,435,250
b.	Participating interests in affiliated enterprises which are NOT credit institutions	50502	1,716,967	1,687,649
c.	Participations in enterprises linked by participating interest which are credit institutions	50503	428,079	-
d.	Participating interests in enterprises linked by participating interest which are NOT credit institutions	50504	2,097,959	2,106,092
e.	Other shares constituting financial fixed assets in enterprises that are credit institutions	50505	-	51
f.	Other shares constituting financial fixed assets in enterprises that are NOT credit institutions	50506	393,667	172,373
g.	Subordinated claims on affiliated enterprises that are credit institutions	50507	412,070	411,772
h.	Subordinated claims on affiliated companies are NOT credit institutions	50508	100,000	100,000
i.	Subordinated claims on enterprises linked by participating interests and that are credit institutions	50509	-	-
j.	Subordinated claims on enterprises linked by participating interests that are NOT credit institutions	50510	-	-
2.	**Listing**			
a.	Participations in quoted affiliated enterprises	50511	0	
b.	Participating interests in affiliated enterprises which are NOT quoted	50512	4,882,825	
c.	Participations in quoted enterprises linked by participating interest	50513	428,079	
d.	Participating interests in enterprises linked by participating interest and which are NOT quoted	50514	2,097,959	
e.	Other shares constituting financial fixed assets in quoted enterprises	50515	219,601	
f.	Other shares constituting financial fixed assets in enterprises which are NOT quoted	50516	174,066	
g.	Amount of subordinated loans represented by listed securities	50517	497,069	

		Codes	Financial year	Previous financial year
B.	**ANALYSIS OF THE CARRYING AMOUNTS OF INVESTMENTS IN AFFILIATED COMPANIES**			
1.	**Acquisition value at the end of the financial year**	**50522P**	xxxxxxxxxxxxxxx	**5,363,107**
2.	**Changes during the financial year**	**50518**	**(234,750)**	
	a. Acquisitions	50519	194,496	
	b. Disposals and cessations of use	50520	-	
	c. Transfers from one heading to another (+)/(-)	50521	(429,246)	
3.	**Acquisition value at the end of the financial year**	**50522**	**5,128,357**	
4.	**Capital gain at the end of the financial year**	**50528P**	xxxxxxxxxxxxxxx	**113,023**
5.	**Changes during the financial year**	**50523**	**-**	
	a. Charged	50524	-	
	b. Acquired from third parties	50525	-	
	c. Cancelled	50526	-	
	d. Transferred from one heading to another (+)/(-)	50527	-	
6.	**Capital gains at the end of the financial year**	**50528**	**113,023**	
7.	**Write-offs at the end of the financial year**	**50535P**	xxxxxxxxxxxxxxx	**353,230**
8.	**Changes during the financial year**	**50529**	**5,325**	
	a. Charged	50530	56,236	
	b. Excess written back	50531	50,911	
	c. Acquired from third parties	50532	-	
	d. Cancelled	50533	-	
	e. Transferred from one heading to another (+)/(-)	50534	-	
9.	**Write-offs at the end of the financial year**	**50535**	**358,555**	
10.	**Net book value at the end of the financial year**	**10710**	**4,882,825**	

		Codes	Financial year	Previous financial year
C.	**ANALYSIS OF THE CARRYING AMOUNT OF INVESTMENTS IN COMPANIES LINKED BY PARTICIPATING INTERESTS**			
1.	**Acquisition value at the end of the financial year**	**50540P**	**xxxxxxxxxxxxxx**	**2,963,746**
2.	**Changes during the financial year**	**50536**	**420,474**	
	a. Acquisitions	50537	-	
	b. Disposals and cessations of use	50538	7,605	
	c. Transfers from one heading to another (+)/(-)	50539	428,079	
3.	**Acquisition value at the end of the financial year**	**50540**	**3,384,220**	
4.	**Capital gain at the end of the financial year**	**50546P**	**xxxxxxxxxxxxxx**	**-**
5.	**Changes during the financial year**	**50541**	**-**	
	a. Charged	50542	-	
	b. Acquired from third parties	50543	-	
	c. Cancelled	50544	-	
	d. Transferred from one heading to another (+)/(-)	50545	-	
6.	**Capital gains at the end of the financial year**	**50546**	**-**	
7.	**Write-offs at the end of the financial year**	**50553P**	**xxxxxxxxxxxxxx**	**857,655**
8.	**Changes during the financial year**	**50547**	**527**	
	a. Charged	50548	527	
	b. Excess written back	50549	-	
	c. Acquired from third parties	50550	-	
	d. Cancelled	50551	-	
	e. Transferred from one heading to another (+)/(-)	50552	-	
9.	**Write-offs at the end of the financial year**	**50553**	**858,182**	
10.	**Net book value at the end of the financial year**	**10720**	**2,526,038**	

		Codes	Financial year	Previous financial year
D.	**ANALYSIS OF THE BOOK VALUE OF OTHER SHARES HELD AS FINANCIAL FIXED ASSETS**			
1.	**Acquisition value at the end of the financial year**	**50558P**	xxxxxxxxxxxxxxx	**909,773**
2.	**Changes during the financial year**	**50554**	**158,481**	
	a. Acquisitions	50555	158,595	
	b. Disposals and cessations of use	50556	145	
	c. Transfers from one heading to another (+)/(-)	50557	31	
3.	**Acquisition value at the end of the financial year**	**50558**	**1,068,254**	
4.	**Capital gain at the end of the financial year**	**50564P**	xxxxxxxxxxxxxxx	**-**
5.	**Changes during the financial year**	**50559**	**-**	
	a. Charged	50560	-	
	b. Acquired from third parties	50561	-	
	c. Cancelled	50562	-	
	d. Transferred from one heading to another (+)/(-)	50563	-	
6.	**Capital gains at the end of the financial year**	**50564**	**-**	
7.	**Write-offs at the end of the financial year**	**50571P**	xxxxxxxxxxxxxxx	**737,348**
8.	**Changes during the financial year**	**50565**	**(62,761)**	
	a. Charged	50566	38	
	b. Excess written back	50567	62,799	
	c. Acquired from third parties	50568	-	
	d. Cancelled	50569	-	
	e. Transferred from one heading to another (+)/(-)	50570	-	
9.	**Write-offs at the end of the financial year**	**50571**	**674,587**	
10.	**Net book value at the end of the financial year**	**10730**	**393,667**	

N°	BE 0403.199.702		FULL-inst 5.5.5

		Codes	Financial year	Previous financial year
E.	**ANALYSIS OF THE CARRYING AMOUNT OF SUBORDINATED CLAIMS FROM AFFILIATED COMPANIES**			
1.	**Net book value at the end of the financial year**	**50579P**	**xxxxxxxxxxxxxxx**	**411,772**
2.	**Changes during the financial year**	**50572**	**298**	
	a. Additions	50573	-	
	b. Repayments	50574	-	
	c. Amounts written off recorded	50575	-	
	d. Amounts written off taken back	50576	-	
	e. Differences of change (+)/(-)	50577	-	
	f. Other (+)/(-)	50578	298	
3.	**Net book value at the end of the financial year**	**50579**	**412,070**	
4.	**Cumulated amounts written off at the end of the financial year**	**50580**	**0**	

N°	BE 0403.199.702		FULL-inst 5.5.6

		Codes	Financial year	Previous financial year
F.	**ANALYSIS OF THE CARRYING AMOUNT OF SUBORDINATED CLAIMS TO ENTERPRISES LINKED BY PARTICIPATING INTERESTS**			
1.	**Net book value at the end of the financial year**	**50588P**	**xxxxxxxxxxxxxxx**	**100,000**
2.	**Changes during the financial year**	**50581**	**-**	
	a. Additions	50582	-	
	b. Repayments	50583	-	
	c. Amounts written off recorded	50584	-	
	d. Amounts written off taken back	50585	-	
	e. Differences of change (+)/(-)	50586	-	
	f. Other (+)/(-)	50587	-	
3.	**Net book value at the end of the financial year**	**50588**	**100,000**	
4.	**Cumulated amounts written off at the end of the financial year**	**50589**	**-**	

VI. INFORMATION REGARDING THE PARTICIPATIONS

A. PARTICIPATING INTERESTS AND SHARES IN OTHER COMPANIES

The following list shows the enterprises in which the credit institution has a participating interest as defined in the Royal Decree of 23 September 1992, and also other enterprises in which the company holds rights representing at least ten percent of the subscribed capital.

NAME, full adress of the REGISTERED OFFICE and for the enterprise governed by Belgian law, the COMPANY NUMBER	Interests held – directly – Type	Interests held – directly – Number	Interests held – directly – %	Interests held – subsidiaries – %	Information from the most recent annual account – Annual accounts as at	Currency code	Own funds (+) or (-) (in thousands of monetary units)	Net result (+) or (-) (in thousands of monetary units)
AG INSURANCE		157,822	25		31/12/2014	EUR	1,350	334
Bruxelles								
BE 404.494.849								
ALPHA (MURCIA) HOLDING B.V.		78,000,000	100		31/12/2014	EUR	72	3
Amsterdam								
ALPHA CARD S.C.R.L.		735,000	50		31/12/2014	EUR	17	-2
Watermael-Boitsfort								
BE 463.926.551								
ALPHA CREDIT S.A.		1,146,937	100		31/12/2014	EUR	78	23
Bruxelles								
BE 445.781.316								
ANTICLEE FINANCE		3,370	15.18		30/06/2011	EUR	2	-2
Rillieux La Pape								
ASLK-CGER SERVICES (EN LIQUIDATION)		100	100			BEF	In liquidation	
Bruxelles								
BE 458.523.354								
BANCONTACT-MISTERCASH		5,123	20		31/12/2014	EUR	6	-
Bruxelles								
BE 884 499 250								
BANKING FUNDING COMPANY S.A.		20,586	33.47		31/12/2014	EUR	-	-
Bruxelles								
BE 884.525.182								
BBOF III INVESTORS B.V.		24,300	12.13		01/02/2016	EUR	59	65
Amsterdam								
BEDRIJVENCENTRUM DENDERMONDE N.V.		500	19.61		31/12/2014	EUR	1	-
Dendermonde								
BE 438.558.081								
BEDRIJVENCENTRUM REGIO AALST N.V.		80	13.16		31/12/2014	EUR	745	21
Erembodegem								
BE 428.749.502								
BEDRIJVENCENTRUM VILVOORDE N.V.		400	10.18		31/12/2014	EUR	1	-
Vilvoorde								
BE 434.222.577								
BEDRIJVENCENTRUM WAASLAND N.V.		400	16.03		31/12/2014	EUR	1	-
Sint-Niklaas								
BE 427.264.214								
BEDRIJVENCENTRUM ZAVENTEM N.V.		851	27.39		31/12/2014	EUR	-	-
Zaventem								
BE 426.496.726								

NAME, full adress of the REGISTERED OFFICE and for the enterprise governed by Belgian law, the COMPANY NUMBER	Interests held				Information from the most recent annual account			
	directly			subsi-diaries	Annual accounts as at	Currency code	Own funds	Net result
	Type	Number	%	%			(+) or (-) (in thousands of monetary units)	
BELGIAN MOBILE WALLET		2,818	25		31/12/2014	EUR	12	-6
Bruxelles								
BE 541.659.084								
BELGOLAISE S.A.	(1)	449,999	100		31/12/2014	EUR	29	2
	(2)	119,250						
Bruxelles								
BE 403.200.294								
BEM II		2,000	15.04		31/12/2014	EUR	1	-
Bruxelles								
BE 832.115.686								
BEM-FLEMISH CONSTRUCTION AND INVESTMENT COMPANY N.V.		2,793	12.05		31/12/2014	EUR	3	-
Bruxelles								
BE 461.612.904								
BGL BNP PARIBAS		13,989,568	50		31/12/2014	EUR	6,178	427
Luxembourg								
BGZ BNPP Poland		23,884,621	28.75			PLN	6,137	-48
Warszawa								
BNP PARIBAS FACTORING COVERAGE EUROPE HOLDING N.V.		91,449	100		31/12/2014	EUR	121	2
Breda								
BNP PARIBAS FORTIS FACTOR NV		93,523	99.99	0.01	31/12/2014	EUR	69	13
Turnhout								
BE 414.392.710								
BNP PARIBAS FORTIS FILM FINANCE		99	99	1	31/12/2014	EUR	-	-
Bruxelles								
BE 893.587.655								
BNP PARIBAS FORTIS FUNDING S.A.		19,999	99.99	0.01	31/12/2014	EUR	6	1
Luxembourg								
BNP PARIBAS Fortis Growth		22,199	100		31/12/2014	EUR	2	-
Bruxelles								
BE 866.161.894								
BNP PARIBAS FORTIS IMMO CARE		157,749	100	0	31/12/2014	EUR	2	-
Bruxelles								
BE 871.937.750								
BNP PARIBAS FORTIS PRIVATE EQUITY BELGIUM		557,866	100		31/12/2014	EUR	154	3
Bruxelles								
BE 421.883.286								
Bnp Paribas Fortis Yatirimlar Holding A.S.		2,227,742,496	100		31/12/2014	TRY	2,222	-1
Istanbul								
BNP PARIBAS INVESTMENT PARTNERS		408,593	28.37	4.96	31/12/2014	EUR	2,812	21
Paris								
BPOST BANQUE		450,000	50		31/12/2014	EUR	360	21
Bruxelles								
BE 456.038.471								

(1) *ordinary shares*
(2) *VVPR shares*

NAME, full adress of the REGISTERED OFFICE and for the enterprise governed by Belgian law, the COMPANY NUMBER	Interests held				Information from the most recent annual account			
	directly			subsi-diaries	Annual accounts as at	Currency code	Own funds	Net result
	Type	Number	%	%			(+) or (-) (in thousands of monetary units)	
CERTIFIMMO V S.A.		12,261	99.99	0.01	31/12/2014	EUR	8	-
Bruxelles								
BE 450.355.261								
CREDISSIMO		124,999	100		31/12/2014	EUR	18	1
Seraing								
BE 403.977.482								
CREDISSIMO HAINAUT S.A.		465,570	99.72		31/12/2014	EUR	4	-
Tournai								
BE 402.495.065								
CREDIT POUR HABITATIONS SOCIALES - KREDIET VOOR SOCIALE WONINGEN		70,629	77.56	5.02	31/12/2014	EUR	14	-
Watermael-Boitsfort								
BE 402.204.461								
CREDIT SOCIAL DE LA PROVINCE DU BRABANT WALLON		11,013	12.10	0.31	31/12/2014	EUR	4	-
Nivelles								
BE 400.351.068								
DEMETRIS N.V.		9,999	99.99	0.01	31/12/2014	EUR	3	1
Groot-Bijgaarden								
BE 452.211.723								
DIKODI B.V.		42	100		31/12/2014	EUR	-19	-
Amsterdam								
DOMUS FLANDRIA N.V.		22,500	11.22		31/12/2014	EUR	16	1
Antwerpen								
BE 436.825.642								
ES-FINANCE		81,999	100		31/12/2014	EUR	45	9
Sint-Agatha-Berchem								
BE 430.506.289								
EUROPAY BELGIUM		13,618	39.79	0.29	31/12/2014	EUR	1	-
Bruxelles								
BE 434.197.536								
EUROPEAN DIRECT PROPERTY MANAGEMENT S.A.		700	100		31/12/2013	EUR	5	3
Luxembourg								
FB TRANSPORTATION CAPITAL LLC		5,000,000	100		31/12/2014	USD	220	6
New York								
FORTIS FUNDING LLC		100	100		31/12/2012	USD	-3	-
New York								
FORTIS HOLDING MALTA LTD		2,499	99.96	0.04	31/12/2013	USD	-	-
Gzira								
FORTIS LEASE IBERIA SA		1,170,000	21.39	78.61	31/12/2014	0	-1	-1
Madrid								
FSCHOLEN		8,925	50	50	31/12/2014	EUR	18	-
Sint-Joost-Ten-Node								
BE 825.836.125								
FV HOLDING N.V.		17,504,600	40		31/12/2014	EUR	9	-
Etterbeek								
BE 810.422.825								
GENFINANCE INTERNATIONAL S.A.		19,999	99.99	0.01	31/12/2014	EUR	1	-
Bruxelles								
BE 421.429.267								

NAME, full adress of the REGISTERED OFFICE and for the enterprise governed by Belgian law, the COMPANY NUMBER	Interests held				Information from the most recent annual account			
	directly			subsi-diaries	Annual accounts as at	Currency code	Own funds	Net result
	Type	Number	%	%			(+) or (-) (in thousands of monetary units)	
GUDRUN XPERT N.V.		5,200	26		31/12/2014	EUR	1	-
Bruxelles								
BE 477.315.422								
HERACLES S.C.		4,500	13.55		31/12/2014	EUR	-	-
Charleroi								
BE 427.178.892								
IMMO-BEAULIEU		500	25		16/06/2014	EUR	-	-
Bruxelles								
BE 450.193.133								
IMMOBILIERE DISTRI-LAND N.V.		156	12.48		31/12/2014	EUR	-	-
Bruxelles								
BE 436.440.909								
IMMOBILIERE SAUVENIERE S.A.		15,741	99.99	0.01	31/12/2014	EUR	18	2
Bruxelles								
BE 403.302.739								
IMMOLOUNEUVE		1,000	50	50	31/12/2014	EUR	-	-
Bruxelles								
BE 416.030.426								
ISABEL S.A./N.V.		253,322	25.33		31/12/2014	EUR	10	5
Bruxelles								
BE 455.530.509								
LE CREDIT SOCIAL DE TUBIZE S.A.		400	11.43		31/12/2010	EUR	-	-
Tubize								
BE 400.344.140								
LE CREDIT SOCIAL ET LES PETITS PROPRIETAIRES REUNIS		3,347	12.38		31/12/2014	EUR	3	-
Châtelet								
BE 401.609.593								
LE PETIT PROPRIETAIRE S.A.		690	11.60		31/12/2014	EUR	1	-
Woluwe-Saint-Lambert								
BE 403.290.366								
MARGARET, INC.		500	100		31/12/2014	USD	37	-
New York								
MEESPIERSON PRIVATE BELGIAN OFFICES CV		126	99.48	0.52	31/12/2014	EUR	9	-
Bruxelles								
BE 870.419.996								
MICROSTART		24,500	76.32		31/12/2014	EUR	1	-1
Saint-Gilles								
BE 829.081.071								
NUEVE-9		195,078	39.18			EUR		
Barcelona								
ONESTO KREDIETMAATSCHAPPIJ		522	11.93		31/12/2014	EUR	25	1
Beringen								
BE 401.349.970								
PARTHENA REYS PERENNIAL FUND		16,755	48.53		New acquisition	EUR		
Luxembourg								
S.A. BERLAYMONT 2000 N.V.		150	9.93		31/12/2014	EUR	18	-
Bruxelles								
BE 441.629.617								

NAME, full adress of the REGISTERED OFFICE and for the enterprise governed by Belgian law, the COMPANY NUMBER	Interests held				Information from the most recent annual account			
	directly			subsi-diaries	Annual accounts as at	Currency code	Own funds	Net result
	Type	Number	%	%			(+) or (-) (in thousands of monetary units)	
SHENERGY GROUP FINANCE COMPANY LIMITED		100,000,000	10		31/12/2014	CNY	1,736	310
Shanghai								
SOCIETE BELGE D'INVESTISSEMENT INTERNATIONAL		2,595	19.51		31/12/2014	EUR	36	-
S.B.I. - Belgische Maatschappij								
Voor Internationale Investeringen B.M.I								
Bruxelles								
BE 411.892.088								
SOWO INVEST S.A. / N.V.		875	87.50		31/12/2014	EUR	1	-
Bruxelles								
BE 877.279.282								
TEB NV		6,000	100		31/12/2014	EUR	107	4
Amstelveen								
TOUS PROPRIETAIRES S.A.		43,425	16.82		31/12/2014	EUR	8	-
Erquelinnes								
BE 401.731.339								
VISA BELGIUM SRCL		44	24.58	1.12	30/09/2014	EUR	-	-
Bruxelles								
BE 435.551.972								
VON ESSEN GMBH & CO. KG BANKGESELLSCHAFT		1	100		31/12/2014	EUR	182	22
Essen								

B. LIST OF COMPANIES FOR WHICH THE INSTITUTION HAS AN UNLIMITED RESPONSIBILITY IN ITS CAPACITY AS AN UNLIMITED RESPONSIBLE PARTNER OR MEMBER

Annual accounts of each of the companies for which the institution has an unlimited responsibility, is attached to presented financial statements and with it made public, unless the second column indicates the reason why this is not the case, this information is done by referring to the appropriate code (A, B or C) defined below.

The annual accounts of the mentioned company:

- A. are published by the company by filing at the National Bank of Belgium;
- B. are actually published by this company in another Member State of the European Union under Article 3 of Directive 68/151/EEC;
- C. are through full or proportional consolidation recognised in the consolidated financial statements of the institution that is prepared, audited and published in the Royal Decree of 23 September 1992 on the consolidated accounts of credit institutions, investment firms and management companies of collective investment.

NAME and full address of REGISTERED OFFICE, LEGAL FORM and for the enterprises governed by Belgian law, the ENTERPRISE NUMBER	Possible code
ASLK-CGER Services, rue du Fossé-aux-loups 48, 1000 Bruxelles BE 458.523.354	

N°	BE 0403.199.702	FULL-inst 5.7.1

VII. STATEMENT OF FORMATION EXPENSES AND INTANGIBLE FIXED ASSETS (heading VIII of the assets)

		Codes	Financial year	Previous financial year
A.	**FORMATION EXPENSES**			
1.	**Net book value at the end of the financial year**	**50705P**	**xxxxxxxxxxxxxxx**	**-**
2.	**Changes during the financial year**	**50701**	**-**	
	a. New charges of the financial year	50702	-	
	b. Amortisations	50703	-	
	c. Other (+)/(-)	50704	-	
3.	**Net book value at the end of the financial year**	**50705**	**-**	
4.	**Of which**			
	a. Formation and capital - increased expenses issuing expenses for loans and other start-up expenses	50706	-	
	b. Reorganization expenses	50707	-	

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		Codes	Financial year	Previous financial year
B.	**GOODWILL**			
1.	**Acquisition value at the end of the financial year**	**50712P**	**xxxxxxxxxxxxxxx**	**380,487**
2.	**Changes during the financial year**	**50708**	**-**	
	a. Acquisitions including production shown as fixed assets	50709	-	
	b. Disposals and cessations of use	50710	-	
	c. Transfers from one heading to another (+)/(-)	50711	-	
3.	**Acquisition value at the end of the financial year**	**50712**	**380,487**	
4.	**Depreciations and amounts written off at the end of the financial year**	**50719P**	**xxxxxxxxxxxxxxx**	**123,012**
5.	**Changes during the financial year**	**50713**	**37,709**	
	a. Charged	50714	37,709	
	b. Cancelled	50715	-	
	c. Acquired from third parties	50716	-	
	d. Cancellations after sales and disposals	50717	-	
	e. Transferred from one heading to another (+)/(-)	50718	-	
6.	**Depreciations and amounts written off at the end of the financial year**	**50719**	**160,721**	
7.	**Net book value at the end of the financial year**	**50720**	**219,766**	

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		Codes	Financial year	Previous financial year
C.	**COMMISSIONS AS COMPENSATION FOR THE APPLICATION OF TRANSACTIONS WITH CLIENTS**			
1.	**Acquisition value at the end of the financial year**	**50725P**	**xxxxxxxxxxxxxxx**	**-**
2.	**Changes during the financial year**	**50721**	**-**	
	a. Acquisitions including production shown as fixed assets	50722	-	
	b. Disposals and cessations of use	50723	-	
	c. Transfers from one heading to another (+)/(-)	50724	-	
3.	**Acquisition value at the end of the financial year**	**50725**	**-**	
4.	**Depreciations and amounts written off at the end of the financial year**	**50732P**	**xxxxxxxxxxxxxxx**	**-**
5.	**Changes during the financial year**	**50726**	**-**	
	a. Charged	50727	-	
	b. Cancelled	50728	-	
	c. Acquired from third parties	50729	-	
	d. Cancellations after sales and disposals	50730	-	
	e. Transferred from one heading to another (+)/(-)	50731	-	
6.	**Depreciations and amounts written off at the end of the financial year**	**50732**	**-**	
7.	**Net book value at the end of the financial year**	**50733**	**-**	

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		Codes	Financial year	Previous financial year
D.	**OTHER INTANGIBLE FIXED ASSETS**			
1.	**Acquisition value at the end of the financial year**	**50738P**	**xxxxxxxxxxxxxxx**	**75,036**
2.	**Changes during the financial year**	**50734**	**1,805**	
	a. Acquisitions including production shown as fixed assets	50735	3,237	
	b. Disposals and cessation of use	50736	1,432	
	c. Transfers from one heading to another (+)/(-)	50737	-	
3.	**Acquisition value at the end of the financial year**	**50738**	**76,841**	
4.	**Depreciations and amounts written off at the end of the financial year**	**50745P**	**xxxxxxxxxxxxxxx**	**66,238**
5.	**Changes during the financial year**	**50739**	**2,741**	
	a. Charged	50740	5,592	
	b. Cancelled	50741	-	
	c. Acquired from third parties	50742	-	
	d. Cancellations after sales and disposals	50743	252	
	e. Transferred from one heading to another (+)/(-)	50744	(2,599)	
6.	**Depreciations and amounts written off at the end of the financial year**	**50745**	**68,979**	
7.	**Net book value at the end of the financial year**	**50746**	**7,862**	

VIII. STATEMENT OF THE TANGIBLE FIXED ASSETS (heading IX of the assets)

		Codes	Financial year	Previous financial year
A.	**LANDS AND BUILDINGS**			
1.	**Acquisition value at the end of the financial year**	**50805P**	xxxxxxxxxxxxxxx	**1,829,955**
2.	**Changes during the financial year (+)/(-)**	**50801**	**78,857**	
	a. Acquisitions including production shown as fixed assets	50802	33,796	
	b. Disposals and cessations of use	50803	29,681	
	c. Transfers from one heading to another (+)/(-)	50804	74,742	
3.	**Acquisition value at the end of the financial year**	**50805**	**1,908,812**	
4.	**Capital gain at the end of the financial year**	**50811P**	xxxxxxxxxxxxxxx	**195,573**
5.	**Changes during the financial year (+)/(-)**	**50806**	**(352)**	
	a. Charged	50807		
	b. Acquired from third parties	50808	-	
	c. Cancelled	50809	352	
	d. Transferred from one heading to another (+)/(-)	50810	-	
6.	**Capital gains at the end of the financial year**	**50811**	**195,221**	
7.	**Depreciations and amounts written off at the end of the financial year**	**50818P**	xxxxxxxxxxxxxxx	**1,313,405**
8.	**Changes during the financial year (+)/(-)**	**50812**	**12,478**	
	a. Charged	50813	35,449	
	b. Cancelled	50814	1,884	
	c. Acquired from third parties	50815	-	
	d. Cancellations after sales and disposals	50816	22,337	
	e. Transferred from one heading to another (+)/(-)	50817	1,250	
9.	**Depreciations and amounts written off at the end of the financial year**	**50818**	**1,325,883**	
10.	**Net book value at the end of the financial year**	**50819**	**778,150**	

		Codes	Financial year	Previous financial year
B.	**INSTALLATIONS, MACHINES AND TOOLS**			
1.	**Acquisition value at the end of the financial year**	**50824P**	xxxxxxxxxxxxxxx	**272,211**
2.	**Changes during the financial year (+)/(-)**	**50820**	**(45,011)**	
	a. Acquisitions including production shown as fixed assets	50821	5,594	
	b. Disposals and cessations of use	50822	50,472	
	c. Transfers from one heading to another (+)/(-)	50823	(133)	
3.	**Acquisition value at the end of the financial year**	**50824**	**227,200**	
4.	**Capital gain at the end of the financial year**	**50830P**	xxxxxxxxxxxxxxx	**-**
5.	**Changes during the financial year (+)/(-)**	**50825**	**-**	
	a. Charged	50826	-	
	b. Acquired from third parties	50827	-	
	c. Cancelled	50828	-	
	d. Transferred from one heading to another (+)/(-)	50829	-	
6.	**Capital gains at the end of the financial year**	**50830**	**-**	
7.	**Depreciations and amounts written off at the end of the financial year**	**50837P**	xxxxxxxxxxxxxxx	**230,035**
8.	**Changes during the financial year (+)/(-)**	**50831**	**(31,093)**	
	a. Charged	50832	15,983	
	b. Cancelled	50833	-	
	c. Acquired from third parties	50834	-	
	d. Cancellations after sales and disposals	50835	46,941	
	e. Transferred from one heading to another (+)/(-)	50836	(135)	
9.	**Depreciations and amounts written off at the end of the financial year**	**50837**	**198,942**	
10.	**Net book value at the end of the financial year**	**50838**	**28,258**	

		Codes	Financial year	Previous financial year
C.	**FURNITURE AND VEHICLES**			
1.	**Acquisition value at the end of the financial year**	**50843P**	xxxxxxxxxxxxxxx	**209,108**
2.	**Changes during the financial year (+)/(-)**	**50839**	**(48,893)**	
	a. Acquisitions including production shown as fixed assets	50840	3,565	
	b. Disposals and cessations of use	50841	52,475	
	c. Transfers from one heading to another (+)/(-)	50842	17	
3.	**Acquisition value at the end of the financial year**	**50843**	**160,215**	
4.	**Capital gain at the end of the financial year**	**50849P**	xxxxxxxxxxxxxxx	**-**
5.	**Changes during the financial year (+)/(-)**	**50844**	**-**	
	a. Charged	50845	-	
	b. Acquired from third parties	50846	-	
	c. Cancelled	50847	-	
	d. Transferred from one heading to another (+)/(-)	50848	-	
6.	**Capital gains at the end of the financial year**	**50849**	**-**	
7.	**Depreciations and amounts written off at the end of the financial year**	**50856P**	xxxxxxxxxxxxxxx	**152,361**
8.	**Changes during the financial year (+)/(-)**	**50850**	**(36,526)**	
	a. Charged	50851	12,922	
	b. Cancelled	50852	-	
	c. Acquired from third parties	50853	-	
	d. Cancellations after sales and disposals	50854	49,413	
	e. Transferred from one heading to another (+)/(-)	50855	(35)	
9.	**Depreciations and amounts written off at the end of the financial year**	**50856**	**115,835**	
10.	**Net book value at the end of the financial year**	**50857**	**44,380**	

		Codes	Financial year	Previous financial year
D.	**HIRE-PURCHASE AND SIMILAR RIGHTS**			
1.	**Acquisition value at the end of the financial year**	**50862P**	xxxxxxxxxxxxxxx	-
2.	**Changes during the financial year (+)/(-)**	**50858**	-	
	a. Acquisitions including production shown as fixed assets	50859	-	
	b. Disposals and cessations of use	50860	-	
	c. Transfers from one heading to another (+)/(-)	50861	-	
3.	**Acquisition value at the end of the financial year**	**50862**	-	
4.	**Capital gain at the end of the financial year**	**50868P**	xxxxxxxxxxxxxxx	-
5.	**Changes during the financial year (+)/(-)**	**50863**	-	
	a. Charged	50864	-	
	b. Acquired from third parties	50865	-	
	c. Cancelled	50866	-	
	d. Transferred from one heading to another (+)/(-)	50867	-	
6.	**Capital gains at the end of the financial year**	**50868**	-	
7.	**Depreciations and amounts written off at the end of the financial year**	**50875P**	xxxxxxxxxxxxxxx	-
8.	**Changes during the financial year (+)/(-)**	**50869**	-	
	a. Charged	50870	-	
	b. Cancelled	50871	-	
	c. Acquired from third parties	50872	-	
	d. Cancellations after sales and disposals	50873	-	
	e. Transferred from one heading to another (+)/(-)	50874	-	
9.	**Depreciations and amounts written off at the end of the financial year**	**50875**	-	
10.	**Net book value at the end of the financial year**	**50876**	-	
11.	**Of which**			
	a. Lands and buildings	50877	-	
	b. Installations, machines and tools	50878	-	
	c. Furniture and vehicles	50879	-	

		Codes	Financial year	Previous financial year
E.	**OTHER TANGIBLE FIXED ASSETS**			
1.	**Acquisition value at the end of the financial year**	**50884P**	xxxxxxxxxxxxxxx	**302,576**
2.	**Changes during the financial year (+)/(-)**	**50880**	**5,167**	
	a. Acquisitions including production shown as fixed assets	50881	12,609	
	b. Disposals and cessations of use	50882	18,141	
	c. Transfers from one heading to another (+)/(-)	50883	10,699	
3.	**Acquisition value at the end of the financial year**	**50884**	**307,743**	
4.	**Capital gain at the end of the financial year**	**50890P**	xxxxxxxxxxxxxxx	**8,068**
5.	**Changes during the financial year (+)/(-)**	**50885**	**(503)**	
	a. Charged	50886	-	
	b. Acquired from third parties	50887	-	
	c. Cancelled	50888	503	
	d. Transferred from one heading to another (+)/(-)	50889	-	
6.	**Capital gains at the end of the financial year**	**50890**	**7,565**	
7.	**Depreciations and amounts written off at the end of the financial year**	**50897P**	xxxxxxxxxxxxxxx	**201,343**
8.	**Changes during the financial year (+)/(-)**	**50891**	**3,257**	
	a. Charged	50892	20,458	
	b. Cancelled	50893	-	
	c. Acquired from third parties	50894	-	
	d. Cancellations after sales and disposals	50895	17,590	
	e. Transferred from one heading to another (+)/(-)	50896	389	
9.	**Depreciations and amounts written off at the end of the financial year**	**50897**	**204,600**	
10.	**Net book value at the end of the financial year**	**50898**	**110,708**	

		Codes	Financial year	Previous financial year
F.	**FIXED ASSETS IN COURSE OF CONSTRUCTION AND PAYMENTS**			
1.	**Acquisition value at the end of the financial year**	**50903P**	**xxxxxxxxxxxxxxx**	**94,904**
2.	**Changes during the financial year (+)/(-)**	**50899**	**(72,891)**	
	a. Acquisitions including production shown as fixed assets	50900	12,898	
	b. Disposals and cessations of use	50901	-	
	c. Transfers from one heading to another (+)/(-)	50902	(85,789)	
3.	**Acquisition value at the end of the financial year**	**50903**	**22,013**	
4.	**Capital gain at the end of the financial year**	**50909P**	**xxxxxxxxxxxxxxx**	**-**
5.	**Changes during the financial year (+)/(-)**	**50904**	**-**	
	a. Charged	50905	-	
	b. Acquired from third parties	50906	-	
	c. Cancelled	50907	-	
	d. Transferred from one heading to another (+)/(-)	50908	-	
6.	**Capital gains at the end of the financial year**	**50909**	**-**	
7.	**Depreciations and amounts written off at the end of the financial year**	**50916P**	**xxxxxxxxxxxxxxx**	**-**
8.	**Changes during the financial year (+)/(-)**	**50910**	**-**	
	a. Charged	50911	-	
	b. Cancelled	50912	-	
	c. Acquired from third parties	50913	-	
	d. Cancellations after sales and disposals	50914	-	
	e. Transferred from one heading to another (+)/(-)	50915	-	
9.	**Depreciations and amounts written off at the end of the financial year**	**50916**	**-**	
10.	**Net book value at the end of the financial year**	**50917**	**22,013**	

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IX. OTHER ASSETS (heading XI of the assets)

	Financial year
BREAKDOWN OF ITEM XI OF ASSETS IF THE AMOUNT IS SIGNIFICANT	
Claims on invoices	185,076
Others	139,824
Premiums paid	613,455
Revaluation on Options	80,120
Tax	85,153
Transitory accounts	934,638

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X. DEFERRED CHARGES AND ACCRUED INCOME (heading XII of the assets)

		Codes	Financial year
1.	**Charges to be carried forward**	**51001**	**40,022**
2.	**Accrued income**	**51002**	**7,980,050**

X.bis REINVESTMENT OF SEGREGATED CLIENT FUNDS

	Codes	Financial year
Total	51003	-

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XI. STATEMENT OF AMOUNTS PAYABLE TO CREDIT INSTITUTIONS (heading I of the liabilities)

		Codes	Financial year	Previous financial year
1.	**Amounts payable to affiliated enterprises**	**51101**	**7,852,764**	**4,943,554**
2.	**Amounts payable to affiliated enterprises**	**51102**	**29,153**	**-**
3.	**Breakdown of amounts payable other than at sight by residual period to maturity**			
	a. Up to three months	51103	5,408,319	
	b. Over three months and up to one year	51104	3,078,157	
	c. Over one year and up to five years	51105	3,001,747	
	d. Over five years	51106	440,192	
	e. Indeterminate period	51107	-	

XII. STATEMENTS OF AMOUNTS PAYABLE TO CUSTOMERS (heading II of the liabilities)

		Codes	Financial year	Previous financial year
1.	**Amounts payable to affiliated enterprises**	**51201**	**7,094,599**	**9,191,735**
2.	**Amounts payable to other entities linked by participating interests**	**51202**	**2,482,112**	**2,414,037**
3.	**Breakdown of the amounts payable by residual period to maturity**			
	a. Immediately collectable	51203	59,125,335	
	b. Up to three months	51204	11,092,138	
	c. Over three months and up to one year	51205	5,389,594	
	d. Over one year and up to five years	51206	5,149,898	
	e. Over five years	51207	6,286,804	
	f. Indeterminate period	51208	60,427,977	
4.	**Breakdown of amounts payable to clients by the nature of the creditors**			
	a. Amounts payable to the government	51209	3,462,169	5,751,005
	b. Amounts payable to clients	51210	61,385,513	59,889,953
	c. Amounts payable to enterprises	51211	82,624,064	79,115,179
5.	**Geographical breakdown of amounts payable to clients**			
	a. From Belgium	51212	116,132,702	
	b. From abroad	51213	31,339,044	

XIII. STATEMENT OF AMOUNTS PAYABLE REPRESENTED BY A SECURITY (heading III of the liabilities)

		Codes	Financial year	Previous financial year
1.	**Amounts payable which, to the knowledge of the credit institution, constitute amounts payable to affiliated enterprises**	**51301**	**3,500**	**40,012**
2.	**Amounts payable which, to the knowledge of the credit institution, constitute amounts payable to enterprises linked by participating interest**	**51302**	**-**	**-**
3.	**Breakdown of the debt securities by residual maturity**			
	a. Up to three months	51303	2,620,733	
	b. Over three months and up to one year	51304	5,658,282	
	c. Over one year and up to five years	51305	2,287,172	
	d. Over five years	51306	616,170	
	e. Indeterminate period	51307	-	

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XIV. STATEMENT OF OTHER AMOUNTS PAYABLE (heading IV of the liabilities)

		Codes	Financial year
1.	**Taxes, remuneration and social security charges due to the tax authorities**	**51401**	**33,653**
	a. Amounts matured	51402	-
	b. Outstanding debts	51403	33,653
2.	**Taxes, remuneration and social security charges due to the National Social Security Office**	**51404**	**98,832**
	a. Amounts matured	51405	-
	b. Outstanding debts	51406	98,832
3.	**Taxes**		
	a. Taxes payable	51407	-
	b. Estimated taxes payable	51408	17,150
4.	**Other amounts payable**		
	Breakdown of this heading if it represents a significant amount		
	Transitory accounts		2,116,368
	Premiums received		1,010,089
	Revaluation		494,603
	Wages		379,456
	Obligation on invoices		280,854
	Others		146,331

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XV. ACCRUED CHARGES AND DEFERRED INCOME (heading V of the liabilities)

		Codes	Financial year
1.	**Charges to be assigned**	**51501**	**5,171,413**
2.	**Income to be carried forward**	**51502**	**144,440**

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XVI. PROVISIONS FOR RISKS AND CHARGES (heading VI. A. 3. of the liabilities)

	Financial year
Breakdown of other risks and charges if the amount is significant	
Provision for personnal expenses	129,253
Provision for unsettled claims	97,782
Other provisions	76,878
Provision for commitments	73,627

XVII. STATEMENT OF THE SUBORDINATED AMOUNTS PAYABLE (heading VIII of the liabilities)

		Codes	Financial year	Previous financial year
1.	Subordinated amounts payable to affiliated enterprises and other enterprises linked by participating interests	51701	1,953,477	1,235,194
2.	Subordinated amounts payable to enterprises linked by participating interest	51702		-

		Codes	Financial year
3.	Charges in respect of subordinated amounts payable within the financial year	51703	237,465

4. For each subordinated loan, the following information: reference number, currency code, the amount of the loan in the currency of the loan, the terms for compensation, the due date and, if there is no specific due date, the modalities for the duration, where appropriate, the circumstances in which the institution must repay this loan early, the conditions of deprivation and, where appropriate, the conditions for the conversion into equity or other passive form

Reference number	ISO code	Amount (in 000)	Modalities	Due date / duration	Circumstances for early payback	Conditions for subordination	Conditions for convertibility
1	EUR	1,176,900	5.76%	4/10/2017	Not applicable	No specific conditions	Nihil
2	EUR	1,111,750	3m + 2.00%	Perpetual	Not possible and only redeemable in already issued Ageas Shares	T1 issue, coupons are subordinated to subordinated creditors	Not applicable
3	EUR	1,000,000	3M Euribor	18/12/2025	Not applicable	No specific conditions	Nihil
4	EUR	491,500	4.25%	23/03/2021	Possible from the call date and any subsequent coupon date, subject to the agreement of the NBB (23/03/2016)	No specific conditions	Nihil
5	EUR	251,800	5.00%	5/12/2017	Not applicable	No specific conditions	Nihil
6	EUR	196,500	5.65%	26/03/2018	Not applicable	No specific conditions	Nihil
7	EUR	172,758	5.60%	28/12/2017	Not applicable	No specific conditions	Nihil
8	EUR	150,000	5.75%	30/04/2018	Not applicable	No specific conditions	Nihil
9	EUR	149,510	6.38%	16/02/2016	Not applicable	No specific conditions	Nihil
10	EUR	75,000	7.50%	Perpetual	Possible from the call date subject to the agreement of the NBB (11/07/2018)	Junior subordinated	Nihil
11	EUR	74,970	4.80%	3/07/2017	Not applicable	No specific conditions	Nihil
12	USD	57,385	4.12%	24/12/2016	Possible from the call date subject to the agreement of the NBB (24/12/2016)	Junior subordinated	Nihil
13	EUR	50,000	4.38%	1/06/2016	Not applicable	No specific conditions	Nihil
14	EUR	50,000	4.25%	11/07/2016	Not applicable	No specific conditions	Nihil
15	EUR	50,000	4.63%	29/08/2016	Not applicable	No specific conditions	Nihil
16	EUR	50,000	5.75%	27/06/2018	Not applicable	No specific conditions	Nihil
17	EUR	49,960	4.60%	30/03/2017	Not applicable	No specific conditions	Nihil
18	EUR	49,950	4.20%	29/12/2016	Not applicable	No specific conditions	Nihil
19	EUR	49,950	4.40%	4/05/2017	Not applicable	No specific conditions	Nihil
20	EUR	49,950	5.00%	28/09/2017	Not applicable	No specific conditions	Nihil
21	EUR	49,900	4.50%	26/02/2017	Not applicable	No specific conditions	Nihil
22	EUR	49,860	4.40%	21/02/2017	Not applicable	No specific conditions	Nihil
23	EUR	49,700	4.25%	25/10/2016	Not applicable	No specific conditions	Nihil
24	EUR	49,610	4.25%	28/11/2016	Not applicable	No specific conditions	Nihil
25	EUR	48,100	5.76%	4/10/2017	Not applicable	No specific conditions	Nihil
26	USD	32,233	6m + 0.77%	31/12/2049	Possible from the call date subject to the agreement of the NBB (15/02/2021)	Junior subordinated	Nihil
27	EUR	31,200	5.50%	1/06/2016	Not applicable	No specific conditions	Nihil

Reference number	ISO code	Amount (in 000)	Modalities	Due date / duration	Circumstances for early payback	Conditions for subordination	Conditions for convertibility
28	EUR	30,000	6.45%	27/01/2031	Not applicable	No specific conditions	Nihil
29	EUR	29,132	6.40%	1/06/2019	Not applicable	No specific conditions	Nihil
30	EUR	25,000	0.85%	18/06/2018	Not applicable	No specific conditions	Nihil
31	EUR	25,000	6m + 1.30%	2/07/2018	Not applicable	No specific conditions	Nihil
32	EUR	23,953	4.25%	1/11/2016	Not applicable	No specific conditions	Nihil
33	EUR	15,743	4.35%	1/10/2016	Not applicable	No specific conditions	Nihil
34	EUR	15,535	4.40%	1/09/2016	Not applicable	No specific conditions	Nihil
35	EUR	12,046	4.75%	1/10/2019	Not applicable	No specific conditions	Nihil
36	EUR	11,887	4.80%	1/07/2016	Not applicable	No specific conditions	Nihil
37	EUR	11,435	4.15%	1/10/2016	Not applicable	No specific conditions	Nihil
38	EUR	11,156	5.50%	1/05/2016	Not applicable	No specific conditions	Nihil
39	EUR	10,500	5.00%	29/06/2021	Not applicable	No specific conditions	Nihil
40	EUR	10,467	6.40%	1/05/2019	Not applicable	No specific conditions	Nihil
41	EUR	10,330	4.80%	1/06/2016	Not applicable	No specific conditions	Nihil
42	EUR	10,291	4.35%	1/09/2016	Not applicable	No specific conditions	Nihil
43	EUR	10,011	5.30%	1/04/2016	Not applicable	No specific conditions	Nihil
44	EUR	10,000	3.75%	6/02/2018	Not applicable	No specific conditions	Nihil
45	EUR	10,000	0.90%	2/01/2018	Not applicable	No specific conditions	Nihil
46	EUR	9,674	4.00%	1/12/2016	Not applicable	No specific conditions	Nihil
47	EUR	9,632	4.65%	1/11/2019	Not applicable	No specific conditions	Nihil
48	EUR	9,606	3.65%	1/01/2016	Not applicable	No specific conditions	Nihil
49	EUR	8,723	4.40%	1/08/2016	Not applicable	No specific conditions	Nihil
50	EUR	8,500	4.25%	23/03/2021	Possible from the call date and any subsequent coupon date, subject to the agreement of the NBB (23/03/2016)	No specific conditions	Nihil
51	EUR	8,237	4.70%	1/12/2017	Not applicable	No specific conditions	Nihil
52	EUR	8,061	5.05%	1/01/2018	Not applicable	No specific conditions	Nihil
53	EUR	7,800	5.30%	1/07/2019	Not applicable	No specific conditions	Nihil
54	EUR	7,766	4.70%	1/10/2017	Not applicable	No specific conditions	Nihil
55	EUR	7,658	4.15%	1/01/2017	Not applicable	No specific conditions	Nihil
56	EUR	7,637	4.15%	1/12/2016	Not applicable	No specific conditions	Nihil
57	EUR	7,487	4.15%	1/11/2016	Not applicable	No specific conditions	Nihil
58	EUR	7,069	3.65%	1/02/2016	Not applicable	No specific conditions	Nihil
59	EUR	6,907	4.35%	1/08/2016	Not applicable	No specific conditions	Nihil
60	EUR	6,889	5.30%	1/05/2016	Not applicable	No specific conditions	Nihil
61	EUR	6,817	4.75%	1/09/2019	Not applicable	No specific conditions	Nihil
62	EUR	6,665	3.90%	1/01/2017	Not applicable	No specific conditions	Nihil
63	EUR	6,650	4.15%	1/02/2017	Not applicable	No specific conditions	Nihil
64	EUR	5,842	4.70%	1/11/2017	Not applicable	No specific conditions	Nihil
65	EUR	5,685	4.50%	1/07/2016	Not applicable	No specific conditions	Nihil
66	EUR	5,645	5.00%	1/04/2016	Not applicable	No specific conditions	Nihil
67	EUR	5,497	4.90%	1/07/2019	Not applicable	No specific conditions	Nihil
68	EUR	5,273	4.50%	1/08/2016	Not applicable	No specific conditions	Nihil
69	EUR	5,242	5.60%	28/12/2017	Not applicable	No specific conditions	Nihil
70	EUR	5,034	4.40%	1/12/2019	Not applicable	No specific conditions	Nihil
71	EUR	5,000	3.75%	6/03/2018	Not applicable	No specific conditions	Nihil
72	EUR	4,612	4.35%	1/03/2017	Not applicable	No specific conditions	Nihil
73	EUR	4,509	4.60%	1/07/2017	Not applicable	No specific conditions	Nihil
74	EUR	4,478	4.70%	1/04/2018	Not applicable	No specific conditions	Nihil
75	EUR	4,472	3.70%	1/04/2016	Not applicable	No specific conditions	Nihil
76	EUR	4,404	4.30%	1/01/2020	Not applicable	No specific conditions	Nihil
77	EUR	4,271	4.20%	1/02/2020	Not applicable	No specific conditions	Nihil
78	EUR	4,108	4.70%	1/09/2017	Not applicable	No specific conditions	Nihil
79	EUR	4,069	4.35%	1/02/2017	Not applicable	No specific conditions	Nihil
80	EUR	4,038	4.00%	1/05/2016	Not applicable	No specific conditions	Nihil

Reference number	ISO code	Amount (in 000)	Modalities	Due date / duration	Circumstances for early payback	Conditions for subordination	Conditions for convertibility
81	EUR	3,819	5.30%	1/06/2019	Not applicable	No specific conditions	Nihil
82	EUR	3,788	4.00%	1/06/2016	Not applicable	No specific conditions	Nihil
83	EUR	3,777	4.20%	1/03/2020	Not applicable	No specific conditions	Nihil
84	EUR	3,671	4.90%	1/08/2019	Not applicable	No specific conditions	Nihil
85	EUR	3,551	3.65%	1/03/2016	Not applicable	No specific conditions	Nihil
86	EUR	3,532	3.70%	1/02/2017	Not applicable	No specific conditions	Nihil
87	EUR	3,500	5.65%	26/03/2018	Not applicable	No specific conditions	Nihil
88	EUR	3,375	4.20%	1/04/2017	Not applicable	No specific conditions	Nihil
89	EUR	3,354	4.80%	1/02/2018	Not applicable	No specific conditions	Nihil
90	EUR	3,242	4.25%	1/10/2016	Not applicable	No specific conditions	Nihil
91	EUR	3,154	4.80%	1/08/2017	Not applicable	No specific conditions	Nihil
92	EUR	3,095	4.80%	1/09/2017	Not applicable	No specific conditions	Nihil
93	EUR	3,039	4.80%	1/04/2016	Not applicable	No specific conditions	Nihil
94	EUR	2,895	4.40%	1/06/2017	Not applicable	No specific conditions	Nihil
95	EUR	2,819	4.20%	1/05/2017	Not applicable	No specific conditions	Nihil
96	EUR	2,628	4.70%	1/03/2018	Not applicable	No specific conditions	Nihil
97	EUR	2,548	4.20%	1/01/2020	Not applicable	No specific conditions	Nihil
98	EUR	2,517	3.90%	1/12/2016	Not applicable	No specific conditions	Nihil
99	EUR	2,514	4.00%	1/07/2016	Not applicable	No specific conditions	Nihil
100	EUR	2,489	5.70%	1/04/2019	Not applicable	No specific conditions	Nihil
101	EUR	2,046	5.70%	1/05/2019	Not applicable	No specific conditions	Nihil
102	EUR	1,917	3.70%	1/01/2017	Not applicable	No specific conditions	Nihil
103	EUR	1,884	4.75%	1/08/2019	Not applicable	No specific conditions	Nihil
104	EUR	1,813	4.35%	1/04/2017	Not applicable	No specific conditions	Nihil
105	EUR	1,693	5.50%	1/04/2019	Not applicable	No specific conditions	Nihil
106	EUR	1,660	4.30%	1/12/2019	Not applicable	No specific conditions	Nihil
107	EUR	1,483	3.60%	1/02/2017	Not applicable	No specific conditions	Nihil
108	EUR	1,423	4.35%	1/08/2016	Not applicable	No specific conditions	Nihil
109	EUR	1,286	3.60%	1/03/2017	Not applicable	No specific conditions	Nihil
110	EUR	1,241	4.40%	1/10/2016	Not applicable	No specific conditions	Nihil
111	EUR	1,200	5.05%	1/06/2018	Not applicable	No specific conditions	Nihil
112	EUR	1,042	4.65%	1/10/2019	Not applicable	No specific conditions	Nihil
113	EUR	956	4.20%	1/06/2017	Not applicable	No specific conditions	Nihil
114	EUR	827	4.70%	1/05/2018	Not applicable	No specific conditions	Nihil
115	EUR	772	4.00%	1/11/2016	Not applicable	No specific conditions	Nihil
116	EUR	725	4.60%	1/08/2017	Not applicable	No specific conditions	Nihil
117	EUR	600	4.75%	1/08/2019	Not applicable	No specific conditions	Nihil
118	EUR	581	5.05%	1/07/2018	Not applicable	No specific conditions	Nihil
119	EUR	553	4.40%	1/07/2017	Not applicable	No specific conditions	Nihil
120	EUR	517	5.20%	1/04/2019	Not applicable	No specific conditions	Nihil
121	EUR	430	3.65%	1/04/2016	Not applicable	No specific conditions	Nihil
122	EUR	391	4.90%	1/10/2018	Not applicable	No specific conditions	Nihil
123	EUR	372	3.70%	1/05/2016	Not applicable	No specific conditions	Nihil
124	EUR	372	5.05%	1/09/2018	Not applicable	No specific conditions	Nihil
125	EUR	352	5.00%	1/03/2016	Not applicable	No specific conditions	Nihil
126	EUR	334	4.50%	1/03/2019	Not applicable	No specific conditions	Nihil
127	EUR	314	5.05%	1/08/2018	Not applicable	No specific conditions	Nihil
128	EUR	286	4.90%	1/12/2018	Not applicable	No specific conditions	Nihil
129	EUR	271	4.70%	1/02/2018	Not applicable	No specific conditions	Nihil
130	EUR	266	4.90%	1/11/2018	Not applicable	No specific conditions	Nihil
131	EUR	263	5.05%	1/12/2017	Not applicable	No specific conditions	Nihil
132	EUR	261	5.05%	1/07/2018	Not applicable	No specific conditions	Nihil
133	EUR	250	4.90%	1/09/2018	Not applicable	No specific conditions	Nihil
134	EUR	245	5.05%	1/06/2018	Not applicable	No specific conditions	Nihil
135	EUR	230	4.40%	1/11/2019	Not applicable	No specific conditions	Nihil
136	EUR	202	4.80%	1/03/2018	Not applicable	No specific conditions	Nihil

Reference number	ISO code	Amount (in 000)	Modalities	Due date / duration	Circumstances for early payback	Conditions for subordination	Conditions for convertibility
137	EUR	181	4.90%	1/11/2018	Not applicable	No specific conditions	Nihil
138	EUR	162	4.80%	1/01/2018	Not applicable	No specific conditions	Nihil
139	EUR	157	4.70%	1/06/2018	Not applicable	No specific conditions	Nihil
140	EUR	150	5.05%	1/09/2019	Not applicable	No specific conditions	Nihil
141	EUR	149	4.40%	1/01/2019	Not applicable	No specific conditions	Nihil
142	EUR	138	5.05%	1/12/2017	Not applicable	No specific conditions	Nihil
143	EUR	136	4.40%	1/12/2018	Not applicable	No specific conditions	Nihil
144	EUR	109	4.70%	1/01/2018	Not applicable	No specific conditions	Nihil
145	EUR	101	4.15%	1/02/2019	Not applicable	No specific conditions	Nihil
146	EUR	98	4.50%	1/02/2019	Not applicable	No specific conditions	Nihil
147	EUR	97	4.15%	1/03/2017	Not applicable	No specific conditions	Nihil
148	EUR	86	5.50%	1/03/2019	Not applicable	No specific conditions	Nihil
149	EUR	84	4.70%	1/06/2018	Not applicable	No specific conditions	Nihil
150	EUR	83	5.05%	1/07/2018	Not applicable	No specific conditions	Nihil
151	EUR	63	4.75%	1/09/2019	Not applicable	No specific conditions	Nihil
152	EUR	62	5.05%	1/07/2018	Not applicable	No specific conditions	Nihil
153	EUR	51	5.05%	1/07/2018	Not applicable	No specific conditions	Nihil
154	EUR	48	4.10%	1/01/2016	Not applicable	No specific conditions	Nihil
155	EUR	46	5.05%	1/06/2018	Not applicable	No specific conditions	Nihil
156	EUR	36	4.35%	1/09/2016	Not applicable	No specific conditions	Nihil
157	EUR	31	4.15%	1/01/2019	Not applicable	No specific conditions	Nihil
158	EUR	30	5.05%	1/07/2018	Not applicable	No specific conditions	Nihil
159	EUR	26	4.70%	1/01/2018	Not applicable	No specific conditions	Nihil
160	EUR	20	5.05%	1/10/2018	Not applicable	No specific conditions	Nihil
161	EUR	13	4.10%	1/02/2016	Not applicable	No specific conditions	Nihil
162	EUR	11	4.00%	1/08/2016	Not applicable	No specific conditions	Nihil
163	EUR	10	4.80%	1/05/2016	Not applicable	No specific conditions	Nihil
164	EUR	10	5.05%	1/07/2018	Not applicable	No specific conditions	Nihil
165	EUR	5	4.20%	1/07/2017	Not applicable	No specific conditions	Nihil
166	EUR	4	5.20%	1/05/2019	Not applicable	No specific conditions	Nihil
167	EUR	2	3.80%	1/01/2016	Not applicable	No specific conditions	Nihil
168	EUR	2	4.70%	1/05/2018	Not applicable	No specific conditions	Nihil

XVIII. STATEMENT OF CAPITAL AND SHAREHOLDING STRUCTURE

	Codes	Financial year	Previous financial year
A. STATEMENT OF THE CAPITAL			
1. Shareholders equity			
a. Subscribed capital			
At the end of the previous financial year	20910P	xxxxxxxxxxxxxx	9,374,878
At the end of the financial year	(20910)	9,374,878	

	Codes	Amount	Number of shares
Changes during the financial year			
b. Composition of the capital			
Types of shares			
Ordinary		9,374,878	483,241,153
Nominative shares	51801	xxxxxxxxxxxxxx	483,025,623
Bearer shares and/or dematerialised shares	51802	xxxxxxxxxxxxxx	215,530

	Codes	Uncalled amount	Called capital, not paid up
2. Capital not paid up			
a. Uncalled capital	(20920)	-	xxxxxxxxxxxxxx
b. Called, but not paid capital	51803	xxxxxxxxxxxxxx	-
c. Shareholders liable for payment in full			

	Codes	Financial year
3. Own shares		
a. Held by the institution itself		
* Capital amount	51804	-
* Number of shares	51805	-
b. Held by its subsidiaries		
* Capital amount	51806	-
* Number of shares	51807	-
4. Share-issues commitments		
a. Resulting from the exercise of CONVERSION		
* Amount of the convertible loans outstanding	51808	-
* Amount of the capital to be subscribed	51809	-
* The corresponding number of shares to be issued	51810	-
b. Resulting from the exercise of SUBSCRIPTION		
* Number of subscription rights in circulation	51811	-
* Amount of the capital to be subscribed	51812	-
* The corresponding number of shares to be issued	51813	-
5. Unsubscribed authorized capital	**51814**	**9,374,000**
6. Equity units issued which are not representative of the capital		
a. Distribution		
* Number of shares	51815	-
* Number of votes attaching thereto	51816	-
b. Breakdown by shareholders		
* Number of shares held by the company itself	51817	-
* Number of shares held by its subsidiaries	51818	-

B. SHAREHOLDER STRUCTURE OF THE INSTITUTION AT THE TIME OF THE YEAR END, AS IT APPEARS FROM THE NOTIFICATIONS RECEIVED BY THE INSTITUTION

BNP Paribas Fortis SA holds its registered office at 1000 Brussels, Montagne du Parc 3.

On 31 December 2015, the suscribed called capital amounted to EUR 9,374,878,367.

The Capital of BNP Paribas Fortis is composed of 483,241,153 shares of which 99.93% are hold by BNP PARIBAS SA.

The remaining shares, representing 0.07% of the shareholding, are held by minority shareholders (on anonymous basis) .

XIX. BREAKDOWN OF THE BALANCE, IF GREATER THAN 15 MILLION EUROS, IN EUROS AND FOREIGN CURRENCIES

	Codes	Financial year
1. Total assets		
a. In euro	51901	175,212,182
b. In foreign currency (countervalue in euro)	51902	28,945,938
2. Total liabilities		
a. In euro	51903	175,791,100
b. In foreign currency (countervalue in euro)	51904	28,367,020

XX. TRUSTEE OPERATIONS REFERRED TO IN ARTICLE 27TER, § 1 PARAGRAPH 3

	Financial year
Relevant headings of the assets and liabilities	

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XXI. STATEMENT OF THE GUARANTEED LIABILITIES AND COMMITMENTS

		Financial year
A.	**MORTGAGES (amount of the registration or carrying amount of the immovable buildings, if this is lower)**	
1.	**Real guarantees provided or irrevocably promised by the credit institution from its own assets as security for liabilities and commitments of the credit institution**	
	a. Headings of liabilities	-
	b. Off-balance sheet headings	-
2.	**Real guarantees provided or irrevocably promised by the credit institution from its own assets as security for liabilities and commitments of third parties**	-

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		Financial year
B.	**PLEDGES ON BUSINESS ASSETS (total enrollment)**	
1.	**Real guarantees provided or irrevocably promised by the credit institution from its own assets as security for liabilities and commitments of the credit institution**	
	a. Headings of liabilities	-
	b. Off-balance sheet headings	-
2.	**Real guarantees provided or irrevocably promised by the credit institution from its own assets as security for liabilities and commitments of third parties**	-

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		Financial year
C.	**PLEDGING OF OTHER ASSETS (book value of pledged assets)**	
1.	**Real guarantees provided or irrevocably promised by the credit institution from its own assets as security for liabilities and commitments of the credit institution**	
	a. Headings of liabilities	
	Amount owed as a result of mobilisations and advances	8,073,357
	b. Off-balance sheet headings	-
2.	**Real guarantees provided or irrevocably promised by the credit institution from its own assets as security for liabilities and commitments of third parties**	-

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		Financial year
D.	**COLLATERAL BASED ON FUTURE ASSETS (total assets involved)**	
1.	**Real guarantees provided or irrevocably promised by the credit institution from its own assets as security for liabilities and commitments of the credit institution**	
	a. Headings of liabilities	-
	b. Off-balance sheet headings	-
2.	**Real guarantees provided or irrevocably promised by the credit institution from its own assets as security for liabilities and commitments of third parties**	-

XXII. STATEMENT OF CONTINGENT LIABILITIES AND COMMITMENTS WHICH MAY GIVE RISE TO A CREDIT RISK (headings I and II of the off-balance sheet)

		Codes	Financial year	Previous financial year
1.	Total of contingent liabilities on behalf of affiliated enterprises	52201	-	-
2.	Total of contingent liabilities on behalf of other enterprises linked by participating interests	52202	-	-
3.	Total obligations with a potential credit to affiliated companies	52203	13,199,692	13,782,220
4.	Total obligations with a potential credit risk with regard to enterprises linked by participating interests	52204	194,997	35,790

XXIII. OPERATING RESULTS (statements I tot XV of the income statement)

		Codes	Financial year	Previous financial year
1.	**Breakdown of operating income by origin**			
a.	Interest and similar gains	(40100)	4,120,140	4,387,533
	* Belgian establishments	52301	4,064,640	4,310,245
	* Establishments	52302	55,500	77,288
b.	Income from fixed-income securities: shares and other variable-yield securities	(40310)	82,521	83,003
	* Belgian establishments	52303	82,521	83,003
	* Establishments	52304	-	-
c.	Income from variable-income securities: participations in affiliated enterprises	(40320)	173,540	132,050
	* Belgian establishments	52305	173,540	101,203
	* Establishments	52306	-	30,847
d.	Income from variable-income securities: participation interests in enterprises linked by participating interest	(40330)	121,271	72,317
	* Belgian establishments	52307	121,271	72,317
	* Establishments	52308	-	-
e.	Income from variable-income securities: other shares belonging to the financial fixed assets	(40340)	4,067	4,639
	* Belgian establishments	52309	4,067	4,639
	* Establishments	52310	-	-
f.	Commissions receivable	(40400)	1,436,629	1,386,476
	* Belgian establishments	52311	1,333,576	1,255,296
	* Establishments	52312	103,053	131,180
g.	Gain from financial transactions	(40600)	194,011	349,601
	* Belgian establishments	52313	194,011	349,601
	* Establishments	52314	-	-
h.	Other operating incomes	(41400)	240,289	224,157
	* Belgian establishments	52315	219,401	205,211
	* Establishments	52316	20,888	18,946
2.	**Number of employees listed in the staff register**			
a.	Total number at the end of the financial year	52317	17,410	17,756
b.	Average number of employees in full-time equivalents	52318	15,945	16,443
	* Management	52319	1,655	1,714
	* Employees	52320	14,290	14,729
	* Manual workers	52321	-	-
	* Other	52322	-	-
c.	Effective hours worked	52323	21,293,888	21,985,414
3.	**Personnel expenses**			
a.	Remunerations and direct company benefits	52324	1,041,678	1,069,710
b.	Employers contribution for social security	52325	287,709	296,199
c.	Employers' premiums for extra statutory insurance	52326	103,349	116,486
d.	Other staff charges	52327	43,844	46,735
e.	Retirement and survivors' pensions	52328	2,857	2,887
4.	**Provisions for pension and similar commitments**			
a.	appropriations (+)	52329	3,760	11,136
b.	Utilization and write-backs (-)	52330	7,413	2,189

		Codes	Financial year	Previous financial year
5.	**Breakdown of other operating income if this item represents a significant amount**			
	a. Rental income		9,162	9,493
	b. Various recoveries		191,047	167,863
	c. Inventory costs		-	6,924
	d. Postage charges		10,131	8,461
	e. Returns on receivables		1,927	-
	f. Others		28,022	1
6.	**Other operating expenses**			
	a. Corporate taxes	52331	263,714	242,042
	b. Other	52332	102,761	88,318
	c. Breakdown of other operating expenses if this item represents a significant amount		-	-
7.	**Operating income related to affiliated enterprises**	**52333**	**4,139,005**	**1,063,518**
8.	**Operating expenses related to affiliated enterprises**	**52334**	**2,293,317**	**347,180**

XXIV. INDICATION OF THE OFF-BALANCE SHEET TERM TRANSACTIONS ON SECURITIES, CURRENCIES AND OTHER FINANCIAL INSTRUMENTS THAT DO NOT ENTAIL OBLIGATIONS TO A POTENTIAL CREDIT RISK UNDER HEADING II OFF-BALANCE SHEET

		Codes	Financial year
A.	**TYPES OF TRANSACTIONS (AMOUNT ON THE CLOSING DATE OF THE ACCOUNTS)**		
1.	**Operations on securities**		
	a. Forward purchases and sales of securities	52401	3,960,842
	Of which: transactions not constituting hedging transactions	52402	3,960,842
2.	**Foreign currency transactions (amount to be delivered)**		
	a. Forward foreign exchange operations	52403	20,016,373
	Of which: transactions not constituting hedging transactions	52404	19,790,636
	b. Currency and interest swaps	52405	75,602,050
	Of which: transactions not constituting hedging transactions	52406	60,790,116
	c. Futures on currencies	52407	-
	Of which: transactions not constituting hedging transactions	52408	-
	d. Currency options	52409	6,308,631
	Of which: transactions not constituting hedging transactions	52410	6,308,631
	e. Forward exchange contracts	52411	-
	Of which: transactions not constituting hedging transactions	52412	-
3.	**Operations on other financial instruments**		
	Interest rate (nominal / notional reference amount)		
	a. Interest swap agreements	52413	866,285,036
	Of which: transactions not constituting hedging transactions	52414	733,121,024
	b. Interest future operations	52415	92,714,012
	Of which: transactions not constituting hedging transactions	52416	92,714,012
	c. Forward interest-rate contracts	52417	32,747,000
	Of which: transactions not constituting hedging transactions	52418	21,247,000
	d. Interest options	52419	317,859,480
	Of which: transactions not constituting hedging transactions	52420	313,286,730
	Other future purchases and sales (sale / purchase price agreed between parties)		
	e. Other option operations	52421	230,992
	Of which: transactions not constituting hedging transactions	52422	230,992
	f. Other future operations	52423	-
	Of which: transactions not constituting hedging transactions	52424	-
	g. Other forward purchases and sales	52425	-
	Of which: transactions not constituting hedging transactions	52426	-

		Codes	Financial year
B.	**QUANTIFY THE IMPACT ON THE RESULTS OF A DEROGATION FROM THE VALUATION RULE OF ARTICLE 36BIS, § 2 ON THE FORWARD INTEREST RATE TRANSACTIONS**		
1.	**Interest rate futures as part of the cash management**		
	a. Nominal / notional reference amount on the closing date of accounts	52427	-
	b. Difference between market value and book value (+)/(-)	52428	-
2.	**Interest rate futures as part of assets and liabilities management**		
	a. Nominal / notional reference amount on the closing date of accounts	52429	77,373,161
	b. Difference between market value and book value (+)/(-)	52430	1,899,517
3.	**Operations without reductions of the risk (LOCOM)**		
	a. Nominal / notional reference amount on the closing date of accounts	52431	-
	b. Difference between market value and book value (+)/(-)	52432	-

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XXV. EXTRAORDINARY RESULT

		Codes	Financial year
1.	**Capital gains obtained in respect of the transfer of fixed assets to affiliated enterprises**	**52501**	**6,371**
2.	**Capital losses suffered in respect of the transfer of fixed assets to affiliated enterprises**	**52502**	**1,881**
3.	**Breakdown of other extraordinary income if this item represents a significant amount**		
	a. Debt early departure plan (medico-socio plans)		470
4.	**Breakdown of other extraordinary costs if this item represents a significant amount**		
	a. Debt early departure plan (medico-socio plans)		3,125

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XXVI. INCOME TAXES

		Codes	Financial year
1.	**Taxes on the result of the financial year**	**52601**	**(5,708)**
	a. Payable or paid withholding taxes	52602	(11,177)
	b. Accounted excess of income taxes and withholding taxes	52603	-
	c. Estimated additional tax liabilities	52604	5,469
2.	**Taxes on the result of the previous financial years**	**52605**	**(6,905)**
	a. Payable or paid additional taxes	52606	(28,908)
	b. Estimated additional taxes or taxes for which a provision was made	52607	22,003
3.	**Main sources of differences between the profit before taxation, as reflected in the financial statements, and the estimated taxable profit**		**(1,475,803)**
	Disallowed expenses		52,698
	Movements on reserves		(210,797)
	Capital loss/gains on securities portfolio		(19,286
	Profits exempted by agreement		(718,789)
	Other		(579,630)
4.	**Impact of extraordinary items on income taxes of the financial year**		**1,928**
5.	**Sources of deferred tax**		
	a. Deferred tax assets	52608	7,600,000
	* Accumulated tax losses deductible from future taxable profits	52609	7,600,000
	* Other deferred tax assets		
	b. Deferred tax liabilities	52610	-

XXVII. OTHER TAXES AND TAXES BORNE BY THIRD PARTIES

	Codes	Financial year	Previous financial year
1. Charged value added tax, equalization tax and special taxes			
a. To the institution (deductible)	52701	44,810	63,481
b. By the institution	52702	61,702	63,659
2. Amounts withheld payable by third parties			
a. Withholding taxes	52703	315,430	323,860
b. Withholding tax on investment income	52704	252,583	282,066

XXVIII. OFF-BALANCE SHEET COMMITMENTS AND RELATED PARTY TRANSACTIONS

A. OFF-BALANCE SHEET COMMITMENTS

	Codes	Financial year
1. Major commitments for the acquisition of fixed assets		-
2. Major commitments for the transfer of fixed assets		-

3. Important legal proceedings and other important commitments

BNP Paribas Fortis is involved as a defendant in various claims, disputes and legal proceedings in Belgium and in some foreign jurisdictions, arising in the ordinary course of its banking business and following the restructuring of Fortis (referring to both 'Fortis SA/NV' and 'Fortis NV' and currently 'Ageas SA/NV') at the end of September and beginning of October 2008, as further described in note 8.a 'Contingent liabilities: legal proceeding and arbitration' of the BNP Paribas Fortis Consolidated Financial Statements 2015.

4. Where appropriate, a brief description of the system of supplementary retirement or survivor benefit of the personnel or the executives, stating the measures taken to cover the resulting charges

I. Brief description of the pension systems

Six pension systems are in operation within BNP Paribas Fortis.

A. The first system applies for employees who joined the Bank before 1 January 2002 and who are not BNP Paribas Fortis executives (categories ex-ASLK, ex-Generale Bank and BNP Paribas Fortis).

This system comprises :

1) a basic defined benefit plan providing the following benefits :
- retirement benefit payable at the retirement age;
- benefit payable on death before retirement age and orphan's benefit.

2) a supplementary plan (only for the category ex-ASLK) of the defined contribution type, with compulsory contributions by the member, providing additional retirement and death benefit.

B. The second system applies for employees who joined the Bank on or after 1 January 2002 and who are not BNP Paribas Fortis executives. This system, with compulsory contributions by the member, is a defined contribution system for the retirement pension and a defined benefit system for the death and orphan's benefits.

C. The third system applies for employees in the category ex-KN. It is a defined contribution system for the retirement benefit and a defined benefit system for the death and orphan's benefit.

D. The fourth system applies for BNP Paribas Fortis executives who became executive before 01.01.2015 and who refused to be enrolled in the fifth system (described under E. below).

It is a defined benefit system which provides the following benefits :
- retirement benefit payable at the retirement age, with the pension capital varying according to salary level;
- benefit payable on death before retirement age and orphan's benefit.

E. The fifth system applies to all BNP Paribas Fortis executives who became executive after 31.12.2014, or who became executive before 01.01.2015 and accepted to be enrolled in that system.

It is a defined contribution system for the retirement benefit and a defined benefit system for the death and orphan's benefit.

F. The sixth pensions system is additional and applies for all employees, except those in service before 01.01.2015 and who refused to be enrolled.

This system is a defined contribution system which provides the following benefits :
- retirement benefit payable at the retirement age;
- benefit payable on death before retirement age.

II. Brief description of the measures taken by the company to cover the resultant costs

A. The costs of the first pension system are covered by :

- a collective insurance with AXA Belgium and Allianz for the accrued entitlements (for the employees contributions) as at 31 December 2001 for the categories ex-Generale Bank and BNP Paribas Fortis;
- a collective insurance with AG Insurance for the difference between the defined benefits and these accrued entitlements and for the benefit payable on death and the orphan's benefit.

1) For the commitments under I.A.1), the employer pays monthly contributions to the Financing Fund of the collective insurance (calculated as a fixed percentage of salaries);

2) For the commitments under I.A.2), the contributions are split equally between employees and the employer.

B. The costs of the second system are covered by a collective insurance with AG Insurance.
Employees pay a monthly personal contribution withheld on their salary. The employer pays monthly collective contributions to the Financing Fund of the collective insurance.

C. The costs of the third system are covered by a collective insurance with AG Insurance.
The employer pays monthly collective insurance premiums.

D. The costs of the fourth system are covered by a collective insurance with AXA Belgium.
The employer pays monthly collective insurance contributions into the Financing Fund of the collective insurance, administered by AG Insurance.

E. The costs of the fifth system are covered by a collective insurance with AXA Belgium.
The employer pay monthly collective insurance premiums.

F. The costs of the sixth system are covered by a collective insurance with AG Insurance.
The employer pays monthly collective insurance premiums.

		Codes	Financial year
5.	**Pensions that are borne by the institution itself: the estimated amount of obligations arising from past services** Basis and method of how the amount is calculated	**52801**	

6. Nature and business purpose of off-balance sheet arrangements
Provided that the risks or benefits that arise from such arrangements are material and where the disclosure of such risks or benefits is necessary for assessing the financial position of the institution, if required, the financial impact of these arrangements for the institution also needs to be included:

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	Financial year
B. TRANSACTIONS WITH RELATED PARTIES OUTSIDE NORMAL MARKET CONDITIONS	
Mention of such transactions if they are material, stating the amount of these transactions, the nature of the relationship with the related party and other information about the transactions necessary for an understanding of the financial position of the setting:	-

XXIX. FINANCIAL RELATIONS WITH

		Codes	Financial year
A.	**DIRECTORS AND MANAGERS, INDIVIDUALS OR LEGAL ENTITIES WHO DIRECTLY OR INDIRECTLY CONTROL THE INSTITUTION WITHOUT BEING AFFILIATED ENTERPRISES OR OTHER ENTERPRISES CONTROLLED BY SUCH PERSON DIRECTLY OR INDIRECTLY**		
1.	**Claims outstanding with these people**	**52901**	**3,497**
	a. Terms on amounts receivable		
2.	**Guarantees provided in their favor**	**52902**	**-**
	a. Principal terms of the guarantees granted		
3.	**Other significant commitments entered into in their favor**	**52903**	**-**
	a. Principal terms of these obligations		
4.	**Direct and indirect remuneration and granted pensions charged to the income statement, as long as this disclosure is not solely or mainly related to the situation of a single identifiable person**		
	a. To directors and managers	52904	4,837
	b. To former directors and former managers	52905	-

		Codes	Financial year
B.	**THE STATUTORY AUDITOR(S) AND PERSONS WITH WHOM HE(SHE) IS (ARE) CONNECTED**		
1.	**Remuneration of the statutory auditor(s)**	**52906**	**1,465**
2.	**Fees for exceptional services or special missions executed in the company by the statutory auditor(s)**		
	a. Other monitoring assignments	52907	138
	b. Tax advisory assignment	52908	-
	c. Other than auditing assignments	52909	-
3.	**Fees for exceptional services or special missions executed in the company by persons with whom the auditor(s) is (are) connected**		
	a. Other monitoring assignments	52910	-
	b. Tax advisory assignment	52911	-
	c. Other than auditing assignments	52912	1,370

4. Mentions related to the article 133, § 6 of the Companies Code

XXX. POSITIONS IN FINANCIAL INSTRUMENTS

		Codes	Financial year
1.	Financial instruments to receive by the institution on behalf of clients	53001	244,079
2.	Financial instruments to be provided to clients by the institution	53002	611,728
3.	Financial instruments received from clients deposited by the institution	53003	101,524,814
4.	Financial instruments of clients in custody with the institution	53004	103,379,542
5.	Financial instruments of clients received by the institution in guarantee	53005	1,487,080
6.	By the institution pledged financial instruments from clients	53006	-

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STATEMENT CONCERNING THE CONSOLIDATED ACCOUNTS

A. INFORMATION TO BE PROVIDED BY EACH INSTITUTION

The institution has a consolidated annual account and a consolidated report prepared and published*

The institution has no consolidated annual accounts and consolidated annual report, since it is exempt for the following reason (s)*

The institution does not monitor, alone or jointly one or more subsidiaries to a Belgian or foreign law*

The setting itself is a subsidiary of a parent company that produces consolidated financial statements, which includes her statement of accounts, preparing and publishing *

Where appropriate, reasoning that the conditions for exemption set out in Article 4 of the Royal Decree of 23 September 1992 are met:

Name, registered head office and, if it is an enterprise governed by Belgian law, the VAT number or the national identification number of the parent enterprise or enterprises which compile and publish the consolidated accounts:

B. INFORMATION TO BE PROVIDED BY THE INSTITUTION BEING A SUBSIDIARY OR A JOINT SUBSIDIARY

Name, registered head office and, if it is an enterprise governed by Belgian law, the VAT number or the national identification number of the parent enterprise or enterprises which compile and publish the consolidated accounts**

BNP PARIBAS SA - Boulevard des italiens, 16 à 75009 - Paris - France

If the parent company(ies) is to foreign law, the location where the consolidated accounts can be obtained **:

BANQUE NATIONALE DE FRANCE - Rue croix des petits champs, 31 à 75001 Paris - France

* *Delete where inapplicable.*

** *If the institution's annual account is consolidated at different levels, than is this data provided, first for the major part and second for the smallest part of companies of which the institution is a subsidiary and for which consolidated accounts are prepared and published.*

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C. FINANCIAL RELATIONSHIPS OF THE GROUP THAT HEADS THE INSTITUTION IN BELGIUM WITH THE STATUTORY AUDITOR(S) AND THE PERSONS WITH WHOM HE (SHE) IS CONNECTED: ENTRIES IN THE APPLICATION OF ARTICLE 133, § 6 OF THE COMPANIES CODE

	Codes	Financial year
D. FINANCIAL RELATIONSHIPS OF THE GROUP THAT HEADS THE INSTITUTION IN BELGIUM WITH THE STATUTORY AUDITOR(S) AND THE PERSONS WITH WHOM HE (SHE) IS CONNECTED: ENTRIES IN THE APPLICATION OF ARTICLE 134, § § 4 AND 5 OF THE COMPANY CODE		
1. Auditor's fees for carrying out an auditor's mandate on the level of the group led by the company that publishes the information	53201	1,465
2. Fees for exceptional services or special missions executed in this group by the statutory auditor(s)		
a. Other monitoring assignments	53202	138
b. Tax advisory assignment	53203	-
c. Other than auditing assignments	53204	-
3. Remuneration of persons with whom the statutory auditor(s) is (are) connected for the exercise of an office of commissioner at the level of the group of which the company which publishes the information is the head	53205	2,168
4. Fees for exceptional services or special missions executed in the group by persons with whom the auditor(s) is (are) connected		
a. Other monitoring assignments	53206	219
b. Tax advisory assignment	53207	19
c. Other than auditing assignments	53208	1,387

STAFF SURVEY (in eur)

Number of the social consulting committees governing the company: 310

DETAILS OF STAFF EMPLOYED

EMPLOYEES FOR WHOM THE COMPANY SUBMITTED A DIMONA DECLARATION OR THAT HAVE BEEN REGISTERED IN THE GENERAL STAFF REGISTER

	Codes	Total	1. Men	2. Women
During the financial year				
Average number of staff				
Full-time	1001	12,209	7,012	5,197
Part-time	1002	5,308	1,440	3,868
Total in full-time equivalents (FTE)	1003	15,945	7,953	7,992
Effective hours worked				
Full-time	1011	17,111,438	10,041,719	7,069,719
Part-time	1012	4,182,449	831,405	3,351,044
Total	1013	21,293,887	10,873,124	10,420,763
Personnel expenses				
Full-time	1021	1,103,086,127	692,869,977	410,216,150
Part-time	1022	312,677,318	93,004,093	219,673,225
Total	1023	1,415,763,445	785,874,070	629,889,375
Amount of benefits in addition to wages	**1033**	**-**	**-**	**-**

	Codes	P. Total	1P. Men	2P. Women
During previous financial year				
Average number of employees in FTE	1003	16,442	8,283	8,159
Effective hours worked	1013	21,985,415	11,332,397	10,653,018
Personnel expenses	1023	1,448,843,552	812,479,479	636,364,073
Amount of benefits in addition to wages	1033	-	-	-

EMPLOYEES FOR WHOM THE COMPANY SUBMITTED A DIMONA DECLARATION OR THAT HAVE BEEN REGISTERED IN THE GENERAL STAFF REGISTER (cont.)

	Codes	1. Full-time	2. Part-time	3. Total in full-time equivalents
At the end of the financial year				
Number of employees	**105**	**12,247**	**5,163**	**15,893**
Breakdown by type of employment contract				
Contract of unlimited duration	110	12,092	5,163	15,738
Contract of limited duration	111	155	0	155
Contract for a clearly defined project	112	-	-	-
Temporary replacement	113	-	-	-
Breakdown by sex and schooling degree				
Men	**120**	**6,984**	**1,401**	**7,901**
primary school	1200	-	-	-
secondary school	1201	1,171	588	1,546
higher non-academic degree	1202	3,015	498	3,352
academic degree	1203	2,798	315	3,003
Women	**121**	**5,263**	**3,762**	**7,992**
primary school	1210	-	-	-
secondary school	1211	816	1,191	1,643
higher non-academic degree	1212	2,312	1,704	3,572
academic degree	1213	2,135	867	2,777
Breakdown by professional occupation				
* Management	130	1,514	190	1,627
* Employees	134	10,733	4,973	14,266
* Manual workers	132	-	-	-
* Other	133	-	-	-

TEMPORARY STAFF AND PERSONS AVAILABLE TO THE COMPANY

	Codes	1. Temporary staff	2. Temporary staff and persons available to the company
During previous financial year			
Average number employed	150	244	-
Effective hours worked	151	386,496	-
Charges for the institution	152	13,231,841	-

STATEMENT OF STAFF CHANGES DURING THE FINANCIAL YEAR

	Codes	1. Full-Time	2. Part-Time	3. Total in Full-Time equivalents
JOINED				
Number of employees for whom the company has introduced a DIMONA declaration or who have been registered in the general register of staff during the year	205	865	32	889.3
Breakdown by type of employment contract				
Contract of unlimited duration	210	688	32	712.3
Contract of limited duration	211	177	-	177.0
Contract for a clearly defined project	212	-	-	-
Temporary replacement	213	-	-	-

	Codes	1. Full-Time	2. Part-Time	3. Total in Full-Time equivalents
LEFT				
Number of employees whose contract termination date was entered in a DIMONA declaration or in the general staff register during the year	305	727	516	1,040.2
Breakdown by type of employment contract				
Contract of unlimited duration	310	630	515	942.7
Contract of limited duration	311	97	1	97.5
Contract for a clearly defined project	312	-	-	-
Temporary replacement	313	-	-	-
Breakdown by raison for termination of employment contract				
Pension	340	143	420	386.4
Unemployment with support by the company	341	-	-	-
Dismissal	342	82	20	97.0
Other reason	343	502	76	556.8
Of which : the number of employees who continue to work for the company as a self-employed person on at least a half-time basis	350	-	-	-

INFORMATION ON THE EDUCATION OF EMPLOYEES DURING THE FINANCIAL YEAR

	Codes	Male	Codes	Female
Total of formal professional training at the expense of the employer				
Number of staff involved	5801	7,498	5811	8,121
Number of training hours	5802	201,109	5812	205,852
Expenses for the institution	5803	22,875,729	5813	24,776,446
of which gross cost directly linked to training	58031	22,556,011	58131	24,430,164
of which charges paid and transfers to funds	58032	319,718	58132	346,282
of which received subsidies (deduct)	58033	-	58133	-
Total of less formal and informal continuing professional training initiatives at the expense of the employer				
Number of staff involved	5821	791	5831	1,058
Number of training hours	5822	383	5832	370
Expenses for the institution	5823	26,197	5833	25,308
Total of initial training initiatives at the expense of the employer				
Number of staff involved	5841	-	5851	-
Number of training hours	5842	-	5852	-
Expenses for the institution	5843	-	5853	-

Summary of the accounting policies for the Non-consolidated Financial Statements

General principles

The accounting policies of BNP Paribas Fortis comply with the rules laid down in the Belgian Royal Decree of 23 September 1992 on the annual accounts of credit institutions.

The accounting policies of BNP Paribas Fortis are the same as last year.

The following summary gives further details of the accounting policies used for the major components of the balance sheet and income statement.

Certain reclassifications have been made with regard to the prior year's Financial Statements in order to make them comparable for the year under review. Those reclassifications did impact the figures reported in the disclosures 2.3, 5.5.5, 5.23, and 5.27.

Assets

Loans and advances from credit institutions and receivables from customers

Loans and advances granted to credit institutions and customers are recognised for the initial amount paid less subsequent repayments and related allowances. All expenses paid to third parties for bringing in transactions with customers are fully recognised in the income statement in the accounting period in which they are incurred.

Any difference between the nominal value of the loans and advances and the amounts originally granted is recognised on an accrual basis as interest income or charges in the income statement.

Other receivables are recognised at their nominal value.

Allowances for doubtful loans and for loans with an uncertain future are recognised in proportion to the part regarded as unrecoverable, based on objective sources of information. Once a loan has been classified as doubtful or uncertain, related interests is normally no longer included in the income statement.

The accounting policies provide the option of setting up an internal security fund to cover well-defined risks, possibly arising in the future, but which cannot yet be individualised.

Debt securities and other fixed-income securities
Shares and other variable-yield securities

Securities or receivables represented by marketable securities are included in the trading portfolio if they are acquired with the intention of re-sale, based on their return over a period which normally does not exceed six months.

Trading securities are valued at market value if traded on a liquid market. In the absence of a liquid market, they are valued at cost (all costs included, provisions received deducted) or market value, whichever is lower.

The fixed-income securities in the investment portfolio are recognised on the basis of their yield-to-maturity. The difference between the acquisition cost (all costs included, commissions received deducted) and the redemption value is accrued in the income statement.

The gains and losses realised on the sale of fixed-income securities are immediately recognised in the income statement. If however they are realised on arbitrage transactions, they may be accrued, in accordance with the provisions of Article 35ter §5 of the Royal Decree of 23 September 1992.

Shares in the investment portfolio are valued at cost (all costs included, commissions received deducted) or market value, whichever is the lower, with all differences recognised in the income statement.

If the debtor carries a risk of non-payment, write-downs are made as for doubtful loans or loans with an uncertain future.

Financial fixed assets

Financial fixed assets are recognised at cost. A write-off is recorded where a decrease in value is permanent. Where financial fixed assets are financed with borrowed funds, the exchange differences on the borrowed funds are not recognised in the income statement.

Incremental costs are taken directly to the income statement.

Formation expenses and intangible fixed assets

Start-up costs are capitalised and depreciated on a straight-line basis over five years.

Capital increase costs are charged directly to the income statement.

The issuing costs of subordinated loans are depreciated on a straight-line basis over the duration of the loan. The issuing costs of perpetual loans are depreciated on a straight-line basis over five years, or over the length of the period before the date of the first call if this date is earlier.

Costs relating to software developed by the Bank itself or relating to standard or specific software acquired from third parties are recognised directly in the income statement as general expenses. If it is certain that the economic life of specific software purchased from a third party is more than one year, the economic life being mainly determined by the risk of technological changes and commercial developments, this software can be capitalised and depreciated on a straight-line basis over the estimated useful life, with a maximum of five years.

The other intangible fixed assets are depreciated over maximum 10 years.

The Bank makes no use of the option to capitalise commission paid to third parties for bringing in transactions with clients with a contractual period exceeding one year.

Tangible fixed assets

Tangible fixed assets are recognised at cost, including ancillary cost and non-recoverable indirect taxes, less depreciation.

Depreciation occurs on a straight-line basis over the estimated economic life of the asset.

Revaluation of tangible fixed assets is allowed, provided that the value clearly and durably exceeds the book value.

Other assets

Among other items under this heading are deferred tax assets.

Deferred tax assets cannot be recognised. However, the NBB allows the recognition of deferred tax assets relating to restructuring costs, including in relation to redundancy plans.

The sum of the dirty fair value, including accrued interest, of interest rate swaps and interest and currency rate swaps that are entered into for trading purposes is reported on the balance sheet as a single amount. That amount is reported as an asset or a liability depending on whether the net amount is an amount to be received or paid.

The revalued amount of the premium of trading options is reported as an asset or a liability depending on whether the net amount is an amount to be received or paid.

Liabilities

Amounts owed to credit institutions and customers

The amounts payable to credit institutions and customers are recognised for the initial amount received, less subsequent repayments. All expenses paid to third parties for bringing in deposits are fully recognised in the accounting period in which they are incurred.

Debts evidenced by certificates

Debt securities issued with fixed capitalisation are recognised for the original amount plus capitalised interest.

Other liabilities

Among other items under this heading are all debts to personnel related to salaries and other social security charges incurred during the present accounting period and paid in the next accounting period.

Derivatives: see 'Other assets'

Provisions for risks and charges

Provisions for pensions and similar social security obligations are recognised in accordance with Belgian legal requirements.

Fund for general banking risks

Constituting the fund for general banking risks follows a defined method, approved by the Board of Directors, applied systematically and based on the weighted volume of credit and market risks for the banking business.

Income Statement

Interest receivable and payable

Interest income and charges are recognised when earned or due. Once a loan has been classified as doubtful or uncertain, related interest is normally reserved and no longer included in the income statement. The actuarial depreciation of the difference between the acquisition cost and the redemption price of fixed-income securities from the investment portfolio is also included in interest revenues.

Income from variable-yield securities

Revenues from shares and participations are recognised as from the moment the dividend distribution is communicated to the Bank.

Derivatives

The results from derivatives are recorded in various ways depending on the type of transaction.

a) Hedging transactions
Transactions that protect against the risk of fluctuation in exchange rates, interest rates or prices. Gains and losses are recorded in the income statement symmetrically with the results of the hedged components in order to neutralise, entirely or partially, their impact.

To be regarded as a hedge, transactions must comply with the following conditions:

- The hedged component or the hedged homogeneous set should expose the Bank to a fluctuation risk of exchange rates, interest rates or prices.

- The hedge transactions must be specifically indicated from inception, as must also the hedged components.

- Sufficient correlation is required between the value fluctuations of the hedged component and the hedging transaction (or the underlying instrument).

As soon as a transaction does not meet the conditions to be deemed a hedge, it should be recognised at its fair value.

b) Trading transactions

All transactions made in connection with the current trading activities that do not meet the requirements to be classified as hedging are valued at market prices, with both gains and losses recognised in the income statement. If the market is not liquid, only the losses are recognised in the income statement.

c) Some forward interest rate transactions are valued in accordance with other valuation methods, based on derogation from the NBB, in conformity with Article 18 of the Royal Decree of 23 September 1992:

- Transactions concluded as part of treasury management, with an initial maturity of maximum 1 year

- Transactions concluded as part of balance sheet or off-balance sheet transactions, conducted with the objective of reducing the interest rate risk and documented as such

- Transactions concluded as part of strategic ALM transactions in euros or a currency belonging to the European Monetary Union

These three categories are valued by recording the related result on an accruals basis.

- Transactions concluded as part of overall management, without the objective of reducing the interest rate risk: these transactions are valued on an accruals basis, with the condition that the potential losses resulting from the valuation at market value are recognised in the income statement.

Specific Rules

Foreign currencies

When valuing foreign currencies, a distinction is made between monetary and non-monetary items.

Monetary items are assets and liabilities, including accruals and deferrals, rights and commitments, which represent a specific amount of money in a foreign currency, plus shares and other non-fixed income securities in the trading portfolio. Monetary items are converted at the average rate (average of bid and ask rate on the spot exchange market) at the closing date. Items settled at specific currency rates must be valued at those specific average rates. The resulting exchange differences are recognised in the income statement (with the exception of exchange gains on foreign currencies for which no liquid market exists).

Tangible, intangible and financial fixed assets are considered to be non-monetary items and are recognised at cost based on the exchange rate at the date of acquisition. When non-monetary items, exposed to a foreign exchange risk, are financed on a permanent basis with borrowed funds in the same currency, the translation differences on the borrowed funds are not recognised in the income statement.

Offsetting

Offsetting between assets and liabilities and between income and expenses is performed in conformity with the Belgian Royal Decree of 23 September 1992 on the annual accounts of credit institutions.

Report of the accredited statutory auditors

Joint statutory auditors' report to the general shareholders' meeting of the company bnp paribas fortis SA/NV on the annual financial statements (non-consolidated) for the year ended 31 december 2015

As required by law and the Company's articles of association, we report to you in the context of our statutory auditor's mandate. This report includes our opinion on the Annual Financial Statements (non-consolidated) ("the Annual Financial Statements"), as defined below, for the year ended 31 December 2015, as well as our report on other legal and regulatory requirements. These Annual Financial Statements include the balance sheet as at 31 December 2015, the income statement for the year then ended, as well as the summary of accounting policies and other disclosures.

Report on the Annual Financial Statements – Unqualified opinion

We have audited the Annual Financial Statements of BNP Paribas Fortis SA/NV ("the Company") for the year ended 31 December 2015, prepared in accordance with the financial-reporting framework applicable in Belgium, which show a balance sheet total of EUR 204,158,120 (000) and a profit for the year of EUR 1,580,206 (000).

The board of directors' responsibility for the preparation of the Annual Financial Statements

The board of directors is responsible for the preparation and fair presentation of these Annual Financial Statements in accordance with the financial-reporting framework applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of Annual Financial Statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these Annual Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Annual Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Financial Statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the Annual Financial Statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the Company's preparation and fair presentation of the Annual Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the Annual Financial Statements.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Unqualified Opinion

In our opinion, the Annual Financial Statements give a true and fair view of the Company's net equity and financial position as at 31 December 2015 and of its results for the year then ended in accordance with the financial-reporting framework applicable in Belgium.

Emphasis of Matter regarding certain pending legal proceedings

Without further qualifying our opinion, we draw the attention to the note XXVIII A3 to the Annual Financial Statements as at 31 December 2015 regarding significant litigations, in which is described that as a result of 2008 events having impacted the Fortis group to which the Company belonged, a number of claimants have initiated legal actions against the former Fortis group, including the Company and/or certain members of their boards of directors and management. The ultimate outcome of these matters and the potential consequences for the Company and its directors cannot presently be determined, and therefore no provisions have been recorded in the Annual Financial Statements.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the directors' report, for the compliance with the applicable legal and regulatory requirements regarding bookkeeping, the Companies' Code and the Company's articles of association.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statements which do not impact our opinion on the annual accounts:

- The directors' report includes the information required by the Companies' Code, is consistent with the financial statements, and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.
- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting complies with the legal provisions and the provisions of the articles of association.
- There are no transactions undertaken or decisions taken in breach of the Company's articles of association or the Companies' Code that we have to report to you.
- As indicated in the report of the board of directors of 19 March 2015, the board of directors has formally approved the remuneration for the performance year 2014 of the members of the Executive Board. The article 523 of the Companies' Code was applied as a result of the conflict of interest with the Executive Directors. We understand that they have not participated to the discussion and decision of the board of directors. The financial consequences of this decision are reflected in the section 'Information related to Article 523 of the Belgian Companies code' in the Annual Report (Non-consolidated).

Brussels, 5 April 2016

The Joint Statutory Auditors

PwC Reviseurs d'Entreprises sccrl/ Bedrijfsrevisoren bcvba

Represented by

D. Walgrave

Reviseur d'Entreprises / Bedrijfsrevisor

Deloitte Reviseurs d'Entreprises sc sous forme d'une scrl / Bedrijfsrevisoren bv ovv cvba

Represented by

Y. Dehogne

Reviseur d'Entreprises / Bedrijfsrevisor

B. De Meulemeester

Reviseur d'Entreprises / Bedrijfsrevisor

Other information

Monthly high and low for BNP Paribas fortis shares at the weekly auctions in 2015

The monthly high and low for BNP Paribas Fortis shares at the weekly auctions of Euronext Brussels (Euronext expert Market) in 2015 were as follows (in EUR) :

Month	Low	High
January	24.60	24.70
February	24.00	24.60
March	24.00	24.01
April	24.03	24.05
May	24.03	24.03
June	25.16	26.00
July	25.90	27.50
August	28.10	28.10
September	28.10	28.32
October	28.47	30.90
November	24.51	25.26
December	27.20	27.21

External posts held by directors and effective leaders that are subject to a legal disclosure requirement

Pursuant to the regulations of the National Bank of Belgium of 6 December 2011 regarding the exercise of external functions by leaders of regulated enterprises ('reglement van de Nationale Bank van België van 6 december 2011 met betrekking tot de uitoefening van externe functies door leiders van gereglementeerde ondernemingen' / 'règlement de la Banque Nationale de Belgique du 6 décembre 2011 concernant l'exercice de fonctions extérieures par les dirigeants d'entreprises réglementées'), the Bank's board of directors has adopted 'Internal rules governing the exercise of external functions by directors and effective managers of BNP Paribas Fortis SA/NV'.

Inter alia, the regulations of the Belgian National Bank stipulate that certain external posts held by the Bank's effective leaders and directors in certain companies must be disclosed in the annual report.

The 'effective leaders' of BNP Paribas Fortis are as set forth in the list submitted to the Belgian National Bank, are kept up to date in accordance with applicable regulations and include the members of the executive board of BNP Paribas Fortis and leaders of foreign branches of BNP Paribas Fortis.

As regards 'external posts' – i.e., principally posts as director of a company – that are subject to disclosure, this involves posts held in companies other than family property companies, 'management companies', undertakings for collective investment or companies with which the Bank has close links as part of the Group.

Forename, Surname (Post) Company	Business Activity (Post)	Listing
Herman DAEMS		
(Chairman of the board of directors)		
- Domo Investment Group SA/NV	Chemicals (Chairman of the board of directors, acting as representative of Crossbow BVBA)	-
- Unibreda SA/NV	Insurance (Chairman of board of directors - independent director)	-
Max JADOT		
(Chairman of the executive board)		
- Bekaert SA/NV	Steel Industry (Director)	Euronext Brussels
Filip DIERCKX		
(Vice chairman of the executive board)		
- IVD SA/NV	Administrative Services (Chairman of the board of directors acting as representative of GINKGO Associates BVBA)	-
- SD Worx for Society SCRL/CVBA	Management & Administrative Services (Chairman of the board of directors)	-
- SD Diensten SA/NV	Training & Management Services (Chairman of the board of directors)	-
Jean-Laurent BONNAFÉ		
(Director)		
- Carrefour S.A.	Distribution (Director)	Euronext Paris
Dirk BOOGMANS		
(Director)		
- ASAP.be SA/NV	Human resources (Director acting as representative of DAB Management)	-
- GIMV SA/NV	Investment Company (Director)	Euronext Brussels
- Vinçotte International SA/NV	Inspection, control and certification services (Director and chairman of the audit committee, acting as representative of DAB Management)	-
Antoinette d'ASPREMONT LYNDEN		
(Director)		
- Groupe Bruxelles Lambert SA/NV	Portfolio Company (Director)	Euronext Brussels
Sophie DUTORDOIR		
(Director)		
- Bpost SA/NV	Postal operator (Independent director and member of the audit committee, member of the remuneration and nomination committee and member of the special board committee of independent directors)	Euronext Brussels
- Poppeia SPRL/BVBA	Food (Executive director)	-
- Valeo SA	Automotive supplier (Director and member of the governance and remuneration committee)	Euronext Paris

Glossary

Active market
A market where homogeneous items are traded between willing buyers and sellers at any time and where the prices are available to the public.

Amortised cost
The amount at which a financial asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation/increase of any premium/discount, and minus any write-down for impairment.

Asset backed security (ABS)
Debt instrument that represents an interest in a pool of assets. The term 'ABS' is generally used to refer to securities in which underlying collateral consists of assets other than residential first mortgages, such as credit card and home equity loans, leases, or commercial mortgage loans.

Associate
A company in which BNP Paribas Fortis SA/NV has significant influence but which it does not control.

Basis point (bp)
One hundredth of a percentage point (0.01%).

Cash flow hedge
A hedge to mitigate the exposure to variability in cash flows of a recognised asset or liability, or forecast transaction,which is attributable to changes in variable rates or prices.

Clearing
Administrative settlement of securities, futures and options transactions through a clearing organisation and the financial institutions associated with it (clearing members).

Collateralised Loan Obligation (CLO)
A form of securitisation where payments from multiple middle sized and large business loans are pooled together and passed on to different classes of owners in various tranches.

Commercial mortgage-backed security (CMBS)
A type of bond which is backed by commercial property such as retail or office property, hotels, schools, industrial property and other commercial sites.

Controlled perimeter
The legal and regulatory consolidation scope of BNP Paribas Fortis SA/NV.

Core capital
Total available capital at group level (based on the banking definition of Tier 1 capital).

Credit default swap (CDS)
A credit derivative contract between two counterparties. The buyer of a credit swap receives credit protection, while the seller of the swap guarantees the creditworthiness the underlying financial instrument

Credit spread
The yield differential between a credit-risk-free benchmark security or reference rate (e.g. government bonds) and corporate bonds or credits.

Credit Value Adjustment
Adjustment to the value of the Trading Book to take into account the counterparty risk.

Derivative
A financial instrument such as a swap, a forward, a future contract or an option (both written and purchased). This financial instrument has a value that changes in response to changes in underlying variables. It requires little or no net initial investment, and is settled at a future date.

Discounted cash flow method (DCF model)
An approach to valuation, whereby projected future cash flows are discounted at an interest rate that reflects the time value of money and a risk premium that reflects the extra return investors demand for the risk that the cash flow might not materialise.

Duration
A general measure of the sensitivity of the price (the value of the principal) of a fixed-income instrument, expressed as a percentage change with a 100-basis-point change in yield. In the calculation of 'duration of equity', the term also refers to the weighted average timing of cash flows from an asset or liability portfolio. It is computed on the basis of the net present values (NPV) of the cash flows (principal and interest).

Earnings at Risk
A measure of the sensitivity of future net income to hypothetical adverse changes in interest rates or equity market prices. Earnings at Risk assesses the impact of stress tests on the projected IFRS net income before tax. EaR represent a possible deviation from expected (pre-tax) earnings due to an adverse event over the next 12 months at a chosen confidence level. EaR covers both loss realisation and failure to generate revenues.

Embedded derivative
A derivative instrument that is embedded in another contract - the host contract. The host contract might be a debt or equity instrument, a lease, an insurance contract or a sale or purchase contract.

Employee benefits
All forms of consideration given by an entity in exchange for services rendered by employees, including their pay or salary.

Expected Loss (EL)
The Expected Loss is the expected annual level of credit losses over an economic cycle. Actual losses for any given year will vary from the EL, but EL is the amount that our bank should expect to lose on average over an economic cycle. Expected Loss should be viewed as a cost of doing business rather than as a risk in itself. Expected Loss is calculated as follows:
EL = EAD x PD x LGD

Exposure at Default (EAD)
Gives an estimate of the amount to which the bank is exposed in the event that the borrower defaults. EAD is one of the parameters used to compute the Expected Loss (EL).

Factoring
A form of corporate financing in which a company transfers outstanding debts to a factoring company that, for a fee, assumes responsibility for the debtor records, debt collection, risk coverage and financing.

Fair value
The amount for which an asset (liability) can be bought (incurred) or sold (settled), between knowledgeable, willing parties in an arm's length transaction.

Fair value hedge
A hedge of an exposure to changes in the fair value of a recognised asset or liability (or a portion thereof) or a firm commitment. The exposure is attributable to a particular risk and will affect reported net income.

Finance lease
A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Goodwill
This represents the excess of the fair value of the assets given, liabilities incurred or assumed, and equity instruments issued over BNP Paribas Fortis SA/NV's interest in the fair value of assets acquired and liabilities and contingent liabilities assumed.

Hedge accounting
Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item.

IFRS
International Financial Reporting Standards, used as a standard for all listed companies within the European Union as of 1 January 2005 to ensure transparent and comparable accounting and disclosure.

Impairment
A decline in value whereby the carrying amount of the asset exceeds the recoverable amount. In such a case, the carrying amount will be reduced to its recoverable amount through the income statement.

Intangible asset
An identifiable non-monetary asset without physical substance which is recognised at cost if and only if it will generate future economic benefits and if the cost of the asset can be measured reliably.

Investment property
Property held by BNP Paribas Fortis SA/NV to earn rental income or for capital appreciation.

Joint venture
A contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Loss given Default (LGD)
The average amount to be lost in the event of default of the counterpart. LGD is a parameter used in the calculation of Expected Loss.

Macro hedge
A hedge used to eliminate the risk of a portfolio of assets.

Net investment hedge
A hedge used to reduce the financial risks of a reporting entity's share in the net assets of a foreign business activity by entering into transactions that provide an offsetting risk profile.

Notional amount
Amount of currency units, number of shares, a number of units of weight or volume or other units specified in a derivative contract.

Novation
Novation is the principle of either (a) replacing an obligation to perform with a new obligation, or (b) replacing a party to an agreement with a new party.

Nth-to-default credit derivatives
Credit derivatives that provide credit protection only for the nth defaulting reference exposure in a group of reference exposures.

Operating lease
A contract that allows the use of an asset against periodic payments, but does not convey rights similar to legal ownership of the asset and where the financial risks related to the asset are with the issuer of the lease contract.

Option
A contract sold by one party to another that offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security at an agreed-upon price during a certain period of time or on a specific date.

Private equity
Equity securities of companies that are not listed on a public exchange. Investors looking to sell their stake in a private company have to find a buyer in the absence of a marketplace.

Probability of Default (PD)
The probability that the counterparty will default over a one-year time horizon. PD is a parameter used in the calculation of Expected Loss.

Provision
Provisions are liabilities involving uncertainties in the amount or timing of payments. Provisions are recognised if there is a present obligation to transfer economic benefits, such as cash flows, as a result of past events and a reliable estimate can be made at the balance sheet date.

Qualifying capital
The liability components that qualify as Tier 1 capital (equity) under banking supervision regulations.

Repurchase agreement (repo)
Agreement between two parties whereby one party sells the other a security at a specified price with a commitment to buy the security back at a later date for another specified price.

Residential mortgage-backed security (RMBS)
A type of bond which is backed by mortgages on residential rather than commercial real estate.

Reverse repurchase agreement (reverse repo)
The purchase of securities with an agreement to resell them at a higher price at a specific future date.

Securities lending (borrowing) transaction
A loan (borrowing) of a security from one counterparty to another, who must eventually return (be returned) the same security as repayment. The loan is often collateralised. Securities lending allows an entity in possession of a particular security to earn enhanced returns.

Settlement date
The date that an asset is delivered to or by an entity.

Structured credit instruments (SCI)
Securities created by repackaging cash flows from financial contracts. These instruments encompass asset-backed securities (ABS), mortgage-backed securities (MBS) and collateralised debt obligations (CDO). ABS are issues backed by loans (other than mortgages), receivables or leases, MBS are issues backed by mortgage loans and CDO are a class of asset-backed securities and another term for bonds backed by a pool of bonds (CBO), loans (CLO) or other assets such as swaps (CSO). Payment of the principal and interest of the CDO is financed with the cash flows generated by the underlying financial assets.

Subordinated bond (loan)
A loan (or security) that ranks below other loans (or securities) with regard to claims on assets or earnings.

Subsidiary
Any company, whose financial and operating policies BNP Paribas Fortis SA/NV, either directly or indirectly, has the power to govern, so as to obtain the benefits from its activities ('control').

Synthetic CDO
a collateralised debt obligation (CDO) in which the underlying credit exposures are taken by entering into a credit default swap agreement instead of buying actual financial assets.

Tier 1 ratio
Core capital of a bank expressed as a percentage of the risk-weighted balance sheet total.

Trade date
The date when BNP Paribas Fortis SA/NV becomes a party to the contractual provisions of a financial asset.

Value at Risk (VaR)
A technique which uses the statistical analysis of historical market trends and volatilities to estimate the likelihood that a given portfolio's losses will exceed a certain amount. For the assessment of the market risks related to its trading room activities, BNP Paribas Fortis SA/NV computes VaR using a 99% confidence interval over a 1 day time horizon. This calibration is designed to reflect the risks of trading activities under normal liquidity conditions.

Volatility swap
A volatility swap is a forward contract that allows investors to trade the future volatility of a specified underlying.

Abbreviations

2OPC	Oversight of Operational Permanent Control
ABS	Asset backed security
AC	Audit Committee
ACPR	Autorité de contrôle prudentiel et de résolution
AFS	Available for sale
AIRBA	Advanced Internal Ratings Based Approach
ALCO	Assets and Liabilities Committee
ALM	Asset and liability management
AMA	Advanced Measurement Approach
AQR	Asset Quality review
ARCC	Audit, Risk and Compliance Committee
AT1	Additional Tier 1
BGL	Banque Générale de Luxembourg
BNPP IP	BNP Paribas Investment Partners
BPLS	BNP Paribas Leasing Solutions
CASHES	Convertible and subordinated hybrid equity-linked securities
CBFA	Banking, Finance and Insurance Commission
CCF	Credit Conversion Factor
CCP	Central Counterparty
CDO	Collateralised debt obligation
CDS	Credit default swap
CET1	Common Equity Tier 1
CGU	Cash generating unit
CIB	BNP Paribas Fortis SA/NV Corporate and Investment Banking
CLO	Collateralised loan obligation
CMBS	Commercial mortgage-backed securities
CMRC	Capital Markets Risk Committee
CMS	Constant Maturity Swap
CODM	Chief Operating Decision Maker
CPBB	Corporate & Public Banking, Belgium
CRM	Central Risk Management
CRO	Chief Risk Officer
CRR/ CRD IV	Capital Requirement Regulation / Capital Requirement Directive IV
CSO	Collateralised swap obligation
CSR	Corporate Social Responsibility
CTBE	Corporate and Transaction Banking Europe
CVA	Credit Value Adjustment
DDM	Discounted Dividend Model EAD

EAD	Exposure At Default
EaR	Earnings at Risk
EBA	European Banking Authority
ECB	European Central Bank
EL	Expected Loss
Euribor	Euro inter bank offered rate
FCF	Fortis Commercial Finance
FV	Fair Value
FVA	Funding Value Adjustment
FX	Foreign Exchange
GC	Group Compliance
GDP	Gross Domestic Product
GNC	Governance and Nomination Committee
GNRC	Governance, Nomination and Remuneration Committee
GWWR	General Wrong Way Risk
HTM	Held to maturity
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICAAP	Internal Capital Adequacy Assessment Directive
ICC	Internal Control Committee
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IPEV	International Private Equity and Venture Capital Valuation
IRBA	Internal Ratings Based Approach
IRC	Incremental Risk Change
ISDA	International Swaps and Derivatives Association
KPI	Key Performance Indicator
LGD	Loss Given Default
M&A	Mergers & Acquisitions
MBS	Mortgage-backed security
MCS	Mandatory Convertible Securities
MtM	Mark to Market
NBB	National Bank of Belgium / Nationale Bank van België
NPV	Net present value
OCA	Own-Credit Value Adjustment
OCI	Other comprehensive income

OFS	One Financial System
OMT	Outright Monetary Transactions
OTC	Over the counter
P/L	Profit or loss
PD	Probability of Default
PFC	Product and Financial Control Committee
PFE	Potential Future Exposures
RC	Risk Committee
RemCo	Remuneration Committee
Risk-IM	Risk – Investment & Markets
RMBS	Residential mortgage-backed securities
RPB	Retail & Private Banking
RPN	Relative Performance Note
RWA	Risk Weighted Assets
SCI	Structured Credit Instruments
SME	Small and medium-sized enterprises
SPE	Special purpose entity
SPV	Special purpose vehicle
SRI	Socially Responsible Investment
SSM	Single Supervisory Mechanism
STSC	Stress Testing Steering Committee
SVaR	Stressed Value at Risk
SWWR	Specific Wrong Way Risk
TEB	Türk Ekonomi Bankasi
USTA	Unrated Standardised Approach
V&RC	Valuation and Risk Control
VaR	Value at Risk
VRC	Valuation Review Committee

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BNP PARIBAS FORTIS

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world