GROUPE BPCE

Second update to the 2015 Registration Document

filed with the Autorité des Marchés Financiers (AMF)

on August 25, 2016

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AUTORITÉ DES MARCHÉS FINANCIERS

AMF

Only the French version of the update to the Registration Document has been submitted to the AMF. It is therefore the only version legally binding.

This update to the Registration Document was filed with the AMF on August 25, 2016, in accordance with Article 212-13 of its general regulations. It may be used in support of a financial transaction only if supplemented by a Transaction Note that has received approval from the AMF. This document was prepared by the issuer and its signatories are responsible for its contents.

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

Contents

1. Press release and subsequent events to the May 12, 2015 (filing date of the first update to the 2015 Registration Document)

1.1 Press release on June 29, 2016

Yves Tyrode named new Chief Digital Officer of Groupe BPCE

Paris, June 29, 2016

Yves Tyrode, currently Chief Digital Officer at SNCF, will be joining Groupe BPCE in September to serve as the group's Chief Digital Officer. As a member of Groupe BPCE's Senior Management Committee, he will be responsible for accelerating the rollout of the group's digital strategy and will work alongside François Pérol, Chairman of Groupe BPCE's Management Board.

The development of Groupe BPCE's strategy is integrally linked to the digital world. The construction of powerful technological and digital capabilities will therefore underpin this strategy for the years to come. Customer experience, the optimized use of digital data and linking up with the ecosystem of technological financial groups will drive the development of all our activities.

Yves Tyrode's renowned expertise across a comprehensive range of digital business lines will help the group to meet these challenges more quickly.

Since October 2014, Yves has served as SNCF's Chief Digital Officer. He graduated from the elite ENST School of Telecommunications in Paris. He is a member of Epic SNCF's Executive Committee. From February 2011 to September 2014, he served as Managing Director at Voyages-sncf.com. From 1991 to 2016, he held a variety of management positions at France Telecom which later became Orange, during which time he served as Executive Vice President of Technocentre (2006-2011), Director of the Business Unit data (2003-2005), Director of the Wifi programme and Director of the Mobile Data Services Marketing unit (1999-2002), Director of Enterprise Mobility Marketing Solutions (1996-1999) and Technical Manager of the Tatoo paging activity (1991-1996).

Yves will join the Groupe BPCE Senior Management Committee as CEO from September 2016.

1.2 Press release on July 28, 2016

Acquisition of Fidor Bank by Groupe BPCE

Paris, July 28th, 2016

Groupe BPCE has announced the signing of an agreement regarding the acquisition of Fidor Bank AG, the German digital bank and fintech pioneer.

Groupe BPCE has announced today the signing of an agreement with the key shareholders and the founders and managers of Fidor Bank AG related to the acquisition of their equity interests in the company.

The planned acquisition of Fidor is fully in line with Groupe BPCE's strategic plan "Another Way to Grow" and will contribute to the acceleration of the rollout of the group's digital strategy.

Founded in 2009 by its CEO Matthias Kröner, Fidor is one of the world's first "Fintech Bank", pioneering the collaboration between traditional financial services and technology businesses and having developed an innovative approach to retail banking. Fidor offers a unique proposition by combining an innovative customer experience relying heavily on the involvement of the 350,000 members of its community and an open organization and architecture to foster flexibility and agility.

Fidor has developed in particular a proprietary digital banking platform – Fidor Operating System – allowing for fast and easy functionality and enabling open and most advanced API Banking. Telefónica has announced this week the launch of O2 Banking, its mobile-only bank account in partnership with Fidor using the API Banking infrastructure.

François Pérol, Chairman of the Groupe BPCE Management Board said: "*This operation constitutes a key step in the acceleration of the digital transformation of our group. It further demonstrates our commitment to innovation, to develop a customer centric approach enabled by a digital banking technology and to be more involved in digital and mobile banking field. We are very proud and happy to welcome Fidor's teams, community and clients within Groupe BPCE.*"

Matthias Kröner, CEO and founder of Fidor, commented: "*In a world of increasing volatility it is important to be member of a strong group. We are excited to have such a well-established partner as BPCE in the financial world that recognises the need for a customer-centric and entrepreneurial approach to banking and innovation.*"

By joining Groupe BPCE, Fidor will be able to capitalise on the support and backing of a solid banking group to accelerate its own growth and international development.

As part of the transaction, Matthias Kröner will remain a shareholder of Fidor Group and continue as Chief Executive Officer to lead the development and business operations together with the existing management team.

1.3 Press release on July 30, 2016

2016 stress test confirms Groupe BPCE's financial strength

Paris, July 30, 2016

The stress test performed by the EBA[1] and the ECB confirms Groupe BPCE's financial strength. The stress-test adverse scenario had the effect of reducing the Group's phased-in Common Equity Tier 1 ratio[2] from 13.0% at end-2015 to 9.7% at end-2018. This impact of - 329bps[3] positions the Group well compared to the average impact on the 51 European Union banks participating in the EBA[1] stress test of - 380 bps[3].

This result demonstrates the group's robustness, particularly as the stress test was performed with a methodology incorporating sizeable differences with that conducted in 2014 (see box on page 2).

The stress-test adverse scenario had the effect of reducing the Group's phased-in Common Equity Tier 1 ratio[2] from 13.0% at end-2015 to 9.7% at end-2018, equivalent to an impact of - 329bps[3].

This impact is lower than the average impact of - 380 bps[3] in the stress-test adverse scenario on the 51 European Union banks participating in the EBA[1] stress test.

The Group's solvency has improved further since end-2015, such that the Common Equity Tier 1 ratio[2] reached 13.7% on a phased-in basis at June 30, 2016 (and 13.5% on a fully-loaded basis[4] on the same date).

The full results can be viewed on www.bpce.fr/en/Investors/Regulated-information/Regulatory-publication.

Details on methodology

The main methodological changes – which increase the requirements for all banks subject to the stress test – are as follows:

- introduction of a conduct risk component, i.e. the simulation of losses stemming from non-compliance with regulations or failure to respect rules of good conduct vis-à-vis customers when providing financial services;
- a twofold constraint on net interest income: net interest income cannot increase from the 2015 level and interest expenses cannot decrease from their 2015 level;
- fee and dividend income is capped in relative terms (as a proportion of total assets), this cap equating to the lower of the average of the two worst years in the past and the proportion observed in 2015.

The macroeconomic component of the stress-test adverse scenario is similar to that employed in 2014. In France's case, as in 2014, the main source of severity is a fall in housing prices over the period of projection (14% fall between end-2015 and end-2018).

[1] European Banking Authority
[2] With CRD 4/CRR phase-in
[3] Basis points (1 basis point = 0.01 %)
[4] Without CRD 4 / CRR phase-in

2. First half activity report

2.1 Economic and financial environment in the first half of 2016

Global growth slowed once again in the first half of 2016 due to the weak performance of emerging economies and the lackluster US economy. In contrast, business activity picked up in Japan in the first quarter. Likewise, it also improved temporarily in the euro zone, with Germany and France beating expectations and bucking the trend seen in global growth and the US and UK economies. This precarious improvement largely results from an increase in the contribution of domestic demand in relation to exports, providing a more autonomous growth driver as exports are shrinking. Consumption and investments are still benefiting from depressed oil prices, which were 50% lower in June 2016 than in mid-2014. Weak inflation automatically boosts consumer purchasing power, and this trend is amplified as the improving environment filters through to employment levels. Margin rates are rising due to the decline in energy input prices.

However, in early 2016, three uncertainties gained ground. Firstly, oil prices collapsed, falling to USD 26.4 per barrel on January 20, before stabilizing close to USD 40 in early March, then fluctuating around USD 50 in June. This pushed up the public and current account deficits of many commodity exporting countries - such as Venezuela, Russia (public deficit only) and Saudi Arabia - to dangerous levels. Secondly, fears of a sharper correction in China gained momentum. These fears were mainly linked to the risk of devaluation of the Chinese renminbi owing to a spike in capital outflows and a concomitant reduction in currency reserves. As a result, trade in Asia was hit by a decline in Chinese imports, and this in turn caused a contraction in global trade. Lastly, the US growth cycle seemed to falter with a renewed drop in exports and business investment, especially in the energy sector.

In France, GDP growth picked up to 2.6%/year in the first quarter of 2016, but it was boosted by a series of temporary factors (a rebound in energy spending following the negative effect of mild temperatures at the end of 2015, an upswing in consumer spending following the downturn that followed November's terrorist attacks and an acceleration in equipment investments by non-financial companies caused by doubts as to whether the "extra-depreciation" scheme would be extended). Without these temporary effects, first-quarter growth would have stood at 1.9%. GDP therefore slowed slightly in the second quarter to 1.2%/year, offsetting the uptick recorded in Q1. Inflation was zero in May 2016 and core inflation stood at 0.7% per year.

In contrast to the monetary policy status quo decided by the US Federal Reserve, the ECB adopted an ultra-accommodative quantitative easing policy with negative interest rates. The impact of negative rates is not fully known, though they implicitly put downward pressure on the euro by discouraging investments in the currency. On March 10 the ECB announced six measures to combat the risk of deflation by seeking to shore up inflation expectations at close to 2% in the medium term.

On June 23, the Brexit vote wrong-footed the financial markets. It heralded a period of uncertainty with increased risk aversion and a risk that investors will delay their decisions. The Bund yield stood at -0.12% on June 29, and the 10-year OAT closed at 0.138% on June 30, while the CAC 40 was at just 4,237 points. The traditional ties between US, German and French long rates and the real economy were stretched even thinner due to the liquidity being pumped into the markets by central banks and the shortage of safe-haven investments. These yields even fell below the lows seen at the worst of the economic and financial crisis between 2008 and 2009, when activity was slowing in volume and value terms on both sides of the Atlantic.

2.2 H1 2016 highlights

VISA EUROPE SHARE BUYOUT

On November 2, 2015, US company Visa Inc. announced the takeover of Visa Europe, an association of some 3,500 European banks owned by a group of approximately 3,000 European banks, including Groupe BPCE.

The transaction was completed on June 21, 2016 for a total amount of over €18 billion, structured into three parts:

- a cash payment of €12.25 billion on completion of the transaction;
- a deferred cash payment of €1.12 billion, payable three years after the completion of the transaction;
- preference shares representing an equivalent of €5.0 billion.

At December 31, 2015, Groupe BPCE recognized the transaction in its financial statements by revaluing the Visa Europe shares held by BPCE as available-for-sale securities in the amount of €606 million.

The capital gain on the sale of the securities was recognized as net banking income in the half-yearly financial statements, for €831 million. The preference shares will be convertible into Visa Inc. shares after a period of 4 to 12 years. As the proposed conversion rate may be lowered in the event of disputes, a discount was applied to the estimated amount receivable in respect of the preference shares to take into account liquidity and legal risks.

The impact of this transaction on net income attributable to equity holders of the parent for the first half of the year amounted to +€797 million.

DISPOSAL OF NON-STRATEGIC ASSETS: FULL DISPOSAL OF THE REMAINING STAKE IN NEXITY

On March 2, 2016, Groupe BPCE sold its full remaining stake in Nexity, generating +€40 million in net income attributable to equity holders of the parent.

PARTIAL REDEMPTION OF FOUR BOND LINES

As part of the active liquidity management strategy, and with a view to enhancing the repayment structure of its medium/long-term debt and optimizing its interest expenses, in June 2016 Groupe BPCE redeemed four bond lines before their maturity date for a total of €2.3 billion.

RUN-OFF MANAGEMENT OF A SECURITIZATION PORTFOLIO

The active disposal of mortgage-backed securities and public sector assets (portfolio acquired from Crédit Foncier) continued in the first half of 2016. In view of the significant disposals made since April 2015 and the deleveraging achieved, a more opportunistic approach will be taken for forthcoming disposals.

SIGNIFICANT INCREASE IN REGULATORY CONTRIBUTIONS

The Single Resolution Fund (SRF), established in European Directive 2014/59/EU (the Bank Recovery and Resolution Directive or BRRD) dated July 15, 2014, European Regulation 806/2014 and Commission Delegated Regulation 2015/63, will be gradually built up over a period of eight years (2016-2023) to total an equivalent of 1% of the guaranteed deposits of all institutions subject to the Single Resolution Mechanism (SRM), i.e. approximately €55 billion.

Each bank's contribution is determined using a method taking into account its size and risk profile. The contribution represented a major expense for French banks in 2015, and has increased significantly in 2016.

For Groupe BPCE, the 2016 contribution, recorded under Operating expenses, amounted to €229 million, compared with €106 million in 2015.

A STRUCTURAL AND TEMPORARY REDUCTION IN TAXES

As the exceptional 10.7% tax on earnings was not renewed, the tax rate stood at 34.43% in 2016, compared with 38% in 2015.

Tax income for previous periods was recorded in the half-yearly accounts for a total of around €200 million, temporarily reducing the apparent tax rate; this income arose from tax rebates obtained.

CENTRALIZATION OF REGULATED SAVINGS

Following the new French decree of February 2016, which amended the terms of over-centralizing regulated savings, Groupe BPCE's centralization rate was modified during the first half of 2016. As of July 1, 2016, the savings centralized with Caisse des Dépôts et Consignations will fall by around €10 billion (following the increase of €12 billion recorded in January 2016).

FINALIZATION OF THE ACQUISITION OF PJ SOLOMON

On June 30, 2016, Natixis, via Natixis North America LLC, finalized the acquisition of the US advisory firm Peter J. Solomon Company (PJSC), which provides advisory services on mergers and acquisitions and corporate restructuring.

At June 30, 2016 Natixis held 51% of PJSC's capital, and has the option to acquire the remaining shares by 2026 by exercising share purchase and sale promises.

Via Natixis North America LLC, Natixis exercises control over PJSC within the meaning of IFRS 10, and fully consolidates the entity.

This transaction generated goodwill of €72 million, as determined using the partial goodwill method.

2016 STRESS TEST: CONFIRMATION OF GROUPE BPCE'S FINANCIAL STRENGTH

The European banking Authority (EBA) published on July 29, 2016 the results of the stress test led together with the European Central Bank (ECB).

This exercise confirms Groupe BPCE's financial strength in a scenario of very severe stress with methodological novelties increasing the level of the requirements compared with 2014 and the macroeconomic component of which, close to that of the 2014, has major effects on the French economy with in particular the hypothesis of a strong price reduction of the residential real estate market (fall of 14 % over 3 years).

The stress test adverse scenario[1] had the effect of reducing the Group's phased-in Common Equity Tier 1 ratio[2] from 13.0 % at the end of 2015 to 9.7 % at the end of 2018, that is an impact of -329bps[3].

[1] Stress hypotheses determined by ECB and EBA

[2] With CRD 4/CRR phase-in

[3] Basis points (1 basis point = 0.01%)

2.3 Results press release

Paris, July 28, 2016

RESULTS[1] OF GROUPE BPCE FOR THE SECOND QUARTER AND FIRST HALF OF 2016

Attributable net income of €1.9bn[2] in the first half of 2016, up 12%.
Sharp decline in the cost of risk

BUOYANT COMMERCIAL ACTIVITY

Strong momentum in the Banque Populaire and Caisse d'Epargne retail banking networks

- Growth in loan outstandings (4.7%) and deposits & savings (2.3%) compared with June 30, 2015
- Loans to corporate customers enjoyed a 29% growth in new production vs. H1-15

Rollout of Insurance solutions[3]

- Strong momentum in life insurance with gross net inflows up 18% compared with H1-15
- Portfolios of non-life insurance contracts up by 10% compared with H1-15

Core business lines of Natixis

- Strong recovery in activities in Q2-16 vs. Q1-16 thanks to a well-balanced business model maintaining the earning capacity of the core business lines

A RESILIENT BUSINESS MODEL

Commercial momentum making it possible to limit the decline in core business line revenues[4] (-1.9%)

- Retail banking net interest income remains impacted by prevailing low interest rates
- The revenues posted by the core business lines of Natixis increased by 1% in the first half of 2016, driven by the capital market, insurance and specialized financing activities

20.2% decline in the cost of risk[5]

IMPACT OF A MAJOR EXCEPTIONAL ITEM ON THE SECOND QUARTER OF 2016

- Positive €797m impact of the disposal of Visa Europe securities on attributable net income

CONTINUED STRENGTHENING OF THE FINANCIAL STRUCTURE

- Common Equity Tier-1 (or CET1[6]) ratio of **13,7%** at June 30, 2016
- Total capital ratio6 of **17.8%** at June 30, 2016
- The Liquidity Coverage Ratio (LCR) is greater than 110%

ACCELERATION OF THE DIGITAL STRATEGY

- Appointment of Yves Tyrode to the position of Chief Digital Officer (CDO) of Groupe BPCE
- First banking group in the euro zone to offer the Apple Pay solution to the customers of its two retail banking networks
- Acquisition of Fidor Group, a unique approach combining a digital bank and infrastructure

[1] H1-15 and Q1-15 are presented pro forma (cf. the note on methodology at the end of this press release); unless specified to the contrary, all changes use the same reference base of June 30, 2015
[2] Excluding non-economic and exceptional items and after restating to account for the impact of IFRIC 21
[3] Entities included: CNP Assurances, Natixis Assurances, Prépar vie (gross inflows from the Banque Populaire and Caisse d'Epargne retail banking networks)
[4] Core business lines: Commercial Banking & Insurance, Investment Solutions, Corporate & Investment Banking, and Specialized Financial Services
[5] Excluding non-economic and exceptional items
[6] Estimate at June 30, 2016 – CRR/CRD4 without transitional measures (except for deferred tax assets on tax loss carryforwards and pro forma of the additional phase-in of the stock of DTA in accordance with regulation 2016/445); additional Tier-1 capital takes account of subordinated debt issues that have become ineligible and capped at the phase-out rate in force

On July 28, 2016, the Supervisory Board of Groupe BPCE convened a meeting chaired by Pierre Valentin to examine the Group's financial statements for the first half and the second quarter of 2016.

François Pérol, Chairman of the Management Board of Groupe BPCE, said: "*The second quarter was marked by an acceleration in the transformation of our Group with the acquisition of Fidor Bank, a 100% mobile and digital bank based on an innovative open technological platform, the launch of the mobile payment solution Apple Pay, and the appointment of Yves Tyrode as the Group's Chief Digital Officer. Our results confirm the Group's resilience in an adverse environment for financial intermediation activities owing to negative rates of interest. The good commercial momentum maintained by the Banque Populaire and Caisse d'Epargne networks regarding loan outstandings and deposits & savings, the strong growth recorded in our insurance and specialized financing activities, and the buoyant performance of our capital market activities run by Natixis combine to offset a part of the decline in net interest income. The close management of our expenses, the substantial decline in the cost of risk combined with lower fiscal charges have allowed our net income[2] to increase by 21% during the second quarter and by 12% in the first six months of this year. Lastly, we are also continuing to reinforce the Group's financial fundamentals with capital adequacy increased to 13.7% (common equity Tier-1) and to 17.8% (total capital) in the second quarter of the year.*"

1. CONSOLIDATED RESULTS[7] OF GROUPE BPCE FOR THE SECOND QUARTER AND FIRST HALF OF 2016

Despite persistently low interest rates and a volatile market environment, Groupe BPCE reports healthy results for the first quarter of 2016 thanks to a buoyant commercial performance and a diversified business model of proven resilience. The loan outstandings position of the Banque Populaire and Caisse d'Epargne retail banking networks has increased by 18 billion euros in the space of one year. The life and non-life insurance businesses have made strong progress, with 18% growth in gross life insurance inflows and a 10% increase in the portfolio of non-life insurance contracts. The core business lines of Natixis have also stood up well.

The Group generated net income attributable to equity holders of the parent of 1.9 billion euros[2] in the first half of 2016, equal to growth of 12.0%. This figure is the result of a limited 1.9% decline in the revenues posted by the core business lines, a substantial increase in regulatory contributions (contribution to the Single Resolution Fund, or SRF, multiplied by a factor of two compared with the first half of 2015), a sharp decline in the cost of risk (-20.2%[5]) and a marked reduction in tax (both structural and temporary effects).

One major feature of the second quarter of 2016 is an exceptional item having a significant impact on net income attributable to equity holders of the parent: capital gains of 797 million euros derived from the disposal of Visa Europe securities.

Groupe BPCE boasts a robust financial structure that it is continuing to be strengthened even further with a Common Equity Tier 1 (CET1) ratio of 13.7%[6] at June 30, 2016 and a total capital ratio of 17.8%, putting the Group in a favorable position faced with new regulatory requirements.

2014-2017 strategic plan "Another way to grow": revenue and cost synergies in line with our targets

The revenue and cost synergies are in line with the targets adopted in Groupe BPCE's 2014-2017 strategic plan. 512 million euros of additional revenues generated between the Banque Populaire banks, Caisses d'Epargne and Natixis were booked as at June 30, 2016 for an ultimate target of 870 million euros by 2017. The development of synergies in insurance and private banking corresponds perfectly with the Group's ambitions. For the Specialized Financial Services division, synergies have chiefly been driven by the sureties & guarantees, consumer loans and lease financing businesses. As a result, insurance activities accounted for 57% of the contribution to

[7] H1-15 and Q1-15 are presented pro forma (cf. the note on methodology at the end of this press release); unless specified to the contrary, all changes use the same reference base of June 30, 2015

these revenue synergies while consumer loans contributed 21%, and sureties & guarantees and other business lines each contributed 11%.

With respect to cost synergies, savings worth a total of 537 million euros had been booked as at June 30, 2016 for an ultimate target of 900 million euros by 2017. The major advances achieved in 2015 are bearing fruit:

- The operation launch of BPCE Infogérance et Technologies (BPCE-IT), a structure making it possible to pool IT production and procurement activities within the Group,
- The creation, with two industrial partners, of DocOne, an entity specializing in multichannel document management.

Changes in the Group's organization consequently account for 68% of the contribution to cost synergies while information systems and processes contributed 23% and 9% respectively.

New synergies will be generated by three mergers between regional banks launched since the beginning of the year.

Acceleration of the digital strategy

Groupe BPCE has completed a key step in its digital transformation strategy with the acquisition of Fidor Bank, a unique approach combining a digital bank and a state-of-the-art platform.

Founded in 2009 by its CEO Matthias Kröner, Fidor is one of the world's first "FinTech Banks," pioneering a step-change relationship model for retail banking. Fidor offers a unique proposition by combining an innovative customer experience relying heavily on the active involvement of the 350,000 members of its community and an open organization and architecture, enabling it to offer its clientele of approximately 120,000 individual and professional customers both Fidor products and third-party solutions developed by innovative FinTech companies.

Fidor has also developed a proprietary digital banking platform – Fidor Operating System – allowing for fast and easy functionality and providing optimized integration for third-party solutions (APIs). One illustration of this expertise: Telefónica announced this week the launch of O2 Banking, its mobile-only bank account in partnership with Fidor.

Groupe BPCE has appointed Yves Tyrode to the position of Chief Digital Officer. He will join Groupe BPCE as a CEO starting in September 2016 and will be responsible for coordinating, under François Pérol, Chairman of the Management Board, the drive to accelerate the implementation of the digital strategy.

A pioneer in the area of mobile payments, Groupe BPCE is the first banking group in the euro zone to have teamed up – via its two Banque Populaire and Caisse d'Epargne retail banking networks – with Apple Pay. Since the launch of this new mobile payment solution in France on July 19 earlier this year, Banque Populaire and Caisse d'Epargne customers have been able to use their Visa bank cards to complete purchases wherever contactless payments are accepted.

1.1 Consolidated results[7] for the first half of 2016: net income attributable to equity holders of the parent[8] up 12% to €1.9bn; sharp decline in the cost of risk and tax

The **net banking income**[9] of Groupe BPCE in the first half of 2016 stood at 11,628 million euros, down 2.8% compared with the first half of 2015. The core business lines contributed 11,510 million euros to net banking income, down 1.9% compared with the first half of 2015.

The Group's **operating expenses**[9] came to 8,413 million euros, up 2.7% year-on-year. The operating expenses of the core business lines, which amounted to 7,662 million euros, have increased by 1.0%. However, if the substantial increase in regulatory contributions is excluded – notably the contribution to the SRF of 229 million euros in the first half of 2016 while it only amounted to 106 million euros in the first half of 2015 – the Group's operating expenses have only increased by 1.2%.

[8] Excluding non-economic and exceptional items and after restating to account for the impact of IFRIC 21
[9] Excluding non-economic and exceptional items

The Group's **gross operating income**[9] stands at 3,215 million euros, down 14.8% compared with the first half of 2015. The contribution of the core business lines came to 3,848 million euros, down 7.2% on a year-on-year basis.

The Group's **cost of risk**[9] remained moderate in the first half of 2016 and declined by a significant 20.2% compared with the first half of 2015. It now stands at 741 million euros, corresponding to 23 basis points[10]. The ratio of non-performing loans to gross loan outstandings has declined, falling from 3.8% in the first half of 2015 to 3.5% in the first half of 2016 while the impaired loans coverage ratio (including guarantees related to impaired outstandings) is equal to 83.6% (vs. 79.0% in the first half of 2015)

- For the Banque Populaire and Caisse d'Épargne retail banking networks, the change in the cost of risk derives from a decline in individual provisions (thanks to an improvement in the economic environment in France) and a reduction in collective provisions
- For the core business lines of Natixis (Investment Solutions, Corporate & Investment Banking, SFS), the cost of risk is chiefly impacted by the drive to book provisions for the Oil & Gas sector (72 million euros in the first half of 2016). If the Oil & Gas sector is excluded, the cost of risk has declined, confirming the underlying improvement of all the business lines
- For the Group's core business lines, the cost of risk stands at 695 million euros, down by 22.0%, corresponding to 24 basis points.

The Group's **income before tax**[9] has declined by 9.7% to 2,702 million euros in the first half of 2016. For the core business lines, income before tax stands at 3,367 million euros, down 0.7% compared with the first half of 2015.

The Group's **income tax** stands at 759 million euros, down 34.9% compared with the first half of 2015. This decline is both structural in nature (discontinuation of the exceptional 10.7% tax on profits) and temporary (tax relief obtained equal to approximately 200 million euros). The effective tax rate for the 6-month period stands at 28.1%[9]; without tax relief, it stands at 35.5%[9]. For the core business lines, income tax came to 1,024 million euros, down 14.7%.

When restated to account for the impact of IFRIC 21, and excluding non-economic and exceptional items:

- **Net income attributable to equity holders of the parent** has risen by 12.0% compared with the first half of 2015 to reach a total of 1,897 million euros. The corresponding metric for the core business lines enjoyed growth of 7.9% to 2,143 million euros.
- The Group's **cost/income ratio** has risen by 3.3 points and now stands at 70.4% for the Group as a whole. It is equal to 65.6% for the core business lines, representing a 1.9-point increase compared with the first half of 2015.
- The Group's **ROE** stands at 6.6%, equal to a 0.4-point decline compared with the first half of 2015. ROE is 11% for the core business lines, up one point compared with the first half of 2015.

After accounting for non-economic and exceptional items, and cancelling restatements made to account for the impact of IFRIC 21, **published net income attributable to equity holders of the parent** increased by 45.8% in the first half of 2016, to 2,427 million euros. The published net income of the core business lines rose by 7.1% to stand at 2,040 million euros for the first half of this year.

1.2 Consolidated results[7] for the second quarter of 2016: net income attributable to equity holders of the parent[8] up 21.1% to more than €1bn

In the second quarter of 2016, the **net banking income**[9] of Groupe BPCE came to 5,841 million euros, down 2.2% compared with the second quarter of 2015. The net banking income of the core business lines, equal to 5,778 million euros, has experienced a limited 1.6% decline

[10] Cost of risk expressed in annualized basis points on gross customer outstandings at the beginning of the period

compared with the second quarter of 2015. The revenues (excluding changes in provisions for home purchase savings schemes) of the Commercial Banking & Insurance division have declined by 3.5% while the revenues generated by the core business lines of Natixis have increased by 1.8%.

The Group's **operating expenses**[9] came to a total of 4,025 million euros, representing an increase of 2.5% year-on-year. The expenses of the core business lines, equal to 3,733 million euros, have risen by 1.1%.

The Group's **gross operating income**[9] stands at 1,816 million euros, down 11.2% compared with the second quarter of 2015. The contribution from the core business lines is equal to 2,045 million euros, down 6.1% year-on-year.

The Group's **cost of risk**[9] declined by a substantial 15.2% in the second quarter of 2016 to reach 370 million euros, or 23 basis points[10]. For the core business lines, this metric stands at 343 million euros, down 18.0%, and also corresponds to 23 basis points.

The Group's **income before tax**[9] came to 1,561 million euros in the second quarter of 2016, down 8.1% year-on-year. For the core business lines, income before tax stands at 1,814 million euros, down 0.7% compared with the second quarter of 2015.

The Group's **income tax** amounted to 312 million euros, 51.6% lower than in the second quarter of 2015 (structural and temporary reduction). For the core business lines, income tax came to 498 million euros, down 22.1%.

When restated to account for the impact of IFRIC 21 and non-economic and exceptional items:

- **Net income attributable to equity holders of the parent** has increased by 21.1% to 1,016 million euros. The same item for the core business lines has risen by 12.8% to 1,121 million euros.
- The **cost/income ratio** has risen by 3.7 points to 70.9% for the Group; it stands at 65.6% for the core business lines, up 1.7 points compared with the second quarter of 2015.
- The Group's **ROE** stands at 7.0%, up 0.7 point. It is equal to 12% for the core business lines, up 2 points compared with the second quarter of 2015.

After accounting for non-economic and exceptional items, and cancelling restatements made to account for the impact of IFRIC 21, **published net income attributable to equity holders of the parent** has increased by 77.6% year-on-year to 1,849 million euros, which includes – for a total of 797 million euros – the capital gains realized on the disposal of Visa Europe securities, completed during the quarter. Published net income attributable to equity holders of the parent posted by the core business lines increased by 11.2% to reach a total of 1,148 million euros in the second quarter of 2016.

CONSOLIDATED RESULTS OF GROUPE BPCE FOR THE FIRST HALF OF 2016

In millions of euros	H1-16	H1-16 / H1-15 pf % change	Core business lines H1-16	H1-16 / H1-15 pf % change
Net banking income *	11,628	- 2.8%	11,510	- 1.9%
Operating expenses *	- 8,413	+ 2.7%	- 7,662	+ 1.0%
Gross operating income *	**3,215**	**- 14.8%**	**3,848**	**- 7.2%**
Cost of risk *	- 741	- 20.2%	- 695	- 22.0%
Income before tax *	**2,702**	**- 9.7%**	**3,367**	**- 0.7%**
Income tax	- 759	- 34.9%	- 1,024	- 14.7%
Minority interests	- 230	- 13.9%	- 280	- 1.9%
Net income attributable to equity holders of the parent *	**1,714**	**+ 9.8%**	**2,063**	**+ 8.3%**
Restatement to account for the IFRIC 21 impact	*184*		*80*	
Net income attributable to equity holders of the parent **	**1,897**	**+ 12.0%**	**2,143**	**+ 7.9%**
Cost/income ratio **	70.4%	+ 3.3 pts	65.6%	+ 1.9 pt
ROE**	6.6%	+ 0.4 pt	11%	+ 1 pt
Impact on net income of non-economic and exceptional items	*713*		*- 24*	
Add-back to net income of the IFRIC 21 impact	*- 184*		*- 80*	
Published net income attributable to equity holders of the parent	**2,427**	**+ 45.8%**	**2,040**	**+ 7.1%**

H1-14 pro forma, cf. the note on methodology at the end of this press release

The core business lines are Commercial Banking & Insurance (with, in particular, the Banque Populaire and Caisse d'Epargne retail banking networks in addition to Crédit Foncier, Banque Palatine and BPCE International), and the Investment Solutions, CIB, and Specialized Financial Services divisions of Natixis

* Excluding non-economic and exceptional items

** Excluding non-economic and exceptional items and excluding the IFRIC 21 impact

CONSOLIDATED RESULTS OF GROUPE BPCE FOR THE 2ND QUARTER OF 2016

In millions of euros	Q2-16	Q2-16 / Q2-15 pf % change	Core business lines T2-16	Q2-16 / Q2-15 pf % change
Net banking income *	5,841	- 2.2%	5,778	- 1.6%
Operating expenses *	- 4,025	+ 2.5%	- 3,733	+ 1.1%
Gross operating income *	**1,816**	**- 11.2%**	**2,045**	**- 6.1%**
Cost of risk *	- 370	- 15.2%	- 343	- 18.0%
Income before tax *	**1,561**	**- 8.1%**	**1,814**	**- 0.7%**
Income tax	- 312	- 51.6%	- 498	- 22.1%
Minority interests	- 141	- 5.2%	- 154	+ 1.0%
Net income attributable to equity holders of the parent *	**1,108**	**+ 22.4%**	**1,161**	**+ 12.3%**
Restatement to account for the IFRIC 21 impact	*- 92*		*- 40*	
Net income attributable to equity holders of the parent **	**1,016**	**+ 21.1%**	**1,121**	**+ 12.8%**
Cost/income ratio **	70.9%	+ 3.7 pts	65.6%	+ 1.7 pt
ROE**	7.0%	+ 0.7 pt	12%	+ 2 pts
Impact on net income of non-economic and exceptional items	*741*		*- 13*	
Add-back to net income of the IFRIC 21 impact	*92*		*40*	
Published net income attributable to equity holders of the parent	**1,849**	**+ 77.6%**	**1,148**	**+ 11.2%**

Q2-14 pro forma, cf. the note on methodology at the end of this press release

The core business lines are Commercial Banking & Insurance (with, in particular, the Banque Populaire and Caisse d'Epargne retail banking networks in addition to Crédit Foncier, Banque Palatine and BPCE International), and the Investment Solutions, CIB, and Specialized Financial Services divisions of Natixis

* Excluding non-economic and exceptional items

** Excluding non-economic and exceptional items and excluding the IFRIC 21 impact

2. CONTINUED STRENGTHENING OF THE FINANCIAL STRUCTURE IN THE SECOND QUARTER OF 2016

2.1 A total capital ratio on track to reach, or exceed, the target of 18% in early 2019, enabling the Group to comply with TLAC requirements

The CET1[11] ratio of Groupe BPCE continued to improve in the second quarter of 2016 with an estimated level of 13.7% at June 30, 2016 vs. 13% at January 1, 2016 pro forma. This increase in the CET1 ratio is chiefly driven by retained earnings (adjusted to account for the projected distribution of dividends) with an impact of 39 basis points since December 31, 2015 (adjusted to account for the impact of the disposal of Visa Europe securities). The ratio was impacted, for a total of 11 basis points, by the disposal of Visa Europe securities (considering that the securities' revaluation had already been recognized in shareholders' equity at December 31, 2015). The phased-in ratio is estimated at 13.7%.

Groupe BPCE enjoys a total capital ratio at a high level, estimated at 17.8%[11] at June 30, 2016, up 100 basis points in the first half of 2016. The fully-loaded total capital ratio is equal to 17.7%.

Total capital increased by 3.1 billion euros in the first half of 2016, rising from 65.9 billion euros at January 1, 2016 to an estimated 69.0 billion euros at June 30, 2016. This growth in the Group's total capital is related to the following factors:

- The 1.9 billion euro increase in CET1 (thanks to retained earnings) which amounted to 53.0 billion euros at June 30, 2016 vs. 51.1 billion euros at January 1, 2016.
- The 1.3 billion euro growth in Tier-2 capital since the beginning of the year, which stood at 14.5 billion euros at June 30, 2016 against 13.2 billion euros at January 1, 2016.

Risk-weighted assets remain under close control, stable vs. December 31, 2015 at 387 billion euros.

At June 30, 2016, the leverage ratio[11,12] (under Basel 3) stood at 4.8% vs. 4.7% at December 31, 2015.

2.2 Solid liquidity reserves

At June 30, 2016, liquidity reserves covered 167% of total short-term funding requirements and medium-/long-term and subordinated debt with maturities within one year. Liquidity reserves stood at 189 billion euros at June 30, 2016, including 143 billion euros of available assets eligible for central bank funding and 46 billion euros in cash placed with central banks.

The short-term liquidity coverage ratio (LCR) remained higher than 110% at June 30, 2016.

2.3 66% of the 2016 wholesale medium-/long-term funding plan completed at June 30, 2016

Groupe BPCE's ability to access major debt markets allowed it to raise medium-/long-term (MLT) resources for an aggregate of 16 billion euros at June 30, 2016, equal to 66% of the 2016 funding program for a total of 24 billion euros. The average maturity at issue is 7.6 years and the average interest rate is equal to mid-swap +42 basis points. At the end of the first six months of 2016, 51% of the medium-/long-term funding had been completed in the form of public bond issues and 49% in the form of private placements.

In the first half of 2016, a total of 10.6 billion euros (8.2 billion euros in senior debt and 2.4 billion euros in Tier-2 subordinated debt) was raised in the unsecured bond segment, equal to 62% of the 2016 unsecured funding plan.

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[11] CRR/CRD4 without transitional measures (except for deferred tax assets on tax loss carryforwards and pro forma of the additional phase-in of the stock of DTA in accordance with regulation 2016/445); additional Tier-1 capital takes account of subordinated debt issues that have become ineligible and capped at the phase-out rate in force

[12] Estimate at June 30, 2016 according to the rules of the Delegated Act published by the European Commission on October 10, 2014

During the same period, 5.4 billion euros was raised in the covered bond segment, equal to 77% of the target in this compartment.

Groupe BPCE is continuing to raise substantial funds thanks to a greater diversification of its investor base. As a result, 40% of the unsecured bonds issued in the institutional market were placed in currencies other than the euro (notably 27% in USD and 9% in JPY).

Pursuing an innovative and diversified approach for its Tier-2 bond issues, BPCE was the first non-Japanese issuer to complete a Tier-2 issue on the retail Samurai market (53 billion Japanese yen or 475 million euros).

3. RESULTS[13] OF THE BUSINESS LINES: GOOD COMMERCIAL PERFORMANCE OF THE CORE BUSINESS LINES

3.1 Commercial Banking & Insurance: stable contribution to the Group's income before tax[14] against a background of low interest rates

The Commercial Banking & Insurance business line groups together the activities pursued by the Banque Populaire and Caisse d'Epargne retail banking networks, and those of the Other Networks division comprised of the subsidiaries of BPCE International, Banque Palatine, Crédit Foncier and the minority interest in CNP Assurances.

The Banque Populaire banks and Caisses d'Epargne continued to enjoy strong commercial dynamics in the first half of 2016. Loan outstandings enjoyed significant growth to reach 406 billion euros at June 30, 2016, equal to an increase of 18 billion euros (+ 4.7%) driven by short-term credit facilities (+7.9%), consumer loans (+9.3%) and home loans (+5.8%). The volume of new loan production remained at a high level (39.6 billion euros), buoyed up by the strong momentum achieved by loans granted to corporate customers: +29% compared with the first half of 2015.

Aggregate customer deposits & savings of the Banque Populaire banks and Caisses d'Epargne stood at 639 billion euros at June 30, 2016, representing year-on-year growth of 14 billion euros (+2.3%). This growth is largely due to the increase in on-balance sheet deposits & savings (+3.0% year-on-year). The proportion of demand deposits in the structure of overall deposits at end-June 2016 rose by 3 points year-on-year to reach a total of 34% (excluding centralized savings).

At the same time, the Group pursued the development of its new growth driver: insurance. In the life-insurance segment, life funds rose by 3.1% during the period. In the non-life insurance segment, the portfolio of contracts continued to enjoy significant growth, up 10% year-on-year.

The Banque Populaire and Caisse d'Epargne retail banking networks developed innovative solutions for the benefit of their customers during the first half of 2016.

Banque Populaire launched the umbrella brand, *Banque Populaire Ingénierie Financière* ("Banque Populaire Financial Engineering"), designed to unify all its existing financial engineering resources and expertise and to provide a website (www.ingenieriefinanciere.banquepopulaire.fr) dedicated to forging contacts with the regional experts working with the Banque Populaire banks. This structure brings together the activities specializing in M&A consultancy, regional private equity and structured financing with a view to supporting corporate development strategies in the French regions.

For the second year in succession, Banque Populaire has organized "L'+xpérience," an operation involving more than 400 craftsmen and small retailers in 29 French towns and cities who invited the general public onto their premises to discover their specific know-how and expertise.

In May earlier this year, the Caisse d'Epargne unveiled its new brand territory designed with the help of the Altmann+Pacreau advertising agency. With its new corporate signature – *Vous être utile* ("To be helpful") – the Caisse d'Epargne seeks to reassert its strategic ambition: to serve as closely as possible the needs of French people in general, and of its customers in particular, by embodying a modern banking institution, enjoying reference status for customer relations; a cooperative bank, actively involved in the development of its regions.

The Caisse d'Epargne continues to enjoy its status as the preferred bank for young people thanks to the success of its student guarantee solution, organized in partnership with BPI, whose 6 million euro funding envelope was distributed in just one month. The Caisse d'Epargne also offers its support to young people with one of the market's top-ranked loan and bancassurance packages.

[13] H1-15 and Q1-15 are presented pro forma (cf. the note on methodology at the end of this press release); unless specified to the contrary, all changes use the same reference base of June 30, 2015
[14] Excluding non-economic and exceptional items

Financial results[13] for the second quarter of 2016 of the Commercial Banking & Insurance business line

The **revenues** generated by the Commercial Banking & Insurance business line in the first half of 2016 came to 7,542 million euros (excluding changes in provisions for home purchase savings schemes), representing a decline of 3.2% compared with the first half of 2015. The historically low interest rates are continuing to weigh down on net customer interest income, which is down 6.3%[15] (excluding provisions for home purchase savings schemes). Commission income from early redemption fees is down 25.8%[15] along with commissions charged on centralized savings products owing to a decline in the commission rate. However, commissions derived from customers' use of banking products and services and life insurance have risen. Revenues for the second quarter of 2016 stand at 3,727 million euros (excluding changes in provisions for home purchase savings schemes), equal to a 3.5% decline compared with the second quarter of 2015.

Operating expenses (excluding exceptional items) are tightly managed, standing at 5,054 million euros in the first half of 2016, at a level comparable with the first half of 2015 (+0.1%), and at 2,452 million euros in the second quarter of 2016, stable compared to the same period in 2015 (+0.2%).

Gross operating income (excluding exceptional items) came to 2,448 million euros in the first 6 months of 2016, down 9.7% compared with the first half of 2015. In the second quarter of 2016, this item stood at 1,266 million euros, down 9.6% year-on-year.

The **cost of risk** (excluding exceptional items), which amounted to 542 million euros in the first half of 2016, has improved substantially, down by a factor of 27.9%. In the second quarter of 2016, it came to a total of 274 million euros, down by a significant 23.7%.

The **contribution made by the Commercial Banking & Insurance business line to the Group's income before tax** came to 2,056 million euros in the first half of 2016, down 0.8% year-on-year, and stood at 1,068 million euros in the second quarter of 2016, down 2.6% compared with the same period in 2015.

Restated to account for the impact of IFRIC 21 and exceptional items:

- **Income before tax** stands at 2,136 million euros for the first half of 2016, down 0.9% compared with the first half of 2015. It is equal to 1,028 million euros for the second quarter of 2016, down 2.7% year-on-year.
- The **cost/income ratio** rose by 2.3 points in the first half of the year, to stand at 66.3%. Reaching 67.0% in the second quarter of 2016, it has improved by 2.4 percentage points in the space of one year.
- **ROE** in the first half of 2016 is equal to 10%, up one percentage point year-on-year. The ROE of the second quarter of 2016 is equal to 11%, representing a 2-point improvement compared to the second quarter of 2015.

3.1.1 Banque Populaire: sustained growth in the customer base and outstandings, faster pace of development in insurance

The Banque Populaire network comprises the 18 Banque Populaire banks, including CASDEN Banque Populaire and Crédit Coopératif and their subsidiaries, Crédit Maritime Mutuel and the Mutual Guarantee Companies.

- **Customer base**

The Banque Populaire retail banking network is pursuing its development strategy aimed at priority customer categories leading, at the end of June 2016, to 1.7% year-on-year growth in the number of principal active adult customers using banking services (+54,000 customers) and an 8.8% year-on-year increase in the number of individual customers using banking and insurance services (+95,000 customers).

[15] BP and CE retail banking networks

CASDEN Banque Populaire, a bank initially dedicated to civil servants working in education, research, and culture, has broadened its remit to include the entire French civil service, which accounted for 71% of the 87,200 new members recorded during the first half of 2016.

- **Loan outstandings**

Loan outstandings came to 177 billion euros at the end of June 2016, representing a 4.4% year-on-year increase.

- **Deposits & savings**

Deposits & savings grew by 4.2% on a year-on-year basis, rising to 238 billion euros at June 30, 2016.

- **Insurance**

Insurance activities continued to grow leading to a 10.3% year-on-year increase in the portfolio of P&C contracts and growth of 11% in the provident and health segment.

- **Financial results**

Net banking income for the first half of 2016 stands at 3,181 million euros (excluding changes in provisions for home purchase savings schemes), down 3.3% compared with the first half of 2015. This decline is chiefly due to a 6.8% downturn in net customer interest income (excluding changes in provisions for home purchase savings schemes) and a 1.1% decline in commissions. For the second quarter, net banking income comes to a total of 1,588 million euros (excluding changes in provisions for home purchase savings schemes), down 3.1% compared with the second quarter of 2015.

Operating expenses for the first half of 2016, which amounted to 2,155 million euros (excluding exceptional items), are virtually unchanged compared with the first half of 2015. For the second quarter of the year, they stand at 1,047 million euros, down 0.3%.

Gross operating income for the first half of 2016 is equal to 1,011 million euros (excluding exceptional items), down 10.1% compared with the first half of 2015. This item came to 536 million euros, down 8.1%, in the second quarter.

The **cost of risk** in the first half of 2016, equal to 261 million euros, has declined by a substantial 22.6% compared with the first half of 2015. The cost of risk in the second quarter of 2016 comes to 129 million euros, down 21.5% compared with second quarter of 2015.

Income before tax (excluding exceptional items) for first half of 2016 stands at 799 million euros, down 1.1% compared with the first half of 2015. In the second quarter of the year, it came to 427 million euros, down 0.6% compared with second quarter of 2015.

If restated to account for the impact of IFRIC 21, **income before tax**, excluding exceptional items, came to 830 million euros in the first half of 2016, equal to a decline of 1.2% compared with the first half of 2015. In the second quarter of 2016, it stood at 411 million euros, down 0.6%. The **cost/income ratio** dropped by 2.3 points, to 67.1% in the first half of 2016, and by 1.9 points, to 67.1% in the second quarter of 2016.

3.1.2 Caisse d'Epargne: net banking income remains firm, buoyed up by robust commercial performance

The Caisse d'Epargne network comprises the 17 individual Caisses d'Epargne along with their subsidiaries.

- **Customer base**

The strategy aimed at increasing the use of banking services by individual adult customers of the Caisse d'Epargne retail banking network was pursued during the first half of 2016 and led to 1.8% growth in the number of principal active customers using banking services, i.e. an additional 91,800 customers on a year-on-year basis. In the professional segment, the strategy aimed at attracting new customers led to a 3.9% increase in the number of active customers (+6,575 customers in the space of one year). In the corporate customer segment, the number of active customers rose by 5.6% (+918 customers).

- **Loan outstandings**

Loan outstandings came to a total of 229 billion euros at June 30, 2016, up 4.9% compared with June 30, 2015.

- **Deposits & savings**

Deposits & savings rose by +1.1% to reach a total of 401 billion euros at June 30, 2016.

- **Insurance**

The Caisse d'Epargne retail banking network continued to enjoy significant growth in its insurance activities, leading to a 10.0% increase in its portfolio of P&C contracts and 9.1% growth in the provident and health insurance segment.

- **Financial results**

Net banking income for the first half of 2016 stands at 3,662 million euros (excluding changes in provisions for home purchase savings schemes), down 1.2% compared with the first half of 2015. This change is chiefly due to a 5.8% reduction in net customer interest income (excluding changes in provisions for home purchase savings schemes) and a 1.4% decline in commissions on a year-on-year basis. In the second quarter of 2016, net banking income (excluding changes in provisions for home purchase savings schemes) came to 1,789 million euros, down 1.6%.

Operating expenses, excluding exceptional items, came to 2,423 million euros in the first half of 2016, reflecting marginal growth of 0.3% compared with the first half of 2015. In the second quarter of 2016, they stood at 1,180 million euros, up 0.6% compared with the second quarter of 2015.

Gross operating income, excluding exceptional items, is equal to 1,215 million euros in the first half of 2016, down 4.6% compared with the first half of 2015. In the second quarter of 2016, it came to 605 million euros, representing a 4.8% year-on-year decline.

The **cost of risk**, which amounted to 173 million euros in the first half of 2016, has fallen by 44.8% compared with the first half of 2015, excluding exceptional items. In the second quarter of 2016, it came to 88 million euros, down 36.2%.

Income before tax, excluding exceptional items, came to 1,039 million euros in the first half of 2016, up 8.5% on a year-on-year basis, and stood at 515 million euros in the second quarter of the year, up 3.8% compared with the same period in 2015.

If restated to account for the impact of IFRIC 21, income before tax, excluding exceptional items, came to 1,075 million euros in the first half of 2016, equal to growth of 8.2% compared with the first half of 2015. In the second quarter of 2016, it stood at 498 million euros, up 3.9%.

The **cost/income ratio** declined by 1.1 points, to 65.6%, in the first half of 2016 and by 1.3 points, to 67.1% in the second quarter of 2016.

3.1.3 Other networks

The contribution of the **Other networks** sub-division to the income before tax of Groupe BPCE came to 218 million euros for the first half of 2016, down 28.9% compared with the same period in 2015. **When restated to account for the impact of IFRIC 21**, income before tax stands at 232 million euros, down 28.0% compared with the first half of 2015.

- **Real estate Financing**

Crédit Foncier is the principal entity contributing to the Real estate Financing business line.

Crédit Foncier enjoyed buoyant commercial activity in the first half of 2016.

Aggregate new loan production came to 4.3 billion euros in the first half of 2016, including 3.2 billion euros for the individual customer segment and 1.2 billion euros for the public-sector facilities and real-estate investors segment.

In line with the strategy aimed at reducing the balance-sheet size, loan outstandings have declined by almost 5%. At June 30, 2016, they stood at 83 billion euros including 49 billion euros of loans granted to individual customers and 29 billion euros of loans granted in the public-sector facilities and real-estate investors market segment.

Restated to account for exceptional items (including the CVA/DVA impact), **net banking income** declined by 4.3% in the first half of 2016 compared with the same period in 2015. This decline goes hand-in-hand with that of the balance-sheet size; it also reflects the lower level of early loan redemption and related fee income.

Restated to account for the impact of IFRIC 21, **income before tax**[16] of Crédit Foncier came to 83 million euros in the first half of 2016.

- **BPCE International**

BPCE International represents all the international subsidiaries of Groupe BPCE, with the exception of Natixis.

The contribution of BPCE International to the income before tax of Groupe BPCE (after restating to account for the impact of IFRIC 21) is 10 million euros for the first half of 2016.

- **Banque Palatine**

The contribution of Banque Palatine to the income before tax of Groupe BPCE (after restating to account for the impact of IFRIC 21) is 32 million euros for the first half of 2016.

- **CNP and Others**

The principal entity comprising the division is the minority interest in CNP Assurances, accounted for by the equity method.

The contribution of CNP and Others to the income before tax of Groupe BPCE (after restating to account for the impact of IFRIC 21) is 104 million euros for the first half of 2016.

[16] Excluding the net loss of €104m in H1-15 recognized on Heta Asset Resolution AG allocated to the Corporate center

3.2 Core business lines of Natixis[17,18] (Investment Solutions, Corporate & Investment Banking, and Specialized Financial Services: activities of the core business lines stood up well in H1-16

The **net revenues** of the core business lines of Natixis (Investment Solutions, Corporate & Investment Banking, and Specialized Financial Services) stood at 4,009 million euros in the first half of 2016, marginally up compared with the first half of 2015 (+0.8%). Net revenues came to 2,060 million euros in the second quarter of 2016, reflecting 1.8% growth year-on-year.

The **operating expenses** of the core business lines of Natixis amounted to 2,608 million euros in the first half of 2016, up 2.7% compared with the same period in 2015. These expenses stood at 1,281 million euros in the second quarter of 2016, up 2.9% over the same period last year.

The **gross operating income** of the core business lines of Natixis came to 1,400 million euros in the first half of the year, representing a 2.5% decline compared with the first half of 2015. This item stood at 779 million euros in the second quarter of 2016, marginally up compared with the second quarter of 2015 (+0.2%).

The **cost of risk** of the core business lines of Natixis amounted to 153 million euros in the first half of 2016, up by 9.9% compared with the same period in 2015. The cost of risk for the second quarter of 2016 rose 16.8% year-on-year to stand at 69 million euros.

The **income before tax** of the core business lines of Natixis came to 1,311 million euros in the first half of 2016, down 0.6% on a year-on-year basis. Income before tax stood at 746 million euros in the first quarter of the year, up 2.2%.

Restated to account for the impact of IFRIC 21, income before tax for the first half of 2016 stands at 1,345 million euros, down 0.6% compared with the first half of 2015. It came to 729 million euros in the second quarter of 2016, up 2.3%. On a division by division basis, income before tax can be broken down as follows:

- The **Investment Solutions** division reported **income before tax** of 520 million euros in the first half of 2016, down 1.5% compared with the first half of 2015. The Investment Solutions division accounted for 39% of the income before tax of the core business lines. In the second quarter of 2016, income before tax stood at 251 million euros, down 8.4% compared with the second quarter of 2015.
- In the **Corporate & Investment Banking** division, **income before tax** came to 579 million euros in the first half of 2016, down 7.1%. The Corporate & Investment Banking division accounted for 43% of the income before tax of the core business lines. In the second quarter of 2016, income before tax stood at 346 million euros, up 2.7% compared with the same period in 2015.
- The **income before tax of the Specialized Financial Services (SFS)** division enjoyed growth of 21.4% in the first half of 2016, rising to 246 million euros. The Specialized Financial Services division accounted for 18% of the income before tax of the core business lines. In the second quarter of 2016, income before tax rose by 30.0% compared with the second quarter of 2015 to reach a total of 133 million euros.

Restated to account for the impact of IFRIC 21, the **cost/income ratio** of the core business lines of Natixis is equal to 64.2% in the first half of 2016, representing an increase of 1.2 points. In the second quarter of this year, it stood at 63.0%, equal to a 0.6-point increase.

Restated to account for the impact of IFRIC 21, **ROE** was equal to 13% in the first half of 2016, a level stable on a year-on-year basis. In the second quarter of 2016, it rose one percentage point compared with the second quarter of 2015 to reach 15%.

(For a more detailed analysis of the core business lines and results of Natixis, please refer to the press release published by Natixis that may be consulted online at www.natixis.com).

[17] The Groupe BPCE contribution figures are different from those published by Natixis
[18] H1-15 and Q2-15 results are presented pro forma (cf. notes on methodology)

NON-ECONOMIC AND EXCEPTIONAL ITEMS FOR THE 2ND QUARTER OF 2016

Non-economic items In millions of euros	Q2-16 Income before tax	Q2-16 Net income attributable to equity holders of the parent	Q2-15 pf Income before tax	Q2-15 pf Net income attributable to equity holders of the parent
Revaluation of own debt* *(net banking income)*	- 26	- 13	127	60
Revaluation of assets associated with deeply subordinated notes denominated in foreign currencies** *(net banking income)*	23	14	- 39	- 22
Total impact of non-economic items	**- 3**	**0**	**88**	**38**

Exceptional items In millions of euros	Q2-16 Income before tax	Q2-16 Net income attributable to equity holders of the parent	Q2-15 pf Income before tax	Q2-15 pf Net income attributable to equity holders of the parent
Capital gains realized on Visa Europe securities *(net banking income)*	831	797		
Disposal of the entire residual equity interest in Nexity *(net banking income)*			111	109
Banca Carige / Permanent impairment *(net banking income)*	- 3	- 3	3	3
Disposal of international assets managed on a run-off basis *(net banking income)*	- 26	- 17	- 24	- 15
Transformation costs *(operating expenses)*	- 20	- 13	- 2	- 1
Heta Asset Resolution AG *(cost of risk)*			38	29
Decline in value of goodwill and other gains or losses on other assets	- 76	- 23	- 34	- 26
Total impact of exceptional items	**706**	**741**	**92**	**98**
Total impact	**703**	**741**	**180**	**136**

Q1-15 results are presented pro forma (cf. notes on methodology)

* Concerns Natixis and Crédit Foncier

** Concerns Natixis and BPCE

NON-ECONOMIC AND EXCEPTIONAL ITEMS FOR THE FIRST HALF OF 2016

Non-economic items In millions of euros	H1-16 Income before tax	H1-16 Net income attributable to equity holders of the parent	H1-15 pf Income before tax	H1-15 pf Net income attributable to equity holders of the parent
Revaluation of own debt* *(net banking income)*	- 19	- 8	119	54
Revaluation of assets associated with deeply subordinated notes denominated in foreign currencies** *(net banking income)*	- 22	- 13	83	47
Total impact of non-economic items	**- 41**	**- 21**	**202**	**101**

Exceptional items In millions of euros	H1-16 Income before tax	H1-16 Net income attributable to equity holders of the parent	H1-15 pf Income before tax	H1-15 pf Net income attributable to equity holders of the parent
Capital gains realized on Visa Europe securities *(net banking income)*	831	797		
Disposal of the entire residual equity interest in Nexity *(net banking income)*	39	40	111	109
Banca Carige / Permanent impairment *(net banking income)*	- 13	- 13	3	3
Disposal of international assets managed on a run-off basis *(net banking income)*	- 65	- 43	- 29	- 18
Transformation costs *(operating expenses)*	- 36	- 24	- 2	- 2
Heta Asset Resolution AG *(cost of risk)*			- 104	- 64
Decline in value of goodwill and other gains or losses on other assets	- 76	- 23	- 34	- 26
Total impact of exceptional items	**680**	**734**	**- 55**	**2**
Total impact	**639**	**713**	**147**	**103**

Q1-15 results are presented pro forma (cf. notes on methodology)

* Concerns Natixis and Crédit Foncier

** Concerns Natixis and BPCE

For further details about the financial results for the 1st half and the 2nd quarter of 2016, please consult the Investors/Results section of the corporate website www.bpce.fr.

The summary financial statements of Groupe BPCE for the period ended June 30, 2016 approved by the Management Board at a meeting convened on July 27, 2016, were verified and reviewed by the Supervisory Board at a meeting convened on July 28, 2016. These results are subject to a limited review carried out by the statutory auditors.

Notes on methodology

Presentation of Q2-15 and S1-15 pro-forma results

The segment information has been modified as of Q1-16 after the Equity interests division was subsumed into the Corporate center division.

On September 18, 2015, BPCE International transferred to the Caisse d'Epargne Provence-Alpes-Corse the entire equity interest it held in Banque de la Réunion, Banque des Antilles Françaises and Banque de Saint-Pierre-et-Miquelon. The revenues generated by these entities have been attributed retroactively to the Caisse d'Epargne sub-division. This operation has no impact on the Commercial Banking & Insurance division as a whole.

The retroactive application since January 1st, 2015 of the change in the accounting method whereby assets and liabilities denominated in foreign currencies are hedged by currency swaps (with the impacts of the inefficiency of hedging now being recorded in transferable capital) has led to a restatement of the 2015 quarterly reviews; this restatement has no impact on the 2015 annual result.

The series of financial reports for 2015 is also presented pro forma to account for the transfer of expenses from the Corporate Center division to the SFS division.

The method used to account for renegotiation fees charged by the retail networks has been standardized between 2015 and 2016 leading to a pro-forma figure for the 2015 financial year. In 2016, renegotiation fees are accounted for in net interest margin over the period whereas in 2015 certain entities accounted for these fees in commissions, on a one-off basis.

Non-economic and exceptional items

The figures and comments contained in this presentation are based on the income statements of Groupe BPCE and its business lines restated to reflect the non-economic and exceptional accounting items listed on pages 16 and 17 of this press release. A reconciliation of the restated income statement with the income statement published by Groupe BPCE is provided in an annex to the slide presentation.

As of Q1-16, the contribution to the Single Resolution Fund, accounted for in the operating expenses of the Corporate center, is no longer restated as an exceptional item.

When the Q1-15 results were published, the amount recognized as the Group's contribution to the Single Resolution Fund was based on an estimate. The series of financial reports for 2015 has been restated to reflect the actual amount of the Q1-15 contribution to the SRF as calculated by the supervisory authority. This restatement has no impact on the 2015 annual result. Similarly, following notification of the actual amount of the contribution in Q2-16, the amount of the SRF recognized in Q1-16 has been readjusted.

The Group has launched a number of transformation operations helping to simplify its organizational structure and to generate synergies. The resulting transformation costs (restructuring expenses specific to projects for the combination/merger of entities and the migration to existing IT platforms) have been isolated as of Q2-16.

Net banking income

Net customer interest income, excluding regulated home savings schemes, is computed on the basis of interest earned from transactions with customers, excluding net interest on centralized savings products (Livret A, Livret Développement Durable, Livret Epargne Logement passbook savings accounts) and changes in provisions for home purchase savings schemes.

Net interest on centralized savings is assimilated to commissions.

Restatement of the impact of IFRIC 21

The results, cost/income ratios and ROE, after being restated to account for the impact of IFRIC 21, are calculated on the basis of ¼ of the amount of taxes and contributions resulting from the interpretation of IFRIC 21 for a given quarter, or ½ of the amount of taxes and contributions resulting from the interpretation of IFRIC 21 for a 6-month period.

Business line performance presented using Basel 3 standards

***The accounting ROE of Groupe BPCE** is the ratio between the following items:*

Net income attributable to equity holders of the parent restated to account for the interest expense related to deeply subordinated notes classified as equity and for non-economic and exceptional items

Equity attributable to equity holders of the parent restated to account for the deeply subordinated notes classified as equity and for unrealized gains and losses

***The standard ROE of the core business lines** (Commercial Banking & Insurance on the one hand; Investment Solutions, Corporate & Investment Banking, and Specialized Financial Services on the other) is the ratio between the following items:*
Core business line contributory net income attributable to equity holders of the parent, less interest (computed at the standard rate of 3%) paid on surplus equity compared with normative capital and restated to account for non-economic and exceptional items
Normative capital adjusted to reflect goodwill and intangible assets related to the core business line
Normative capital is allocated to Groupe BPCE business lines since Q1-15 on the basis of 10% of Basel-3 average risk-weighted assets.

Capital adequacy
Common Equity Tier 1 is determined in accordance with the applicable CRR/CRD 4 rules; non-phased-in equity is presented without the application of transitional measures, with the exception of restated deferred tax assets on tax loss carryforwards.
Additional Tier-1 capital takes account of subordinated debt issues that have become non-eligible and subject to ceilings at the phase-out rate in force.
The leverage ratio is calculated using the rules of the Delegated Act published by the European Commission on October 10, 2014, without transitional measures, after restating to account for deferred tax assets on tax loss carryforwards. Securities financing operations carried out with clearing houses are offset on the basis of the criteria set forth in IAS 32, without consideration of maturity and currency criteria. Account has been taken in the total leverage exposure of savings deposits centralized with the Caisse des Dépôts et Consignations since Q1-16.

Liquidity
*The Group's **LTD ratio (loan-to-deposit ratio)** is the ratio between customer loans and centralized regulated passbook savings accounts in the numerator, and customer deposits in the denominator. The scope of the calculation excludes SCF (Compagnie de Financement Foncier, the Group's société de crédit foncier, a French covered bond issuer). These items are taken from the Group's accounting balance sheet after accounting for the insurance entities using the equity method. Customers' deposits have been subject to the following adjustments:*
Addition of security issues placed by the Banque Populaire and Caisse d'Epargne retail banking networks with their customers, and certain operations carried out with counterparties comparable to customer deposits
Withdrawal of short-term deposits held by certain financial customers collected by Natixis in pursuit of its intermediation activities.

*The **liquidity reserve** includes:*
Available assets eligible for the Federal Reserve
Other available securities eligible for the Central European Bank
Securities retained, available and eligible for the Central European Bank
Private receivables, available and eligible for central bank funding
Liquid assets placed with central banks
Amounts are published after including Central Bank discounts.

***Short-term funding** corresponds to funding with an initial maturity of less than 12 months.*

About Groupe BPCE
Groupe BPCE, the 2nd-largest banking group in France, includes two independent and complementary cooperative commercial banking networks: the network of 18 Banque Populaire banks and the network of 17 Caisses d'Epargne. It also works through Crédit Foncier in the area of real estate financing. It is a major player in Investment Solutions, Corporate & Investment banking and financial services with Natixis. Groupe BPCE, with its 108,000 employees, serves a total of 35 million customers and enjoys a strong local presence in France with 8,000 branches and more than 8.9 million cooperative shareholders.

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2.4 Analysts presentation

GROUPE BPCE

Bankers and insurers with a different perspective

Results for the 2nd quarter and 1st half of 2016

July 28, 2016

Disclaimer

This presentation may contain forward-looking statements and comments relating to the objectives and strategy of Groupe BPCE. By their very nature, these forward-looking statements inherently depend on assumptions, project considerations, objectives and expectations linked to future events, transactions, products and services as well as on suppositions regarding future performance and synergies.

No guarantee can be given that such objectives will be realized; they are subject to inherent risks and uncertainties and are based on assumptions relating to the Group, its subsidiaries and associates and the business development thereof; trends in the sector; future acquisitions and investments; macroeconomic conditions and conditions in the Group's principal local markets; competition and regulation. Occurrence of such events is not certain, and outcomes may prove different from current expectations, significantly affecting expected results. Actual results may differ significantly from those anticipated or implied by the forward-looking statements. Groupe BPCE shall in no event have any obligation to publish modifications or updates of such objectives.

Information in this presentation relating to parties other than Groupe BPCE or taken from external sources has not been subject to independent verification; the Group makes no statement or commitment with respect to this third-party information and makes no warranty as to the accuracy, fairness, precision or completeness of the information or opinions contained in this presentation. Neither Groupe BPCE nor its representatives shall be held liable for any errors or omissions or for any harm resulting from the use of this presentation, the content of this presentation, or any document or information referred to in this presentation.

The financial information presented in this document relating to the fiscal period ended June 30, 2016 has been drawn up in compliance with IFRS guidelines, as adopted in the European Union. This financial information is not the equivalent of summary financial statements for an interim period as defined by IAS 34 "Interim Financial Reporting."

This presentation includes financial data related to publicly-listed companies which, in accordance with Article L. 451-1-2 of the French Monetary and Financial Code (*Code Monétaire and Financier*), publish information on a quarterly basis about their total revenues per business line. Accordingly, the quarterly financial data regarding these companies is derived from an estimate carried out by Groupe BPCE. The publication of Groupe BPCE's key financial figures based on these estimates should not be construed to engage the liability of the abovementioned companies.

The summary financial statements of Groupe BPCE for the period ended June 30, 2016 approved by the Management Board at a meeting convened on July 26, 2016, were verified and reviewed by the Supervisory Board at a meeting convened on July 28, 2016. These results are subject to a limited review carried out by the statutory auditors.

Attributable net income[1,2] of €1.9bn in H1-16, equal to growth of 12%
Sharp decline in the cost of risk

Buoyant commercial activity

Strong momentum in the Banque Populaire and Caisse d'Epargne retail banking networks

- Loan outstandings +4.7%/deposits & savings +2.3% year-on-year
- Loans to corporates: new loan production +29%

Rollout of Insurance solutions[3]

- Gross life insurance inflows: +18%
- Portfolio of non-life insurance contracts: +10%

Core business lines of Natixis

- Strong recovery in activities Q2-16 vs. Q1-16 thanks to a well-balanced business model maintaining the earning capacity of the core business lines

Acceleration of the digital strategy

Appointment of Yves Tyrode, Chief Digital Officer of the Group

1st banking group in the euro zone to offer the Apple Pay solution to its customers

Acquisition of Fidor Bank: a unique approach combining a digital bank and a state of the art platform

A resilient business model

Commercial momentum making it possible to limit the decline in core business line[4] revenues: -1.9%

- Retail banking net interest income continues to be impacted by prevailing low interest rates
- Revenues of the core business lines of Natixis: +1%, driven by the capital market, insurance and specialized financing activities

Decline in the cost of risk[1]: -20.2%

Q2-16: major exceptional item

Disposal of Visa Europe securities: +€797m in attributable net income

Continued strengthening of the financial structure

CET1 ratio: 13.7 %[5]

Total capital ratio: 17.8 %[5]

LCR > 110 %

Attributable net income = Net income attributable to equity holders of the parent - Unless specified to the contrary, all changes are vs. H1-15 pf
[1] Excluding non-economic and exceptional items [2] After restating to account for the impact of IFRIC 21 [3] Entities included: CNP Assurances, Natixis Assurances, Prépar vie (gross inflows from the Banque Populaire and Caisse d'Epargne retail banking networks) [4] Commercial Banking & Insurance, Investment Solutions, Corporate & Investment Banking, and Specialized Financial Services [5] Estimate at June 30, 2016, CRR/CRD 4 without transitional measures (except for deferred tax assets on tax loss carryforwards and pro forma of the additional phase-in of the stock of DTA in accordance with regulation 2016/445); additional Tier-1 capital takes account of subordinated debt issues that have become ineligible and capped at the phase-out rate in force

Contents

A major exceptional item in Q2-16: Visa Europe capital gains

Non-economic items in millions of euros	H1-16 Income before tax	H1-16 Net income attributable to equity holders of the parent	H1-15 pf Income before tax	H1-15 pf Net income attributable to equity holders of the parent	Q2-16 Income before tax	Q2-16 Net income attributable to equity holders of the parent	Q2-15 pf Income before tax	Q2-15 pf Net income attributable to equity holders of the parent
Revaluation of own debt[1] *(Net Banking Income)*	-19	-8	119	54	-26	-13	127	60
Revaluation of assets associated with deeply subordinated notes denominated in foreign currencies[2] *(Net Banking Income)*	-22	-13	83	47	23	14	-39	-22
Total impact of non-economic items	**-41**	**-21**	**202**	**101**	**-3**	**0**	**88**	**38**

Exceptional items in millions of euros	H1-16 Income before tax	H1-16 Net income attributable to equity holders of the parent	H1-15 pf Income before tax	H1-15 pf Net income attributable to equity holders of the parent	Q2-16 Income before tax	Q2-16 Net income attributable to equity holders of the parent	Q2-15 pf Income before tax	Q2-15 pf Net income attributable to equity holders of the parent
Capital gains realized on Visa Europe securities *(Net Banking Income)*	831	797			831	797		
Disposal of share capital of Nexity *(Net Banking Income)*	39	40	111	109			111	109
Banca Carige / prolonged decline in value *(Net banking income)*	-13	-13	3	3	-3	-3	3	3
Disposal of international assets managed on a run-off basis *(Net banking income)*	-65	-43	-29	-18	-26	-17	-24	-15
Transformation costs *(Operating expenses)*	-36	-24	-2	-2	-20	-13	-2	-1
Heta Asset Resolution AG *(Cost of risk)*			-104	-64			38	29
Goodwill impairment and other gains or losses on other assets	-76	-23	-34	-26	-76	-23	-34	-26
Total impact of exceptional items	**680**	**734**	**-55**	**2**	**706**	**741**	**92**	**98**
Total impact	**639**	**713**	**147**	**103**	**703**	**741**	**180**	**136**

[1] This item concerns Natixis and Crédit Foncier [2] This item concerns Natixis and BPCE

H1-16 results

12% growth in attributable net income[1,2] to €1.9bn
Sharp decline in the cost of risk and taxation

Results In millions of euros	H1-16	H1-15 pf	H1-16/H1-15 pf % change	Core business lines[3] H1-16	Core business lines[3] H1-15 pf	H1-16/H1-15 pf % change
Net banking income[1]	11,628	11,965	-2.8%	11,510	11,737	-1.9%
Operating expenses[1]	-8,413	-8,191	2.7%	-7,662	-7,589	1.0%
Gross operating income[1]	**3,215**	**3,774**	**-14.8%**	**3,848**	**4,148**	**-7.2%**
Cost of risk[1]	-741	-929	-20.2%	-695	-892	-22.0%
Income before tax[1]	**2,702**	**2,994**	**-9.7%**	**3,367**	**3,391**	**-0.7%**
Income tax	-759	-1,166	-34.9%	-1,024	-1,201	-14.7%
Minority interests	-230	-267	-13.9%	-280	-285	-1.9%
Net income attributable to equity holders of the parent[1]	**1,714**	**1,561**	**9.8%**	**2,063**	**1,905**	**8.3%**
Restatement of IFRIC 21	184	133		80	81	
Net income attributable to equity holders of the parent - after IFRIC 21[1] restatement	**1,897**	**1,694**	**12.0%**	**2,143**	**1,986**	**7.9%**
Cost / income ratio[1,2]	70.4%	67.0%	3.3 pts	65.6%	63.7%	1.9 pt
ROE[1,2]	6.6%	6.2%	0.4 pt	11%	10%	1 pt
Impact on net income of non economic and exceptional items	713	103		-24	-2	
Reinstatement of IFRIC 21	-184	-133		-80	-81	
Published net income attributable to equity holders of the parent	**2,427**	**1,664**	**45.8%**	**2,040**	**1,904**	**7.1%**

- **Limited decline in revenues** thanks to commercial dynamism, despite the impact of low interest rates on retail banking
- Group operating expenses: **+1.2%** excluding the **substantial increase in regulatory contributions** (SRF: -€229m in H1-16 vs. -€106m in H1-15 pf)
- Sharp decline in the cost of risk: **-20.2%**
- Taxation: **structural decrease** (discontinuation of exceptional 10.7% tax on profits) and **temporary** reduction of approx. €200m (tax relief obtained); the effective tax rate for the 6-month period stands at 28.1%[1] (35.5%[1] excl. tax relief obtained)

H1-15 pf: cf. Notes on methodology
[1] Excluding non-economic and exceptional items [2] After restating to account for the impact of IFRIC 21 [3] Commercial Banking & Insurance, Investment Solutions, Corporate & Investment Banking, and Specialized Financial Services

Q2-16 results

Attributable net income[1,2] in excess of €1bn, up 21.1%

Results In millions of euros	Q2-16	Q2-15 pf	Q2-16/Q2-15 pf % change	Core business lines[3] Q2-16	Core business lines[3] Q2-15 pf	Q2-16/Q2-15 pf % change
Net banking income[1]	5,841	5,973	-2.2%	5,778	5,869	-1.6%
Operating expenses[1]	-4,025	-3,927	2.5%	-3,733	-3,691	1.1%
Gross operating income[1]	**1,816**	**2,046**	**-11.2%**	**2,045**	**2,178**	**-6.1%**
Cost of risk	-370	-436	-15.2%	-343	-419	-18.0%
Income before tax[1]	**1,561**	**1,698**	**-8.1%**	**1,814**	**1,827**	**-0.7%**
Income tax	-312	-644	-51.6%	-498	-640	-22.1%
Minority interests	-141	-149	-5.2%	-154	-153	1.0%
Net income attributable to equity holders of the parent[1]	**1,108**	**906**	**22.4%**	**1,161**	**1,033**	**12.3%**
Restatement of IFRIC 21	-92	-67		-40	-40	
Net income attributable to equity holders of the parent - after IFRIC 21[1] restatement	**1,016**	**839**	**21.1%**	**1,121**	**993**	**12.8%**
Cost / income ratio[1,2]	70.9%	67.2%	3.7 pts	65.6%	63.9%	1.7 pt
ROE[1,2]	7.0%	6.3%	0.7 pt	12%	10%	2 pts
Impact on net income of non economic and exceptional items	741	136		-13	-1	
Reinstatement of IFRIC 21	92	67		40	40	
Published net income attributable to equity holders of the parent	**1,849**	**1,042**	**77.6%**	**1,148**	**1,032**	**11.2%**

- Limited downturn in the revenues posted by the core business lines of **-1.6%**: 3.5%[4] decline for Commercial Banking & Insurance, and 1.8% growth in the core business lines of Natixis
- Decline in the cost of risk: **-15.2%**
- Structural and temporary reduction in taxation
- **Exceptional item in Q2-16:** capital gains realized on the disposal of Visa Europe securities for **€797m** recognized in net income attributable to equity holders of the parent

Q2-15 pf: cf. Notes on methodology

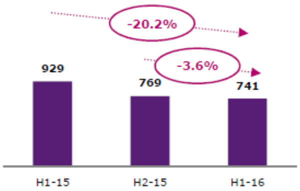
[1] Excluding non-economic and exceptional items [2] After restating to account for the impact of IFRIC 21 [3] Commercial Banking & Insurance, Investment Solutions, Corporate & Investment Banking, and Specialized Financial Services [4] Excluding changes in provisions for home purchase savings schemes

Results of Groupe BPCE

Cost of risk remained moderate in H1-16 and down sharply vs. H1-15

Groupe BPCE

Cost of risk (€m)



	H1-15	H2-15	H1-16
Ratio of non-performing loans/gross loan outstandings	3.8%	3.7%	3.5%
Impaired loans coverage ratio[1]	79.0%	81.0%	83.6%

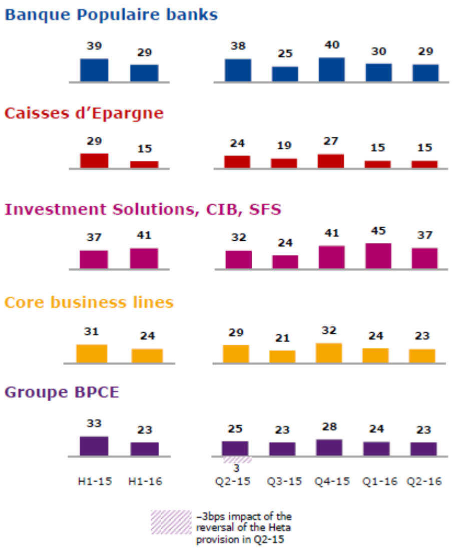
BP and CE retail banking networks

- Decline in individual provisions thanks to an improvement in the economic environment in France
- Decline in collective provisions

Investment Solutions, CIB, SFS

- Cost of risk mainly impacted by the effort to book provisions for the Oil & Gas sector (€72m in H1-16)
- Excluding Oil & Gas sector, the cost of risk has declined, confirming the underlying improvement of all the business lines

Cost of risk in basis points[2]



[1] Coverage ratio, including guarantees related to impaired outstandings [2] Cost of risk expressed in annualized basis points on gross customer outstandings at the beginning of the period

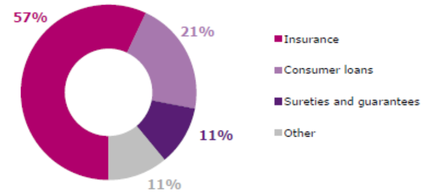
2014-2017 Strategic Plan:
Revenue and cost synergies in line with objectives

€512m in revenue synergies at June 30, 2016

2017 target for additional revenues generated between the Banque Populaire banks, Caisses d'Epargne and Natixis: €870m

- Development of synergies in the insurance and private banking segments, in line with the Group's ambitions
- Specialized Financial Services: synergies chiefly driven by the sureties and guarantees, consumer loans and lease financing businesses

Contributions to revenue synergies
Per business line



€537m in cost synergies at June 30, 2016

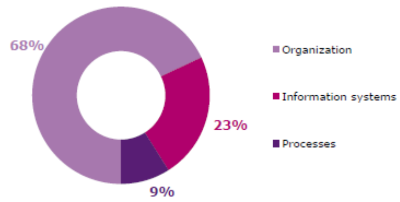
2017 target for cost synergies: €900m

The major advances achieved in 2015 are bearing fruit

- Operational launch of BPCE Infogérance et Technologies (BPCE-IT), a structure making it possible to pool IT production and procurement activities within the Group
- Creation, with two industrial partners, of DocOne, an entity specializing in multichannel document management

New synergies generated with 3 merger operations between regional banks launched since the beginning of the year

Contributions to cost synergies
Per category



Acquisition of Fidor Bank
A unique approach combining a digital bank and a state of the art platform

A pionner "Fintech Bank" combining traditional financial services with innovative technology

- Received banking license in 2009 and operating in Germany since 2010 and in the UK since 2015

A client centric approach engaging its ~350,000 members in an open organization and architecture to foster flexibility and agility

A cost-effective model for winning new customers

Fidor Smart Cash Account: ~120,000 retail and SMEs customers

- Marketplace infrastructure offering Fidor products as well as third-party offerings developed by innovative Fintech companies enabling easy cross selling

"60 second banking" providing financial services in real time

A proprietary modular banking platform – Fidor Operating System – allows for fast and easy functionality and enables open and most advanced API Banking

"No Stack Banking", a service for non-banks that want to offer banking to their customers

- Launch of *O2 Banking* by Telefónica Deutschland in cooperation with Fidor Group, the first mobile-only bank account by a mobile provider

- **A key step in the digital transformation strategy of Groupe BPCE**
- **An investment in a disruptive model**
- **A digital technology at the heart of the business model**
- **Complementary and experienced management team with a strong digital expertise – led by Matthias Kröner – core to the development strategy of the Fidor Bank**

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Capital adequacy

Continuous improvement, with a total capital ratio in line with an early-2019 target of ≥ 18%, allowing TLAC compliance

Generation of Common Equity Tier 1 chiefly through retained earnings

- +39bps related to H1-16 results (adjusted to account for the impact of the disposal of Visa Europe)
- Impact of the disposal of Visa Europe equal to 11bps (securities' revaluation already recognized in shareholders' equity at Dec. 31, 2015)

Decline in risk-weighted assets to €387bn at June 30, 2016 vs. €391bn at Dec. 31, 2015

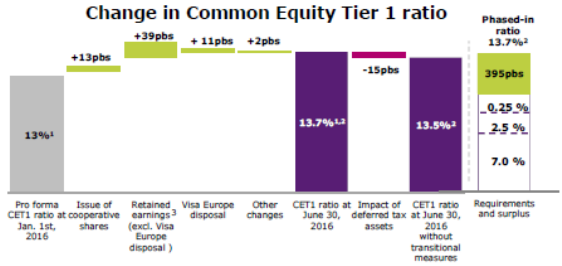
Leverage ratio under Basel 3[1,4] of 4.8% at June 30, 2016 vs. 4.7% at Dec. 31, 2015

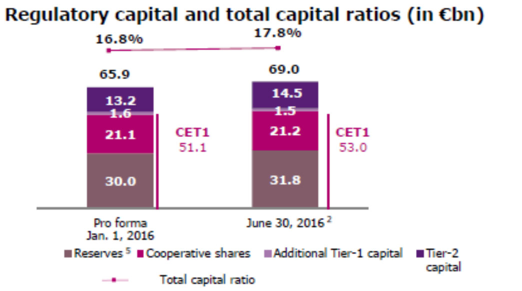
Total capital ratio: +100bps in H1-16 to stand at 17.8%[1,2]

- Fully-loaded total capital ratio: 17.7%

€3.1bn increase in total capital in H1-16, o/w:

- CET1: + €1.9bn thanks to retained earnings
- Tier 2: + €1.3bn since the beginning of the year





[1] CRR/CRD 4 without transitional measures (except for deferred tax assets on tax loss carryforwards and pro forma of the additional phase-in of the stock of DTA in accordance with regulation 2016/445); additional Tier-1 capital takes account of subordinated debt issues that have become ineligible and capped at the phase-out rate in force [2] Estimate at June 30, 2016 [3] Retained earnings, taking account of the projected distribution [4] Estimate at June 30, 2016 according to the rules of the Delegated Act published by the European Commission on October 10, 2014 [5] Reserves net of prudential restatements

Liquidity
Solid liquidity reserves and diversified wholesale funding

Liquidity reserves: €189bn at June 30, 2016

- **€46bn** in cash placed with central banks
- **€143bn** of available assets eligible for central bank funding

LCR > 110% at June 30, 2016

66% of the 2016 MLT wholesale funding plan already completed at June 30, 2016

- €16.0bn raised out of a €24bn plan
- Average maturity at issue: 7.6 years
- Average rate: mid-swap +42bps
- 51% in public issues and 49% in private placements

Unsecured bond segment: €10.6bn raised (62% of the 2016 unsecured funding plan)

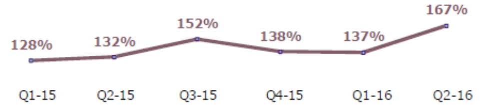
- Senior debt: €8.2bn
- Tier 2: €2.4bn

Covered bond segment: €5.4bn raised (77% of the 2016 secured funding plan)

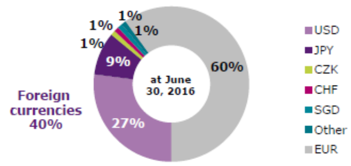
Continued pursuit of the innovative, diversified approach for Tier-2 issues

- BPCE, the first non-Japanese issuer to raise Tier-2 capital on the retail Samurai market (¥53bn, or €475m)

Liquidity reserves/(short-term funding + MLT and subordinated debt maturing within 1 year), expressed as a %



Diversification of the investor base
(for unsecured bond segment excl. buybacks)



Contents

Results of the business lines
Commercial Banking & Insurance

Results In millions of euros	H1-16	H1-15 pf	H1-16/H1-15 pf % change	Q2-16	Q2-15 pf	Q2-16/Q2-15 pf % change
Net banking income	**7,502**	**7,761**	**-3.3%**	**3,718**	**3,846**	**-3.3%**
Net banking income[1]	7,542	7,788	-3.2%	3,727	3,863	-3.5%
Banque Populaire banks[1]	**3,181**	**3,289**	**-3.3%**	**1,588**	**1,639**	**-3.1%**
Caisses d'Epargne[1]	**3,662**	**3,706**	**-1.2%**	**1,789**	**1,818**	**-1.6%**
Other networks[1]	699	793	-11.9%	350	405	-13.6%
Operating expenses[2]	-5,054	-5,049	0.1%	-2,452	-2,446	0.2%
Gross operating income[2]	**2,448**	**2,711**	**-9.7%**	**1,266**	**1,400**	**-9.6%**
Cost of risk[2]	-542	-752	-27.9%	-274	-359	-23.7%
Income before tax[2]	**2,056**	**2,073**	**-0.8%**	**1,068**	**1,096**	**-2.6%**
Restatement of IFRIC 21	80	82		-40	-41	
Income before tax after IFRIC 21 restatement[2]	**2,136**	**2,154**	**-0.9%**	**1,028**	**1,056**	**-2.7%**
Cost/income ratio[2,3]	66.3%	64.0%	2.3 pts	67.0%	64.7%	2.4 pts
ROE[2,3]	10%	9%	1 pt	11%	9%	2 pts
Impact of exceptional items	-36	-2		-20	-2	
Reinstatement of IFRIC 21	-80	-82		40	41	
Published income before tax	**2,020**	**2,070**	**-2.4%**	**1,048**	**1,094**	**-4.3%**

[1] Excluding provisions for home purchase savings schemes [2] Excluding exceptional items [3] After restating to account for the impact of IFRIC 21

Results of the business lines
Commercial Banking & Insurance: stable contribution to the Group's half-yearly income before tax[2,3], in a context of low interest rates

Unless specified to the contrary, all changes are vs. June 30, 2015

Significant growth in loan outstandings: +€18bn

- Short-term credit facilities and consumer loan outstandings (+7.9% and +9.3% respectively) and home loans (+5.8%)
- Volume of new loan production at a high level (≈ €40bn)
  - Strong momentum in loans to corporates: +29% vs. H1-15

New deposits & savings inflows: +€14bn YOY

- On-balance sheet deposits & savings: +3.0%, increased proportion of demand deposits in the structure of overall deposits (34% at end-June 2016, +3 pts year-on-year)

Buoyant development of insurance activities, a new growth driver

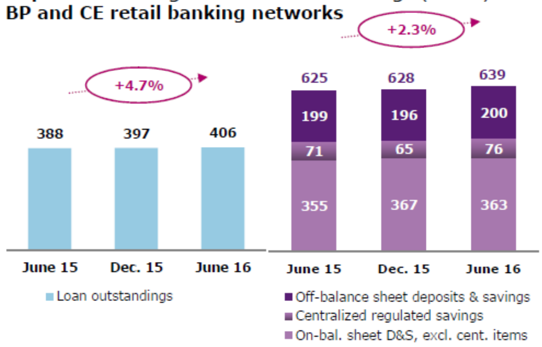
- Life funds: +3.1%
- 10% increase in the number of non-life insurance contracts

Net banking income: −3.2%[1] vs. H1-15 pf

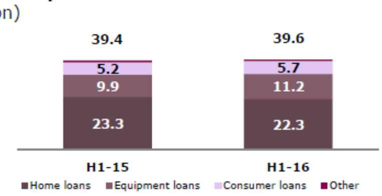
- Erosion of customer net interest income (-6.3%[1,2]), impacted by historically low interest rates
- Decline in commissions on early loan redemption (-25.8%[2]) and commissions on centralized savings (decrease in the commission rate)
- Increase in commissions related to life insurance and banking products and services provided to customers

Contribution of the Commercial Banking & Insurance division to income before tax[3,4]: €2.1bn, stable vs. H1-15 pf

Deposits & savings and loan outstandings (in €bn)
BP and CE retail banking networks



New loan production of the BP and CE networks (in €bn)



[1] Excluding provisions for home purchase savings schemes [2] BP and CE retail banking networks [3] Excluding exceptional items [4] After restating to account for the impact of IFRIC 21

Results of the business lines

Banque Populaire banks: sustained growth in customer base and outstandings, faster pace of development in insurance

Unless specified to the contrary, all changes are vs. June 30, 2015

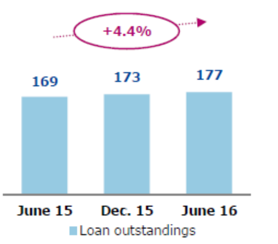
Customer base

- Principal active adult customers using banking services: +54,000, +1.7%
- Individual customers using banking services and insurance products: +95,000, +8.8%
- Casden: expansion to the French civil service, 87,200 new members, 71% of whom are French civil servants

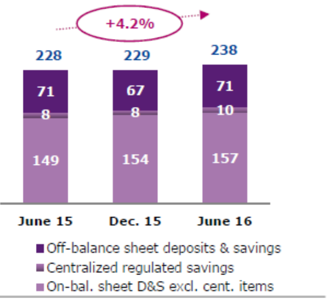
Insurance portfolios

- P&C/non-life portfolio: +10.3%
- Provident & health insurance: +11.0%

Loan outstandings (in €bn)



Deposits & savings (in €bn)



Net banking income: -3.3%[1] vs. H1-15 pf

- Customer net interest income: -6.8%[1] vs. H1-15 pf
- Commissions: -1.1% vs. H1-15 pf

Operating expenses[2]: stable vs. H1-15 pf

Income before tax[2,3]: -1.2% vs. H1-15 pf

Contribution to Group results

Results in millions of euros	H1-16	H1-16/ H1-15 pf % change	Q2-16	Q2-16/ Q2-15 pf % change
Net banking income	**3,165**	-3.4%	**1,583**	-3.1%
Net banking income excl. home purchase savings schemes	3,181	-3.3%	1,588	-3.1%
Operating expenses[2]	-2,155	0.0%	-1,047	-0.3%
Gross operating income[2]	**1,011**	**-10.1%**	**536**	**-8.1%**
Cost of risk	-261	-22.6%	-129	-21.5%
Income before tax[2]	**799**	**-1.1%**	**427**	**-0.6%**
Restatement of IFRIC 21	31		-15	
Income before tax after IFRIC 21 restatement[2]	**830**	**-1.2%**	**411**	**-0.6%**
Cost/income ratio[2,3]	67.1%	2.3 pts	67.1%	1.9 pt
Impact of exceptional items	-14		-9	
Reinstatement of IFRIC 21	-31		15	
Published income before tax	**785**	**-2.6%**	**418**	**-2.3%**

[1] Excluding provisions for home purchase savings schemes [2] Excluding exceptional items [3] After restating to account for the impact of IFRIC 21

Results of the business lines

Caisses d'Epargne: net banking income remains firm, buoyed up by sound commercial performance

Unless specified to the contrary, all changes are vs. June 30, 2015

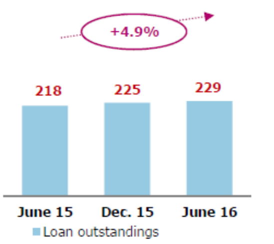
Customer base

- Principal active adult customers using banking services: +91,800, +1.8%
- Active professional customers: +6,575, +3.9%
- Active corporate customers: +918, +5.6%

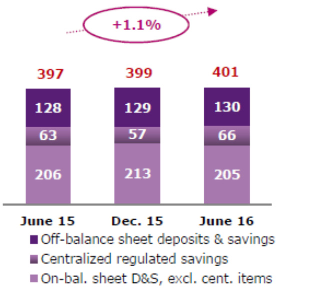
Insurance portfolios

- P&C/non-life portfolio: +10.0%
- Provident & health insurance: +9.1%

Loan outstandings (in €bn)



Deposits & savings (in €bn)



Net banking income: -1.2%[1] vs. H1-15 pf

- Customer net interest income: -5.8%[1] vs. H1-15 pf
- Commissions: -1.4% vs. H1-15 pf

Operating expenses[2]: +0.3% vs. H1-15 pf

Income before tax[2,3]: +8.2% vs. H1-15 pf

Contribution to Group results

Results in millions of euros	H1-16	H1-16/ H1-15 pf % change	Q2-16	Q2-16/ Q2-15 pf % change
Net banking income	**3,637**	**-1.4%**	**1,785**	**-1.3%**
Net banking income excl. home purchase savings schemes	3,662	-1.2%	1,789	-1.6%
Operating expenses[2]	-2,423	0.3%	-1,180	0.6%
Gross operating income[2]	**1,215**	**-4.6%**	**605**	**-4.8%**
Cost of risk	-173	-44.8%	-88	-36.2%
Income before tax[2]	**1,039**	**8.5%**	**515**	**3.8%**
Restatement of IFRIC 21	36		-18	
Income before tax after IFRIC 21 restatement[2]	**1,075**	**8.2%**	**498**	**3.9%**
Cost/income ratio[2,3]	65.6%	1.1 pt	67.1%	1.3 pt
Impact of exceptional items	-21		-11	
Reinstatement of IFRIC 21	-36		18	
Published income before tax	**1,017**	**6.2%**	**505**	**1.6%**

[1] Excluding provisions for home purchase savings schemes [2] Excluding exceptional items [3] After restating to account for the impact of IFRIC 21

Results of the business lines
Other networks

Real estate Financing
Principal entity: Crédit Foncier

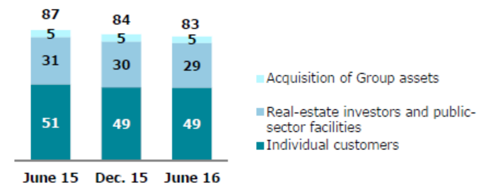
- **Commercial activities**
  - Aggregate new loan production equal to €4.3bn in H1-16
  - New loan production of €3.2bn for the individual customer segment
  - 46% growth in new loan production, to €1.2bn for the public-sector facilities and real-estate investors segment
- **Contribution of Crédit Foncier to income before tax[1,2]: €83m in H1-16**
  - Net banking income: -4.3%[3] vs. H1-15 pf; decline in NII and commissions (reduction in early redemption)

BPCE International
- **Contribution to income before tax[1]: €10m in H1-16**

Banque Palatine
- **Contribution to income before tax[1]: €32m in H1-16**

CNP and others[4]
- **Contribution to income before tax[1]: €104m in H1-16**

Core business lines of Crédit Foncier Loan outstandings[5] (in €bn)



Contribution to income before tax

Results in millions of euros	H1-16	H1-15 pf	H1-16 / H1-15 pf % change
Income before tax	**218**	**306**	**-28.9%**
Restatement of IFRIC 21	14	15	
Income before tax after IFRIC 21 restatement	**232**	**321**	**-28.0%**
o/w Real estate financing	85	141	-39.6%
o/w BPCE Internationnal	10	26	-60.8%
o/w Banque Palatine	32	47	-30.8%
o/w CNP and others	104	107	-3.3%

[1] After restating to account for the impact of IFRIC 21 [2] Excluding the net loss of €104m in H1-15 recognized on Heta Asset Resolution AG allocated to the Corporate center [3] Change restated to account for exceptional items, including CVA/DVA [4] Principal entity in the division: minority equity interest in CNP Assurances (consolidated using the equity method) [5] Outstandings under management, estimate as of June 30, 2016

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Results of the business lines
Core business lines of Natixis: Investment Solutions, Corporate & Investment Banking, and Specialized Financial Services

Results In millions of euros	H1-16	H1-15 pf	H1-16/H1-15 pf % change	Q2-16	Q2-15 pf	Q2-16/Q2-15 pf % change
Net banking income	**4,009**	**3,976**	**0.8%**	**2,060**	**2,023**	**1.8%**
Investment solutions	1,656	1,669	-0.8%	832	846	-1.6%
Corporate & Investment Banking	1,668	1,648	1.2%	887	842	5.4%
Specialized Financial Services	684	659	3.8%	341	335	1.7%
Operating expenses	-2,608	-2,539	2.7%	-1,281	-1,245	2.9%
Gross operating income	**1,400**	**1,437**	**-2.5%**	**779**	**777**	**0.2%**
Cost of risk	-153	-140	9.9%	-69	-59	16.8%
Income before tax	**1,311**	**1,318**	**-0.6%**	**746**	**730**	**2.2%**
Restatement of IFRIC 21	34	35		-17	-17	
Income before tax after IFRIC 21 restatement	**1,345**	**1,353**	**-0.6%**	**729**	**713**	**2.3%**
Cost/income ratio[1]	64.2%	63.0%	1.2 pt	63.0%	62.4%	0.6 pt
ROE[1,2]	13%	13%	-	15%	14%	1 pt

Contribution figures = figures published by Natixis
H1-15 and Q2-15 results are presented pro forma: cf. notes on methodology
[1] After restating to account for the impact of IFRIC 21 [2] After tax

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Results of the business lines
Core business lines of Natixis: good resilience of the core business lines in H1-16

Investment Solutions: income before tax −2%[1] vs. H1-15 pf

- Asset management revenues held up well in Europe thanks to the development of the multi-affiliate business model which offset the downturn in US business
- Diversification of business activities and asset management policy in Insurance, limiting the impact of low interest rates
- €787bn of assets under management at end-June 2016; outflows limited to €2bn in Q2-16

CIB: income before tax −7%[1] vs. H1-15 pf

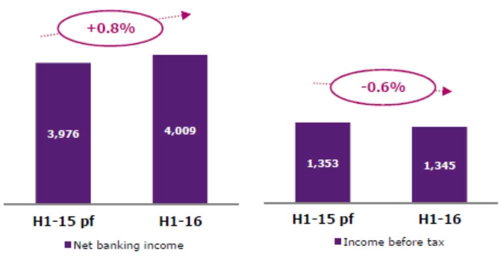
- Despite an unfavorable environment in early 2016, revenues remained stable in H1-16 (excluding CVA/DVA) thanks to the outstanding performance achieved by Fixed income and a good diversification of the business portfolio
- Excellent momentum in Asia: revenues +12% vs. H1-15
- O2D strategy: enhanced return on risk-weighted assets, net revenues/RWA ratio[2] of 4.9% in H1-16 vs. 4.5% in H1-15

Specialized Financial Services: income before tax +21%[1] vs. H1-15 pf

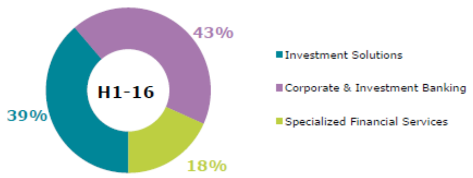
- Revenues: +4% vs. H1-15 pf driven by the Specialized financing business
- Gross operating income: +4% vs. H1-15 pf
- Cost of risk down 13% year-on-year

Contribution of the core business lines of Natixis to income before tax[1]: €1.3bn, stable vs. H1-15 pf

Change in core business line net revenues and income before tax[1] – (in €m)



Contribution to income before tax[1] (as a %)



[1] After restating to account for the impact of IFRIC 21 [2] Annualized 6-month revenues from risk-weighted assets, end of period. Excluding CVA/DVA desk: 4.8% in H1-16 and 4.5% in H1-15

Results of the business lines
Investment Solutions: asset management stands up well, and continued rollout of the range of insurance solutions in the Caisses d'Epargne

Asset management

- Limited decline in net revenues in Q2-16 and H1-16 despite a reduction in assets under management in the US Increase in performance fees to €30m in Q2-16 (vs. €20m in Q2-15)
- Europe: positive net inflows of almost €7bn in H1-16
- US: outflows of −€1.6bn in Q2-16, chiefly focused on equity products

Insurance

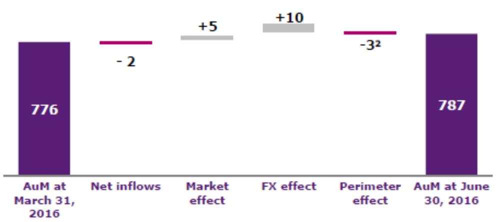
- Life insurance[1]
  - AuM: €45.5bn at end-June 2016 (+5% year-on-year), of which 18% in unit-linked policies
  - Rollout of the insurance offering in half Caisses d'Epargne; net inflows of €344m in H1-16
- P&C and provident insurance
  - P&C insurance: turnover +8% vs. H1-15
  - Provident & payment protection insurance: turnover +9% vs. H1-15

Net revenues: stable vs. H1-15 pf

- Increased Asset management margins (excluding performance fees) vs. H1-15 in the US and Europe
- Global Insurance turnover: €3.5bn, +16%[1] vs. H1-15

Income before tax: -2%[3] vs. H1-15 pf

Asset management: AuM (in €bn)



Contribution to Group results

Results in millions of euros	H1-16	H1-16/ H1-15 pf % change	Q2-16	Q2-16/ Q2-15 pf % change
Net banking income	**1,656**	**-0.8%**	**832**	**-1.6%**
Operating expenses	-1,169	0.9%	-579	0.5%
Gross operating income	**487**	**-4.5%**	**253**	**-6.2%**
Cost of risk	0	–	0	–
Income before tax	**513**	**-1.7%**	**255**	**-8.2%**
Restatement of IFRIC 21	8		-4	
Income before tax after IFRIC 21 restatement	**520**	**-1.5%**	**251**	**-8.4%**
Cost/income ratio[3]	70.1%	1.1 pt	70.0%	1.5 pt

[1] Excluding the reinsurance treaty with CNP [2] Closure of Aurora [3] After restating to account for the impact of IFRIC 21

Results of the business lines
Corporate & Investment Banking: excellent dynamic on the capital markets since early 2016

Financing activities

- Structured financing
  - Revenues: -6% vs. H1-15
  - Continued increase in the proportion of commissions in net revenues: 39% in Q2-16 vs. 37% in Q1-16
- Commercial banking
  - New loan production: €6.2bn in H1-16, down 23%

Capital markets

- FIC-T (Foreign Exchange, Interest Rate, Commodities & Treasury)
  - Revenues: +10% vs. H1-15 (excluding CVA/DVA)
  - Extremely buoyant activities in the Fixed income activities, notably in the Interest Rate and FX segments, +27% vs. H1-15
  - Level of business activities remained high for GSCS: revenues +14% in Q2-16 vs. Q2-15
- Equity
  - Revenues: +1% vs. H1-15
  - Continued development of Equity derivatives: revenues +1% vs. H1-15 driven by the Solutions activity
  - Strong M&A momentum thanks to Natixis Partners

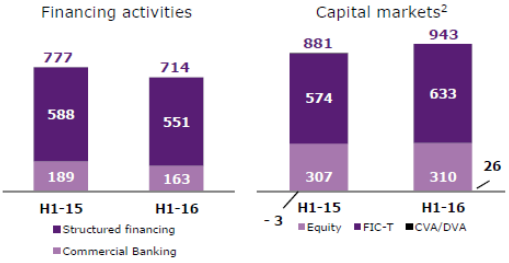
Net revenues: stable in H1-16 (excl. CVA/DVA)

Operating expenses: +4% vs. H1-15 pf

- Transformation of the business model and greater role played by the international platforms

Income before tax: -7%[1] vs. H1-15 pf

Change in net revenues (in €m)



Contribution to Group results

Results in millions of euros	H1-16	H1-16/ H1-15 pf % change	Q2-16	Q2-16/ Q2-15 pf % change
Net banking income	**1,668**	**1.2%**	**887**	**5.4%**
Operating expenses	-994	4.5%	-482	5.0%
Gross operating income	**675**	**-3.1%**	**405**	**5.8%**
Cost of risk	-124	18.2%	-53	32.2%
Income before tax	**558**	**-7.1%**	**356**	**2.4%**
Restatement of IFRIC 21	21		-10	
Income before tax after IFRIC 21 restatement	**579**	**-7.1%**	**346**	**2.7%**
Cost/income ratio[1]	58.3%	1.9 pt	55.5%	-0.3 pt

[1] After restating to account for the impact of IFRIC 21 [2] Capital market revenues: total excluding CVA/DVA

Results of the business lines
Specialized Financial Services: extremely good performance achieved by specialized financing

Specialized financing

- Leasing
  - New production: +7% in Q2-16 vs. Q2-15, chiefly driven by equipment leasing with the retail banking networks of Groupe BPCE
- Factoring
  - Factored revenues: +17% vs. H1-15, growth driven in particular by the major accounts segment

Financial services

- Employee benefit schemes
  - Buoyant growth in the issue of *Chèque de table*® vouchers: +7% in H1-16. Market share: ~16% at end-June 2016
- Payments
  - Number of electronic banking transactions: +9% vs. H1-15

Net revenues: +4% vs. H1-15 pf

- Revenues chiefly driven by leasing activities (+12%), sureties & guarantees (+12%) and the factoring business (+10%)

Income before tax: +21%[1] vs. H1-15 pf with, in particular, a tight management of the cost of risk, down 13%

Contribution to Group results

Results in millions of euros	H1-16	H1-16/ H1-15 pf % change	Q2-16	Q2-16/ Q2-15 pf % change
Net banking income	**684**	**3.8%**	**341**	**1.7%**
Operating expenses	-446	3.9%	-220	4.7%
Gross operating income	**238**	**3.6%**	**121**	**-3.3%**
Cost of risk	-29	-13.3%	-17	-15.9%
Income before tax	**240**	**22.4%**	**135**	**28.8%**
Restatement of IFRIC 21	6		-3	
Income before tax after IFRIC 21 restatement	**246**	**21.4%**	**133**	**30.0%**
Cost/income ratio[1]	64.4%	0.2 pt	65.4%	1.7 pt

[1] After restating to account for the impact of IFRIC 21

Contents

1	2	3	4
Results of Groupe BPCE	Capital adequacy and liquidity	Results of the business lines	**Conclusion**

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Conclusion

Buoyant commercial activity and a business model that demonstrates its resilience against an unfavorable background of persistently low interest rates and volatile market environment

A half-yearly result of €1.9bn[1], representing growth of 12%, characterized by:

- A limited decline in the net banking income posted by the core business lines (-1.9%)
- A significant increase in regulatory contributions (contribution to the SRF multiplied by 2 vs. H1-15)
- A sharp decrease in the cost of risk (-20.2%)
- A marked reduction in taxation (structural and temporary effects)

A robust financial structure that is being still further enhanced, putting the Group in a favorable position in the face of new regulatory requirements

- CET1 ratio of 13.7%[2] and a total capital adequacy ratio of 17.8%[2]

A program of revenue and cost synergies in line with our strategic objectives

Acceleration of the digital transformation process
Transformation and operational excellence initiative already launched

[1] Excluding non-economic and exceptional items and after restating to account for the impact of IFRIC 21 [2] Estimate at June 30, 2016, CRR/CRD 4 without transitional measures (except for deferred tax assets on tax loss carryforwards and pro forma of the additional phase-in of the stock of DTA in accordance with regulation 2016/445); additional Tier-1 capital takes account of subordinated debt issues that have become ineligible and capped at the phase-out rate in force

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GROUPE BPCE

Coopératifs, banquiers et assureurs autrement.

Results for the 2nd quarter and 1st half of 2016

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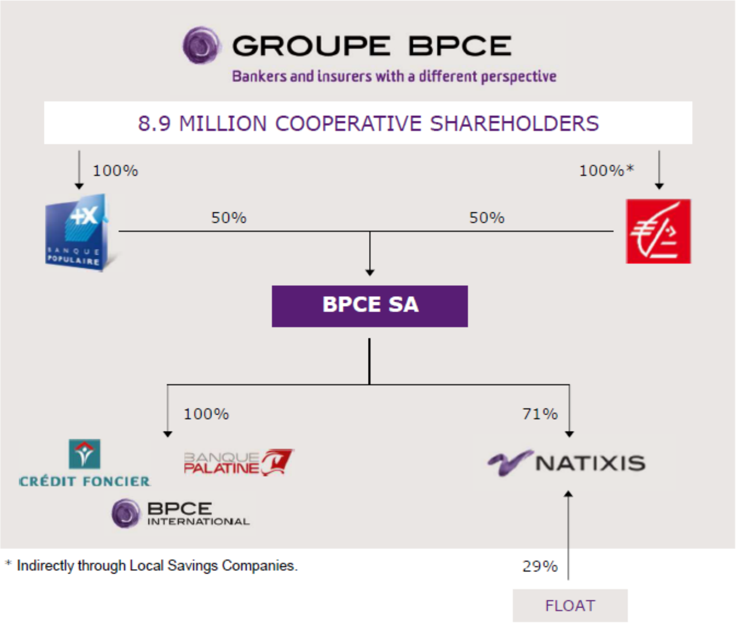
Annex - Groupe BPCE

Organizational structure of Groupe BPCE as at June 30, 2016



* Indirectly through Local Savings Companies.

Annex - Consolidated results of Group BPCE

Notes on methodology

Presentation of Q2-15 and S1-15 pro-forma results

- The segment information has been modified as of Q1-16 after the Equity interests division was subsumed into the Corporate center division.
- On September 18, 2015, BPCE International transferred to the Caisse d'Epargne Provence-Alpes-Corse the entire equity interest it held in Banque de la Réunion, Banque des Antilles Françaises and Banque de Saint-Pierre-et-Miquelon. The revenues generated by these entities have been attributed retroactively to the Caisse d'Epargne sub-division. This operation has no impact on the Commercial Banking & Insurance division as a whole.
- The retroactive application since January 1st, 2015 of the change in the accounting method whereby assets and liabilities denominated in foreign currencies are hedged by currency swaps (with the impacts of the inefficiency of hedging now being recorded in transferable capital) has led to a restatement of the 2015 quarterly reviews; this restatement has no impact on the 2015 annual result.
- The series of financial reports for 2015 is also presented pro forma to account for the transfer of expenses from the Corporate Center division to the SFS division.
- The method used to account for renegotiation fees charged by the retail networks has been standardized between 2015 and 2016 leading to a pro-forma figure for the 2015 financial year. In 2016, renegotiation fees are accounted for in net interest margin over the period whereas in 2015 certain entities accounted for these fees in commissions, on a one-off basis.

Non-economic and exceptional items

- The figures and comments contained in this presentation are based on the income statements of Groupe BPCE and its business lines restated to reflect the non-economic and exceptional accounting items listed on page 5. A reconciliation of the restated income statement with the income statement published by Groupe BPCE is provided in an annex to this document.
- As of Q1-16, the contribution to the Single Resolution Fund, accounted for in the operating expenses of the Corporate center, is no longer restated as an exceptional item.
- When the Q1-15 results were published, the amount recognized as the Group's contribution to the Single Resolution Fund was based on an estimate. The series of financial reports for 2015 has been restated to reflect the actual amount of the Q1-15 contribution to the SRF as calculated by the supervisory authority. This restatement has no impact on the 2015 annual result. Similarly, following notification of the actual amount of the contribution in Q2-16, the amount of the SRF recognized in Q1-16 has been readjusted.
- The Group has launched a number of transformation operations helping to simplify its organizational structure and to generate synergies. The resulting transformation costs (restructuring expenses specific to projects for the combination/merger of entities and the migration to existing IT platforms) have been isolated as of Q2-16.

Net banking income

- Net customer interest income, excluding regulated home savings schemes, is computed on the basis of interest earned from transactions with customers, excluding net interest on centralized savings products (*Livret A, Livret Développement Durable, Livret Epargne Logement* passbook savings accounts) and changes in provisions for home purchase savings schemes.
- Net interest on centralized savings are assimilated to commissions.

Annex - Consolidated results of Group BPCE
Notes on methodology

Restatement of the impact of IFRIC 21

- The results, cost/income ratios and ROE, after being restated to account for the impact of IFRIC 21, are calculated on the basis of ¼ of the amount of taxes and contributions resulting from the interpretation of IFRIC 21 for a given quarter, or ½ of the amount of taxes and contributions resulting from the interpretation of IFRIC 21 for a 6-month period.

Business line performance presented using Basel 3 standards

- The **accounting ROE of Groupe BPCE** is the ratio between the following items:
  - Net income attributable to equity holders of the parent restated to account for the interest expense related to deeply subordinated notes classified as equity and for non-economic and exceptional items
  - Equity attributable to equity holders of the parent restated to account for the deeply subordinated notes classified as equity and for unrealized gains and losses
- The **standard ROE of the core business lines** (Commercial Banking & Insurance on the one hand; Investment Solutions, Corporate & Investment Banking, and Specialized Financial Services on the other) is the ratio between the following items:
  - Core business line contributory net income attributable to equity holders of the parent, less interest (computed at the standard rate of 3%) paid on surplus equity compared with normative capital and restated to account for non-economic and exceptional items
  - Normative capital adjusted to reflect goodwill and intangible assets related to the core business line
  - Normative capital is allocated to Groupe BPCE business lines since Q1-15 on the basis of 10% of Basel-3 average risk-weighted assets.

Capital adequacy

- **Common Equity Tier 1** is determined in accordance with the applicable CRR/CRD 4 rules; **fully loaded** equity is presented without the application of transitional measures, except for deferred tax assets on tax loss carryforwards and pro forma of the additional phase-in of the stock of DTA in accordance with regulation 2016/445.
- **Additional Tier-1 capital** takes account of subordinated debt issues that have become non-eligible and subject to ceilings at the phase-out rate in force.
- The **leverage ratio** is calculated using the rules of the Delegated Act published by the European Commission on October 10, 2014, without transitional measures, after restating to account for deferred tax assets on tax loss carryforwards. Securities financing operations carried out with clearing houses are offset on the basis of the criteria set forth in IAS 32, without consideration of maturity and currency criteria. Account has been taken in the total leverage exposure of savings deposits centralized with the Caisse des Dépôts et Consignations since Q1-16.

Annex – Consolidated Results of Groupe BPCE
Notes on methodology

Liquidity

- The Group's **LTD ratio (loan-to-deposit ratio)** is the ratio between customer loans and centralized regulated passbook savings accounts in the numerator, and customer deposits in the denominator. The scope of the calculation excludes SCF (Compagnie de Financement Foncier, the Group's *société de crédit foncier*, a French covered bond issuer). These items are taken from the Group's accounting balance sheet after accounting for the insurance entities using the equity method. Customers' deposits have been subject to the following adjustments:
  - Addition of security issues placed by the Banque Populaire and Caisse d'Epargne retail banking networks with their customers, and certain operations carried out with counterparties comparable to customer deposits
  - Withdrawal of short-term deposits held by certain financial customers collected by Natixis in pursuit of its intermediation activities.
- The **liquidity reserve** includes:
  - Available assets eligible for the Federal Reserve
  - Other available securities eligible for the Central European Bank
  - Securities retained, available and eligible for the Central European Bank
  - Private receivables eligible for central bank funding
  - Liquid assets placed with central banks

  Amounts are published after including Central Bank discounts.
- **Short-term funding** corresponds to funding with an initial maturity of less than 12 months.

Annex - Groupe BPCE

Half-yearly income statement: reconciliation of consolidated data (excluding non-economic and exceptional items) to published consolidated data

Results in millions of euros	**H1-16 excl. non-economic and exceptional items**	Revaluation of own debt	Revaluation of assets asssociated with deeply subordinated notes denominated in foreign currencies	Gain on Visa Europe shares	Disposal of share capital of Nexity	Banca Carige / Permanent depreciation	Disposal of international assets managed on a run-off basis (CFF, ex-SCF)	Transformation costs	Provision Heta Asset Resolution AG	Impairment of goodwill and others	**H1-16 published**
Net banking income	**11,628**	**-19**	**-22**	**831**	**39**	**-13**	**-65**				**12,379**
Operating expenses	-8,413							**-36**			-8,449
Gross operating income	**3,215**	**-19**	**-22**	**831**	**39**	**-13**	**-65**	**-36**			**3,930**
Cost of risk	-741										-741
Gain or loss on other assets	94										94
Goodwill impairment										-76	-76
Income before tax	**2,702**	**-19**	**-22**	**831**	**39**	**-13**	**-65**	**-36**		**-76**	**3,341**
Net income attributable to equity holders of the parent	**1,714**	**-8**	**-13**	**797**	**40**	**-13**	**-43**	**-24**		**-23**	**2,427**

Results in millions of euros	**H1-15 excl. non-economic and exceptional items**	Revaluation of own debt	Revaluation of assets asssociated with deeply subordinated notes denominated in foreign currencies	Gain on Visa Europe shares	Disposal of share capital of Nexity	Banca Carige / Permanent depreciation	Disposal of international assets managed on a run-off basis (CFF, ex-SCF)	Transformation costs	Provision Heta Asset Resolution AG	Impairment of goodwill and others	**H1-15 pf published**
Net banking income	**11,965**	**119**	**83**			**3**	**-29**				**12,141**
Operating expenses	-8,191							-2			-8,194
Gross operating income	**3,774**	**119**	**83**			**3**	**-29**	**-2**			**3,947**
Cost of risk	-929								-104		-1,033
Gain or loss on other assets					111					-30	82
Goodwill impairment										-5	-5
Income before tax	**2,994**	**119**	**83**		**111**	**3**	**-29**	**-2**	**-104**	**-34**	**3,141**
Net income attributable to equity holders of the parent	**1,561**	**54**	**47**		**109**	**3**	**-18**	**-2**	**-64**	**-26**	**1,664**

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Annex - Groupe BPCE

Quarterly income statement: reconciliation of consolidated data excluding non-economic and exceptional items to published consolidated data

Results in millions of euros	**Q2-16 excl. non-economic and exceptional items**	Revaluation of own debt	Revaluation of assets asssociated with deeply subordinated notes denominated in foreign currencies	Gain on Visa Europe shares	Disposal of share capital of Nexity	Banca Carige / Permanent depreciation	Disposal of international assets managed on a run-off basis (CFF, ex-SCF)	Transformation costs	Provision Heta Asset Resolution AG	Impairment of goodwill and others	**Q2-16 published**
Net banking income	**5,841**	**-26**	**23**	**831**		**-3**	**-26**				**6,640**
Operating expenses	-4,025							**-20**			-4,045
Gross operating income	**1,816**	**-26**	**23**	**831**		**-3**	**-26**	**-20**			**2,595**
Cost of risk	-370										-370
Gain or loss on other assets	45										45
Goodwill impairment										-76	
Income before tax	**1,561**	**-26**	**23**	**831**		**-3**	**-26**	**-20**		**-76**	**2,264**
Net income attributable to equity holders of the parent	**1,108**	**-13**	**14**	**797**		**-3**	**-17**	**-13**		**-23**	**1,849**

Results in millions of euros	**Q2-15 excl. non-economic and exceptional items**	Revaluation of own debt	Revaluation of assets asssociated with deeply subordinated notes denominated in foreign currencies	Gain on Visa Europe shares	Disposal of share capital of Nexity	Banca Carige / Permanent depreciation	Disposal of international assets managed on a run-off basis (CFF, ex-SCF)	Transformation costs	Provision Heta Asset Resolution AG	Impairment of goodwill and others	**Q2-15 pf published**
Net banking income	**5,973**	**127**	**-39**			**3**	**-24**				**6,040**
Operating expenses	-3,927							-2			-3,929
Gross operating income	**2,046**	**127**	**-39**			**3**	**-24**	**-2**			**2,111**
Cost of risk	-436								38		-398
Gain or loss on other assets	-3				111					-30	79
Goodwill impairment										-5	-5
Income before tax	**1,698**	**127**	**-39**		**111**	**3**	**-24**	**-2**	**38**	**-34**	**1,878**
Net income attributable to equity holders of the parent	**906**	**60**	**-22**		**109**	**3**	**-15**	**-1**	**29**	**-26**	**1,042**

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Annex - Groupe BPCE

Income statement: reconciliation of pro-forma consolidated data to published consolidated data

	Groupe BPCE					Commercial Banking & Insurance			Investment Solutions, Corporate & Investment Banking, SFS			Equity interests			Corporate center					
in millions of euros	Q1-15 pub	Final SRF contribution adjustment	Foreign currency swaps	Standardization of the accounting method for renegociation fees	Q1-15 pf	Q1-15 pub	Standardization of the accounting method for renegociation fees	Q1-15 pf	Q1-15 pub	Transfer of expenses from the Corporate center	Q1-15 pf	Q1-15 pub	Transfer to the corporate center division	Q1-15 pf	Q1-15 pub	Final SRF contribution adjustment	Transfer of expenses	Foreign currency swaps	Transfer of the Equity interests division	Q1-15 pf
Net banking income	6,191		-53	-37	6,101	3,951	-37	3,914	1,953		1,953	227	-227		60			-53	227	234
Operating expenses	-4,318	53			-4,265	-2,604		-2,604	-1,292	-2	-1,294	-179	179		-243	53	2		-179	-367
Gross operating income	**1,873**	**53**	**-53**	**-37**	**1,837**	**1,347**	**-37**	**1,310**	**661**	**-2**	**660**	**48**	**-48**		**-183**	**53**	**2**	**-53**	**48**	**-133**
Cost of risk	-635				-635	-393		-393	-80		-80	-3	3		-159				-3	-162
Net gains or losses on other assets	3				3	3		3	0		0	0			0					0
Income before tax	**1,299**	**53**	**-53**	**-37**	**1,262**	**1,012**	**-37**	**976**	**590**	**-2**	**588**	**50**	**-50**		**-354**	**53**	**2**	**-53**	**50**	**-302**
Income tax	-548		20	14	-514	-380	14	-366	-194	1	-194	-15	15		42		-1	20	-15	46
Non-controlling interests	-125	-1			-126	-6		-6	-126	0	-126	-24	24		32	-1	0		-24	6
Net income attributable to equity holders of the parent	**626**	**52**	**-33**	**-23**	**623**	**626**	**-23**	**603**	**269**	**-1**	**268**	**12**	**-12**		**-280**	**52**	**1**	**-33**	**12**	**-249**

	Groupe BPCE					Commercial Banking & Insurance			Investment Solutions, Corporate & Investment Banking, SFS			Equity interests			Corporate center					
in millions of euros	Q2-15 pub	Final SRF contribution adjustment	Foreign currency swaps	Standardization of the accounting method for renegociation fees	Q2-15 pf	Q2-15 pub	Standardization of the accounting method for renegociation fees	Q2-15 pf	Q2-15 pub	Transfer of expenses from the Corporate center	Q2-15 pf	Q2-15 pub	Transfer to the corporate center division	Q2-15 pf	Q2-15 pub	Final SRF contribution adjustment	Transfer of expenses	Foreign currency swaps	Transfer of the Equity interests division	Q2-15 pf
Net banking income	6,058		23	-42	6,040	3,888	-42	3,846	2,023		2,023	196	-196		-49			23	196	171
Operating expenses	-3,929				-3,929	-2,448		-2,448	-1,244	-2	-1,245	-167	167		-70		2		-167	-236
Gross operating income	**2,129**		**23**	**-42**	**2,111**	**1,440**	**-42**	**1,398**	**779**	**-2**	**777**	**29**	**-29**		**-119**		**2**	**23**	**29**	**-65**
Cost of risk	-398				-398	-359		-359	-59		-59	-4	4		25				-4	21
Net gains or losses on other assets	79				79	-7		-7	0		0	82	-82		5				82	87
Income before tax	**1,897**		**23**	**-42**	**1,878**	**1,136**	**-42**	**1,094**	**732**	**-2**	**730**	**120**	**-120**		**-90**		**2**	**23**	**120**	**54**
Income tax	-683		-9	16	-675	-417	16	-402	-239	1	-238	-9	9		-17		-1	-9	-9	-36
Non-controlling interests	-161				-161	-3		-3	-150	0	-150	-5	5		-3		0		-5	-8
Net income attributable to equity holders of the parent	**1,053**		**14**	**-26**	**1,042**	**715**	**-26**	**690**	**343**	**-1**	**343**	**105**	**-105**		**-111**		**1**	**14**	**105**	**9**

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Annex - Groupe BPCE

Income statement: reconciliation of pro-forma consolidated data to published consolidated data

	Groupe BPCE					Commercial Banking & Insurance			Investment Solutions, Corporate & Investment Banking, SFS			Equity interests			Corporate center					
in millions of euros	Q3-15 pub	Final SRF contribution adjustment	Foreign currency swaps	Standardization of the accounting method for renegociation fees	Q3-15 pf	Q3-15 pub	Standardization of the accounting method for renegociation fees	Q3-15 pf	Q3-15 pub	Transfer of expenses from the Corporate center	Q3-15 pf	Q3-15 pub	Transfer to the corporate center division	Q3-15 pf	Q3-15 pub	Final SRF contribution adjustment	Transfer of expenses	Foreign currency swaps	Transfer of the Equity interests division	Q3-15 pf
Net banking income	5,740		35	1	5,776	3,859	1	3,861	1,821		1,821	233	-233		-172			35	233	95
Operating expenses	-3,832				-3,832	-2,400		-2,400	-1,190	-3	-1,193	-172	172		-69		3		-172	-238
Gross operating income	**1,908**		**35**	**1**	**1,944**	**1,459**	**1**	**1,460**	**630**	**-3**	**628**	**60**	**-60**		**-241**		**3**	**35**	**60**	**-143**
Cost of risk	-353				-353	-255		-255	-47		-47	-6	6		-45				-6	-51
Net gains or losses on other assets	-2				-2	-3		-3	0		0	2	-2		0				2	2
Income before tax	**1,615**		**35**	**1**	**1,651**	**1,253**	**1**	**1,254**	**590**	**-3**	**587**	**56**	**-56**		**-284**		**3**	**35**	**56**	**-191**
Income tax	-565		-13	0	-579	-444	0	-444	-198	1	-197	-10	10		87		-1	-13	-10	63
Non-controlling interests	-112				-112	-5		-5	-126	0	-126	-9	9		28		0		-9	19
Net income attributable to equity holders of the parent	**937**		**22**	**1**	**960**	**804**	**1**	**805**	**265**	**-1**	**264**	**37**	**-37**		**-169**		**1**	**22**	**37**	**-109**

	Groupe BPCE					Commercial Banking & Insurance			Investment Solutions, Corporate & Investment Banking, SFS			Equity interests			Corporate center					
in millions of euros	Q4-15 pub	Final SRF contribution adjustment	Foreign currency swaps	Standardization of the accounting method for renegociation fees	Q4-15 pf	Q4-15 pub	Standardization of the accounting method for renegociation fees	Q4-15 pf	Q4-15 pub	Transfer of expenses from the Corporate center	Q4-15 pf	Q4-15 pub	Transfer to the corporate center division	Q4-15 pf	Q4-15 pub	Final SRF contribution adjustment	Transfer of expenses	Foreign currency swaps	Transfer of the Equity interests division	Q4-15 pf
Net banking income	5,879		-5	18	5,892	3,673	18	3,693	2,082		2,082	190	-190		-65			-5	190	118
Operating expenses	-4,170	-53			-4,223	-2,583		-2,583	-1,359	-2	-1,361	-165	165		-64	-53	2		-165	-279
Gross operating income	**1,709**	**-53**	**-5**	**18**	**1,669**	**1,090**	**18**	**1,110**	**723**	**-2**	**721**	**25**	**-25**		**-129**	**-53**	**2**	**-5**	**25**	**-161**
Cost of risk	-445				-445	-397		-397	-66		-66	-5	5		22				-5	17
Net gains or losses on other assets	-7				-7	-2		-2	-1		-1	-1	1		-4				-1	-4
Income before tax	**1,312**	**-53**	**-5**	**18**	**1,272**	**742**	**18**	**761**	**676**	**-2**	**674**	**15**	**-15**		**-121**	**-53**	**2**	**-5**	**15**	**-164**
Income tax	-527		2	-7	-532	-289	-7	-296	-221	1	-220	-8	8		-10		-1	2	-8	-16
Non-controlling interests	-159	1			-158	0		0	-168	0	-167	-12	12		21	1	-1		-12	10
Net income attributable to equity holders of the parent	**626**	**-52**	**-3**	**11**	**582**	**453**	**11**	**465**	**288**	**-1**	**287**	**-5**	**5**		**-110**	**-52**	**1**	**-3**	**-5**	**-170**

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Annex - Groupe BPCE
Half-yearly income statement per business line

in millions of euros	Commercial Banking & Insurance		Wholesale Banking, Investment Solutions and SFS		Core businesses			Corporate center		Groupe BPCE		
	H1-16	H1-15 pf	H1-16	H1-15 pf	H1-16	H1-15 pf	%	H1-16	H1-15 pf	H1-16	H1-15 pf	%
Net banking income	7,502	7,761	4,009	3,976	11,510	11,737	-1.9%	869	404	12,379	12,141	2.0%
Operating expenses	-5,090	-5,052	-2,608	-2,539	-7,698	-7,591	1.4%	-751	-602	-8,449	-8,194	3.1%
Gross operating income	**2,412**	**2,709**	**1,400**	**1,437**	**3,812**	**4,146**	**-8.0%**	**117**	**-198**	**3,930**	**3,947**	**-0.5%**
Cost / income ratio	67.8%	65.1%	65.1%	63.9%	66.9%	64.7%	2.2 pt	ns	ns	68.3%	67.5%	0.8 pt
Cost of risk	-542	-752	-153	-140	-695	-892	-22.0%	-46	-141	-741	-1,033	-28.2%
Income before tax	**2,020**	**2,070**	**1,311**	**1,318**	**3,331**	**3,389**	**-1.7%**	**10**	**-248**	**3,341**	**3,141**	**6.4%**
Income tax	-575	-768	-436	-432	-1,011	-1,200	-15.7%	268	10	-744	-1,189	-37.5%
Non-controling interests	-4	-9	-275	-276	-280	-285	-1.9%	109	-2	-171	-287	-40.5%
Net income attributable to equity holders of the parent	**1,440**	**1,293**	**599**	**611**	**2,040**	**1,904**	**7.1%**	**387**	**-239**	**2,427**	**1,664**	**45.8%**

Annex – Groupe BPCE
Quarterly income statement per business line

in millions of euros	Commercial Banking & Insurance		Investment Solutions, CIB and SFS		Core businesses			Corporate center		Groupe BPCE		
	Q2-16	Q2-15 pf	Q2-16	Q2-15 pf	Q2-16	Q2-15 pf	%	Q2-16	Q2-15 pf	Q2-16	Q2-15 pf	%
Net banking income	3,718	3,846	2,060	2,023	5,778	5,869	-1.6%	862	171	6,640	6,040	9.9%
Operating expenses	-2,471	-2,448	-1,281	-1,245	-3,752	-3,693	1.6%	-292	-236	-4,045	-3,929	2.9%
Gross operating income	**1,247**	**1,398**	**779**	**777**	**2,025**	**2,176**	**-6.9%**	**570**	**-65**	**2,595**	**2,111**	**23.0%**
Cost / income ratio	66.5%	63.6%	62.2%	61.6%	64.9%	62.9%	2.0 pts	33.9%	ns	60.9%	65.1%	-4.1 pts
Cost of risk	-274	-359	-69	-59	-343	-419	-18.0%	-26	21	-370	-398	-7.0%
Income before tax	**1,048**	**1,094**	**746**	**730**	**1,794**	**1,825**	**-1.7%**	**470**	**54**	**2,264**	**1,878**	**20.5%**
Income tax	-244	-402	-248	-238	-492	-640	-23.1%	163	-36	-329	-675	-51.3%
Non-controling interests	-1	-3	-154	-150	-154	-153	1.0%	69	-8	-86	-161	-46.9%
Net income attributable to equity holders of the parent	**803**	**690**	**345**	**343**	**1,148**	**1,032**	**11.2%**	**702**	**9**	**1,849**	**1,042**	**77.6%**

Annex - Groupe BPCE
Quarterly income statement

in millions of euros	Q1-15 pf	Q2-15 pf	H1-15 pf	Q3-15 pf	Q4-15 pf	2015 pf	Q1-16 pf	Q2-16	H1-16
	Groupe BPCE								
Net banking income	6,101	6,040	12,141	5,776	5,892	23,809	5,739	6,640	12,379
Operating expenses	-4,265	-3,929	-8,194	-3,832	-4,223	-16,249	-4,405	-4,045	-8,449
Gross operating income	**1,837**	**2,111**	**3,947**	**1,944**	**1,669**	**7,561**	**1,334**	**2,595**	**3,930**
Cost / income ratio	69.9%	65.1%	67.5%	66.3%	71.7%	68.2%	76.7%	60.9%	68.3%
Cost of risk	-635	-398	-1,033	-353	-445	-1,831	-372	-370	-741
Income before tax	**1,262**	**1,878**	**3,141**	**1,651**	**1,272**	**6,064**	**1,077**	**2,264**	**3,341**
Net income attributable to equity holders of the parent	**623**	**1,042**	**1,664**	**960**	**582**	**3,206**	**577**	**1,849**	**2,427**

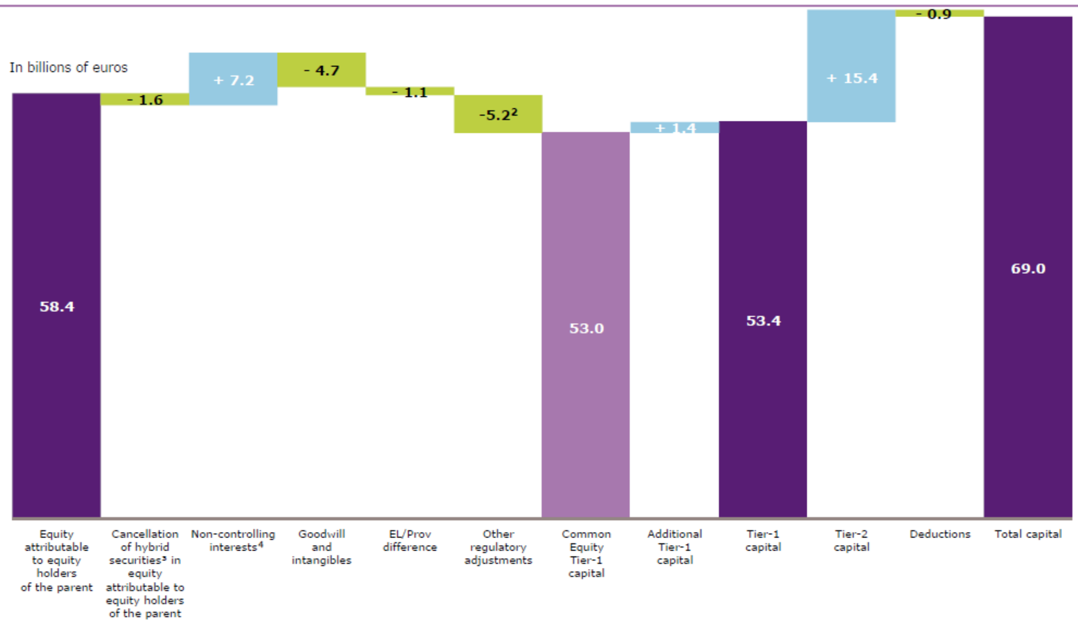
Annex - Groupe BPCE
Consolidated balance sheet

ASSETS in millions of euros	June 30, 2016	Dec. 31, 2015	LIABILITIES in millions of euros	June 30, 2016	Dec. 31, 2015
Cash and amounts due from central banks	52,727	71,119	Amounts due to central banks	0	0
Financial assets at fair value through profit or loss	174,473	174,412	Financial liabilities at fair value through profit or loss	150,786	142,904
Hedging derivatives	19,033	15,796	Hedging derivatives	24,718	18,659
Avalaible-for-sale financial assets	101,015	95,984	Amounts due to banks	77,841	77,040
Loans and receivables due from credit institutions	108,423	96,208	Amounts due to customers	526,429	499,711
Loans and receivables due from customers	662,379	617,465	Debt securities	214,730	223,413
Remeasurement adjustment on interest-rate risk hedged portfolios	10,186	7,522	Remeasurement adjustment on interest-rate risk hedged portfolios	1,379	1,301
Held-to-maturity financial assets	10,069	10,665	Tax liabilities	887	1,240
Tax assets	4,831	6,107	Accrued expenses and other liabilities	56,193	53,699
Accrued income and other assets	60,959	55,383	Liabilities associated with non-current assets held for sale	0	9
Non-current assets held for sale	0	22	Technical reserves of insurance companies	74,151	59,562
Investments in associates	3,704	3,666	Provisions	6,120	5,665
Investment property	2,030	2,020	Subordinated debt	20,877	18,139
Property, plant and equipment	4,514	4,710	**Consolidated equity**	**65,633**	**65,193**
Intangible assets	1,083	1,102	Equity attributable to equity holders of the parent	58,428	57,632
Goodwill	4,318	4,354	Non-controlling interests	7,205	7,561
TOTAL ASSETS	**1,219,744**	**1,166,535**	**TOTAL LIABILITIES**	**1,219,744**	**1,166,535**

Annex – Financial structure
Statement of changes in shareholders' equity

In millions of euros	Equity attributable to equity holders of the parent
Dec. 31, 2015	**57,632**
Distributions	-348
Capital increase (cooperative shares)	43
Income	2,427
Remuneration of super-subordinated notes (TSSDI)	-51
Issue and redemption of super-subordinated notes (TSSDI)	-350
Changes in gains & losses directly recognized in equity	-781
Impact of acquisitions and disposals on non-controlling interests (minority interests)	-107
Others	-37
June 30, 2016	**58,428**

Annex – Financial structure
Reconciliation of shareholders' equity to total capital[1]



[1] CRR / CRD 4 without transitional measures (except for deferred tax assets on tax loss carryforwards and pro forma of the additional phase-in of the stock of DTA in accordance with regulation 2016/445); additional Tier-1 capital takes account of subordinated debt issues that have become ineligible and capped at the phase-out rate in force [2] Includes €0.4bn with respect to Prudent Valuation Adjustments [3] BPCE super-subordinated notes classified under equity attributable to equity holders of the parent [4] Non-controlling interests (prudential definition), account is only taken of the part from Natixis, excluding super-subordinated notes and after regulatory clipping

Annex – Financial structure
Prudential ratios and credit ratings

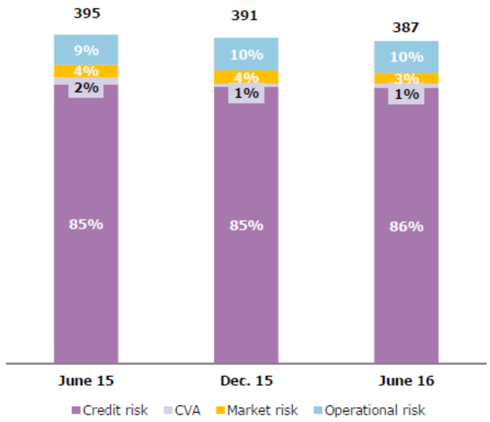
	June 30, 2016[1]	March 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Total risk-weighted assets	€387bn	€391bn	€391bn	€393bn
Common Equity Tier-1 capital	€53.0bn	€51.6bn	€50.9bn	€46.6bn
Tier-1 capital	€54.3bn	€52.8bn	€52.2bn	€50.0bn
Total capital	€69.1bn	€65.9bn	€65.8bn	€60.5bn
Common Equity Tier-1 ratio	13.7%	13.2%	13.0%	11.9%
Tier-1 ratio	14.0%	13.5%	13.3%	12.7%
Total capital ratio	17.8%	16.9%	16.8%	15.4%

LONG-TERM CREDIT RATINGS (JULY 28, 2016)	
FitchRatings	A perspective stable
Moody's	A2 perspective stable
R&I	A perspective stable
Standard & Poor's	A perspective stable

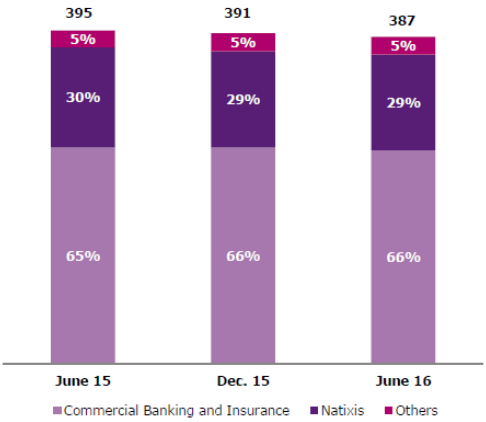
[1] Estimate taking account of transitional measures provided for by CRR / CRD 4 ; subject to the provisions of article 26.2 of regulation (UE) n° 575/2013

Annex - Financial structure
Breakdown of risk-weighted assets (in billions of euros)

Breakdown by type of risk



Breakdown by business line



Annex
Leverage ratio[1]

in billions of euros	June 30, 2016[5]	March 31, 2016 pf	Jan. 1st, 2016 pf[6]
Tier-1 capital[1]	**54.5**	**53.0**	**52.7**
Balance sheet total	**1,219.7**	**1,197.0**	**1,166.5**
Prudential restatements	-84.4	-83.6	-68.6
Prudential balance sheet total[2]	**1,135.3**	**1,113.4**	**1,097.9**
Adjustments related to exposure to derivatives[3]	-61.3	-60.2	-48.1
Adjustments related to security financing operations[4]	-16.8	-8.9	-12.7
Adjustment related to savings inflows centralized at the Caisse des Dépôts et Consignations	-	-	-
Off-balance sheet (financing and guarantee commitments)	93.9	87.3	89.4
Regulatory adjustments	-5.9	-5.6	-5.5
Total leverage exposure	**1,145.2**	**1,125.7**	**1,120.5**
Leverage ratio[1]	**4.8%**	**4.7%**	**4.7%**

[1] Estimate at June 30, 2016 according to the rules of the Delegated Act published by the European Commission on October 10, 2014 - CRR / CRD 4 without transitional measures (except for deferred tax assets on tax loss carryforwards and pro forma of the additional phase-in of the stock of DTA in accordance with regulation 2016/445); additional Tier-1 capital takes account of subordinated debt issues that have become ineligible and capped at the phase-out rate in force [2] The main difference between the statutory balance sheet and the prudential balance sheet lies in the method used for consolidating insurance companies, consolidated using the equity method in the prudential scope of consolidation, irrespective of the statutory consolidation method [3] Inclusion of the effects of offsetting applicable to derivatives according to the rules of the Delegated Act [4] Inclusion of adjustments applicable to security financing operations according to the rules of the Delegated Act [5] Estimate at June 30, 2016 [6] Not including adjustments with respect to centralized savings deposits

Annex
Financial conglomerate

Financial conglomerate ratio

Regulatory capital > **Banking CR[1] (CRR/CRD4) + Insurance CR[1] (Solvency 2)**

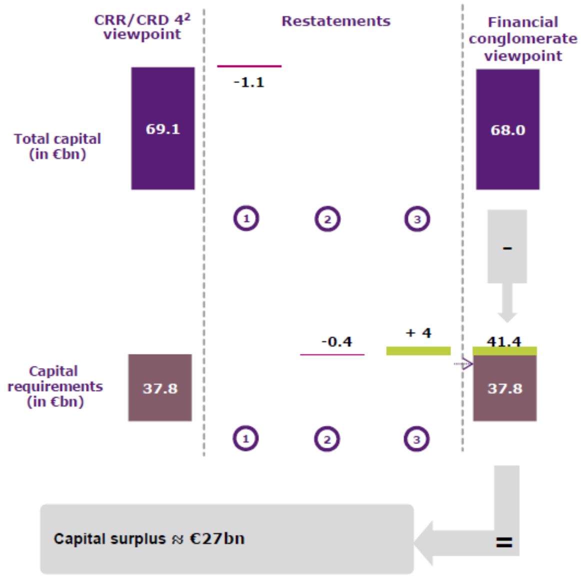
Transfer from the Basel 3 ratio[2] to the conglomerate ratio

Restatement applied

1. shift from a prudential to a statutory scope[3]
2. cancellation of the capital requirements of insurance companies calculated under CRR/CRD 4
3. inclusion of the solvency margin calculated under Solvency 2

Consequences

- Restatements of no significance for total capital
- Net restatement of CR of €3.6bn, < 10% of total CR

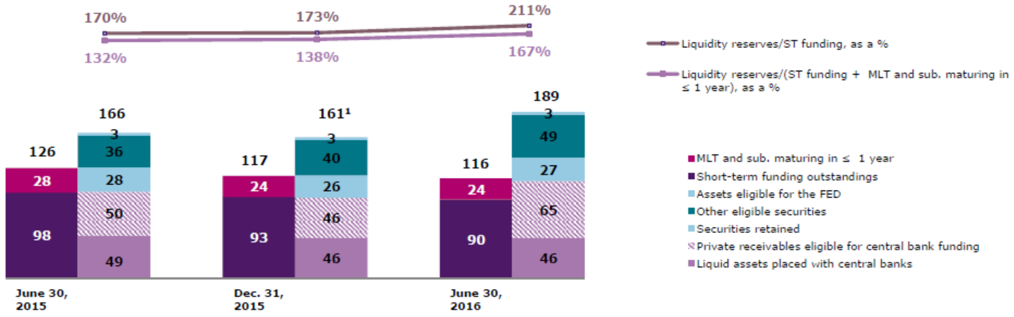


[1] CR = capital requirements, i.e. 9.75% of risk-weighted assets according to CRR/CRD 4 [2] Estimate at June 30, 2016 – Taking account of transitional measures; subject to the provisions of article 26.2 of regulation (UE) n° 575/2013 [3] The main difference between the two scopes lies in the method used for consolidating insurance companies, consolidated using the equity method in the prudential scope of consolidation, irrespective of the statutory consolidation method

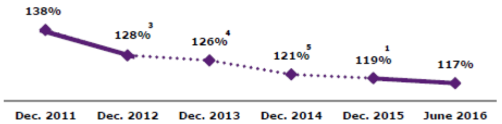
Annex – Liquidity

Breakdown of the liquidity reserve and short-term funding (in €bn)
Group customer loan/deposit ratio[2]

Liquidity reserves and ST funding (in €bn)



Group customer loan/deposit ratio[2]



[1] The figures for December 31, 2015 include a deliberate over-centralization of regulated resources committed at the end of 2015, but completed at the very beginning of 2016 [2] Excluding SCF (Compagnie de Financement Foncier, the Group's *société de crédit foncier* – a French legal covered bonds issuer) [3] Change in method on Dec. 31, 2012 related to modifications in the definition of customer classifications; previous periods not restated [4] Change in method on Dec. 31, 2013 following the adoption of new netting agreements between financial receivables and payables; previous periods not restated [5] Change in method on Dec. 31, 2014 following the transfer of subordinated debt issues to the network customers from the Shareholders' equity item to the Customer deposits item on the cash balance sheet

Annex - Commercial Banking & Insurance

Half-yearly income statement per business line

	Banque Populaire banks			Caisses d'Epargne			Other networks			Commercial Banking & Insurance		
in millions of euros	H1-16	H1-15 pf	%	H1-16	H1-15 pf	%	H1-16	H1-15 pf	%	H1-16	H1-15 pf	%
Net banking income	3,165	3,278	-3.4%	3,637	3,690	-1.4%	699	793	-11.9%	7,502	7,761	-3.3%
Operating expenses	-2,169	-2,157	0.6%	-2,445	-2,417	1.1%	-476	-478	-0.4%	-5,090	-5,052	0.8%
Gross operating income	**996**	**1,121**	**-11.1%**	**1,193**	**1,273**	**-6.3%**	**223**	**315**	**-29.3%**	**2,412**	**2,709**	**-11.0%**
Cost / income ratio	68.5%	65.8%	2.7 pts	67.2%	65.5%	1.7 pt	68.1%	60.3%	7.8 pts	67.8%	65.1%	2.8 pts
Cost of risk	-261	-337	-22.6%	-173	-314	-44.8%	-108	-102	6.5%	-542	-752	-27.9%
Income before tax	**785**	**806**	**-2.6%**	**1,017**	**958**	**6.2%**	**218**	**306**	**-28.9%**	**2,020**	**2,070**	**-2.4%**
Income tax	-239	-296	-19.2%	-279	-372	-24.9%	-57	-100	-43.0%	-575	-768	-25.1%
Non-controling interests	-1	-2	-39.5%	-1	-1	-2.8%	-3	-7	-63.1%	-4	-9	-52.5%
Net income attributable to equity holders of the parent	**545**	**508**	**7.2%**	**737**	**585**	**26.0%**	**158**	**199**	**-20.6%**	**1,440**	**1,293**	**11.4%**

Annex - Commercial Banking & Insurance
Quarterly income statement per business line

in millions of euros	Banque Populaire banks			Caisses d'Epargne			Other networks			Commercial Banking & Insurance		
	Q2-16	Q2-15 pf	%	Q2-16	Q2-15 pf	%	Q2-16	Q2-15 pf	%	Q2-16	Q2-15 pf	%
Net banking income	1,583	1,633	-3.1%	1,785	1,808	-1.3%	350	405	-13.6%	3,718	3,846	-3.3%
Operating expenses	-1,056	-1,052	0.4%	-1,190	-1,172	1.6%	-225	-224	0.6%	-2,471	-2,448	1.0%
Gross operating income	**527**	**581**	**-9.3%**	**594**	**636**	**-6.5%**	**125**	**181**	**-31.1%**	**1,247**	**1,398**	**-10.9%**
Cost / income ratio	66.7%	64.4%	2.3 pts	66.7%	64.8%	1.9 pt	64.2%	55.2%	9.0 pts	66.5%	63.6%	2.8 pts
Cost of risk	-129	-164	-21.5%	-88	-138	-36.2%	-56	-56	0.3%	-274	-359	-23.7%
Income before tax	**418**	**427**	**-2.3%**	**505**	**497**	**1.6%**	**126**	**171**	**-26.4%**	**1,048**	**1,094**	**-4.3%**
Income tax	-107	-154	-30.6%	-99	-188	-47.0%	-37	-60	-37.8%	-244	-402	-39.3%
Non-controling interests	-1	0	ns	-1	0	ns	1	-3	ns	-1	-3	-71.0%
Net income attributable to equity holders of the parent	**310**	**273**	**13.3%**	**405**	**309**	**31.0%**	**89**	**107**	**-17.3%**	**803**	**690**	**16.5%**

July 28, 2016 Results for the 2nd quarter and 1st half of 2016 49

Annex - Commercial Banking & Insurance
Quarterly income statement

in millions of euros	Commercial Banking & Insurance								
	Q1-15 pf	Q2-15 pf	H1-15 pf	Q3-15 pf	Q4-15 pf	2015 pf	Q1-16 pf	Q2-16	H1-16
Net banking income	3,914	3,846	7,761	3,861	3,693	15,314	3,784	3,718	7,502
Operating expenses	-2,604	-2,448	-5,052	-2,400	-2,583	-10,035	-2,619	-2,471	-5,090
Gross operating income	**1,310**	**1,398**	**2,709**	**1,460**	**1,110**	**5,278**	**1,165**	**1,247**	**2,412**
Cost / income ratio	66.5%	63.6%	65.1%	62.2%	69.9%	65.5%	69.2%	66.5%	67.8%
Cost of risk	-393	-359	-752	-255	-397	-1,403	-268	-274	-542
Income before tax	**976**	**1,094**	**2,070**	**1,254**	**761**	**4,086**	**972**	**1,048**	**2,020**
Net income attributable to equity holders of the parent	**603**	**690**	**1,293**	**805**	**465**	**2,562**	**637**	**803**	**1,440**

July 28, 2016 Results for the 2nd quarter and 1st half of 2016 50

Annex - Commercial Banking & Insurance
Quarterly income statement: Banque Populaire banks and Caisses d'Epargne

in millions of euros	Banque Populaire banks								
	Q1-15 pf	Q2-15 pf	H1-15 pf	Q3-15 pf	Q4-15 pf	2015 pf	Q1-16 pf	Q2-16	H1-16
Net banking income	1,645	1,633	3,278	1,664	1,553	6,495	1,582	1,583	3,165
Operating expenses	-1,105	-1,052	-2,157	-1,037	-1,091	-4,284	-1,113	-1,056	-2,169
Gross operating income	**540**	**581**	**1,121**	**627**	**462**	**2,211**	**469**	**527**	**996**
Cost / income ratio	67.2%	64.4%	65.8%	62.3%	70.2%	66.0%	70.4%	66.7%	68.5%
Cost of risk	-172	-164	-337	-109	-179	-624	-132	-129	-261
Income before tax	**379**	**427**	**806**	**528**	**286**	**1,620**	**367**	**418**	**785**
Net income attributable to equity holders of the parent	**235**	**273**	**508**	**336**	**178**	**1,023**	**235**	**310**	**545**

in millions of euros	Caisses d'Epargne								
	Q1-15 pf	Q2-15 pf	H1-15 pf	Q3-15 pf	Q4-15 pf	2015 pf	Q1-16 pf	Q2-16	H1-16
Net banking income	1,881	1,808	3,690	1,795	1,759	7,244	1,853	1,785	3,637
Operating expenses	-1,245	-1,172	-2,417	-1,145	-1,247	-4,809	-1,254	-1,190	-2,445
Gross operating income	**637**	**636**	**1,273**	**650**	**512**	**2,435**	**599**	**594**	**1,193**
Cost / income ratio	66.2%	64.8%	65.5%	63.8%	70.9%	66.4%	67.7%	66.7%	67.2%
Cost of risk	-175	-138	-314	-106	-149	-569	-85	-88	-173
Income before tax	**461**	**497**	**958**	**541**	**367**	**1,866**	**513**	**505**	**1,017**
Net income attributable to equity holders of the parent	**276**	**309**	**585**	**336**	**215**	**1,136**	**333**	**405**	**737**

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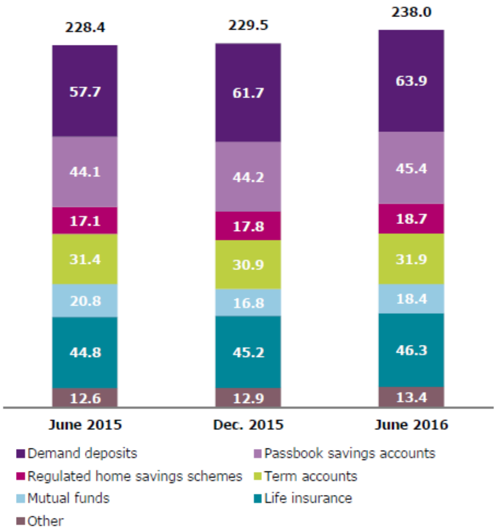
Annex - Commercial Banking & Insurance
Banque Populaire retail network: customer deposits & savings (in €bn)

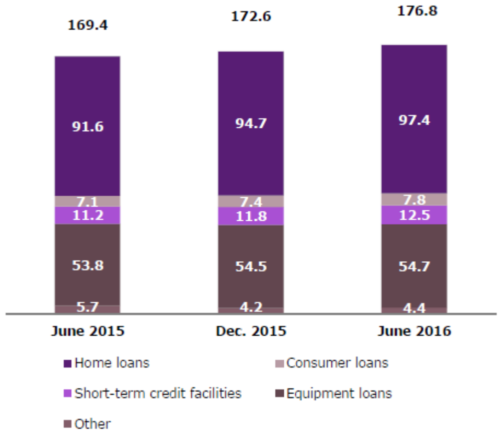


	% change Q2-16 / Q2-15
Demand deposits	+10.8%
Passbook savings accounts	+ 3.0%
Regulated home savings plans	+9.5%
Term accounts	+1.5%
Mutual funds	-11.2%
Life insurance	+3.2%
Other	ns
Total deposits & savings	**+4.2%**

July 28, 2016 Results for the 2nd quarter and 1st half of 2016 52

Annex - Commercial Banking & Insurance

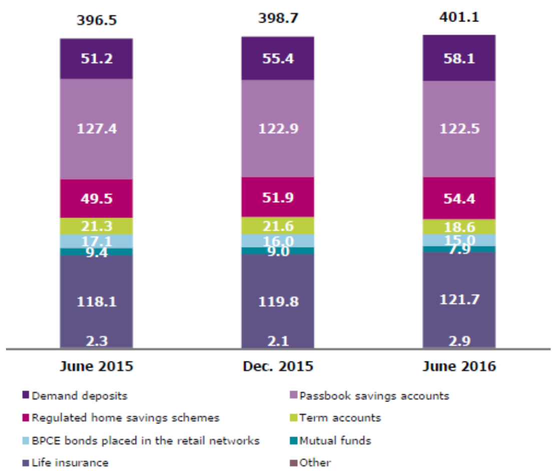
Banque Populaire retail network: customer loan outstandings (in €bn)



	% change Q2-16 / Q2-15
Home loans	+6.4%
Consumer loans	+10.5%
Short-term credit facilities	+11.2%
Equipment loans	+1.6%
Other	ns
Total loans	**+4.4%**

Annex - Commercial Banking & Insurance

Caisse d'Epargne retail network: customer deposits & savings[1,2] (in €bn)

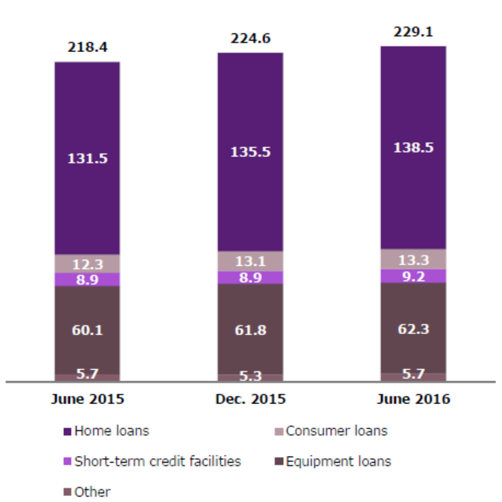


	% change Q2-16 / Q2-15
Demand deposits	+13.5%
Passbook savings accounts	-3.9%
Regulated home savings plans	+9.8%
Term accounts	-12.7%
BPCE bonds placed in the retail networks	-12.3%
Mutual funds	-15.6%
Life insurance	+3.0%
Other	ns
Total deposits & savings	**+1.1%**

[1] Life funds and BPCE bonds placed in the retail networks in 2016 presented in outstandings (end of period); 2015 outstandings have been restated accordingly [2] June 2015 figures presented pro forma to account for the transfer in Q3-15 of the entire equity interest held by BPCE International in Banque de la Réunion, Banque des Antilles Françaises, and Banque de Saint-Pierre-et-Miquelon to the Caisse d'Epargne Provence-Alpes-Corse (CEPAC)

Annex - Commercial Banking & Insurance

Caisse d'Epargne retail network: customer loan outstandings[1] (in €bn)



	% change Q2-16 / Q2-15
Home loans	+5.3%
Consumer loans	+8.5%
Short-term credit facilities	+3.9%
Equipment loans	+3.7%
Other	ns
Total loans	**+4.9%**

[1] Q1-15 figures presented pro forma to account for the transfer in Q3-15 of the entire equity interests held by BPCE International et Outre-mer (BPCE IOM) in Banque de la Réunion, Banque des Antilles Françaises and Banque de Saint-Pierre-et-Miquelon to the Caisse d'Epargne Provence-Alpes-Corse (CEPAC)

Annex – Investment solutions, Corporate & Investment Banking and SFS

Half-yearly income statement per business line

in millions of euros	Investment Solutions H1-16	Investment Solutions H1-15	Investment Solutions %	Wholesale Banking H1-16	Wholesale Banking H1-15	Wholesale Banking %	Specialized Financial Services H1-16	Specialized Financial Services H1-15 pf	Specialized Financial Services %	Investment Solutions, Wholesale Banking and Specialized Financial Services H1-16	Investment Solutions, Wholesale Banking and Specialized Financial Services H1-15 pf	Investment Solutions, Wholesale Banking and Specialized Financial Services %
Net banking income	1,656	1,669	-0.8%	1,668	1,648	1.2%	684	659	3.8%	4,009	3,976	0.8%
Operating expenses	-1,169	-1,159	0.9%	-994	-951	4.5%	-446	-429	3.9%	-2,608	-2,539	2.7%
Gross operating income	**487**	**510**	**-4.5%**	**675**	**697**	**-3.1%**	**238**	**230**	**3.6%**	**1,400**	**1,437**	**-2.5%**
Cost / income ratio	70.6%	69.4%	1.1 pt	59.6%	57.7%	1.8 pt	65.2%	65.1%	0.1 pt	65.1%	63.9%	1.2 pt
Cost of risk	0	-1	ns	-124	-105	ns	-29	-34	-13.3%	-153	-140	9.9%
Income before tax	**513**	**521**	**-1.7%**	**558**	**601**	**-7.1%**	**240**	**196**	**22.4%**	**1,311**	**1,318**	**-0.6%**
Income tax	-172	-160	7.3%	-182	-201	-9.6%	-83	-71	17.1%	-436	-432	1.0%
Non-controling interests	-122	-126	-3.0%	-108	-114	-5.3%	-45	-36	26.5%	-275	-276	-0.1%
Net income attributable to equity holders of the parent	**219**	**236**	**-7.1%**	**268**	**286**	**-6.1%**	**112**	**90**	**25.0%**	**599**	**611**	**-1.9%**

Annex – Investment Solutions, Corporate & Investment Banking, and SFS

Quarterly income statement per business line

in millions of euros	Investment Solutions			Corporate & Investment Banking			Specialized Financial Services			Investment Solutions, Wholesale Banking and Specialized Financial Services		
	Q2-16	Q2-15	%	Q2-16	Q2-15	%	Q2-16	Q2-15 pf	%	Q2-16	Q2-15 pf	%
Net banking income	832	846	-1.6%	887	842	5.4%	341	335	1.7%	2,060	2,023	1.8%
Operating expenses	-579	-576	0.5%	-482	-459	5.0%	-220	-211	4.7%	-1,281	-1,245	2.9%
Gross operating income	**253**	**270**	**-6.2%**	**405**	**383**	**5.8%**	**121**	**125**	**-3.3%**	**779**	**777**	**0.2%**
Cost / income ratio	69.6%	68.1%	1.5 pt	54.4%	54.5%	-0.2 pt	64.6%	62.8%	1.8 pt	62.2%	61.6%	0.6 pt
Cost of risk	0	0	ns	-53	-40	32.2%	-17	-20	-15.9%	-69	-59	16.8%
Income before tax	**255**	**277**	**-8.2%**	**356**	**348**	**2.4%**	**135**	**105**	**28.8%**	**746**	**730**	**2.2%**
Income tax	-85	-84	1.6%	-116	-116	-0.1%	-47	-38	23.2%	-248	-238	4.2%
Non-controling interests	-59	-64	-8.2%	-69	-66	4.3%	-26	-19	33.0%	-154	-150	2.6%
Net income attributable to equity holders of the parent	**111**	**129**	**-14.5%**	**171**	**165**	**3.4%**	**63**	**48**	**31.4%**	**345**	**343**	**0.6%**

Annexe – Investment solutions, Corporate & Investment Banking and SFS

Quarterly income statement per business line

in millions of euros	Investment Solutions, Corporate & Investment Banking and Specialized Financial Services								
	Q1-15 pf	Q2-15 pf	H1-15 pf	Q3-15 pf	Q4-15 pf	2015 pf	Q1-16	Q2-16	H1-16
Net banking income	1,953	2,023	3,976	1,821	2,082	7,878	1,949	2,060	4,009
Operating expenses	-1,294	-1,245	-2,539	-1,193	-1,361	-5,093	-1,327	-1,281	-2,608
Gross operating income	**660**	**777**	**1,437**	**628**	**721**	**2,785**	**622**	**779**	**1,400**
Cost / income ratio	66.2%	61.6%	63.9%	65.5%	65.4%	64.6%	68.1%	62.2%	65.1%
Cost of risk	-80	-59	-140	-47	-66	-253	-84	-69	-153
Income before tax	**588**	**730**	**1,318**	**587**	**674**	**2,580**	**565**	**746**	**1,311**
Net income attributable to equity holders of the parent	**268**	**343**	**611**	**264**	**287**	**1,162**	**255**	**345**	**599**

Annex – Investment solutions, Corporate & Investment Banking and SFS

Quarterly income statement per business line

in millions of euros	Investment Solutions								
	Q1-15	Q2-15	H1-15	Q3-15	Q4-15	2015	Q1-16	Q2-16	H1-16
Net banking income	823	846	1,669	840	1,006	3,515	825	832	1,656
Operating expenses	-583	-576	-1,159	-569	-648	-2,376	-590	-579	-1,169
Gross operating income	**240**	**270**	**510**	**271**	**357**	**1,139**	**234**	**253**	**487**
Cost / income ratio	70.8%	68.1%	69.4%	67.7%	64.5%	67.6%	71.6%	69.6%	70.6%
Cost of risk	-1	0	-1	3	1	4	0	0	0
Income before tax	**244**	**277**	**521**	**278**	**364**	**1,164**	**258**	**255**	**513**
Net income attributable to equity holders of the parent	**107**	**129**	**236**	**120**	**139**	**495**	**109**	**111**	**219**

Annex – Investment solutions, Corporate & Investment Banking and SFS

Quarterly income statement per business line

in millions of euros	Corporate & Investment Banking								
	Q1-15	Q2-15	H1-15	Q3-15	Q4-15	2015	Q1-16	Q2-16	H1-16
Net banking income	806	842	1,648	665	742	3,056	782	887	1,668
Operating expenses	-492	-459	-951	-416	-494	-1,861	-512	-482	-994
Gross operating income	**314**	**383**	**697**	**250**	**248**	**1,194**	**270**	**405**	**675**
Cost / income ratio	61.0%	54.5%	57.7%	62.5%	66.6%	60.9%	65.5%	54.4%	59.6%
Cost of risk	-65	-40	-105	-36	-57	-198	-71	-53	-124
Income before tax	**253**	**348**	**601**	**217**	**205**	**1,023**	**202**	**356**	**558**
Net income attributable to equity holders of the parent	**120**	**165**	**286**	**102**	**100**	**487**	**97**	**171**	**268**

Annex – Investment solutions, Corporate & Investment Banking and SFS

Quarterly income statement per business line

in millions of euros	Specialized Financial Services								
	Q1-15 pf	Q2-15 pf	H1-15 pf	Q3-15 pf	Q4-15 pf	2015 pf	Q1-16	Q2-16	H1-16
Net banking income	324	335	659	315	334	1,308	343	341	684
Operating expenses	-218	-211	-429	-209	-218	-856	-225	-220	-446
Gross operating income	**105**	**125**	**230**	**107**	**116**	**452**	**118**	**121**	**238**
Cost / income ratio	67.5%	62.8%	65.1%	66.2%	65.4%	65.4%	65.7%	64.6%	65.2%
Cost of risk	-14	-20	-34	-15	-10	-58	-13	-17	-29
Income before tax	**91**	**105**	**196**	**92**	**105**	**393**	**105**	**135**	**240**
Net income attributable to equity holders of the parent	**42**	**48**	**90**	**42**	**48**	**179**	**49**	**63**	**112**

Annex - Commercial Banking & Insurance

Quarterly income statement - Other networks

in millions of euros	Other networks								
	Q1-15 pf	Q2-15 pf	H1-15 pf	Q3-15 pf	Q4-15 pf	2015 pf	Q1-16 pf	Q2-16	H1-16
Net banking income	388	405	793	401	381	1,575	349	350	699
Operating expenses	-254	-224	-478	-219	-245	-942	-251	-225	-476
Gross operating income	**133**	**181**	**315**	**182**	**136**	**633**	**98**	**125**	**223**
Cost / income ratio	65.6%	55.2%	60.3%	54.5%	64.3%	59.8%	72.0%	64.2%	68.1%
Cost of risk	-45	-56	-102	-39	-69	-210	-52	-56	-108
Income before tax	**136**	**171**	**306**	**185**	**108**	**600**	**92**	**126**	**218**
Net income attributable to equity holders of the parent	**92**	**107**	**199**	**132**	**72**	**404**	**69**	**89**	**158**

Annex - Corporate center
Quarterly income statement

in millions of euros	Corporate center								
	Q1-15 pf	Q2-15 pf	H1-15 pf	Q3-15 pf	Q4-15 pf	2015 pf	Q1-16 pf	Q2-16	H1-16
Net banking income	234	171	404	95	118	617	6	862	869
Operating expenses	-367	-236	-602	-238	-279	-1,120	-459	-292	-751
Gross operating income	**-133**	**-65**	**-198**	**-143**	**-161**	**-503**	**-452**	**570**	**117**
Cost / income ratio	ns	ns	ns	ns	ns	ns	ns	33.9%	86.5%
Cost of risk	-162	21	-141	-51	17	-175	-19	-26	-46
Income before tax	**-302**	**54**	**-248**	**-191**	**-164**	**-602**	**-460**	**470**	**10**
Net income attributable to equity holders of the parent	**-249**	**9**	**-239**	**-109**	**-170**	**-519**	**-314**	**702**	**387**

Impact of non-economic and exceptional items:

- H1-16 Net income attributable to equity holders of the parent: main items, with a total impact of +€737m
  - Revaluation of own debt : - €8m
  - Revaluation of monetary assets associated with deeply subordinated notes denominated in foreign currencies: - €13m
  - Visa Europe capital gains : +€797m
  - Disposal of the entire residual equity interest in Nexity : +€40m
  - Permanent depreciation of equity interest in Banca Carige : - €13m
  - Disposal of international assets managed on a run-off basis (CFF, ex-SCF) : - €43m
  - Impairment of goodwill : - €23m
- H1-15 Net income attributable to equity holders of the parent: main items, with a total impact of +€128m
  - Revaluation of own debt: +€54m
  - Revaluation of monetary assets associated with deeply subordinated notes denominated in foreign currencies : +€47m
  - Disposal of the entire residual equity interest in Nexity : +€109m
  - Disposal of international assets managed on a run-off basis (CFF, ex-SCF): - €18m
  - Provisions booked for Heta Asset Resolution AG: - €64m

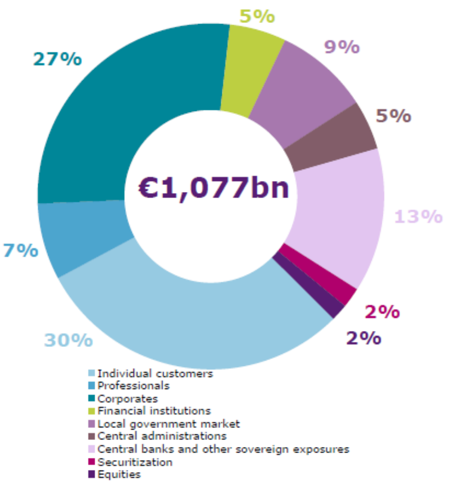
Annex – Risks
Groupe BPCE: non-performing loans and impairment

In millions of euros	June 30, 2016	Dec. 31, 2015	Dec. 31, 2014
Gross outstanding customer loans	**674,628**	**629,775**	**623,256**
O/w non-performing loans	23,298	23,098	22,919
Non-performing/gross outstanding loans	**3.5%**	**3.7%**	**3.7%**
Impairment recognized[1]	12,249	12,310	12,289
Impairment recognized/non-performing loans	**52.6%**	**53.3%**	**53.6%**
Coverage rate, including guarantees related to impaired outstandings	**83.6%**	**81.0%**	**80.9%**

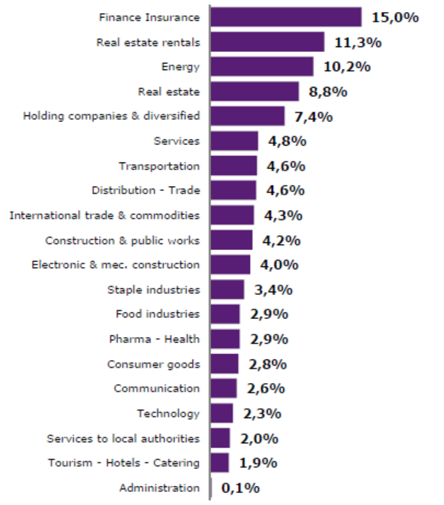
[1] Including collective impairment

Annex – Risks
Breakdown of commitments as at June 30, 2016

Breakdown of commitments per counterparty



Breakdown of commitments to Corporates per economic sector



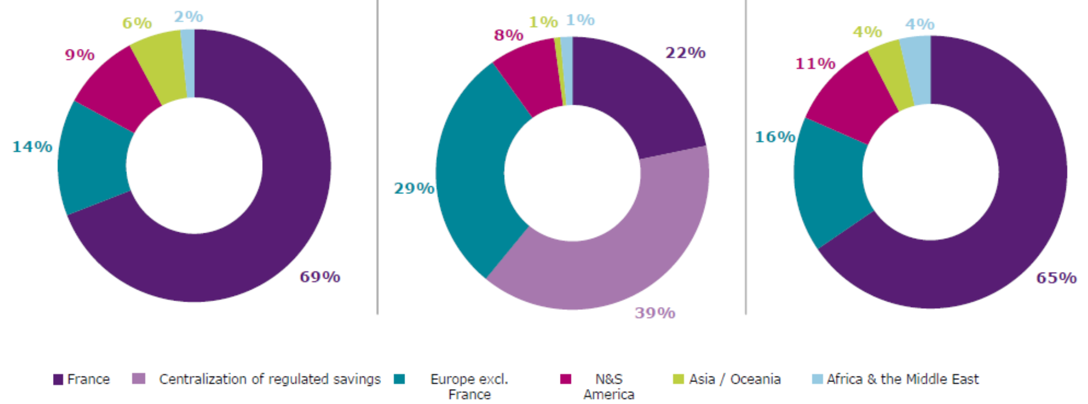
July 28, 2016 Results for the 2nd quarter and 1st half of 2016 65

Annex – Risks
Geographical breakdown of commitments as at June 30, 2016

Institutions

Central administrations / central banks and other sovereign exposures

Corporates



July 28, 2016 Results for the 2nd quarter and 1st half of 2016 66

Annex – Risk Sensitive Exposures
Recommendations of the Financial Stability Board (FSB)

Foreword

- With the exception of the summary on the next page, the information provided in the following pages is based on the scope of consolidation of Groupe BPCE (excluding Natixis)
- For specific details about the sensitive exposures of Natixis, please refer to the press release dated July 28, 2016 published by Natixis

Glossary

- CDO (Collateralized Debt Obligations)
- RMBS (Residential Mortgage-backed Securities)
- Protection acquired

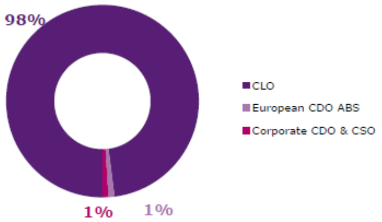
Annex - Reporting FSB Groupe BPCE as at June 30, 2016
Summary of sensitive exposures

In billions of euros	Groupe BPCE (excl. Natixis)	Natixis	Total June 30, 2016	Total Dec. 31, 2015
Net exposure **Other at-risk CDOs**	0.5	1.0	1.5	1.8
Net exposure **RMBS (Spain, United States, and the UK)**	0.3	0.0	0.3	0.3
Total net exposure **Unhedged exposure**	0.8	1.0	1.8	2.1
Monolines: residual exposure after value adjustments	0.0	0.3	0.3	0.3

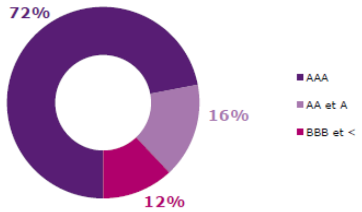
Annex – Sensitive exposures (excl. Natixis)
Other CDOs (unhedged)

In millions of euros	Net exposure Dec. 31, 2015	Change in value H1-16	Other changes H1-16	Net exposure June 30, 2016	Gross exposure June 30, 2016
Portfolio at fair value through profit and loss	**4**	1	0	**5**	5
Portfolio at fair value through shareholders' equity	**166**	10	-22	**154**	156
Portfolio of loans and receivables portfolio	**431**	-34	-75	**322**	322
Total	**601**	**-23**	**-97**	**481**	**483**

Breakdown of residual exposure by type of product



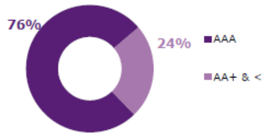
Breakdown of residual exposure by rating



Annex – Sensitive exposures (excl. Natixis)
RMBS

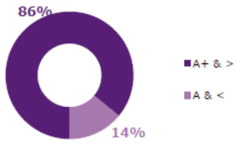
Portfolio of RMBS in the UK In millions of euros	Net exposure Dec. 31, 2015	Change in value H1-16	Other changes H1-16	Net exposure June 30, 2016	Gross exposure June 30, 2016
Portfolio at fair value through profit and loss	**0**	0	0	**0**	0
Portfolio at fair value through shareholders' equity	**98**	-5	16	**109**	109
Portfolio of loans and receivables	**0**	0	0	**0**	0
Total	**98**	**-5**	**16**	**109**	**109**

Breakdown of residual exposure by rating



Portfolio of RMBS in Spain In millions of euros	Net exposure Dec. 31, 2015	Change in value H1-16	Other changes H1-16	Net exposure June 30, 2016	Gross exposure June 30, 2016
Portfolio at fair value through profit and loss	**0**	0	0	**0**	0
Portfolio at fair value through shareholders' equity	**157**	1	31	**189**	190
Portfolio of loans and receivables	**2**	0	0	**2**	2
Total	**159**	**1**	**31**	**191**	**192**

Breakdown of residual exposure by rating



- Groupe BPCE has no exposure on RMBS in the United-States

Annex – Sensitive exposures (excl. Natixis)
Protection acquired

Credit enhancers (monoline)

- Protection acquired from credit enhancers by Crédit Foncier on financial assets is in the form of financial guarantees (and not CDS) and represents a guarantee attached to the enhanced asset
- In this respect, these enhancement commitments are not considered directly exposed to monolines

Protection acquired from other counterparties

In millions of euros	Gross nominal amount of hedged instruments	Impairment of hedged CDOs	Fair value of the protection
Protections for CDOs (US residential market)	-	-	-
Protections for other CDOs	22	0	**0**
Total	**22**	**0**	**0**

- Of which 1 operation corresponding to the Negative Basis Trades strategy
  - >1 senior tranche of European CLOs rated AAA/AAA by two rating agencies
  - >**Counterparty risk on one seller of protection (European banks) covered by margin calls**

2.5 BPCE SA group financial data

BPCE SA group's net income is calculated after restating the contribution of non-consolidated entities.

In the first half of 2016, the transition from Groupe BPCE's net income to BPCE SA group's net income can be broken down as follows:

In millions of euros	H1-16
Groupe BPCE net income	**2,427**
Entities not consolidated or consolidated under a different method (1)	-1,307
Other items	9
BPCE SA group net income (pro forma)	**1,129**

(1) Including the Banque Populaire banks, Caisses d'Epargne and their consolidated subsidiaries.

BPCE SA group recorded net income attributable to equity holders of the parent of €1,129 million.

	Commercial Banking and Insurance *		Investment Solutions, CIB and SFS		Corporate Center		BPCE SA group	
In millions of euros	H1-16	H1-15 pf	H1-16	H1-15 pf	H1-16	H1-15 pf	H1-16	H1-15 pf
Net banking income	705	796	4,009	3,976	902	313	5,616	5,085
Operating expenses	(477)	(481)	(2,608)	(2,539)	(817)	(546)	(3,903)	(3,566)
Gross operating income	**228**	**315**	**1,400**	**1,437**	**85**	**(233)**	**1,713**	**1,519**
Cost/income ratio	67.7%	60.4%	65.1%	63.9%	ns	ns	69.5%	70.1%
Cost of risk	(108)	(102)	(153)	(140)	(29)	(114)	(291)	(355)
Share in income of associates	105	102	13	21	3	(10)	121	114
Gains or losses on other assets	1	(7)	51	(0)	10	(25)	61	(32)
Change in the value of goodwill					(75)		(75)	
Income before tax	**225**	**309**	**1,311**	**1,318**	**(7)**	**(381)**	**1,529**	**1,246**
Income tax	(58)	(100)	(436)	(432)	263	19	(232)	(513)
Non-controlling interests	(3)	(7)	(275)	(276)	110	1	(168)	(282)
Net income attributable to equity holder	**164**	**202**	**599**	**611**	**366**	**(362)**	**1,129**	**451**

* Excluding the Banque Populaire banks, Caisses d'Epargne and their consolidated subsidiaries.

The net income of the Commercial Banking and Insurance business line was down 18.6% on the first half of 2015 (pro forma), at €164 million.

The Investment Solutions, Corporate and Investment Banking and SFS business line generated income of €599 million, a slight fall of 1.9% against the first half of 2015 pro forma.

Income for the Corporate Center amounted to €366 million, compared with a loss of -€362 million in the first half of 2015. In the first half of 2016, this notably included €797 million following the buyout of Visa Europe by Visa Inc. on 21 June, the revaluation of own debt at fair value through profit and loss in respect of proprietary credit risk for -€8 million, and -€132 million in respect of the Group's contribution to the Single Resolution Fund.

Equity attributable to equity holders of the parent totaled €19.6 billion at June 30, 2016, compared with €20 billion at December 31, 2015. This fall of -€0.4 billion was mainly due to:

- incorporation of income for the period: +€1.1 billion;
- dividends paid: -€0.2 billion;
- redemption of deeply subordinated notes: -€0.4 billion;
- gains and losses recognized directly in equity: -€0.8 billion;
- transactions with minority shareholders: -€0.1 billion.

2.6 Post-closing events

ACQUISITION OF FIDOR BANK BY GROUPE BPCE

On July 28, 2016 Groupe BPCE announced the signing of an agreement with the key shareholders and the founders and managers of Fidor Bank AG for the acquisition of their equity interests in the German digital bank.

The planned acquisition of Fidor Bank is fully in line with Groupe BPCE's strategic plan “Another Way to Grow” and will contribute to the acceleration of the rollout of the group’s digital strategy.

Founded in 2009 by its CEO Matthias Kröner, Fidor is one of the world’s first Fintech Banks that has developed a different approach to banking relationships. Fidor offers a unique proposition by combining an innovative customer experience relying heavily on the involvement of the 350,000 members of its community and an open organization and architecture to foster flexibility and agility.

Fidor has developed a proprietary infrastructure and digital banking platform – Fidor Operating System – allowing for real time functionality and optimizing the integration of third-party solutions (APIs). Telefónica has announced the launch of O2 Banking, its mobile-only bank account, in partnership with Fidor using the API Banking infrastructure.

As part of the transaction, Matthias Kröner will remain a shareholder of Fidor Group and continue as Chief Executive Officer to lead the development and business operations together with the existing management team.

The closing of the transaction will be subject to the approval of the competent regulatory and competition authorities, and is expected in Q4 2016.

SIGNING OF AN AGREEMENT BETWEEN NATIXIS AND BANQUE POSTALE FOR THE MERGER OF AEW EUROPE AND CILOGER

On July 28, 2016, Natixis announced the finalization of the restructuring of AEW Europe, under which La Banque Postale will transfer Ciloger to AEW Europe (€5.2 billion in assets under management at end-June 2016). This transaction creates a new leader in real estate investments in France, with a pan-European investment capacity and the backing of three major retail networks: the Caisses d’Epargne, the Banque Populaire banks and La Banque Postale. After the integration, which is subject to regulatory approval, expected at the end of 2016, AEW Europe’s capital will be 60% owned by NGAM and 40% by La Banque Postale.

2.7 Outlook

ECONOMIC OUTLOOK

In the second half of 2016 and through 2017, global growth will remain fragile due to a number of uncertainties: the postponing of decisions due to Brexit and questions about the future of the European Union, threats of an economic upset in China and the United States, etc. Growth is likely to slow further in China as corporate profitability declines and as emerging countries reach the end of their debt cycle. After seven years of moderate recovery, the United States - where activity will continue to be underpinned by consumer spending - is likely to see GDP growth of less than 2% as corporate investment and margins shrink. As well as facing banking risk and institutional and financial instability caused by Brexit, the euro zone will cease to benefit from external stimuli, namely the past fall in oil prices and the euro. However, its GDP should amount to around 1.5% per year, boosted by a rebound in employment, positive fiscal stimulus, and a timid upturn in investment spending, Germany and Spain. Inflation will pick up very slowly in Europe and France as of the second half of 2016, driven by the rise in oil prices to just over USD 50/barrel. After benefiting from exceptional external factors (oil, euro, interest rates) and the absence of wait-and-see behavior, French growth will fall back to 1%/year, below the euro zone's growth level. This will not be enough to rapidly reduce unemployment or the public deficit. Consumption and, to a lesser extent, productive investment, will be the main drivers of growth, as persistent declines in competitiveness will lead to an increase in imports to satisfy domestic demand. But consumer spending will contribute less and less to overall economic activity since purchasing power is set to rise more slowly as inflation picks up - albeit at a low level - and as savings rates stabilize at 14.5%.

Brexit is likely to slow growth and ramp up risk, but its economic impact will be greater in 2017 than in 2016. The Brexit vote pushed the 10-year OAT yield close to zero, with shorter maturities all excessively negative. French long yields will continue to suffer from the intensification of monetary policy easing by the ECB. Its measures include the extension of the scope and duration of monthly public and private debt repurchases to €80 billion and negative rates on the deposit facility at -0.40%, etc. As the specter of deflation fades, the 10-year OAT could rise slightly by 2017, likely accompanied by an increase in volatility due to its excessively low current levels and a degree of contagion from the moderate rise in US bond yields. Long rates will continue to be limited by soft nominal growth and in particular by the ECB's monetary policy, which is now much more ultra-accommodative than the US Federal Reserve's policy, though the Fed has postponed its next rate hike to December, after the presidential elections in November.

REGULATORY CHANGES

Directive 2014/59/EU of May 15, 2014 (BRRD) came into force on January 1, 2015. This directive laid down a framework applicable in the 28 European Union countries for the resolution of banking crises, defining the necessary steps and powers to resolve European banks while preserving financial stability and minimizing taxpayer exposure to loss from solvency support.

The directive introduced a bail-in system to take effect from January 1, 2016 whereby taxpayers will not be the first to finance a bank's resolution. Instead, this role will fall to shareholders and then if necessary creditors, according to their predefined priority ranking, by transforming their debt into capital in order to rebuild the bank's capital resources. To ensure that a bank holds sufficient loss-absorbing capability, a minimum requirement for own funds and eligible liabilities (MREL) will be set by each resolution authority in conjunction with the supervisor and the European Banking Authority (EBA). On May 23, the European Commission published a delegated regulation regarding MREL requirements under the BRRD, which will allow the Single Resolution Board (SRB) to notify banks of their consolidated MREL requirement at the end of the year.

At the international level, the Financial Stability Board (FSB) wants to require globally systemically important banks (G-SIBs) to have an additional buffer of eligible and convertible instruments that would supplement current capital requirements in building total loss absorbing capacity (TLAC). The objective of the TLAC would be similar to that of the MREL in that it aims to ensure that each G-SIB has the capacity to continue its essential operations for the economy even after a loss has eaten up all of its regulatory capital.

In November 2015, the FSB published the final calibration of the TLAC: all TLAC-eligible instruments must be equivalent to at least 16% of RWA at January 1, 2019 and at least 6% of the denominator of the leverage ratio. As from January 1, 2022, the TLAC must be equivalent to 18% of RWA and 6.75% of the leverage ratio denominator. The FSB requires TLAC-eligible debt to be subordinated to certain liability items; as a result, senior unsecured debt held by European institutions is ineligible in its current form barring a change in legislation (excluding a tolerance of 2.5% of RWA at the start of 2019, then 3.5% at the start of 2022). On December 27, 2015, the French government announced that it would enact a law changing the ranking of bank creditors in the event of problems, in order to facilitate the implementation of the bail-in system. Unstructured senior unsecured debt with a maturity of more than one year will be divided into two categories: preference will be given to all creditors currently in the senior unsecured classification, and banks will be able to continue issuing debt securities in this category when the law comes into force; a new debt category, eligible for the TLAC, will be created; this debt will form a new tranche, after subordinated instruments and before the category of "preferred" liability instruments. Furthermore, all short-term debt (less than one year) will have to be issued in the "preferred" category. This new requirement is taken into account in the draft law on transparency, the fight against corruption and the modernization of the economy, and should enter into force following its publication in the second half of 2016.

In September 2011, the Basel Committee launched the Basel III Regulatory Consistency Assessment Program (RCAP) to ensure that the Basel III standards are adopted on schedule and that existing or new regulations comply with Basel III provisions. Among several initiatives with potentially significant consequences, at the end of 2014, the Basel Committee published two consultative documents: one on an extensive draft revision of the standardized approach to credit risk measurement and the other on capital floors for banks using internal models. The committee also wished to consult on the overhaul of the internal ratings-based approach to credit risk. It also consulted on market risk and operational risk. The committee has now finalized several new regulatory frameworks, including the reform of the trading book and interest rate risk in the banking book. It has announced its intention to finalize the review of the entire capital requirement standards by the end of 2016. The impact of the new framework will depend on the final calibrations adopted.

Debates are pitching those in favor of standard models against those preferring internal models, and underscore the need for the European Union to validate the overall calibration of all the reforms and to perform its own quantitative impact studies.

As an extension to the Basel Committee's work, the European Commission has already begun to review the CRR/CRD4 regulatory framework, with reforms covering securitization, market risk, counterparty risk, exposure to clearing houses and the leverage ratio.

All of these new regulatory constraints, the resulting structural changes, and the more restrictive budget and fiscal policies will weigh heavily on profits generated by certain activities and may limit how well banks are able to finance the economy.

3. Risk management

3.1 Risk factors

Risk factors have not changed significantly from those described in the Groupe BPCE 2015 Registration Document (Chapter 3 - pages 118 to 124).

3.2 Capital and prudential ratios

REGULATORY FRAMEWORK

The regulatory framework is described in the Groupe BPCE 2015 Registration Document (Chapter 3 – pages 125 to 126), and has been updated as described below.

The capital ratios are calculated as the ratio of total capital to the sum of:

- credit and dilution risk-weighted assets; and
- capital requirements for the prudential supervision of market risk and operational risk, multiplied by 12.5.

They are subject to a phase-in calculation aimed at gradually transitioning from Basel 2.5 to Basel III. These phase-in measures mainly cover:

- changes in capital ratios before buffers: in 2016, the minimum Common Equity Tier 1 ratio was 4.5%, the minimum Tier 1 capital ratio was 6%, and the minimum total capital adequacy ratio was 8%;
- changes in capital buffers, applied gradually from fiscal year 2016 until 2019:

  - the capital conservation buffer, comprised of Common Equity Tier 1, is set for 2019 at 2.5% of the total amount of risk exposures (0.625% as from January 1, 2016, plus 0.625% per year until 2019),

  - Groupe BPCE's countercyclical buffer is the EAD-weighted average of the buffers defined for each of the Group's countries of operation. Groupe BPCE's maximum countercyclical buffer as from January 1, 2016 is 0.625%. As most of Groupe BPCE's exposures are located in countries whose countercyclical buffer has been set at 0%, the Group considers that this rate will be very close to 0%.

  The buffer for G-SIBs is currently set at 1% for the Group by 2019 (0.25% as from January 1, 2016, plus an additional 0.25% per year until 2019);

- the gradual incorporation of Basel III provisions:

  - the new regulation has eliminated the majority of the prudential filters, and in particular those relating to unrealized capital gains and losses on equity instruments and available-for-sale debt securities. A phase-in application was nevertheless implemented. As such, in 2016, 60% of unrealized capital gains are included, and each year another 20% will be included in Common Equity Tier 1. Unrealized capital losses have been included since 2014,

  - the capped or excluded share of non-controlling interests has been gradually deducted from each capital tier in 20% increments every year since 2014, therefore totaling 60% in 2016,

  - deferred tax assets dependent on future profits and linked to tax loss carryforwards were subject to a 40% deduction in 2016, and will subsequently be subject to an additional annual deduction of 20% through the early application of ECB Regulation (EU) 2016/445 of March 14, 2016, with the deduction rate in 2015 being 10%,

- DTAs depending on future taxable income and related to temporary differences have been gradually deducted in 20% increments since 2014 (60% in 2016) for the share exceeding the common allowance for Equity interests of more than 10%. In 2016, the remaining 40% was still accounted for in accordance with CRD III; the items covered by the allowance were weighted at 250%,

- Common Equity Tier 1 instruments held in Equity interests of more than 10% are gradually deducted: the residual amount of the share exceeding the allowance, applicable to DTAs as referred to in the previous point, is deducted using the same methods as in the point above. In 2016, the remaining 40% was still accounted for in accordance with CRD III (50% deducted from Tier 1 and 50% from Tier 2); the items covered by the allowance were weighted at 250%,

- hybrid debt instruments eligible to be included in capital under Basel II, and which are no longer eligible under the new regulation, may under certain conditions be eligible for the grandfathering clause. In accordance with this clause, they are gradually excluded over an eight-year period, with a 10% decrease each year. In 2016, 60% of all such instruments declared at December 31, 2013 were recognized, then 50% in 2017 and so forth in subsequent years. The unrecognized share may be included in the lower equity tier if it meets the relevant criteria.

PRUDENTIAL SCOPE

Groupe BPCE is subject to a consolidated regulatory reporting requirement from the European Central Bank (ECB), the European supervisory authority. Pillar III is therefore prepared on a consolidated basis.

The prudential scope of consolidation is established based on the statutory scope of consolidation. The main difference between these two scopes lies in the consolidation method for insurance companies, which are accounted for by the equity method within the prudential scope, regardless of the statutory consolidation method.

The following insurance companies are accounted for by the equity method within the prudential scope of consolidation:

- CNP Assurances [*];
- Surassur;
- Mracef;
- Coface;
- Natixis Assurances;
- Compagnie Européenne de Garanties et de Cautions;
- Prépar-Vie;
- Prépar-IARD;
- Nexgen Reinsurance Limited;
- Caisse Garantie Immobilière du Bâtiment *;
- Parnasse Garanties *.

[*] *Also accounted for by the equity method in the statutory scope of consolidation.*

TRANSITION FROM ACCOUNTING BALANCE SHEET TO PRUDENTIAL BALANCE SHEET

The table below shows the transition from an accounting balance sheet to a prudential balance sheet for Groupe BPCE at June 30, 2016.

The transition from the accounting balance sheet to the prudential balance sheet at December 31, 2015 is presented on page 127 of the 2015 Registration Document.

Assets at 06/30/16 (in millions of euros)	**BPCE statutory scope**	**Prudential restatements**	**BPCE prudential scope**
Cash and amounts due from central banks	52,727	58	52,785
Financial assets at fair value through profit or loss	174,473	-13,594	160,879
- o/w securities portfolio	*63,006*	*-13,773*	*49,233*
- o/w loan book	*9,366*	0	*9,366*
- o/w repurchase agreements	*41,251*	*251*	*41,502*
- o/w derivative financial instruments	*60,850*	*-72*	*60,778*
Hedging derivatives	19,033	-1	19,032
Available-for-sale financial assets	101,015	-46,741	54,274
Loans and receivables due from credit institutions	108,423	-1,861	106,562
Loans and receivables due from customers	662,379	-9,871	652,508
Revaluation differences on interest rate risk-hedged portfolios	10,186	0	10,186
Held-to-maturity financial assets	10,069	-3,053	7,016
Current tax assets, deferred tax assets	4,831	-20	4,811
Accrued income and other assets	60,959	-10,851	50,108
Investments in associates	3,704	3,451	7,155
Investment property	2,030	-1,275	755
Property, plant and equipment	4,514	-58	4,456
Intangible assets	1,083	-242	841
Goodwill	4,318	-332	3,986
TOTAL	**1,219,744**	**-84,391**	**1,135,353**

Liabilities at 06/30/16 (in millions of euros)	**BPCE statutory scope**	**Prudential restatements**	**BPCE prudential scope**
Amount due to central banks	0	0	0
Financial liabilities at fair value through profit or loss	150,786	-724	150,062
- o/w trading securities portfolio	*26,226*	*0*	*26,226*
- o/w loans and repurchase agreements	*338*	0	*338*
- o/w portfolio measured under the market value option	*64,515*	*-690*	*63,825*
- o/w derivative financial instruments	*59,707*	*-34*	*59,673*
Hedging derivatives	24,718	0	24,718
Amounts due to credit institutions	77,841	-2,822	75,019
Amounts due to customers	526,429	1,240	527,669
Debt securities	214,730	2,925	217,655
Revaluation differences on interest rate risk-hedged portfolios	1,379	0	1,379
Current tax liabilities, deferred tax liabilities	887	-315	572
Accrued expenses and other liabilities	56,193	-8,943	47,250
Insurance companies' technical reserves	74,151	-74,067	84
Provisions	6,120	-143	5,977
Subordinated debt	20,877	-599	20,278
Equity attributable to equity holders of the parent	**58,428**	**-8**	**58,420**
Share capital and additional paid-in capital	21,459	0	21,459
Retained earnings	33,200	-8	33,192

Unrealized or deferred gains and losses	1,342	0	1,342
Net income for the period	2,427	0	2,427
Non-controlling interests	7,205	-935	6,270
TOTAL	**1,219,744**	**-84,391**	**1,135,353**

REGULATORY CAPITAL

Regulatory capital is determined in accordance with regulation No. 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and investment firms.

It is divided into three categories: Common Equity Tier 1, Additional Tier 1 capital and Tier 2 capital. Deductions are made from these categories. Details of the composition of the different categories of regulatory capital are provided on pages 128 to 131 of the 2015 Registration Document.

These categories are broken down according to decreasing degrees of solidity and stability, duration and degree of subordination.

in millions of euros	**06/30/2016 Basel III phased-in[1]**	**12/31/2015 Basel III phased in[1]**
Share capital and additional paid-in capital	21,459	21,096
Retained earnings	33,192	31,163
Income	2,427	3,243
Gains and losses recognized directly in equity	1,342	2,123
Consolidated equity attributable to equity holders of the parent	**58,420**	**57,625**
Perpetual deeply subordinated notes classified as equity	-1,628	-1,628
Consolidated equity attributable to equity holders of the parent excluding perpetual deeply subordinated notes classified as equity	**56,792**	**55,997**
Non-controlling interests	4,430	4,652
- o/w prudential filters	*489*	*760*
Deductions	-4,650	-4,684
- o/w goodwill	*-3,809*	*-3,829*
- o/w intangible assets	*-841*	*-855*
Prudential restatements	-3,523	-5,008
- o/w shortfall of credit risk adjustments to expected losses	*-1,277*	*-1,197*
- o/w prudent valuation	*-420*	*-422*
Common Equity Tier 1[2]	**53,049**	**50,957**
Additional Tier 1 capital	1,273	1,250
Tier 1 capital	**54,322**	**52,207**
Tier 2 capital	14,792	13,584
TOTAL PRUDENTIAL CAPITAL	**69,114**	**65,791**

(1) Phased-in: after taking phase-in measures into account.

(2) Common Equity Tier 1 included €20,303 million in cooperative shares (after taking deductions into account) at June 30, 2016 and €19,758 million in 2015.

A detailed breakdown of regulatory capital by category, as required by implementing regulation No. 1423/2013, is published at the following address: http://www.bpce.fr/Investisseur/Information-reglementee/Publications-reglementaires.

A detailed breakdown of debt instruments recognized as AT1 and AT2 capital, as required by implementing regulation No. 1423/2013, is published at the following address: http://www.bpce.fr/Investisseur/Information-reglementee/Publications-reglementaires.

Changes in CET1 capital

in millions of euros	**CET1**
12/31/2015	**50,957**
Generation of CET1 capital coming from the issuance of cooperative shares	528
Income net of proposed dividend payout	2,324
Other items	-760
06/30/2016	**53,049**

Additional Tier 1 capital

in millions of euros	**06/30/2016 Basel III phased-in**	**12/31/2015 Basel III phased-in**
Ineligible AT1 capital instruments subject to grandfathering clause*	1,587	1,689
AT1 instruments issued by financial institutions in which the Group holds more than 10%	-62	-40
Phase-in adjustments applicable to AT1 capital	-252	-399
ADDITIONAL TIER 1 (AT1) CAPITAL	**1,273**	**1,250**

* Amount after the application of phase-in measures, i.e. 60% of outstanding perpetual subordinated notes at June 30, 2016 and 70% at December 31, 2015.

Changes in AT1 capital

in millions of euros	AT1
12/31/2015	**1,250**
Redemptions (including changes in phase-in rate)	-244
Issues	9
Foreign exchange effect	133
Phase-in adjustments	125
06/30/2016	**1,273**

Features of AT1 capital

Issuer	Issue date	Currency	Amount in millions (original currency)	Net amount (in millions of euros)[1]	Net prudential amount (in millions of euros)
BPCE	07/30/2004	USD	200	180	108
BPCE	10/12/2004	EUR	80	80	48
NATIXIS	01/25/2005	EUR	152	152	91
BPCE	01/27/2006	USD	300	270	162
NATIXIS	10/18/2007	EUR	364	364	218
BPCE	10/30/2007	EUR	509	509	305
NATIXIS	03/28/2008	EUR	150	150	90
NATIXIS	04/30/2008	USD	186	167	100
BPCE	08/06/2009	EUR	374	374	225
BPCE	08/06/2009	USD	444	399	240
TOTAL				**2,645**	**1,587**

(1) Nominal amount translated into euros at the exchange rate in force at the closing date.

Changes in Tier 2 capital

in millions of euros	Tier 2 capital
12/31/2015	**13,584**
Redemption of subordinated notes	-9
Prudential discount	-385
New subordinated note issues	1,883
Phase-in deductions and adjustments	-147
Foreign exchange effect	-134
06/30/2016	**14,792**

REGULATORY CAPITAL REQUIREMENTS AND RISK-WEIGHTED ASSETS

Regulatory capital requirements for credit risk and counterparty risk

The table below complies with the CRR format, presenting capital requirements for credit and counterparty risks, before the CVA and after the application of risk mitigation techniques.

in millions of euros	06/30/2016 Basel III phased-in		12/31/2015 Basel III phased-in	
	Risk-weighted assets	**Capital requirements**	**Risk-weighted assets**	**Capital requirements**
Credit risk - standardized approach				
Central governments and central banks	8,347	668	8,260	661
Regional governments or local authorities	13,524	1,082	13,942	1,115
Public sector entities	3,655	292	3,427	274
Multilateral development banks	-	-	-	-
International organizations	-	-	-	-
Institutions	2,062	165	2,313	185
Corporates	57,848	4,628	60,039	4,803
Retail customers	6,861	549	6,896	552
Exposures secured by mortgages on immovable property	21,733	1,739	19,786	1,583
Exposures at default	6,212	497	6,182	495
Exposures associated with particularly high risk	25	2	25	2
Covered bonds	230	18	209	17
Exposures to institutions and corporates with a short-term credit assessment	365	29	174	14
Collective investment undertakings	1,535	123	1,120	90
Equities	66	5	106	8
Other items	4,003	320	8,204	656
Securitization positions	7,918	634	10,449	836
Subtotal - standardized approach	**134,384**	**10,751**	**141,132**	**11,291**
Credit risk - IRB approach				
Central governments and central banks	985	79	811	65
Institutions	8,109	649	7,660	613
Corporates	74,063	5,925	70,801	5,664
Retail customers	59,553	4,764	58,238	4,659
Equities	43,213	3,457	44,623	3,570
Securitization positions	1,949	156	1,850	148
Other non credit-obligation assets	8,817	705	8,845	708
Subtotal – IRB approach	**196,689**	**15,735**	**192,828**	**15,426**
Risk linked to contribution to central counterparty default fund	**270**	**22**	**241**	**19**
TOTAL RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS FOR CREDIT AND COUNTERPARTY RISK	**331,343**	**26,507**	**334,201**	**26,736**

Regulatory capital requirements for CVA

in millions of euros	06/30/2016 Basel III phased-in		12/31/15 Basel III phased-in	
	Risk-weighted assets	Capital requirements	Risk-weighted assets	Capital requirements
CVA risk under standardized approach	5,288	423	5,845	468
Total risk-weighted assets and capital requirements for the credit valuation adjustment (CVA)	**5,288**	**423**	**5,845**	**468**

Regulatory capital requirements for market risk

in millions of euros	06/30/2016 Basel III phased-in		12/31/15 Basel III phased-in	
	Risk-weighted assets	Capital requirements	Risk-weighted assets	Capital requirements
Interest rate risk	2,058	164	2,484	199
Equity risk	510	41	349	28
Foreign exchange risk	3,083	246	2,862	229
Key commodity risk	633	51	1,110	89
Market risk using the standardized approach	**6,284**	**502**	**6,805**	**544**
Market risk using the IRB approach	**6,721**	**538**	**6,863**	**549**
Total risk-weighted assets and capital requirements for market risks	**13,005**	**1,040**	**13,668**	**1,093**

Regulatory capital requirements for operational risk

in millions of euros	06/30/2016 Basel III phased-in		12/31/15 Basel III phased-in	
	Risk-weighted assets	Capital requirements	Risk-weighted assets	Capital requirements
Operational risk – standardized approach	37,645	3,012	37,645	3,012
Total risk-weighted assets and capital requirements for operational risk	**37,645**	**3,012**	**37,645**	**3,012**

Risks weighted by type of risk and by business line

in millions of euros	06/30/2016 Basel III phased-in				
	Credit risk*	CVA	Market risk	Operational risk	Total
Commercial Banking and Insurance	227,963	1,077	978	24,958	254,976
Investment Solutions	13,070	7	0	3,690	16,767
Corporate and Investment Banking	49,046	3,622	9,941	5,858	68,467

Specialized Financial Services	12,538	0	0	2,081	14,619
Other	28,771	582	2,086	1,058	32,497
Total risk-weighted assets	**331,388**	**5,288**	**13,005**	**37,645**	**387,326**

* including settlement/delivery risk

in millions of euros	12/31/2015 Basel III phased-in				
	Credit risk*	**CVA**	**Market risk**	**Operational risk**	**Total**
Commercial Banking and Insurance	226,580	1,181	1,004	24,958	253,723
Investment Solutions	11,417	15	0	3,690	15,122
Corporate and Investment Banking	48,583	4,548	10,078	5,858	69,067
Specialized Financial Services	11,425	0	0	2,081	13,506
Other	36,219	101	2,586	1,058	39,964
Total risk-weighted assets	**334,224**	**5,845**	**13,668**	**37,645**	**391,382**

* including settlement/delivery risk

REGULATORY CAPITAL AND CAPITAL ADEQUACY RATIOS

in millions of euros	**06/30/2016 Basel III phased-in**	**12/31/2015 Basel III phased-in**
Common Equity Tier 1 (CET1)	53,049	50,957
Additional Tier 1 (AT1) capital	1,273	1,250
TOTAL TIER 1 (T1) CAPITAL	**54,322**	**52,207**
Tier 2 (T2) capital	14,792	13,584
TOTAL REGULATORY CAPITAL	**69,114**	**65,791**
Credit risk exposure	331,343	334,201
Settlement/delivery risk exposure	45	23
CVA risk exposure	5,288	5,845
Market risk exposure	13,005	13,668
Operational risk exposure	37,645	37,645
TOTAL RISK EXPOSURE	**387,326**	**391,382**
Capital adequacy ratios		
Common Equity Tier 1 ratio	13.7%	13.0%
Tier 1 ratio	14.0%	13.3%
Total capital adequacy ratio	17.8%	16.8%

MANAGEMENT OF CAPITAL ADEQUACY

Changes in Groupe BPCE’s capital adequacy under Basel III during first-half 2016 (with phase-in measures)

Groupe BPCE’s capital adequacy was strengthened during first-half 2016: the Common Equity Tier 1 ratio, taking into account phase-in provisions set out in CRR/CRD IV, stood at 13.7% at June 30, 2016, up 70 basis points in relation to the ratio of 13.0% at December 31, 2015.

The improvement in the Common Equity Tier 1 ratio in the first half of 2016 was due to:

- the €2.1 billion rise in Common Equity Tier 1, driven by retained earnings and cooperative share inflows in both networks;
- careful management of risk-weighted assets (€387 billion at end-June 2016). The Group has lowered its risk profile by around €4 billion since the end of 2015.

Furthermore, significant transactions that impacted the Group’s ratio were completed in the first half of 2016:

- the disposal of Visa shares, which had an impact of +11 basis points on the Common Equity Tier 1 ratio;
- the acquisition of Peter J. Solomon Company (PJSC) by Natixis, which had an impact of –3 basis points on the Common Equity Tier 1 ratio.

At the end of June 2016, the Tier 1 ratio stood at 14.0%, up 70 basis points on year-end 2015.

The total capital adequacy ratio, which reached 17.8% at end-June 2016, benefited from Tier 2 issues carried out in H1 2016 for a total of €1.9 billion.

Excluding the CRR/CRD IV phase-in measures, the Common Equity Tier 1 ratio was 13.5% at June 30, 2016 versus 12.9% at end-2015.

OUTLOOK

In 2016, all of Groupe BPCE will continue working to achieve the goal of enhancing its financial strength above and beyond the targets set forth in the 2014-2017 strategic plan. The Group has already prepared to meet the next regulatory deadlines.

The regulatory resolution and bail-in framework is beginning to stabilize. New complementary indicators for capital adequacy and leverage ratios will be implemented via the Minimum Requirement for own funds and Eligibility Liabilities (MREL) and Total Loss Absorbing Capacity (TLAC). Groupe BPCE has already established internal oversight of these indicators.

LEVERAGE RATIO

Groupe BPCE’s leverage ratio, as calculated under the rules of the Delegated Regulation published by the European Commission on October 10, 2014, was 4.7% at June 30, 2016 based on phased-in Tier 1 capital.

It should be noted that Groupe BPCE can no longer factor in the centralized savings exemption pursuant to the European Central Bank’s decision.

in millions of euros	06/30/2016	12/31/2015 (4)	12/31/2015
TIER 1 CAPITAL (Basel III phased-in)	**54,322**	**52,207**	**52,207**
Total balance sheet	**1,219,744**	**1,166,535**	**1,166,535**
Prudential restatements	-84,391	-68,639	-68,639
Total prudential balance sheet	**1,135,353**	**1,097,896**	**1,097,896**
Adjustments for exposure to derivatives[(1)]	-61,286	-48,056	-48,056
Adjustments for repo transactions[(2)]	-16,771	-12,652	-12,652
Adjustment for savings centralized with Caisse des Dépôts et Consignations[(3)]			-65,655
Off-balance sheet items (financing and guarantee commitments)	93,939	89,364	89,364
Regulatory adjustments	-5,575	-5,488	-5,488
TOTAL LEVERAGE EXPOSURE	**1,145,660**	**1,121,064**	**1,055,409**
Leverage ratios	*4.7%*	*4.7%*	*4.9%*

[(1)] Includes netting effects applicable to derivatives under the rules of the Delegated Regulation.

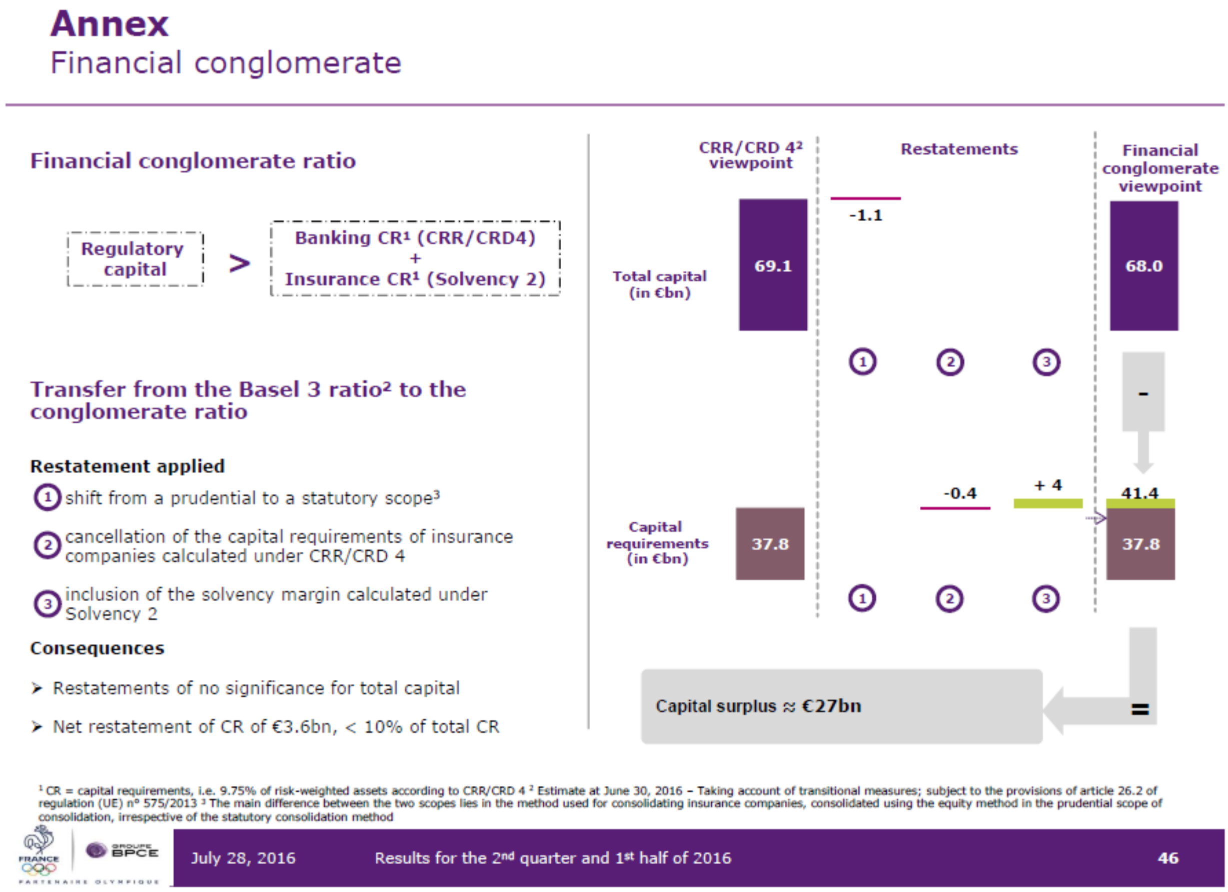
[(2)] Includes adjustments applicable to repo transactions under the rules of the Delegated Regulation

[(3)] Subject to approval by the European Central Bank

[(4)] Pro forma at December 31, 2015 not factoring in the adjustment for centralized savings

Without applying the phase-in arrangements (except for the deduction of 10% of deferred tax assets on tax loss carryforwards), Groupe BPCE's leverage ratio stands at 4.8%.

FINANCIAL CONGLOMERATE RATIO



3.3 Credit and counterparty risk

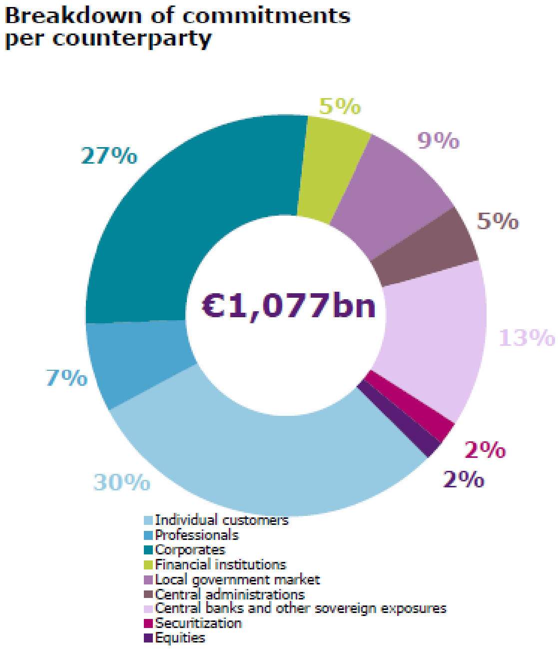
Organization of credit and counterparty risk management

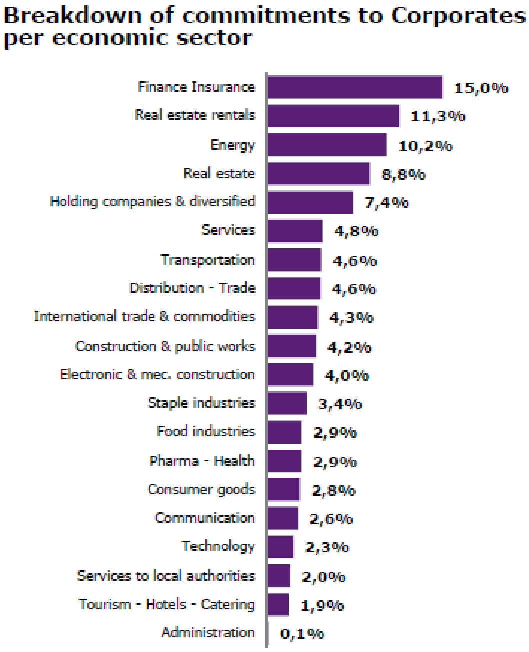
The organization of credit and the methodology for measuring risks are described in detail in the 2015 Registration Document (Chapter 3 – pages 140 to 141).

The organization of counterparty risk management is described in detail in the 2015 Registration Document (Chapter 3 – page 160).

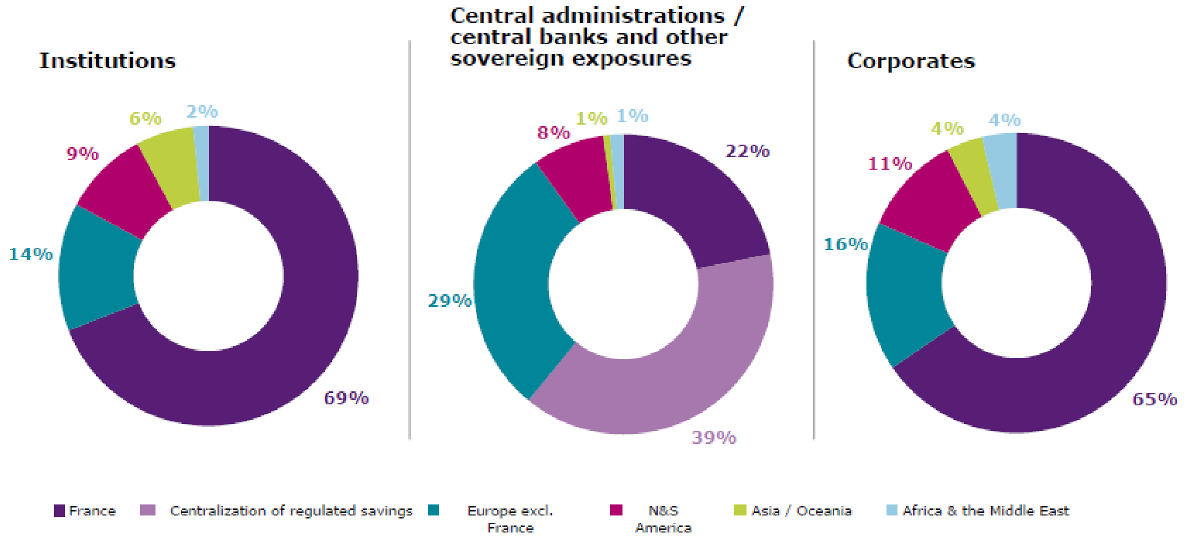
Risk measurement relies on rating systems adapted to each category of customer and transaction. The Group Risk Management division is responsible for defining and controlling the performance of these rating systems.

Breakdown of commitments as at June 30, 2016





Geographical breakdown of commitments as at June 30, 2016



3.4 Non-performing loans

Groupe BPCE non-performing loans and impairment

In millions of euros	June 30, 2016	Dec. 31, 2015	Dec. 31, 2014
Gross outstanding customer loans	**674,628**	**629,775**	**623,256**
O/w non-performing loans	23,298	23,098	22,919
Non-performing/gross outstanding loans	**3.5%**	**3.7%**	**3.7%**
Impairment recognized[1]	12,249	12,310	12,289
Impairment recognized/non-performing loans	**52.6%**	**53.3%**	**53.6%**
Coverage rate, including guarantees related to impaired outstandings	**83.6%**	**81.0%**	**80.9%**

[1] *Including collective impairment*

3.5 Market risk

Market risk management

Market risk management and the methodology used to measure risks are described in detail in the 2015 Registration Document (Chapter 3 – pages 169 to 170).

The Risk Management division is responsible for the control of market activities within Groupe BPCE, which is subject to regular review by the Group Market Risk Committee.

Breakdown of VaR (99% – 1-day) – Groupe BPCE

in millions of euros	**06/30/2016**	**12/31/2015**
Interest rate risk	3.4	5.3
Credit risk	3.0	3.1
Equity risk	6.8	4
Exchange rate risk	2.4	2.8
Commodity risk	0.8	0.1
Netting	*(7.9)*	*(7.5)*
GROUPE BPCE VAR	**8.5**	**7.8**

Consolidated VaR for Groupe BPCE's trading scope (99% one-day Monte Carlo VaR) amounted to €8.5 million at June 30, 2016, an increase of €0.7 million over the first half of the year. A maximum VaR of €9.3 million was recorded on May 13, 2016, with a minimum of €6.4 million on March 2, 2016, for an average of €7.9 million over the period.

Stress test results

Main hypothetical stress tests

			06/30/2016			
in millions of euros	Fall in stock market indices	Increase in interest rates	Default by a bank	Commodities	Emerging market crisis	Default by an influential corporation
Natixis trading	**70**	**(32)**	**(12)**	**(38)**	**37**	**1**
Natixis Corporate and Investment Banking	70	(32)	(12)	(38)	37	1
BRED trading	**(7)**	**(4)**	**(23)**	**(19)**	**(1)**	**1**
Trading floor	(11)	(3)	(22)	(20)	(4)	0
Financial management	5	(1)	(1)	0	3	1
BPCE trading subsidiaries	**0**	**0**	**0**	**0**	**0**	**0**
OVERALL TRADING BOOK	**63**	**(36)**	**(34)**	**(57)**	**36**	**2**

The most sensitive hypothetical stress test is "Commodities"[1], mainly within the Natixis CIB scope.

Main historic stress tests

06/30/2016						
in millions of euros	2008 corporate crisis	September 11, 2001	2002 credit crunch	1994 bond market crash	1997 Asian crisis	1990 Gulf War
Natixis trading	**(26)**	**(11)**	**(14)**	**10**	**14**	**31**
Natixis Corporate and Investment Banking	(26)	(11)	(14)	10	14	31
BRED trading	**(7)**	**(10)**	**2**	**(13)**	**(14)**	**(14)**
Trading floor	(9)	(11)	(1)	(11)	(15)	(14)
Financial management	1	1	2	(3)	(0)	(0)
BPCE trading subsidiaries	0	0	0	- 0	0	-
OVERALL TRADING BOOK	**(33)**	**(21)**	**(12)**	**(3)**	**(0)**	**17**

The most sensitive historic scenario at June 30, 2016 was the "2008 corporate crisis"[2].

[1] *Assumption of an interruption to commodity supplies caused by a geopolitical crisis. Sharp rise in commodity prices and volatility, with upside pressure on yields and spreads*.

[2] *Reproduces* the *market conditions that followed the near collapse of Bear Stearns and the announcement of record losses by Fannie Mae. The crisis extends to debt considered to be the most secure, the equity markets continue to collapse, swap/cash and liquidity spreads rise sharply. Certain credit segments, in particular financials and US corporates, suffer a major impact. Credit spreads on securitized assets, primarily CDOs, reach record levels*.

3.6 Liquidity, interest rate and foreign exchange risks

Like all credit institutions, Groupe BPCE is exposed to structural liquidity, interest rate and exchange rate risks. These risks are closely monitored by the Group and its institutions to secure immediate and future income, ensure that balance sheets are balanced and promote the Group's development.

Management of liquidity risk and organization of refinancing within Groupe BPCE

The system used to steer and manage liquidity risk and the organization of refinancing within Groupe BPCE are described in detail in the 2015 Registration Document (Chapter 3 – pages 179 to 182).

The main aim of the Group's liquidity risk management system is to always be in a position to cope with a prolonged, highly intense liquidity crisis while monitoring cost control, promoting the balanced development of the business lines and complying with regulations in force.

The Group Finance division organizes, coordinates and supervises the funding of Groupe BPCE in the markets.

The short-term funding of Groupe BPCE is carried out by a single treasury and central bank collateral management team, created following the merger of BPCE and Natixis' cash management teams.

For medium and long-term funding requirements (more than one year), in addition to deposits from customers of the Banque Populaire and Caisse d'Epargne networks, which are the primary source of funding, the Group also issues bonds through two main operators:

- BPCE (directly as BPCE or through BPCE SFH, which issues "obligations de financement de l'habitat" or OH, a category of secured bonds backed by French legislation); and
- its subsidiary Crédit Foncier (essentially with Compagnie de Financement Foncier, a subsidiary of Crédit Foncier, which issues covered bonds known as "obligations foncières" or OF, also backed by French legislation).

Achievements in the first half of 2016/main changes

In the first half of 2016, Groupe BPCE further improved its liquidity position, including in particular a 2-point gain in the customer loan/deposit ratio from December 31, 2015 to June 30, 2016 and a substantial improvement in coverage of short-term funding requirements by liquidity reserves. Furthermore, the Group's LCR remains above 110%.

2016 MLT funding plan: achievements at June 30, 2016

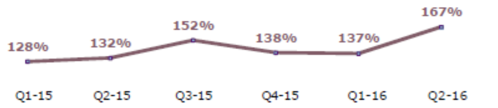
Liquidity
Solid liquidity reserves and diversified wholesale funding

Liquidity reserves: €189bn at June 30, 2016

- **€46bn** in cash placed with central banks
- **€143bn** of available assets eligible for central bank funding

LCR > 110% at June 30, 2016

Liquidity reserves/(short-term funding + MLT and subordinated debt maturing within 1 year), expressed as a %



66% of the 2016 MLT wholesale funding plan already completed at June 30, 2016

- €16.0bn raised out of a €24bn plan
- Average maturity at issue: 7.6 years
- Average rate: mid-swap +42bps
- 51% in public issues and 49% in private placements

Unsecured bond segment: €10.6bn raised (62% of the 2016 unsecured funding plan)

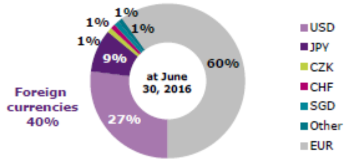
- Senior debt: €8.2bn
- Tier 2: €2.4bn

Covered bond segment: €5.4bn raised (77% of the 2016 secured funding plan)

Continued pursuit of the innovative, diversified approach for Tier-2 issues

- BPCE, the first non-Japanese issuer to raise Tier-2 capital on the retail Samurai market (¥53bn, or €475m)

Diversification of the investor base
(for unsecured bond segment excl. buybacks)



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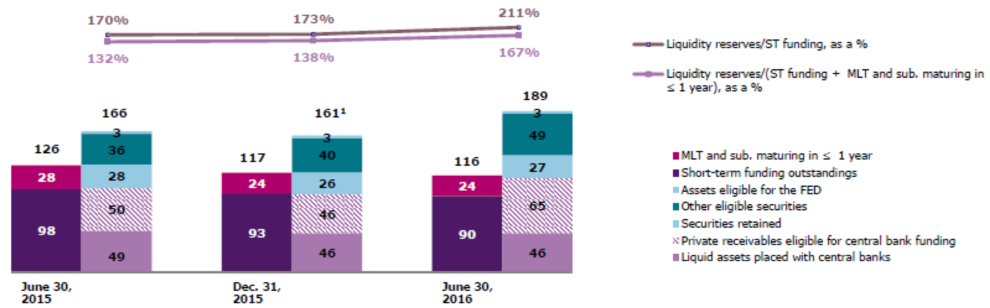
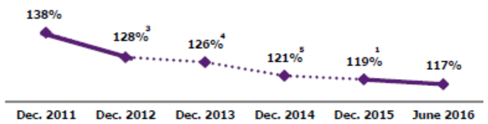
Liquidity reserve and short term funding as at June 30, 2016

Annex – Liquidity
Breakdown of the liquidity reserve and short-term funding (in €bn)
Group customer loan/deposit ratio[2]

Liquidity reserves and ST funding (in €bn)



Group customer loan/deposit ratio[2]



[1] The figures for December 31, 2015 include a deliberate over-centralization of regulated resources committed at the end of 2015, but completed at the very beginning of 2016 [2] Excluding SCF (Compagnie de Financement Foncier, the Group's *société de crédit foncier* – a French legal covered bonds issuer) [3] Change in method on Dec. 31, 2012 related to modifications in the definition of customer classifications; previous periods not restated [4] Change in method on Dec. 31, 2013 following the adoption of new netting agreements between financial receivables and payables; previous periods not restated [5] Change in method on Dec. 31, 2014 following the transfer of subordinated debt issues to the network customers from the Shareholders' equity item to the Customer deposits item on the cash balance sheet

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Changes in liquidity gaps

The Group's liquidity gap complies with internal limits.

in billions of euros	**07/01/2016 to 06/30/2017**	**07/01/2017 to 06/30/2020**	**07/01/2020 to 06/30/2024**
Gaps	10.2	23.5	22.5

Interest rate risk management

The system used to steer and manage liquidity risk throughout Groupe BPCE is described in detail in the 2015 Registration Document (Chapter 3 – page 183).

The objective of the Group's interest rate risk management mechanism is to monitor the level of interest rate transformation of Group members in order to contribute to the growth of the Group and the business lines while evening out the impact of any unfavorable interest rate changes on the value of the Group's banking book and future income.

Structural interest rate risk is controlled by a system of indicators and limits defined by the Group Asset and Liability Management Committee. It measures structural risks on the balance sheet, excluding any kind of independent risk (trading, own accounts, etc.). The indicators used are divided into two approaches: a static approach that only takes into account on-balance sheet and off-balance sheet positions at a set date and a dynamic approach which includes commercial and financial expectations.

Changes in sensitivity indicators

The sensitivity of the net present value of the Group's balance sheet to a 200 basis point drop or increase in interest rates remains much lower than the 20% regulatory capital limit. Groupe BPCE's sensitivity to interest rate cuts was -1.2% at March 31, 2016, compared with -6.2% at December 31, 2015.

For network activities, the change in the projected one-year net interest margin is measured using four scenarios (increase in rates, decrease in rates, steepening of the curve, flattening of the curve) compared to the central scenario. At March 31, 2016, the flattening of the yield curve (+50 bp at the short end and -50 bp at the long end) was the most unfavorable scenario, with the possibility of a €153 million loss over a rolling 12-month period, versus a loss of €105 million at December 31, 2015.

3.7 Legal risks

3.7.1 Legal and arbitration proceedings – BPCE

The following legal disputes are updated compared with the 2015 Registration document:

DOUBL'O, DOUBL'O MONDE FCP MUTUAL FUNDS

Entities involved: certain Caisses d'Epargne summoned individually

Civil proceedings

Individual summons of Caisses d'Epargne:

Individual legal actions have been initiated against certain Caisses d'Epargne.

Several rulings have been handed down in civil courts, the majority of which were in favor of the Caisses d'Epargne.

3.7.2 Legal and arbitration proceedings – Natixis

The legal disputes Jerry Jones et al. vs. Harris Associates LP and Commune de Sanary-sur-Mer were indicated as closed in the 2015 Registration Document and, as such, will not feature in the 2016 Registration Document.

The following legal disputes are updated compared with the 2015 Registration document:

Natixis Asset Management (formerly CDC Gestion) – Profit sharing

In 2012 a complaint was filed against Natixis Asset Management before the Paris District Court (Tribunal de Grande Instance de Paris) by 187 former employees of CDC Gestion (current name Natixis Asset Management.) The purpose of the complaint is the legal recognition of their rights to the common law profit-sharing schemes from 1989 to 2001.

Following the application for a priority preliminary ruling on the issue of administrative constitutionality raised by Natixis Asset Management on the interpretation of an article of the French Labor Code, on August 1, 2013, the Constitutional Council declared the first paragraph of Article L.442-9 of the French Labor Code in its version prior to Law No. 2004-1484 of December 30, 2005 to be unconstitutional and ruled that employees of companies whose share capital is predominantly held by public entities cannot call for a profit-sharing scheme to be applicable to them for the period during which the provisions declared unconstitutional were in force. The case is still in progress before the Paris District Court.

In September 2014 the Paris District Court ruled in favor of Natixis Asset Management and dismissed all of the employees' complaints. The employees have appealed this ruling to the Paris Court of Appeal. On May 9, 2016 the Court of Appeals upheld the ruling and rejected the appeal filed by the plaintiffs.

SEEM

In January 2013 Natixis received a compulsory third-party joinder at the request of SEEM. This company seeks a joint sanction against Natixis and particularly Cube Energy SCA for the payment of approximately €30 million, alleging that Cube Energy SCA acted in breach of its duty of loyalty to its partner SEEM. Natixis believes the outcome of this case will be positive for Natixis and the companies in its Group.

3.8 Insurance risks

COFACE

Through its activities, Coface is exposed to two main types of risk. The first is the technical risk constituted by the risk of losses on Coface's portfolio of insurance policies. The second is the financial risk related to the risk of losses arising from adverse changes in interest rates, exchange rates or the market value of securities or real estate investments. Coface has implemented the appropriate tools to control these risks and to ensure they remain within conservative limits.
Given Coface's listing on the stock market, the main risk factors and uncertainties to which Coface is exposed are set out in detail under paragraph 2.4 "Chairman's report on corporate governance, internal risk control and risk management procedures" and in Chapter 5 "Main risk factors and their management within the Group" of the Coface Group registration document, filed with the AMF on April 13, 2016 under number R.16-020.
In the first half of 2016, the emerging market risks to which Coface is exposed were higher than expected. In light of this fact, and in accordance with the management principles set out in the abovementioned paragraphs, the Group has already undertaken strong measures to adjust its risk management policy for these regions and strengthen its teams accordingly.

CEGC

As Compagnie Européenne de Garanties et Cautions is the Group's multiple business line surety and guarantee platform, its main risks are related to underwriting risk, market risk, reinsurer default risk and operational risk.

Underwriting risk

Underwriting risk is the main risk incurred by CEGC. It is essentially a counterparty risk, as the commitments given by CEGC to beneficiaries of guarantees result in direct exposure to underwriters.

The regulated commitments recorded on the liabilities side of the balance sheet amounted to nearly €1.5 billion at June 30, 2016 (up 5% compared to the end of 2015). This increase was in line with fiscal year 2015, driven mainly by mortgage guarantees for retail customers.

- **CEGC'S REGULATED COMMITMENTS (IN MILLIONS OF EUROS)**

CEGC's markets	June 2016	Change (June 2016 versus December 2015)
Retail customers	1,333	4%
Single-family home builders	14	0%
Property administrators - Realtors	14	100%
Businesses	18	6%
Real estate developers	19	46%
Professionals	63	7%
Social economy - Social housing	31	11%
Run-off activities	10	-9%
TOTAL	**1,501**	**5%**

The sharp growth in regulated commitments on guarantees to property administrators is due to the 2016 renewal of annual guarantees that expired at 12/31/2015.

Market risk

CEGC holds an investment portfolio of about €1.53 billion on its balance sheet as at June 30, 2016. The portfolio is up slightly (+4% since the end of 2015). Market risk from the investment portfolio is limited by the Company's investment choices. The company's risk limits are set out in the asset management agreement established with Natixis Asset Management. By collecting surety insurance premiums at the time of commitment, CEGC does not require funding. Neither does CEGC carry transformation risk: the investment portfolio is entirely backed by equity and technical reserves.

The equity bucket has contracted significantly since 2015 as CEGC alleviated its equity exposure to avoid a possible drop in the stock market on the back of a Brexit.

	06.30.2016			12.31.2015		
(in millions of euros)	**Gross balance sheet value of the provision**	**% breakdown**	**Fair value**	**Gross balance sheet value of the provision**	**% breakdown**	**Fair value**
Equities	76	*5.0%*	88	131	*8.9%*	154
Bonds	1,171	*76.8%*	1,337	1,081	*73.6%*	1,183
Diversified	88	*5.8%*	91	110	*7.5%*	117
Cash	100	*6.6%*	100	54	*3.7%*	54
Real estate	70	*4.6%*	92	71	*4.8%*	93
Private equity investment funds	19	*1.2%*	23	20	*1.4%*	23
Other	1	*0.1%*	1	1	*0.1%*	1
TOTAL	**1,525**	***100%***	**1,731**	**1,470**	***100%***	**1,626**

Reinsurance risk

CEGC hedges its liability portfolio by implementing a reinsurance program tailored to its activities. Through this program, the Company is able not only to secure its underwriting income and solvency margin on loan guarantees, but also to protect its equity in the event of high-severity claims on activities other than loan guarantees. Due to their considerable granularity, loan guarantees do not present concentration risk.

Each year, reinsurance hedging needs are defined based on changes in activity and in the risk observed in the portfolio.

Reinsurer default risk is governed by counterparty concentration and rating limits. CEGC's reinsurance program is underwritten by 15 reinsurers with a minimum rating of A on the S&P scale.

Operational risk

CEGC's operational risk is limited via the risk management systems set forth in each business line's approval procedures.

CEGC uses a default mapping tool and database tailored to its activities and developed on the basis of business line processes. This database is the standard framework used to catalog incidents and risky situations, and for monitoring corrective action plans based on the methods deployed by Natixis.

NATIXIS ASSURANCES

Natixis Assurances is the insurance division of the Natixis group and is structured into two businesses:

- The personal insurance business, focused on developing portfolios in life insurance, savings and retirement capitalization, as well as provident insurance;
- The non-life insurance business, focused on developing portfolios in motor and multi-risk home insurance, personal accident insurance, legal protection, healthcare and property and casualty insurance.

Given the predominance of the Investment Solutions activity, the main risk to which Natixis Assurance is exposed is market risk. The company is also exposed to underwriting risks (life and non-life), as well as counterparty risk.

Market risk

Market risk is in large part borne by the subsidiary BPCE Vie on the financial assets that underpin its commitments with guaranteed principal and returns (euro-denominated policies, €35 billion on the main fund balance sheet). The company is exposed to asset depreciation risk (fall in the equity or real estate market, wider spreads, interest rate hikes) as well as the risk of lower interest rates, which would generate insufficient returns to allow it to meet guaranteed principal and returns.

In June 2016, the particularly low interest rate environment augmented the cost of Natixis Assurances' euro-denominated policy options and guarantees. To manage this risk, the sources of return have been diversified, namely via investments in new assets classes (financing the economy, low-volatility equity, etc.). This diversification is managed by a strategic allocation, defined on a yearly basis, which takes into account regulatory constraints, commitments to policyholders and commercial requirements.

Life insurance underwriting risk

The main risk to which life insurance underwriting is exposed is linked to the Investment Solutions activity. In an especially low interest-rate environment, the biggest risk is that of fewer redemptions and/or excessive inflows in euro-denominated vehicles, as reinvestments in fixed-income securities dilute the main fund's return. To prioritize inflows in unit-linked policies, measures have been taken, such as the creation of unit-linked policy products and communication campaigns, and a communication campaign targeting customers and the network.

Non-life insurance underwriting risk

The non-life insurance underwriting risk to which Natixis Assurances is exposed is borne by its subsidiary BPCE Assurances:

- Premium risk: in order to ensure that the premiums paid by the policyholders corresponds to the transferred risk, BPCE Assurances implemented a portfolio monitoring policy whereby each policy is given a score based on its track record over three years. Factored in are types of claims, number of claims, their cost and other variables specific to the activity in question (degree of liability and bonuses/penalties for motor insurance, for instance).
  This monitoring policy also contributes to detecting potential risks arising from large claims, and to arranging adequate reinsurance coverage;
- Risk of loss: each time inventory is taken, an actuarial assessment of the reserves for claims to be paid is conducted based on methods widely recognized by the profession and required by the regulator.
- Catastrophe risk: catastrophe risk is the exposure to an event of significant magnitude generating a multitude of claims (storm, risk of civil liability, etc.). This risk is therefore reinsured either through the government in the event of a natural disaster or an attack, for example, or through private reinsurers, specifically in the event of a storm or a civil liability claim, or through reinsurance pools.

Counterparty Risk

The counterparty risk to which Natixis Assurances is exposed mainly concerns reinsurance counterparties. The selection of reinsurers is a key component of managing this risk:

- Natixis Assurances deals with reinsurers who are subject to a financial rating by at least one of the three internationally recognized rating agencies, and who have a Standard & Poor’s equivalent rating of A- or higher.
- Using several reinsurers ensures counterparty diversification and limits counterparty risk.

3.9 Financial Stability Forum recommendations concerning financial transparency

Summary of sensitive exposures

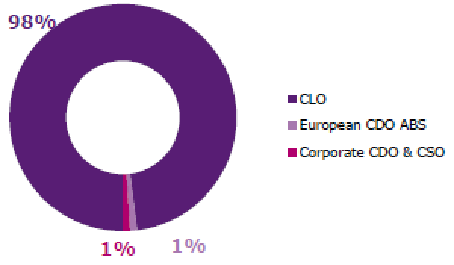
In billions of euros	Groupe BPCE (excl. Natixis)	Natixis	Total June 30, 2016	Total Dec. 31, 2015
Net exposure **Other at-risk CDOs**	0.5	1.0	1.5	1.8
Net exposure **RMBS (Spain, United States, and the UK)**	0.3	0.0	0.3	0.3
Total net exposure **Unhedged exposure**	0.8	1.0	1.8	2.1
Monolines: residual exposure after value adjustments	0.0	0.3	0.3	0.3

Groupe BPCE sensitive exposures (excluding Natixis) at June 30, 2016

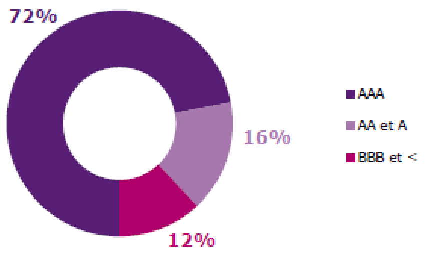
Other CDOs (unhedged)

In millions of euros	Net exposure Dec. 31, 2015	Change in value H1-16	Other changes H1-16	Net exposure June 30, 2016	Gross exposure June 30, 2016
Portfolio at fair value through profit and loss	4	1	0	5	5
Portfolio at fair value through shareholders' equity	166	10	-22	154	156
Portfolio of loans and receivables portfolio	431	-34	-75	322	322
Total	601	-23	-97	481	483

Breakdown of residual exposure by type of product



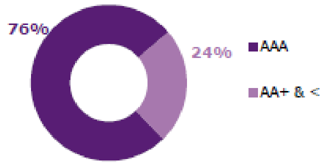
Breakdown of residual exposure by rating



RMBS

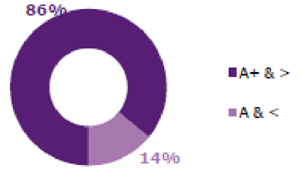
Portfolio of RMBS in the UK In millions of euros	Net exposure Dec. 31, 2015	Change in value H1-16	Other changes H1-16	Net exposure June 30, 2016	Gross exposure June 30, 2016
Portfolio at fair value through profit and loss	0	0	0	0	0
Portfolio at fair value through shareholders' equity	98	-5	16	109	109
Portfolio of loans and receivables	0	0	0	0	0
Total	98	-5	16	109	109

Breakdown of residual exposure by rating



Portfolio of RMBS in Spain In millions of euros	Net exposure Dec. 31, 2015	Change in value H1-16	Other changes H1-16	Net exposure June 30, 2016	Gross exposure June 30, 2016
Portfolio at fair value through profit and loss	0	0	0	0	0
Portfolio at fair value through shareholders' equity	157	1	31	189	190
Portfolio of loans and receivables	2	0	0	2	2
Total	159	1	31	191	192

Breakdown of residual exposure by rating



- Groupe BPCE has no exposure on RMBS in the United-States

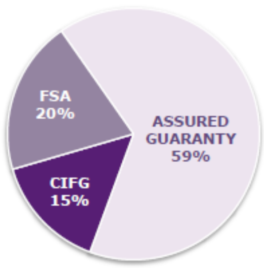
Natixis sensitive exposures at June 30, 2016

Protection

Protection purchased from Monoline

in €bn	Gross notional Amount	Exposure before value adjustment as of 06/30/2016	Exposure before value adjustment as of 12/31/2015
Protection for CLO	0.1	0.0	0.0
Protection for RMBS	0.0	0.0	0.0
Other risks	2.1	0.4	0.4
TOTAL	**2.2**	**0.4**	**0.4**
	Value adjustment	(0.1)	(0.1)
	Residual exposure to counterparty risk	**0.3**	**0.3**
	Discount rate	26%	24%

Residual exposure to counterparty risk as of 06/30/2016



Protection purchased from CDPC

Gross exposure: non-significant as of 06/30/2016

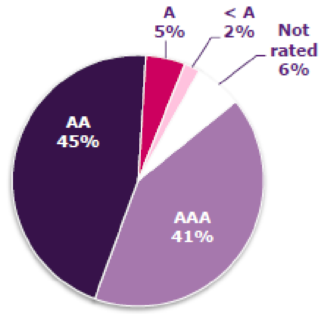
No net notional as of 06/30/2016
Gross notional amount: €3.4bn

Other unhedged CDOs and unhedged Mortgage Backed Securities

CDO not exposed to US housing market

- Value adjustment 1H16: nm
- Residual exposure: €1.0bn

Residual exposure

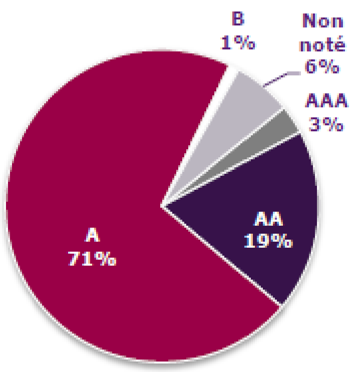


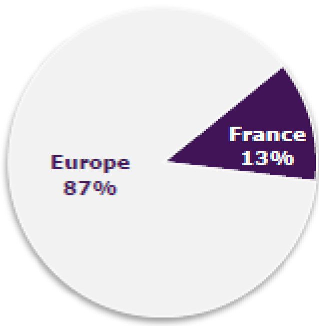
Non-hedged Mortgage Backed Securities

- Gross exposure : non-significant as of 06/30/2016
- Value adjustment 1H16 : nm

Sponsored conduits

MAGENTA – conduits sponsored by Natixis, in €bn			
Country of issuance	France	Automobile loans	19%
Amount of asset financed	1.5	Business loans	67%
Liquidity line extended	1.9	Mortgage loans	6%
Age of assets:		Consumer credit	7%
0 – 6 months	30%	Non US RMBS	
6 – 12 months	27%	CDO / CLO	
> 12 months	44%	Other	1%





Unhedged ABS CDOs & Monoline / Assumptions for valuation

Monoline

Fair value of protection before value adjustments

- Economic exposure of ABS CDOs including subprime determined using the same method
- Economic exposure of other types of assets was determined based using either the Mark-to-Market or Mark-to-Model method

Value adjustment

- The valuation model used to measure write-downs on CDS contracted with monoline insurers changed on December 31, 2015

- The method uses DCF to allow a better discrimination of the different exposures in terms of maturity and amortization profile

- The projected future cash flows are weighted by the monoline insurers' probability of default, deduced from the CDS spreads by means of a proxy curve when the spread is not available

- A market recovery rate is used for this purpose

4. Corporate governance

4.1 BPCE Ordinary General Shareholders′ Meeting of May 27, 2016

The Ordinary General Shareholders' Meeting of BPCE, chaired by the Chairman of the Supervisory Board, was held on May 27, 2016. The Management Board put forward 18 resolutions.

Based on the number of shareholders present and represented, the one-fifth quorum was reached and the Ordinary General Shareholders' Meeting was able to validly meet. The Chairman stated that the shareholders and the various other persons entitled to the same rights under the law were able to exercise their right of information by the deadlines and within the conditions established by law.
The Works Council received the documents and information submitted to the Shareholders' Meeting in a timely manner, pursuant to the provisions of Article L. 2323-8 of the French Labor Code.

These statements were duly noted by the Annual General Shareholders' Meeting.

The Chairman then moved to review the items on the agenda of the Ordinary General Shareholders' Meeting. After presenting the Group's activity and results for the fiscal year, the Chairman successively put the following resolutions on the agenda to a vote.

First resolution: Approval of the annual financial statements of BPCE SA

The Annual General Shareholders' Meeting, under the conditions required by Ordinary General Shareholders' Meetings as to quorum and majority, having read the Management Board's report on the company's management, the observations of the Supervisory Board, the Chairman of the Supervisory Board's report and the Statutory Auditors' report on the annual financial statements of BPCE for the fiscal year ended December 31, 2015, hereby approves the annual financial statements showing a profit of €2,491,136,975.50.

The Annual General Shareholders' Meeting duly notes that the financial statements for the fiscal year ended do not include expenses not deductible from taxable income, as referred to in Article 39-4 of the French General Tax Code.

Second resolution: Approval of the consolidated financial statements of BPCE SA group

The Annual General Shareholders' Meeting, under the conditions required by Ordinary General Shareholders' Meetings as to quorum and majority, having read the Management Board's report on the company's management, the observations of the Supervisory Board, the Chairman of the Supervisory Board's report and the Statutory Auditors' report on the consolidated financial statements of BPCE SA group for the fiscal year ended December 31, 2015, hereby approves the consolidated financial statements showing net income attributable to equity holders of the parent of €803 million.

Third resolution: Approval of the consolidated financial statements of Groupe BPCE

The Annual General Shareholders' Meeting, under the conditions required by Ordinary General Shareholders' Meetings as to quorum and majority, having read the Management Board's report on the company's management, the observations of the Supervisory Board, the Chairman of the Supervisory Board's report and the Statutory Auditors' report on the consolidated financial statements of Group BPCE for the fiscal year ended December 31, 2015, hereby approves the consolidated financial statements showing net income attributable to equity holders of the parent of €3,242 million.

<u>Fourth resolution</u>: Distribution of earnings

The Annual General Shareholders' Meeting, under the conditions required by Ordinary General Shareholders' Meetings as to quorum and majority, hereby approves the distribution of net profit amounting to €2,491,136,975.50, as proposed by the Management Board:

- a dividend payment of €349,996,600.88 to the shareholders, i.e. €11.2364 per share.
- allocation of €2,141,140,374.62 to "Retained earnings."

Given the payment on December 22, 2015 of an interim dividend of €174,998,300.44, resolved by the Management Board at its meeting of December 21, 2015, a residual dividend of €174,998,300.44 remains to be paid to the shareholders, i.e. €5.6182 per share.
Subsequent to this distribution, the balance of "Retained earnings" is €3,108,096,760.24.

The cash dividend will be paid at the registered office as from May 31, 2016.

For individuals having their tax residence in France, this dividend is eligible for the tax reduction provided for in Article 158, Paragraph 3, Point 2 of the French General Tax Code.

The Annual General Shareholders' Meeting duly notes that the divides received by individuals having their tax residence in France, eligible for Article 158, Paragraph 3, Point 2 of the French General Tax Code, are subject (barring a request for exemption submitted under the conditions provided for by law) to a mandatory withholding not exempting the balance from income tax, as provided for in Article 117 quater of the French General Tax Code, at a rate of 21% (plus social security withholdings).

In accordance with the provisions of Article 243 bis of the French General Tax Code, the table below shows the dividends paid out in respect of the three previous fiscal years:

Year ended	Dividend/Earnings per share	Fraction of dividend eligible for 40% tax deduction	Fraction of dividend ineligible for 40% tax deduction
December 31, 2012	/	/	/
December 31, 2013	A share: €64,209 B share: €64,209	€2,000,000,000.00*	/
December 31, 2014	A share: €16.05 B share: €16.05	€499,995,144.11**	/

* The capital decrease and the exceptional distribution of cash sums charged against "additional paid-in capital available for distribution", resolved by the Extraordinary General Shareholders' Meeting of July 11, 2013, are equivalent for tax purposes to dividend pay-outs.
** The exceptional pay-outs charged against "additional paid-in capital", resolved by the Annual General Shareholders' Meetings of May 16, 2014 and December 17, 2014, are equivalent for tax purposes to dividend pay-outs.

Fifth resolution: Approval of the agreements referred to in Article L. 225-86 of the French Commercial Code

The Annual General Shareholders' Meeting, under the conditions required by Ordinary General Shareholders' Meetings as to quorum and majority, having read the Statutory Auditors' special report on the agreements referred to in Article L. 225-86 of the French Commercial Code, hereby successively approves each of the new agreements referred to therein, which were authorized beforehand by the Supervisory Board during the fiscal year ended December 31, 2015 and subsequent to this date, through to the date of establishment of the special report.

Sixth resolution: Approval of the agreements referred to in Articles L.225-86 and L.225-90 of the French Commercial Code not previously authorized by the Supervisory Board

The Annual General Shareholders' Meeting, under the conditions required by Ordinary General Shareholders' Meetings as to quorum and majority, given the Statutory Auditors' special report and in accordance with the provisions of Articles L. 225-86 and L. 225-90 of the French Commercial Code, hereby successively approves the tacit renewal of the two agreements referred to therein.

Seventh resolution: Approval of a commitment referred to in Articles L.225-90-1 and L.225-86 of the French Commercial Code

The Annual General Shareholders' Meeting, under the conditions required by Ordinary General Shareholders' Meetings as to quorum and majority, given the Statutory Auditors' special report, in accordance with the provisions of Articles L. 225-90-1 and L. 225-86 of the French Commercial Code, hereby approves the terms and conditions of the indemnities owed or liable to be owed to François Pérol in the event he is forced to step down as a member of the Management Board, his corporate office is not renewed and he takes his retirement, in respect of his retirement bonus and in accordance with the defined contribution pension plans applicable both to all group employees (CGP) and to company directors (IPRICAS).

Eighth resolution: Approval of a commitment referred to in Articles L.225-90-1 and L.225-86 of the French Commercial Code

The Annual General Shareholders' Meeting, under the conditions required by Ordinary General Shareholders' Meetings as to quorum and majority, given the Statutory Auditors' special report, in accordance with the provisions of Articles L. 225-90-1 and L. 225-86 of the French Commercial Code, hereby approves the terms and conditions of the indemnities owed or liable to be owed to Jean-Yves Forel in the event he is forced to step down as a member of the Management Board, his corporate office is not renewed and he takes his retirement, and in accordance with the defined contribution pension plans applicable both to all group employees (CGP) and to company directors (IPRICAS), and a "Pension Guarantee" defined benefit pension plan, supplemented by a "Spouse Annuity" guarantee, in the event of his death prior to his retirement, such plan being applicable to company directors of the former Groupe Banque Populaire.

Ninth resolution: Approval of a commitment referred to in Articles L.225-90-1 and L.225-86 of the French Commercial Code

The Annual General Shareholders' Meeting, under the conditions required by Ordinary General Shareholders' Meetings as to quorum and majority, given the Statutory Auditors' special report, in accordance with the provisions of Articles L. 225-90-1 and L. 225-86 of the French Commercial Code, hereby approves the terms and conditions of the indemnities owed or liable to be owed to Daniel Karyotis in the event he is forced to step down as a member of the Management Board, his corporate office is not renewed and he takes his retirement, and in accordance with the defined contribution pension plans applicable both to all group employees (CGP) and to company directors (IPRICAS), and the pension plan for company directors of Groupe BPCE, as defined by the rules governing the pension plan for Groupe BPCE company directors, dated July 1, 2014.

Tenth resolution: Approval of a commitment referred to in Articles L.225-90-1 and L.225-86 of the French Commercial Code

The Annual General Shareholders' Meeting, under the conditions required by Ordinary General Shareholders' Meetings as to quorum and majority, given the Statutory Auditors' special report, in accordance with the provisions of Articles L. 225-90-1 and L. 225-86 of the French Commercial Code, hereby approves the terms and conditions of the indemnities owed or liable to be owed to Catherine Halberstadt in the event she is forced to step down as a member of the Management Board, her corporate office is not renewed and she takes her retirement, and in accordance with the defined contribution pension plans applicable both to all group employees (CGP) and to company directors (IPRICAS), and the pension plan for company directors of Groupe BPCE, as defined by the rules governing the pension plan for Groupe BPCE company directors, dated July 1, 2014.

Eleventh resolution: Approval of a commitment referred to in Articles L.225-90-1 and L.225-86 of the French Commercial Code

The Annual General Shareholders' Meeting, under the conditions required by Ordinary General Shareholders' Meetings as to quorum and majority, in accordance with the provisions of Articles L. 225-90-1 and L. 225-86 of the French Commercial Code, hereby approves the terms and conditions of the indemnities owed or liable to be owed to Marguerite Bérard-Andrieu in the event she is forced to step down as a member of the Management Board, her corporate office is not renewed and she takes her retirement, in respect of her retirement bonus and in accordance with the defined contribution pension plans applicable both to all group employees (CGP) and to company directors (IPRICAS).

Twelfth resolution: Approval of a commitment referred to in Articles L.225-90-1 and L.225-86 of the French Commercial Code

The Annual General Shareholders' Meeting, under the conditions required by Ordinary General Shareholders' Meetings as to quorum and majority, in accordance with the provisions of Articles L. 225-90-1 and L. 225-86 of the French Commercial Code, hereby approves the terms and conditions of the indemnities owed or liable to be owed to Laurent Roubin in the event he is forced to step down as a member of the Management Board, his corporate office is not renewed and he takes his retirement, and in accordance with the defined contribution pension plans applicable both to all group employees (CGP) and to company directors (IPRICAS), and the pension plan for company directors of Groupe BPCE, as defined by the rules governing the pension plan for Groupe BPCE company directors, dated July 1, 2014.

Thirteenth resolution: Opinion on the items comprising the remuneration owed or granted in respect of the fiscal year ended December 31, 2015 to the Chairman of the Management Board

The Annual General Shareholders' Meeting, consulted in accordance with the recommendation of paragraph 24.3 of the AFEP-MEDEF Corporate Governance Code, which serves as the company's reference code in accordance with Article L. 225-37 of the French Commercial Code, under the conditions required by Ordinary General Shareholders' Meetings as to quorum and majority, hereby issues a favorable opinion on the items comprising the remuneration owed or granted in respect of the fiscal year ended December 31, 2015 to François Pérol, Chairman of the Management Board, as set forth in paragraph 2.4.2 of the BPCE 2015 Registration Document.

Fourteenth resolution: Opinion on the items comprising the remuneration owed or granted in respect of the fiscal year ended December 31, 2015 to the other members of the Management Board

The Annual General Shareholders' Meeting, consulted in accordance with the recommendation of paragraph 24.3 of the June 2013 AFEP-MEDEF Corporate Governance Code, under the conditions required by Ordinary General Shareholders' Meetings as to quorum and majority, stresses that no compensation is owed or granted to Laurent Mignon in respect of his office as a member of the BPCE Management Board, and issues a favorable opinion on the items comprising the remuneration owed or granted in respect of the fiscal year ended December 31, 2015 to the other members of the Management Board, namely Anne Mercier-Gallay, Daniel Karyotis and Jean-Yves Forel, as set forth in paragraph 2.4.2 of the BPCE 2015 Registration Document.

Fifteenth resolution: Consultation on the total budget for remuneration of any kind paid to company directors and to the personnel categories referred to in Article L. 511-71 of the French Monetary and Financial Code, during fiscal year 2015

The Annual General Shareholders' Meeting, consulted in accordance with Article L. 511-73 of the French Monetary and Financial Code, having read the Management Board's report, hereby issues a favorable opinion on the total budget for remuneration of any kind paid during the fiscal year ended December 31, 2015 to the personnel categories referred to in Article L. 511-71 of the French Monetary and Financial Code, amounting to €17,089,055.00.

Sixteenth resolution: Cap on variable pay granted to the persons referred to in Article 511-71 of the French Monetary and Financial Code

The Annual General Shareholders' Meeting, consulted in accordance with Article L. 511-78 of the French Monetary and Financial Code, hereby resolves that, in respect of fiscal year 2016 and subsequent fiscal years until otherwise resolved, the variable portion of the total remuneration paid to each of the persons referred to in Article L. 511-71 of the French Monetary and Financial Code may exceed the amount of their fixed pay, without exceeding twice the amount of their fixed pay.

Seventeenth resolution: Ratification of the appointment of Alain Condaminas as a member of the Supervisory Board

The Annual General Shareholders' Meeting, under the conditions required by Ordinary General Shareholders' Meetings as to quorum and majority, hereby ratifies the appointment of Alain Condaminas as a member of the Supervisory Board, carried out temporarily by the Supervisory Board on December 16, 2015, to replace Catherine Halberstadt, who resigned from office, for the remainder of her term of office, i.e. until the Annual General Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2020.

Eighteenth resolution: **Powers to conduct formalities**

The Annual General Shareholders' Meeting hereby grants all powers to the holder of an extract or a copy of this document to conduct legal formalities.

4.2 Statutory auditors

The Statutory Auditors are responsible for auditing the individual financial statements of BPCE and the consolidated financial statements of Groupe BPCE and BPCE SA group. The Statutory Auditors were:

PricewaterhouseCoopers Audit	Deloitte & Associés	Mazars
63, rue de Villiers 92208 Neuilly-sur-Seine Cedex	185, avenue Charles-de-Gaulle 92524 Neuilly-sur-seine Cedex	61, rue Henri-Regnault 92075 Paris-La Défense Cedex

PricewaterhouseCoopers Audit (672006483 RCS Nanterre), Deloitte et Associés (572028041 RCS Nanterre) and Mazars (784824153 RCS Nanterre) are registered as Statutory Auditors, members of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* and under the authority of the *Haut Conseil du Commissariat aux Comptes.*

PRICEWATERHOUSECOOPERS AUDIT

The Annual General Shareholders' Meeting of BPCE of May 22, 2015, voting under the conditions of quorum and majority applicable to Ordinary General Shareholders' Meetings, resolved to renew the term of PricewaterhouseCoopers Audit for a period of six fiscal years, *i.e.* until the Ordinary General Shareholders' Meeting to be held in 2021, convened to approve the financial statements for the year ending December 31, 2020.

PricewaterhouseCoopers Audit is represented by Agnès Hussherr and Nicolas Montillot.

Substitute: Jean-Baptiste Deschryver, residing at 63, rue de Villiers, 92208 Neuilly-sur-Seine Cedex, for a period of six fiscal years, *i.e.* until the Ordinary General Shareholders' Meeting to be held in 2021, convened to approve the financial statements for the year ending December 31, 2020.

DELOITTE & ASSOCIÉS

The Annual General Shareholders' Meeting of BPCE of May 22, 2015, voting under the conditions of quorum and majority applicable to Ordinary General Shareholders' Meetings, resolved to appoint Deloitte & Associés for a period of six fiscal years, *i.e.* until the Ordinary General Shareholders' Meeting to be held in 2021, convened to approve the financial statements for the year ending December 31, 2020.

Deloitte & Associés is represented by Jean-Marc Mickeler and Sylvie Bourguignon.

Substitute: BEAS, represented by Mireille Berthelot, located at 195, avenue Charles de Gaulle, 92524 Neuilly-sur-Seine Cedex, for a period of six fiscal years, *i.e.* until the Ordinary General Shareholders' Meeting to be held in 2021, convened to approve the financial statements for the year ending December 31, 2020.

MAZARS

The Annual General Shareholders' Meeting of BPCE of May 24, 2013, voting under the conditions of quorum and majority applicable to Ordinary General Shareholders' Meetings, resolved to appoint Mazars for a period of six fiscal years, *i.e.* until the

Ordinary General Shareholders' Meeting to be held in 2019, convened to approve the financial statements for the year ending December 31, 2018.

Mazars is represented by Mr. Michel Barbet-Massin.

Substitute: Anne Veaute, residing at 61, rue Henri-Regnault, 92075 Paris-La Défense Cedex, for a period of six fiscal years, *i.e.* until the Ordinary General Shareholders' Meeting to be held in 2019, convened to approve the financial statements for the year ending December 31, 2018.

5. Financial report

5.1 IFRS Consolidated Financial Statements of Groupe BPCE as at June 30, 2016

5.1.1 Consolidated balance sheet

ASSETS

in millions of euros	***Notes***	**06/30/2016**	**12/31/2015**
Cash and amounts due from central banks		52,727	71,119
Financial assets at fair value through profit or loss	*3.1.1.*	174,473	174,412
Hedging derivatives		19,033	15,796
Available-for-sale financial assets	*3.2*	101,015	95,984
Loans and receivables due from credit institutions	*3.4.1.*	108,423	96,208
Loans and receivables due from customers	*3.4.2.*	662,379	617,465
Revaluation differences on interest rate risk-hedged portfolios		10,186	7,522
Held-to-maturity financial assets	*3.5*	10,069	10,665
Current tax assets		235	1,119
Deferred tax assets		4,596	4,988
Accrued income and other assets		60,959	55,383
Non-current assets held for sale			22
Investments in associates	*5.1*	3,704	3,666
Investment property		2,030	2,020
Property, plant and equipment		4,514	4,710
Intangible assets		1,083	1,102
Goodwill	*3.7*	4,318	4,354
TOTAL ASSETS		**1,219,744**	**1,166,535**

LIABILITIES

in millions of euros	***Notes***	**06/30/2016**	**12/31/2015**
Financial liabilities at fair value through profit or loss	*3.1.2.*	150,786	142,904
Hedging derivatives		24,718	18,659
Amounts due to credit institutions	*3.8.1.*	77,841	77,040
Amounts due to customers	*3.8.2.*	526,429	499,711
Debt securities	*3.9*	214,730	223,413
Revaluation differences on interest rate risk-hedged portfolios		1,379	1,301
Current tax liabilities		280	362
Deferred tax liabilities		607	878
Accrued expenses and other liabilities		56,193	53,699
Liabilities associated with non-current assets held for sale			9
Insurance companies' technical reserves		74,151	59,562
Provisions	*3.10*	6,120	5,665
Subordinated debt	*3.11*	20,877	18,139
Shareholders' equity		**65,633**	**65,193**
Equity attributable to equity holders of the parent		**58,428**	**57,632**
Share capital and additional paid-in capital		21,459	21,096
Retained earnings		33,200	31,172
Gains and losses recognized directly in other comprehensive income		1,342	2,122
Net income for the period		2,427	3,242
Non-controlling interests		7,205	7,561
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,219,744**	**1,166,535**

5.1.2 Consolidated income statement

in millions of euros	***Notes***	**H1 2016**	**H1 2015**
Interest and similar income	*4.1*	13,406	14,336
Interest and similar expenses	*4.1*	(8,047)	(8,840)
Commission income	*4.2*	5,380	5,499
Commission expenses	*4.2*	(1,098)	(983)
Net gains or losses on financial instruments at fair value through profit or loss	*4.3*	953	1,711
Net gains or losses on available-for-sale financial assets	*4.4*	1,163	488
Income from other activities	*4.5*	16,890	4,083
Expenses from other activities	*4.5*	(16,268)	(4,045)
Net banking income		**12,379**	**12,249**
Operating expenses	*4.6*	(8,040)	(7,834)
Depreciation, amortization and impairment for property, plant and equipment, and intangible assets		(409)	(412)
Gross operating income		**3,930**	**4,003**
Cost of risk	*4.7*	(741)	(1,033)
Operating income		**3,189**	**2,970**
Share in net income of associates	*5.2*	135	149
Gains or losses on other assets		94	82
Net income after tax from discontinued activities or activities in the process of being sold			
Change in the value of goodwill		(76)	(5)
Income before tax		**3,342**	**3,196**
Income tax	*4.8*	(744)	(1,231)
Net income		**2,598**	**1,965**
Non-controlling interests		(171)	(286)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**2,427**	**1,679**

5.1.3 Comprehensive income

in millions of euros	H1 2016	H1 2015
Net income	**2,598**	**1,965**
Revaluation differences on defined-benefit pension schemes	(148)	75
Tax impact of revaluation differences on defined-benefit pension schemes	48	(25)
Share of gains and losses recognized directly in other comprehensive income of associates that cannot be reclassified in income		
Items that cannot be reclassified in income	**(100)**	**50**
Foreign exchange rate adjustments	(172)	392
Change in the value of available-for-sale financial assets	(423)	(84)
Change in the value of hedging derivatives	(145)	144
Income taxes	6	(19)
Share of gains and losses recognized directly in other comprehensive income of associates that can be reclassified in income	34	(11)
Items that can be reclassified in income	**(700)**	**422**
Gains and losses recognized directly in other comprehensive income (after income tax)	**(800)**	**472**
COMPREHENSIVE INCOME	**1,798**	**2,437**
Attributable to equity holders of the parent	1,647	2,029
Non-controlling interests	151	408

5.1.4 Statement of changes in equity

in millions of euros	Share capital and additional paid-in capital: Share capital [1]	Share capital and additional paid-in capital: Additional paid-in capital [1]	Perpetual deeply subordinated notes	Retained earnings	Gains and losses recognized directly in other comprehensive income: Foreign exchange rate adjustments	Gains and losses recognized directly in other comprehensive income: Revaluation differences on employee benefits	Change in fair value of financial instruments: Available-for-sale financial assets	Change in fair value of financial instruments: Hedging derivatives	Net income attributable to equity holders of the parent	Total equity attributable to equity holders of the parent	Non-controlling interests	Total consolidated equity
Shareholders' equity at January 1, 2015	**16,749**	**3,832**	**3,286**	**30,603**	**234**	**(269)**	**1,577**	**(676)**		**55,336**	**7,393**	**62,729**
Dividend payments				(362)						**(362)**	(395)	**(757)**
Capital increase [2]	297			(117)						**180**		**180**
Buyback of deeply subordinated notes			(1,568)							**(1,568)**		**(1,568)**
Interest on deeply subordinated notes				(87)						**(87)**		**(87)**
Impact of acquisitions and disposals on non-controlling interests [3]				(161)						**(161)**	(62)	**(223)**
Total activity arising from relations with shareholders	***297***		***(1,568)***	***(727)***						***(1,998)***	***(457)***	***(2,455)***
Gains and losses recognized directly in other comprehensive income					253	41	(147)	203		**350**	122	**472**
Net income for the period									1,679	**1,679**	286	**1,965**
Comprehensive income					***253***	***41***	***(147)***	***203***	***1,679***	***2,029***	***408***	***2,437***
Other changes [4]				(310)	(29)					**(339)**	(124)	**(463)**
Shareholders' equity at June 30, 2015	**17,046**	**3,832**	**1,718**	**29,566**	**458**	**(228)**	**1,430**	**(473)**	**1,679**	**55,028**	**7,220**	**62,248**
Shareholders' equity at December 31, 2015	**17,261**	**3,835**	**1,395**	**29,777**	**487**	**(143)**	**2,267**	**(489)**	**3,242**	**57,632**	**7,561**	**65,193**
Allocation of net income for 2015				3,242					(3,242)			
Shareholders' equity at January 1, 2016	**17,261**	**3,835**	**1,395**	**33,019**	**487**	**(143)**	**2,267**	**(489)**		**57,632**	**7,561**	**65,193**
Dividend payments				(348)						**(348)**	(443)	**(791)**
Capital increase [2]	363			(320)						**43**	3	**46**
Buyback of deeply subordinated notes			(165)	(185)						**(350)**		**(350)**
Interest on deeply subordinated notes				(51)						**(51)**		**(51)**
Impact of acquisitions and disposals on non-controlling interests [5]				(107)						**(107)**	(76)	**(183)**
Total activity arising from relations with shareholders	***363***		***(165)***	***(1,011)***						***(813)***	***(516)***	***(1,329)***
Gains and losses recognized directly in other comprehensive income [6]					(93)	(91)	(517)	(79)		**(780)**	(20)	**(800)**
Net income for the period									2,427	**2,427**	171	**2,598**
Comprehensive income					***(93)***	***(91)***	***(517)***	***(79)***	***2,427***	***1,647***	***151***	***1,798***
Other changes	1	(1)		(38)						**(38)**	9	**(29)**
Shareholders' equity at June 30, 2016	**17,625**	**3,834**	**1,230**	**31,970**	**394**	**(234)**	**1,750**	**(568)**	**2,427**	**58,428**	**7,205**	**65,633**

(1) At June 30, 2016, "Share capital" and "Additional paid-in capital" comprised the capital of the Banque Populaire banks and the Caisses d'Epargne in respective amounts of €8,050 million and €9,575 million (€7,792 million and €9,469 million at December 31, 2015) and additional paid-in capital of €950 million and €2,884 million respectively (unchanged in relation to December 31, 2015).

(2) Since January 1, 2016, the Banque Populaire banks and the Caisses d'Epargne have carried out capital increases of €363 million (€297 million in the first half of 2015), resulting in an increase in "Share capital" and "Additional paid-in capital". The Group no longer holds treasury stock as of December 31, 2015. The shareholders' equity of the local savings companies is included in "Retained earnings" after the elimination of the Caisses d'Epargne cooperative shares held. The issuance/redemption of cooperative shares since January 1, 2016 resulted in a decrease in retained earnings of €217 million.

(3) The stock options granted by Natixis to the minority shareholders of DNCA France and Natixis Partners in H1 2015 are booked in equity for -€181 million (-€129 million attributable to equity holders of the parent and -€52 million attributable to non-controlling interests).

(4) o/w -€385 million (-€275 million attributable to equity holders of the parent and -€110 million attributable to non-controlling interests) related to the recognition of a deferred tax liability on the tax amortization of goodwill.

(5) The stock options granted by Natixis to the minority shareholders of Peter J. Solomon Company (PJSC) are booked in equity for -€70 million (-€50 million attributable to equity holders of the parent and -€20 million attributable to non-controlling interests) (see Note 1.3);
The revaluation of stock options granted by Natixis to the shareholders of DNCA France are booked in equity for -€61 million (-€43 million attributable to equity holders of the parent and -€18 million attributable to non-controlling interests);
The exercise of the option to purchase 40% of AEW Europe was booked in equity for -€18 million (-€13 million attributable to equity holders of the parent and -€5 million attributable to non-controlling interests).

(6) Including a variation in the translation difference of -€44 million (-€31 million attributable to equity holders of the parent and -€13 million attributable to non-controlling interests) following the repayment of $400 million in retained earnings by Natixis' New York branch.

5.1.5 Consolidated cash flow statement

in millions of euros	H1 2016	H1 2015
Income before tax	**3,342**	**3,196**
Net depreciation and amortization of property, plant and equipment, and intangible assets	457	462
Goodwill impairment	76	7
Net charge to provisions and provisions for impairment (including insurance companies' technical reserves)	13,900	2,370
Share in net income of associates	(35)	(15)
Net cash flows generated by investing activities	(1,351)	(374)
Income/expense from financing activities	74	63
Other changes	(13,511)	2,788
Total non-monetary items included in net income before tax	***(390)***	***5,301***
Net increase or decrease arising from transactions with credit institutions	(12,771)	(7,571)
Net increase or decrease arising from transactions with customers	(6,210)	5,093
Net increase or decrease arising from transactions involving financial assets and liabilities	(3,428)	(21,912)
Net increase or decrease arising from transactions involving non-financial assets and liabilities	(2,622)	575
Income taxes paid	124	205
Net increase (decrease) in assets and liabilities resulting from operating activities	***(24,907)***	***(23,610)***
Net cash flows generated by operating activities (A)	**(21,955)**	**(15,113)**
Net increase or decrease related to financial assets and equity investments	4,062	112
Net increase or decrease related to investment property	104	27
Net increase or decrease related to property, plant and equipment, and intangible assets	(324)	(412)
Net cash flows generated by investing activities (B)	**3,842**	**(273)**
Net increase or decrease arising from transactions with shareholders (1)	(1,531)	(2,279)
Other increases or decreases generated by financing activities (2)	1,448	1,978
Net cash flows generated by financing activities (C)	**(83)**	**(301)**
Impact of changes in exchange rates (D)	**(103)**	**2,943**
TOTAL NET CASH FLOWS (A+B+C+D)	**(18,299)**	**(12,744)**
Cash and net balance of accounts with central banks		
Cash and net balance of accounts with central banks (assets)	71,119	79,028
Due to central banks (liabilities)		(2)
Net balance of demand transactions with credit institutions		
Current accounts with overdrafts (3)	7,293	7,461
Demand accounts and loans	107	313
Demand accounts in credit	(9,061)	(9,586)
Demand repurchase agreements	(2,309)	(2,133)
Opening cash and cash equivalents	**67,149**	**75,081**
Cash and net balance of accounts with central banks		
Cash and net balance of accounts with central banks (assets)	52,727	64,029
Due to central banks (liabilities)		(5)
Net balance of demand transactions with credit institutions		
Demand accounts and loans (3)	9,964	9,331
Demand accounts and loans	312	7
Demand accounts in credit	(10,590)	(8,628)
Demand repurchase agreements	(3,563)	(2,397)
Closing cash and cash equivalents	**48,850**	**62,337**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(18,299)**	**(12,744)**

(1) Cash flows from or to the shareholders mainly include:

- *the redemption of deeply subordinated notes recorded in equity for -€350 million (-€1,568 million in H1 2015);*
- *the interest paid on deeply subordinated notes recorded in equity for -€74 million including securities recorded in non-controlling interests (-€109 million in H1 2015);*
- *net changes in equity of the Banque Populaire banks and Caisses d'Epargne amounting to +€43 million (+€180 million at June 30, 2015);*
- *the impact of dividend payouts for -€791 million (-€757 million in H1 2015).*

(2) Cash flows from financing activities mainly include:

- *the impact of issuances of subordinated notes and loans for +€1,867 million (+€2,553 million in H1 2015);*
- *the impact of redemptions of subordinated notes and loans for -€350 million (-€539 million in H1 2015);*

(3) Current accounts with overdrafts do not include Livret A, LDD and LEP savings accounts centralized with Caisse des Dépôts et Consignations.

▪ 5.1.6 Notes to the financial statements of Groupe BPCE

Note 1 General background

1.1 GROUPE BPCE

Groupe BPCE comprises the Banque Populaire network, the Caisse d'Epargne network, the BPCE central institution and its subsidiaries.

Two banking networks: the Banque Populaire banks and the Caisses d'Epargne

Groupe BPCE is a cooperative group whose shareholders own the two local retail banking networks: the 18 Banque Populaire banks and the 17 Caisses d'Epargne. Each of the two networks owns an equal share in BPCE, the Group's central institution.

The Banque Populaire network consists of the Banque Populaire banks and the Mutual Guarantee Companies granting them the exclusive benefit of their guarantees.

The Caisse d'Epargne network consists of the Caisses d'Epargne and the local savings companies(LSCs).

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

The capital of the Caisses d'Epargne is wholly-owned by the local savings companies. Local savings companies are cooperative structures with open-ended share capital owned by cooperative shareholders. The LSCs are tasked with coordinating the cooperative shareholder base, in line with the general objectives defined by the individual Caisse d'Epargne with which they are affiliated, and cannot perform banking transactions.

BPCE

BPCE, a central institution as defined by French banking law and a credit institution licensed to operate as a bank, was created pursuant to law No. 2009-715 of June 18, 2009. BPCE was incorporated as a French limited liability company governed by a Management Board and a Supervisory Board, whose share capital is owned jointly and equally by the 18 Banque Populaire banks and the 17 Caisses d'Epargne.

BPCE's corporate mission embodies the continuity of the cooperative principles underlying the Banque Populaire banks and the Caisses d'Epargne.

Specifically, BPCE represents the interests of its various affiliates in dealings with the supervisory authorities, defines the range of products and services offered by them, organizes depositor protection, approves key appointments of company directors and oversees the smooth functioning of the Group's institutions.

As a holding company, BPCE is the head entity of the Group and holds the joint ventures between the two networks in retail banking, corporate banking and financial services, and their production units. It defines the Group's corporate strategy and growth and expansion policies.

BPCE's main subsidiaries are organized around three major segments:

- Natixis, a 71.24%-owned listed company that combines Investment Solutions, Corporate and Investment Banking and Specialized Financial Services;
- Commercial Banking and Insurance (including Crédit Foncier, Banque Palatine and BPCE International);
- subsidiaries and equity interests.

In respect of the Group's financial functions, BPCE is responsible, in particular, for the centralized management of surplus funds, for the execution of any financial transactions required to develop and fund the Group, and for choosing the most appropriate counterparty for these transactions in the broader interests of the Group. BPCE also provides banking services to the other Group entities.

1.2 GUARANTEE MECHANISM

Pursuant to Article L. 512-107-6 of the French Monetary and Financial Code, the guarantee and solidarity mechanism was set up to ensure the liquidity and capital adequacy of the Group and its associates, and to organize financial support within the Banque Populaire and Caisse d'Epargne networks.

BPCE is tasked with taking all measures necessary to guarantee the capital adequacy of the Group and each of the networks, including implementing the appropriate internal financing mechanisms within the Group and establishing a Mutual Guarantee Fund common to both networks, for which it determines the operating rules, the conditions for the provision of financial support to the existing funds of the two networks, as well as the contributions of associates to the fund's initial capital endowment and reconstitution.

BPCE manages the Banque Populaire Network Fund and the Caisse d'Epargne Network Fund and has put in place the Mutual Guarantee Fund.

The **Banque Populaire Network Fund** was formed by a deposit made by the Banks of €450 million that was booked by BPCE in the form of a 10-year term account which is indefinitely renewable.

The deposit made to the **Caisse d'Epargne Network Fund** by the Caisses of €450 million was booked by BPCE in the form of a 10-year term account which is indefinitely renewable.

The **Mutual Guarantee Fund** was formed by deposits made by the Banque Populaire banks and the Caisses d'Epargne. These deposits were booked by BPCE in the form of 10-year term accounts which are indefinitely renewable. The amount of the deposits by network was €181 million as of June 30, 2016, and the funds will be topped up each year by an amount equivalent to 5% of the contributions made by the Banque Populaire banks, the Caisses d'Epargne, and their subsidiaries to the Group's consolidated income.

The total amount of deposits made to BPCE in respect of the Banque Populaire Network Fund, the Caisse d'Epargne Network Fund and the Mutual Guarantee Fund may not be less than 0.15% and may not exceed 0.3% of the total risk-weighted assets of the Group.

The booking of deposits in the institutions' individual accounts under the guarantee and solidarity system results in the recording of an item of an equivalent amount under a dedicated capital heading.

The Mutual Guarantee Companies (*sociétés de caution mutuelle*), whose sole corporate purpose is to guarantee loans issued by Banque Populaire banks, are covered by the liquidity and capital adequacy guarantee of the Banque Populaire banks with which they are jointly licensed in accordance with Article R. 515-1 of the French Monetary and Financial Code.

The liquidity and capital adequacy of the Caisses de Crédit Maritime Mutuel are guaranteed in respect of each individual Caisse, by the Banque Populaire bank which is both the core shareholder and provider of technical and operational support for the Caisse in relation to the partner Banque Populaire bank.

The liquidity and capital adequacy of the local savings companies are secured, firstly, at the level of each individual local savings company by the Caisse d'Epargne, of which the local savings company in question is a shareholder.

BPCE's Management Board holds all the requisite powers to mobilize the resources of the various contributors without delay and in accordance with the agreed order, on the basis of prior authorizations given to BPCE by the contributors.

1.3 SIGNIFICANT EVENTS

Visa Europe share buyout

On November 2, 2015, US company Visa Inc. announced the takeover of Visa Europe, an association of some 3,500 European banks owned by a group of approximately 3,000 European banks, including Groupe BPCE.

The transaction was completed on June 21, 2016 for a total amount of over €18 billion, structured into three parts:

- a cash payment of €12.25 billion on completion of the transaction;
- a deferred cash payment of €1.12 billion, payable three years after the completion of the transaction;
- preference shares representing a EUR-equivalent value of €5.0 billion.

At December 31, 2015, the transaction was recognized by revaluing the Visa Europe shares held by BPCE as available-for-sale securities in the amount of €606 million (excluding tax).

The capital gain on the sale was recorded in "Net gains or losses on available-for-sale assets" in the half-yearly financial statements, for €831 million. The preference shares will be convertible into Visa Inc. shares after a period of 4 to 12 years. As the proposed conversion rate may be lowered in the event of disputes, a discount was applied to the estimated amount receivable in respect of the preference shares to take into account liquidity and legal risks.

The impact of this transaction on net income attributable to equity holders of the parent for the first half of the year amounted to +€797 million.

Partnership agreement between Groupe BPCE and CNP Assurances

Groupe BPCE and CNP Assurances signed a new partnership agreement, effective from January 1, 2016. This agreement comes after the expiry of existing distribution agreements between CNP Assurances and Groupe BPCE on December 31, 2015, and Groupe BPCE's decision to assign to Natixis Assurances the design and management of all savings and pension policies distributed by the Caisse d'Epargne network as of January 1, 2016.

The partnership, which covers a seven-year period, provides for the following:

- The establishment of an exclusive collective payment protection insurance partnership between CNP Assurances and Natixis Assurances on the one hand, and all the Groupe BPCE networks on the other. This partnership is based on a co-insurance agreement of 66% for CNP Assurances and 34% for Natixis Assurances;

- The implementation of specific provident insurance partnerships with (i) an offer from CNP Assurances covering the main collective provident insurance guarantees for Groupe BPCE's professional and corporate customers, coupled with a dependency component; and (ii) a targeted partnership for dependency and tenant guarantees as part of the individual provident insurance range;

- A gradual withdrawal by CNP Assurances from the savings and pension fund activities performed with the Caisses d'Épargne, including the progressive phasing out of new subscriptions in 2016, the ongoing collection of subsequent payments into existing policies and provisions to align the interests of CNP Assurances and Groupe BPCE regarding the management of existing policy assets. Outstanding savings contracted with the Caisses d'Épargne have been transferred to Natixis Assurances under a 10% quota share reinsurance agreement, including related transfers (see Note 3.4.2);

- Conversely, CNP Assurances reinsures 40% of new euro pension fund policies distributed by Caisse d'Épargne network and issued by Natixis Assurances over the period 2016-2019.

Acquisition of Peter J. Solomon Company

On June 30, 2016, Natixis North America LLC, a subsidiary of Natixis, finalized the acquisition of US advisory firm Peter J. Solomon Company (PJSC), which provides advisory services on mergers and acquisitions and corporate restructuring.

At June 30, 2016 Natixis held 51% of PJSC's capital, and has the option to acquire the remaining shares by 2026 by exercising cross options. Natixis exercises control over this entity within the meaning of IFRS 10, and fully consolidates it.

This acquisition generated goodwill of €72 million.

Disposal of non-strategic assets: sale of remaining shares in Nexity

On March 2, 2016, Groupe BPCE sold its full remaining stake in Nexity, generating +€40 million in "Gains or losses on other assets".

Run-off management of a securitization portfolio

The active disposal of mortgage-backed securities and public sector assets (portfolio acquired from Crédit Foncier) continued in the first half of 2016.

Several RMBS lines were sold for a total nominal amount of €870 million, generating a capital loss on disposal of €65 million, recognized in "Net gains or losses on available-for-sale assets". The impact on net income attributable to equity holders of the parent for the first half of the year amounted to -€43 million.

Centralization of regulated savings

Following the new French decree of February 2016, which amended the conditions governing the over-centralization of regulated savings, Groupe BPCE's centralization rate was once again modified during the first half of 2016. As of July 1, 2016, a decline of around €10 billion in centralized savings with Caisse des Dépôts et Consignations will be recognized (following an increase of €12 billion recorded in January 2016).

Commitments made with Caisse des Dépôts et Consignations are reflected under financing commitments given to credit institutions recorded as at June 30, 2016.

1.4 POST-CLOSING EVENTS

Ciloger

On July 28, 2016, Natixis announced that the restructuring of AEW Europe was complete. including the contribution by Banque Postale of Cligor's operations (€5.2 billion in assets at the end of June 2016) to AEW Europe. This deal will give rise to a new leader in real estate investment in France, with Europe-wide investment capacity backed by three major distribution networks: Caisse d'Epargne, Banque Populaire and La Banque Postale. After this transaction, which is subject to regulatory approval by the end of 2016, AEW Europe's capital will be 60%-owned by Natixis subsidiary NGAM and 40%-owned by La Banque Postale.

Fidor Bank AG

On July 28, 2016, Groupe BPCE announced the signing of an agreement with the key shareholders, founders and managers of Fidor Bank AG for the acquisition of their equity interests in German digital bank Fidor Bank.

The planned acquisition of Fidor Bank is fully in line with Groupe BPCE's "Another Way to Grow" strategic plan and will help step up the rollout of the group's digital strategy.

Founded in 2009 by its CEO, Fidor is one of the world's first Fintech Banks to develop a different approach to banking relationships. Fidor's unique offer combines an innovative customer experience relying heavily on the active participation of the 350,000 members of its community and an open architecture to foster simplicity and flexibility.

Fidor has developed a proprietary infrastructure and digital banking platform – Fidor Operating System – allowing for real-time functionality and optimizing the integration of third-party solutions (APIs).

The closing of the deal will be subject to the approval of the competent regulatory and anti-trust authorities, scheduled for Q4 2016.

Note 2 Applicable accounting standards and comparability

2.1 REGULATORY FRAMEWORK

In accordance with EC regulation No. 1606/2002 of July 19, 2002 on the application of international accounting standards, the Group prepared its consolidated financial statements for the fiscal year ended December 31, 2015 under International Financial Reporting Standards (IFRS) as adopted for use by the European Union and applicable at that date, thereby excluding certain provisions of IAS 39 relating to hedge accounting[1].

These condensed interim consolidated financial statements at June 30, 2016 were prepared according to IAS 34 "Interim Financial Reporting". The notes therefore apply to the most significant aspects of the half-year and should be read in conjunction with the Group's consolidated financial statements at December 31, 2015.

2.2 STANDARDS

The standards and interpretations used and detailed in the annual financial statements as at December 31, 2015 were complemented by standards, amendments and interpretations whose application is mandatory for reporting periods starting from January 1, 2016. The compulsory application of standards, amendments and interpretations as of January 1, 2016 had no significant impact on the Group's financial statements.

New standards published and not yet applicable

New IFRS 9

In July 2014, the IASB published the complete and final version of IFRS 9 "Financial Instruments", the application of which will become mandatory and replace IAS 39 as of January 1, 2018. This new standard introduces:

- for financial assets, a new classification approach based on the type of instrument (debt instrument or equity instrument). For debt instruments, the standard reviews the separation between amortized cost/fair value based on the asset management model and the characteristics of contractual cash flows. Thus, only instruments with simple or standard characteristics are eligible to be measured at amortized cost (if they are managed under a business model whose objective is to hold financial assets to collect contractual cash flows) or at fair value through other comprehensive income (if they are managed under a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets);

- for financial liabilities at fair value through profit and loss, the obligation to record changes in fair value relating to the entity's own credit risk in other comprehensive income (with certain exceptions);

- a single, forward-looking impairment model based on expected losses on all portfolios measured at amortized cost or at fair value through other comprehensive income (eligible for reclassifiication);

- an improved hedge accounting model, to better link the economics of risk management with its accounting treatment.

Although IFRS 9 has yet to be adopted for use by the European Union, as of 2015, due to the scale of changes to be introduced under this standard, Groupe BPCE began standard analyses and operational breakdowns under a project combining all affected business lines and support functions. This project is being continued in 2016 with, in particular, the launch of the necessary IT developments to ensure the correct implementation of the standard.

New IFRS 15

IFRS 15 "Revenue recognition" will replace the current standards and interpretations related to the recognition of income. It will be applicable retrospectively as of January 1, 2018 subject to adoption by the European Union.

Under IFRS 15, recognition of revenue from ordinary activities must reflect the transfer of goods and services promised to customers in an amount corresponding to the consideration that the entity expects to receive in exchange for these goods and services.

IFRS 15 applies to contracts entered into by an entity with its customers, with the exception of leases (covered by IAS 17), insurance contracts (covered by IFRS 4) and financial instruments (covered by IFRS 9).

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(1) These standards are available on the website of the European Commission at the following URL:

http://ec.europa.eu/finance/company-reporting/index.htm.

The group will conduct an impact analysis of the application of this new standard in the second half of 2016.

New IFRS 16

IFRS 16 "Leases" will replace IAS 17 "Leases" and the interpretations related to the accounting treatment of such contracts. It will be applicable retrospectively as of January 1, 2019 subject to adoption by the European Union.

Under IFRS 16, the definition of a lease calls for the identification of an asset and the determination that the lessee has the right to use the identified asset for a period of time.

From the lessor's perspective, the impact is expected to be limited, as the provisions will not change substantially in relation to the current IAS 17.

For lessees, the standard requires that all leases be recorded in the balance sheet such that they convey the right to use the leased asset, which must be recognized under fixed assets with a corresponding entry under liabilities to reflect the leases and the remaining payments over the term of the lease. The right to use the asset will be amortized on a straight-line basis and the financial liability will be calculated an actuarial basis over the term of the lease. Under IAS 17, operating leases are not recorded in the balance sheet.

The group began analyzing the impact of the application of this new standard after it was published in early 2016.

2.3 USE OF ESTIMATES

Preparation of the financial statements requires Management to make estimates and assumptions in certain areas with regard to uncertain future events.

These estimates are based on the judgment of the individuals preparing these financial statements and the information available at the balance sheet date.

Actual future results may differ from these estimates.

With respect to the financial statements for the period ended June 30, 2016 in particular, accounting estimates requiring assumptions were mainly used for the following measurements:

- the fair value of financial instruments determined on the basis of valuation models (Note 2.3.1);
- the amount of impairment of financial assets, and more specifically permanent impairment losses on available-for-sale assets and impairment losses applicable to loans and receivables on an individual basis or calculated on the basis of portfolios;
- provisions recorded under liabilities in the balance sheet and more specifically the provision for regulated home savings products (Note 3.10) and provisions for insurance policies;
- calculations related to the cost of pensions and future employee benefits;
- deferred tax assets and liabilities;
- goodwill impairment testing (Note 3.7).

2.3.1 Determination of fair value

General principles

The fair value of an instrument is the price that would be received to sell an asset or paid to transfer a liability in a standard arm's length transaction between market participants at the measurement date.

Fair value is therefore determined using the exit price.

On first recognition, fair value is usually the transaction price and is thus the price paid to purchase the asset or the price received to assume the liability.

In subsequent measurements, the estimated fair value of assets and liabilities must be based primarily on observable market data, while ensuring that all inputs used in the fair value calculation are consistent with the price that market participants would use in a transaction.

In this case, fair value consists of a mid-market price and additional valuation adjustments determined according to the instruments in question and the associated risks.

The mid-market price is obtained based on:

- the instrument's quoted price, if the instrument is quoted on an active market. A financial instrument is regarded as quoted on an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and these prices represent actual and regularly occurring transactions on the principal market or, failing that, on the most favorable market, on an arm's length basis;

- if the market for a financial instrument is not active, fair value is established using valuation techniques. The techniques used must maximize the use of relevant observable entry data and minimize the use of non-observable entry data. They may refer to observable data from recent transactions, the fair value of similar instruments, discounted cash flow analysis and option pricing models, proprietary models in the case of hybrid instruments or non-observable data when no pricing or market data are available.

Additional valuation adjustments include factors related to valuation uncertainties, such as market, credit and liquidity risks, in order to recognize the costs incurred by a divestment transaction on the primary market. Likewise, an adjustment (Funding Valuation Adjustment - FVA) for using assumptions to recognize costs related to the financing costs of future cash flows of uncollateralized or partially collateralized derivatives is also recognized.

The main additional adjustments are as follows:

BID/ASK ADJUSTMENT – Liquidity risk

This adjustment is the difference between the bid price and the ask price corresponding with the selling costs. It reflects the cost requested by a market player in respect of the risk of acquiring a position or of selling at a price proposed by another market player.

MODEL UNCERTAINTY ADJUSTMENT

This adjustment takes into account imperfections in the valuation techniques used, and in particular risk factors not considered even though observable market inputs are available. This is the case when the risks inherent in the instruments differ from those incurred by the observable market data used to determine their valuation.

INPUT UNCERTAINTY ADJUSTMENT

Observing certain prices or inputs used in valuation techniques may be difficult or the price or input may be too regularly unavailable to determine the selling price. Under these circumstances, an adjustment may be necessary to reflect the probability that market participants might adopt different values for the same inputs when evaluating the financial instrument's fair value.

CREDIT VALUATION ADJUSTMENT (CVA)

This adjustment applies to valuations that do not account for the counterparty's credit quality. It corresponds to the estimated loss linked to the risk of default by a counterparty and aims to take into account the fact that the Group may not recover the full market value of the transactions.

The method for determining the CVA is primarily based on the use of market inputs in connection with professional market practices, for all segments of counterparties subject to this calculation. In the absence of liquid market inputs, proxies by type of counterparty, rating and geographic area are used.

DEBIT VALUATION ADJUSTMENT (DVA)

The DVA is symmetrical to the CVA and represents the estimated loss, from the counterparty's perspective, on valuations of financial instruments recorded under liabilities. It reflects the impact of the Group's credit quality on the valuation of these instruments. The DVA adjustment is assessed by observing the Group's "credit" market input. At Natixis, which is the main contributor for the Group, this calls for the observation of the credit spreads for a sample of comparable banking institutions, taking into account the liquidity of the spread on Natixis' CDS during the period (no material impact on the income statement as at June 30, 2016). The DVA is established after taking into account the funding valuation adjustment (FVA).

The following criteria are used to determine whether or not a market is active:

- the level of activity and trend of the market (including the level of activity on the primary market);
- the length of historical data on prices observed in similar market transactions;
- scarcity of prices recovered by a service provider;
- sharp bid-ask price spread;
- steep price volatility over time or between different market participants.

NATIXIS CONTROL SYSTEM (NATIXIS IS THE MAIN CONTRIBUTOR TO THE GROUP'S BALANCE SHEET ITEMS MEASURED AT FAIR VALUE)

The calculation of fair value is subject to control procedures aimed at verifying that fair values are determined or validated by an independent function.

Fair values determined by reference to external quoted prices or market inputs are validated by an independent unit (the Market Data Monitoring department). Second-level controls are carried out by the Risk Department.

On less liquid markets, other market information, primarily observable data, is used to validate the fair value of instruments.

The factors taken into account include the following:

- the origin of the external source (stock market pages, content contribution services, etc.);
- the consistency of the various sources;
- the frequency of data updates;
- the representative nature of inputs based on recent market transactions.

For fair values determined using valuation models, the control system consists of the independent validation of model construction and of the inputs incorporating these models.

This is carried out under the responsibility of the Risk Department.

It involves verifying that the model is consistent with and relevant to its intended function (price setting, valuation, coverage, measurement and control of risk) and the product to which it applies, based on:

- a theoretical approach: the financial and mathematical foundations of the model;
- the application of the model: the pricing models used to generate risk and earnings data;
- the stability of the model under parametric stress;
- an assessment of the stability and consistency of the numerical methods used;
- the independent re-implementation of the model as part of algorithm validation;
- the comparative analysis of the calibration of model inputs;
- an assessment of the modeling risk, particularly the comparative analysis of the model with other valuation models, in order to ensure the adequacy of the model and the payoff;
- the implementation of an adjustment in respect of modeling risk to account for potential deficiencies in the model or its calibration;
- the incorporation of the model into information systems.

The methods for determining fair value are monitored by a number of bodies including the Inputs and Observability Committee, the Valuation Committee, the Impairment Committee and the Model Validation Committee, which comprise representatives of the Risk department, the Finance department and the Market Data Monitoring and Valuation department.

Fair value hierarchy

For financial reporting purposes, IFRS 13 requires fair value measurements applied to financial and non-financial instruments to be allocated to one of three fair value levels:

LEVEL 1: VALUATION USING PRICES QUOTED ON A LIQUID MARKET

Level 1 comprises instruments whose fair value is determined based on directly usable prices quoted on active markets.

This mainly includes securities listed on a stock exchange or traded continuously on other active markets, derivatives traded on organized markets (futures, options, etc.) whose liquidity can be demonstrated, and shares of UCITS for which NAV is determined and reported on a daily basis.

LEVEL 2: VALUATION USING OBSERVABLE MARKET INPUTS

Level 2 fair value comprises instruments other than instruments mentioned in Level 1 fair value and instruments measured using a valuation technique incorporating inputs that are either directly observable (prices) or indirectly observable (price derivatives) through to maturity. This mainly includes:

Simple instruments

Most over-the-counter derivatives, swaps, forward rate agreements, caps, floors and plain vanilla options are traded in active markets, i.e. liquid markets in which trades occur regularly.

These instruments are valued using generally accepted models (discounted cash flow method, Black & Scholes model, interpolation techniques), and on the basis of directly observable inputs.

For these instruments, the extent to which models are used and the observability of inputs has been documented.

Instruments measured using level 2 inputs also include:

- securities that are less liquid than those classified as Level 1, whose fair value is determined based on external prices put forward by a reasonable number of active market makers and which are regularly observable without necessarily being directly executable (prices mainly taken from contribution and consensus databases); where these criteria are not met, the securities are classified as Level 3 fair value;
- securities not quoted on an active market whose fair value is determined based on observable market data (for example, using market data for listed peers or the earnings multiple method based on techniques widely used in the market);
- Greek and Portuguese sovereign securities, whose fair value was recorded under Level 2 given the wide bid-ask price spread on market prices;
- shares of UCITS whose NAV is not determined and published on a daily basis, but are subject to regular reporting or offer observable data from recent transactions;
- debt securities designated at fair value, mainly by Natixis, and to a lesser extent Crédit Foncier. The methodology used by Natixis to value the "issuer credit risk" component of issues designated at fair value is based on the discounting of future cash flows using directly observable inputs such as yield curves and revaluation differences. For each issue, this valuation represents the product of the notional amount outstanding and its sensitivity, taking into account the existence of calls and the difference between the revaluation spread (based on the BPCE cash reoffer curve at June 30, 2016 as for previous closing dates) and the average issue spread. Changes in the issuer spread are generally not material for issues with an initial maturity of less than one year.

Complex instruments

Certain hybrid and/or long-maturity financial instruments are measured using a recognized model on the basis of market inputs derived from observable data such as yield curves, implied volatility layers of options, market consensus data or active over-the-counter markets.

The main models for determining the fair value of these instruments are described below by type of product:

- **Equity products**: complex products are valued using:
  - market data;
  - a payoff, i.e. the formula of positive or negative flows attached to the product at maturity;
  - a model of changes in the underlying asset.

  These products can have a single underlying, multiple underlyings or hybrids (fixed income/equity for example).

  The main models used for equity products are local volatility models, local volatility combined with Hull & White 1 factor (H&W1F), Tskew and Pskew.

  The local volatility model treats volatility as a function of time and the price of the underlying. Its main property is that it considers the implied volatility of the option (derived from market data) relative to its exercise price.

  The local volatility hybrid model, paired with the H&W1F, consists of pairing the local volatility model described above with a Hull & White 1 factor type fixed-income model, described below (see fixed-income products).

  The Tskew model is a valuation model for mono and multi-underlying options. Its principle is to calibrate the distribution of underlying asset or assets at maturity to standard option prices.

  The Pskew model is similar to the Tskew model. It is used in particular for simple ratchet equity products such as capped or floored ratchet products.

- **Fixed income products**: fixed income products generally have specific characteristics which justify the choice of model. Underlying risk factors associated with the payoff are taken into account.

  The main models used to value and manage fixed-income products are Hull & White models (one-factor and two-factor models or one-factor Hull & White stochastic volatility model), the Hunt Kennedy model and the "smiled" BGM model.

The Hull & White models are simple pricing models for plain vanilla fixed-income products and can be calibrated easily. Products valued using these models generally contain a Bermudan-type cancellation option (i.e. one that may be exercised at certain dates set at the beginning of the contract).

SBGM and Hunt Kennedy models are used to value fixed-income products that are sensitive to volatility smiles (i.e. implied change in volatility relative to the exercise price) and to autocorrelation (or correlation between interest rates).

- **Foreign exchange products**: foreign exchange products generally have specific characteristics which justify the choice of model.

The main models used for valuing and managing foreign-exchange products are local and stochastic volatility models, as well as hybrid models, which combine modeling of the underlying foreign exchange with two Hull & White 1 factor models to ascertain the fixed-income factors.

Inputs relating to all such level 2 instruments were demonstrated to be observable and documented. From a methodology perspective, observability is based on four inseparable criteria:

- inputs are derived from external sources (primarily a recognized contributor, for example);
- they are updated periodically;
- they are representative of recent transactions;
- their characteristics are identical to the characteristics of the transaction. If necessary, an approximation input (proxy) may be used, provided that the relevance of such an arrangement is demonstrated and documented.

The fair value of instruments obtained using valuation models is adjusted to take account of liquidity (bid-ask), counterparty and internal credit (measurement of liability positions), modeling and input risks.

The margin generated when these instruments begin trading is immediately recognized in income.

LEVEL 3: VALUATION USING UNOBSERVABLE MARKET INPUTS

Level 3 comprises instruments measured using unrecognized models and/or models based on unobservable market data, where they are liable to materially impact the valuation. This mainly includes:

- unlisted shares whose fair value could not be determined using observable inputs;
- private equity securities not listed on an active market, measured at fair value with models commonly used by market participants, in accordance with International Private Equity Valuation (IPEV) standards, but which are sensitive to market fluctuations and whose fair value determination necessarily involves a judgment call;
- structured securities or securities representative of private investment portfolios, held by the insurance business line;
- instruments with a deferred day-one margin;
- shares of UCITS for which the fund has not published a recent NAV at the valuation date, or for which there is a lock-up period or any other constraint calling for a significant adjustment to available market prices (NAV, etc.) in respect of the low liquidity observed for such shares;
- instruments carried at fair value on the balance sheet and for which data are no longer available due to a freeze in trading in the wake of the financial crisis, which were not reclassified within "Loans and receivables" pursuant to the amendment to IAS 39 and IFRS 7 published on October 13, 2008 (see below).

When there is a significant drop in trading in a given market, a valuation model is used based on the only available relevant data.

In accordance with the Ministerial Order of February 20, 2007, as amended by the Order of November 23, 2011, on lending institutions and investment companies and the European regulation of June 26, 2013 (CRR) on the Basel III requirements, for each of the models used, a description of crisis simulations applied and the ex-post control mechanism (valuation of the accuracy and consistency of internal models and modeling procedures) appears in Chapter 3 "Risk Management".

Under IAS 39, day-one profit should be recognized only if it is generated by a change in the factors that market participants would consider in setting a price, i.e. only if the model and inputs used in the valuation are observable.

If the selected valuation model is not recognized by current market practices, or if one of the inputs significantly affecting the instrument's valuation is not observable, the trading profit on the trade date cannot be recognized immediately in the income statement but is taken to income on a straight-line basis over the life of the transaction or until the date the inputs become observable. Any losses incurred at the trade date are immediately recognized in income.

As at June 30, 2016, instruments for which the recognition of day-one profit/loss has been deferred mainly included:

- multi-underlying structured equity and index products;
- synthetic loans;

- options on funds (multi-assets and mutual funds);
- structured fixed income products;
- securitization swaps.

These instruments are almost all located at Natixis.

The table below provides the main unobservable inputs and the value ranges for these instruments:

Class of instrument	Main types of products comprising Level 3 in the class of instrument	Valuation techniques used	Main unobservable data	Unobservable data ranges among relevant Level 3 products
Credit derivatives	CDOs, Index tranche	Technique for estimating defaults given the correlation effect and recovery modeling	Correlation curve specific to the portfolio underlying the CDO	5% - 95% [(a)]
	CDS on projects (other than CDS on securitization assets)	Extrapolation from prices based on recovery assumptions	Recovery rate	60% -100%
Interest rate derivatives	Securitization swaps	Discounted expected cash flows based on early redemption assumptions on the underlying portfolio	Early redemption rate	3% -18%
	Sticky CMS/Volatility Bonds	Interest rate options valuation models	Mean reversion inputs	1% - 5%
	Callable Spread Options and Corridor Callable Spread Options	Model representing several yield curve factors	Mean reversion spread	10% - 30%
	Spread Lock swaps and Spread Lock options	Bivariate standard model to measure the time value of Spread Lock options and replication for CMS and TEC Forwards	Spread Lock curve, TEC Forward volatility and TEC-CMS correlation	Spread Lock: +3bp/+15bp Volatility 50bp/70bp TEC-CMS correlation 90%/95%
Capital Protected Notes	Mono-credit payoffs, with capital guarantee, indexed based on issuer cash-CDS, including an at-par call clause at Natixis' discretion	Model that uses as Inputs the volatility of the cash-CDS, recalibrated for price volatility and reintegrated in a Black & Scholes model with a numerical method used to calculate Early Exercise	Volatility of cash-CDS basis	2% - 4%
Repos and general collateral TRS	TRS and repos indexed to a basket of general equities	Synthetic modeling of underlying general basket (with repo to estimate) and actuarial valuation for TRS or using a standard Equity/Interest rate hybrid model for the TRS auto call	Repo curve of general baskets	-1%/0.7%
Helvetix derivatives	Strips of long-term options, Strips of quanto options, Strips of digital options	Black & Scholes model	Currency/currency correlation	EURUSD/USDCHF correlation: -84.98%/-76.52%
	Options spread and Digital options spread	Gaussian copula	USDCHF & EURCHF long-term volatility	Long-term volatility: 10%-15%
Fund-based derivatives	Payoffs as Target Volatility strategy and CPPI on Mutual Funds	The approach used is a hybrid model that combines the local volatility-type multi-underlying equity model with a one-factor Heath-Jarrow-Morton (HJM1F) interest rate model	Fund data	Index - Interest rate correlation: 22% - 44%
Collateralized derivatives	Multi-underlying payoffs	Valuation model based on equity volatility and long-term shortfall inputs	Long-term shortfall	

Class of instrument	Main types of products comprising Level 3 in the class of instrument	Valuation techniques used	Main unobservable data	Unobservable data ranges among relevant Level 3 products
Hybrid interest rate/currency derivatives	Long-term PRDC/PRDKO/TARN structures	Hybrid currency/interest rate options valuation model	Correlation between currency and interest rates and long-term volatility levels	AUD/JPY and USD/JPY correlation: 30% – 60% Long-term volatility: 10% - 17%
Hybrid equity/interest rate/forex derivatives	Long-dated callable range accrual notes (15Y) on several asset classes (equity+forex+interest rates)	Hybrid models coupled with equity, forex and interest rate diffusion.	Correlation inputs (equity-forex, equity-interest rates, interest rates-forex)	(55%, [36%,45%],27%)
Hybrid interest rate/credit derivatives	Long-dated interest rate and credit callable range accrual notes (15Y) (default event)	Hybrid models coupled with interest rate diffusion and credit diffusion.	Correlation inputs (interest rate-credit and volatility-credit)	([-50%,20%],[45%,65%])
Equity derivatives	Long maturity multi-underlying payoffs	Volatility options valuation model incorporating correlation between assets	Correlation inputs	52% - 80%

(a) All transactions including this type of data are fully back-to-back; this input justifying the Level 3 classification is entirely hedged.

Policy concerning fair value hierarchy transfers

Transfers between fair value levels are reviewed and validated by ad hoc committees of representatives of various functions, particularly Finance, Risk and Business Lines. The Committee considers various indicators of market activity and liquidity as described in the General Principles.

A review is undertaken for any instrument that ceases to meet these criteria or once again complies with the criteria. Transfers to and from Level 3 are subject to prior validation.

Under this procedure, multi-underlying equity products with a residual maturity of between 4 and 5 years were transferred to fair value level 3 during the first half of 2016. Information on the transfers between levels of the fair value hierarchy is provided in Note 3.3.3. The amounts given in this note were calculated at the date of the last valuation prior to the change in the level of the fair value hierarchy.

Instruments affected by the financial crisis

Instruments affected by the financial crisis and carried at fair value on the balance sheet are essentially held by Natixis, which calculates their fair value using the models described below:

CDS CONTRACTED WITH CREDIT ENHANCERS (MONOLINE INSURERS AND CDPCS)

Since December 31, 2015 the valuation model used to measure write-downs on CDS contracted with monoline insurers has been modified to bring it closer in line with the Credit Valuation Adjustment (CVA) method. It also takes into account the expected amortization of exposures and the counterparty spread implicit in market data.

The current method for determining provisions for contracts with CDPCs (Credit Derivatives Product Companies) consists in applying a transparency-based approach to the underlying assets, based on an estimate of exposure at the time of default, with the PD and LGD based on the tranche's maturity. A stress factor of 1.2 was applied to the probabilities of default thus determined for the underlyings, based on a recovery rate of 27%. Counterparties are associated with a probability of default whenever the losses resulting from the calculation exceed the CDPC's net available assets.

In addition to these provisions, a general reserve also takes into account the volatility of the fair value of the contracts.

OTHER INSTRUMENTS NOT EXPOSED TO US HOUSING RISK MEASURED BY NATIXIS USING A VALUATION MODEL

The section below describes the underlying principles used to value assets resulting from securitization transactions for which no market prices could be identified and which were therefore measured using valuation models:

CLOs

A scoring model defining the level of risk associated with certain structures is applied based on a series of criteria.

Trust Preferred Securities (TruPS) CDOs

The valuation model is based on projected future cash flows and default rates determined according to a statistical approach that deduces the default probability of banks according to their financial ratios. For other sectors, default rates are estimated considering the current ratings of assets.

Private Finance Initiative CDS (PFI CDS)

The valuation model used for Private Finance Initiative (PFI) CDS is based on an approach calibrated to the market prices of underlying PFI bonds and the use of a uniform collection rate.

INSTRUMENTS NOT CARRIED AT FAIR VALUE ON THE BALANCE SHEET

IFRS 13 requires disclosure in the notes to the financial statements of the fair value, as well as the associated fair value hierarchy, of all financial instruments carried at amortized cost, including loans. The valuation methods used to determine the fair value disclosed in the notes to the financial statements are described below.

ASSETS AND LIABILITIES OF NATIXIS BUSINESS LINES, THE CASH MANAGEMENT POOL, BPCE, AND THE CAISSES D'EPARGNE FINANCIAL PORTFOLIOS

Credit and loans classified as "Loans and receivables" and amounts payable under finance leases

The fair value of these instruments is determined by discounting future cash flows. The discount rate applied for a given loan is the rate at which the Group would grant a loan with similar characteristics to a similar counterparty at the reporting date. The interest rate and counterparty risk components are re-assessed.

If there is a quoted price that meets the criteria of IFRS 13, the quoted price is used.

The fair value of loans with an initial term of less than one year is generally considered to be their carrying amount.

Borrowings and savings

At Natixis, the assessment of the fair value of securities and debts is based on the method of discounting future cash flows using inputs on the reporting date such as the interest rate curve of the underlyings and the spread at which Natixis lends or borrows.

The fair value of other debt owed to credit institutions and customers with a term of over one year is deemed to be equal to the present value of future cash flows discounted at the interest rate observed at the balance sheet date, plus the credit spread of Groupe BPCE.

Investment property recognized at cost

The fair value of investment property (excluding investment property held by insurance companies) is determined by reference to the capitalization of rents, a method widely used by real estate professionals. The capitalization rate applied to the property depends on a number of factors such as location, the quality and type of building, use, type of ownership, quality of lessee and characteristics of the lease, the interest rate and competition in the real estate market.

FINANCIAL INSTRUMENTS OF THE COMMERCIAL BANKING BUSINESS LINES

For financial instruments not measured at fair value on the balance sheet, fair value calculations are provided for information purposes and must only be interpreted as estimates.

In most cases, the values indicated are not liable to be realized and generally may not be realized in practice.

These fair values are thus only calculated for information purposes in the notes to the financial statements. They are not indicators used in the interest of overseeing commercial banking activities, for which the management model is mainly based on collection of contractual cash flows.

Consequently, the following simplified assumptions were used:

The carrying amount of the assets and liabilities is deemed to be their fair value in certain cases.

These notably include:

- short-term financial assets and liabilities (whose initial term is one year or less) provided that sensitivity to interest-rate risk and credit risk is not material during the period;
- demand liabilities;
- variable-rate loans and borrowings;
- transactions in a regulated market (particularly regulated savings products), whose prices are set by the public authorities.

Fair value of loans to retail customers

The fair value of loans is determined based on internal valuation models that discount future payments of recoverable capital and interest over the remaining loan term. Except for special cases, only the interest rate component is remeasured, as the credit margin is established at the outset and not subsequently remeasured. Prepayment options are factored into the model via an adjustment to loan repayment schedules.

Fair value of loans to large corporates, local authorities and credit institutions

The fair value of loans is determined based on internal valuation models that discount future payments of recoverable capital and interest over the remaining loan term. The interest rate component is remeasured, as is the credit risk component (where it is an observable piece of data used by the customer relationship managers). Failing that, the credit risk component is established at the outset and not subsequently remeasured, as with loans to retail customers. Prepayment options are factored into the model via an adjustment to loan repayment schedules.

Fair value of debt

The fair value of fixed-rate debt owed to credit institutions and customers with a term of over one year is deemed to be equal to the present value of future cash flows discounted at the interest rate observed at the balance sheet date. The own credit spread is not generally taken into account.

Instruments reclassified to "Loans and receivables" having legal status as "securities"

The illiquidity of such instruments, which is necessary to their classification in “Loans and receivables”, was assessed at the reclassification date.

Subsequent to reclassification, some instruments may become liquid again and be measured at Level 1 fair value.

In other cases, their fair value is measured using models identical to those described above for instruments measured at fair value on the balance sheet.

2.4 PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND BALANCE SHEET DATE

Consolidating entity

Due to the Group's structure as described in Note 1, Groupe BPCE's consolidating entity includes:

- the Banque Populaire banks, namely the 16 Banque Populaire regional banks, CASDEN Banque Populaire and Crédit Coopératif;
- the 17 Caisses d'Epargne;
- the Caisses du Crédit Maritime Mutuel, affiliated with BPCE pursuant to Financial Security Law No. 2003-706 of August 1, 2003;
- the *sociétés de caution mutuelle* (SCM or Mutual guarantee companies) collectively affiliated with the Banque Populaire banks to which they are linked;
- the Group's central institution, BPCE.

In addition, the Group comprises:

- the subsidiaries of the Banque Populaire banks;
- the subsidiaries of the Caisses d'Epargne, including CE Holding Promotion and its subsidiaries;
- the subsidiaries owned by the central institution, including Natixis, Crédit Foncier, Banque Palatine and BPCE International.

Presentation of interim consolidated financial statements

As no specific format is required under IFRS, the presentation used by the Group for summarized statements follows Recommendation No. 2013-04 issued by the Autorité des Normes Comptables (ANC – French national accounting standards authority) on November 7, 2013.

Interim balance sheet date

The consolidated financial statements are based on the financial statements at June 30, 2016. The Group's consolidated financial statements for the period ended June 30, 2016 were approved by the Management Board on July 26, 2016.

Note 3 Notes to the balance sheet

3.1 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and liabilities at fair value through profit or loss comprise instruments held for trading, including derivatives, and certain assets and liabilities that the Group has chosen to recognize at fair value, at their date of acquisition or issue, using the fair value option available under IAS 39.

3.1.1 Financial assets at fair value through profit or loss

Financial assets in the trading book mainly include proprietary securities transactions, repurchase agreements and derivative instruments contracted by the Group to manage its risk exposure.

	06/30/2016			12/31/2015		
in millions of euros	**Trading**	**Fair value option**	**Total**	**Trading**	**Fair value option**	**Total**
Treasury bills and equivalent	15,770	132	15,902	16,245	137	16,382
Bonds and other fixed-income securities	5,647	1,923	7,570	6,132	2,455	8,587
Fixed-income securities	**21,417**	**2,055**	**23,472**	**22,377**	**2,592**	**24,969**
Equities and other variable-income securities	**25,758**	**13,776**	**39,534**	**29,512**	**12,795**	**42,307**
Loans to credit institutions	364	28	392	128	25	153
Loans to customers	803	8,171	8,974	912	8,824	9,736
Loans	**1,167**	**8,199**	**9,366**	**1,040**	**8,849**	**9,889**
Repurchase agreements (1)		**41,251**	**41,251**		**43,597**	**43,597**
Trading derivatives (1)	**60,850**	///	**60,850**	**53,650**	///	**53,650**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**109,192**	**65,281**	**174,473**	**106,579**	**67,833**	**174,412**

(1) This information is presented in consideration of netting effects, in accordance with IAS 32 (see Note 9).

3.1.2 Financial liabilities at fair value through profit or loss

Financial liabilities in the trading book include liabilities arising from short-selling transactions, repurchase agreements and derivative instruments.

in millions of euros	**06/30/2016**	**12/31/2015**
Securities sold short	26,225	23,351
Other financial liabilities	338	411
Financial liabilities held for trading	**26,563**	**23,762**
Trading derivatives (1)	**59,707**	**54,664**
Interbank term accounts and loans	21	27
Customer term accounts and loans	31	30
Debt securities	19,439	18,246
Subordinated debt	97	95
Repurchase agreements (1)	43,630	44,929
Other financial liabilities	1,298	1,151
Financial liabilities designated at fair value through profit or loss	**64,516**	**64,478**
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**150,786**	**142,904**

(1) This information is presented in consideration of netting effects, in accordance with IAS 32 (see Note 9).

3.2 AVAILABLE-FOR-SALE FINANCIAL ASSETS

These are non-derivative financial assets that could not be classified in any other category ("Financial assets at fair value", "Financial assets held to maturity" or "Loans and receivables").

in millions of euros	06/30/2016	12/31/2015
Treasury bills and equivalent	45,270	41,898
Bonds and other fixed-income securities	43,336	39,993
Impaired securities	123	134
Fixed-income securities	**88,729**	**82,025**
Equities and other variable-income securities	**13,592**	**14,949**
Loans	**31**	**37**
Available-for-sale financial assets, gross	**102,352**	**97,011**
Impairment of fixed-income securities and loans	(83)	(89)
Permanent impairment of equities and other variable-income securities	(1,254)	(938)
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**101,015**	**95,984**
Gains and losses recognized directly in equity on available-for-sale financial assets (before tax) (1)	**6,272**	**5,893**

(1) Including the portion attributable to non-controlling interests (€1,440 million at June 30, 2016, compared with €1,130 million at December 31, 2015). For the insurance subsidiaries, this gave rise to the symmetrical recognition of deferred profit-sharing.

The Visa Europe shares recorded as variable-income securities at December 31, 2015 for €606 million were sold in the first half of 2016 in accordance with the terms of the agreement signed with Visa Inc. (see Note 1.3).

Impairment losses are recognized for available-for-sale financial assets whenever the Group considers that its investment may not be recovered. For variable-income securities quoted in an active market, a price decline in excess of 50% in relation to the historical cost or for more than a 36-month period constitutes evidence of impairment.

3.3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

3.3.1 Fair value hierarchy of financial assets and liabilities

The following statement provides a breakdown of financial instruments by type of price and valuation model:

	06/30/2016				**12/31/2015**			
in millions of euros	**Price quoted in an active market (Level 1)**	**Measurement techniques using observable data (Level 2)**	**Measurement techniques using unobservable data (Level 3)**	**Total**	**Price quoted in an active market (Level 1)**	**Measurement techniques using observable data (Level 2)**	**Measurement techniques using unobservable data (Level 3)**	**Total**
FINANCIAL ASSETS								
Securities	41,917	4,789	469	47,175	44,952	6,582	355	51,889
Fixed-income securities	*17,577*	*3,371*	*469*	*21,417*	*18,272*	*3,750*	*355*	*22,377*
Variable-income securities	*24,340*	*1,418*		*25,758*	*26,680*	*2,832*		*29,512*
Derivatives	736	58,851	1,263	60,850	438	51,176	2,036	53,650
Other financial assets		405	762	1,167		305	735	1,040
Financial assets held for trading	**42,653**	**64,045**	**2,494**	**109,192**	**45,390**	**58,063**	**3,126**	**106,579**
Securities	11,488	2,177	2,166	15,831	10,935	2,102	2,350	15,387
Fixed-income securities	*640*	*131*	*1,284*	*2,055*	*984*	*181*	*1,427*	*2,592*
Variable-income securities	*10,848*	*2,046*	*882*	*13,776*	*9,951*	*1,921*	*923*	*12,795*
Other financial assets		44,492	4,958	49,450		47,100	5,346	52,446
Financial assets designated at fair value through profit or loss	**11,488**	**46,669**	**7,124**	**65,281**	**10,935**	**49,202**	**7,696**	**67,833**
Interest rate derivatives		15,647		15,647		12,616	6	12,622
Currency derivatives		3,386		3,386		3,167	6	3,173
Credit derivatives							1	1
Hedging derivatives		**19,033**		**19,033**		**15,783**	**13**	**15,796**
Investments in associates	46	239	3,245	3,530	335	352	3,542	4,229
Other securities	82,895	9,154	5,392	97,441	78,942	7,887	4,877	91,706
Fixed-income securities	*77,168*	*7,363*	*4,105*	*88,636*	*72,864*	*5,484*	*3,576*	*81,924*
Variable-income securities	*5,727*	*1,791*	*1,287*	*8,805*	*6,078*	*2,403*	*1,301*	*9,782*
Other financial assets		27	17	44	10	20	19	49
Available-for-sale financial assets	**82,941**	**9,420**	**8,654**	**101,015**	**79,287**	**8,259**	**8,438**	**95,984**
Financial liabilities								
Securities	25,495	724	6	26,225	22,886	441	24	23,351
Derivatives	464	58,195	1,048	59,707	507	52,552	1,605	54,664
Other financial liabilities		338		338		411		411
Financial liabilities held for trading	**25,959**	**59,257**	**1,054**	**86,270**	**23,393**	**53,404**	**1,629**	**78,426**
Securities		17,893	30	17,923		15,160	29	15,189
Other financial liabilities		45,594	999	46,593	92	48,453	744	49,289
Financial liabilities designated at fair value through profit or loss		**63,487**	**1,029**	**64,516**	**92**	**63,613**	**773**	**64,478**
Interest rate derivatives		20,478	36	20,514		15,069	144	15,213
Currency derivatives		4,204		4,204		3,446		3,446
Credit derivatives								
Hedging derivatives		**24,682**	**36**	**24,718**		**18,515**	**144**	**18,659**

3.3.2 Analysis of assets and liabilities classified in Level 3 of the fair value hierarchy at June 30, 2016

		Gains and losses recognized during the period – In the income statement[1]			Transactions carried out during the period		Transfers during the period			
in millions of euros	**01/01/2016**	On transactions in progress at the reporting date	On transactions removed from the balance sheet at the reporting date	In equity	Purchases /Issues	Sales/ Redemptions	To another reporting category	From and to another level	Other changes	**06/30/2016**
FINANCIAL ASSETS										
Securities	355	(9)			221	(96)		(2)		469
Fixed-income securities	*355*	*(9)*			*221*	*(96)*		*(2)*		*469*
Variable-income securities										
Derivatives	2,036	62	(257)		280	(227)		(345)	(286)	1,263
Interest rate derivatives	*1,146*	*11*	*(132)*			*(119)*		*(345)*	*7*	*568*
Equity derivatives	*343*	*(93)*	*(60)*		*286*	*(86)*			*(11)*	*379*
Currency derivatives	*35*	*162*				*(20)*			*(176)*	*1*
Credit derivatives	*507*	*(47)*	*(65)*			*(10)*			*(73)*	*312*
Other derivatives	*5*	*29*			*(6)*	*8*			*(33)*	*3*
Other financial assets	735	2			624	(598)			(1)	762
Financial assets held for trading	**3,126**	**55**	**(257)**		**1,125**	**(921)**		**(347)**	**(287)**	**2,494**
Securities	2,350	(102)	17		33	(128)			(4)	2,166
Fixed-income securities	*1,427*	*(102)*	*3*		*13*	*(56)*				*1,285*
Variable-income securities	*923*		*14*		*20*	*(72)*			*(4)*	*881*
Other financial assets	5,346	(50)	(4)		523	(941)	(32)	135	(19)	4,958
Financial assets designated at fair value through profit or loss	**7,696**	**(152)**	**13**		**556**	**(1,069)**	**(32)**	**135**	**(23)**	**7,124**
Interest rate derivatives	6								(6)	
Equity derivatives										
Currency derivatives	6								(6)	
Credit derivatives	1	(1)								
Other derivatives										
Hedging derivatives	**13**	**(1)**							**(12)**	
Investments in associates[2]	3,542	4	(819)	302	250	(149)		2	116	3,248
Other securities	4,877	20	4	58	970	(528)	(1)	(16)	5	5,389
Fixed-income securities	*3,576*	*24*	*(2)*	*59*	*864*	*(407)*		*(14)*	4	*4,104*
Variable-income securities	*1,301*	*(4)*	*6*	*(1)*	*106*	*(121)*	*(1)*	*(2)*	1	*1,285*
Other financial assets	19			(1)	2	(3)				17
Available-for-sale financial assets	**8,438**	**24**	**(815)**	**359**	**1,222**	**(680)**	**(1)**	**(14)**	**121**	**8,654**
FINANCIAL LIABILITIES										
Securities	24					(18)				6
Derivatives	1,605	281	(275)		12	(404)		2	(173)	1,048
Interest rate derivatives	*816*	*24*	*(160)*		*8*	*(112)*			*(174)*	*402*
Equity derivatives	*308*	*192*	*(4)*		*1*	*(274)*		*2*		*225*
Currency derivatives	*12*	*9*	*(5)*		*3*					*19*
Credit derivatives	*469*	*56*	*(106)*			*(18)*			*1*	*402*
Other derivatives										
Other financial liabilities										
Financial liabilities held for trading	**1,629**	**281**	**(275)**		**12**	**(422)**		**2**	**(173)**	**1,054**
Securities	29	1	(1)		33	(32)				30
Other financial liabilities	744	16	(20)		912	(656)		3		999
Financial liabilities designated at fair value through profit or loss	**773**	**17**	**(21)**		**945**	**(688)**		**3**		**1,029**
Hedging derivatives	**144**								**(108)**	**36**

(1) The main impacts recognized in the income statement are mentioned in Note 4.3.

(2) The Visa Europe shares were recorded as investments in associates for €606 million at December 31, 2015. They were sold in the first half of 2016 in accordance with the agreement signed with Visa Inc. (see Note 1.3), and this sale generated a capital gain of €831 million.

3.3.3 Analysis of fair value hierarchy transfers

		H1 2016			
	From	Level 1	Level 2	Level 2	Level 3
in millions of euros	To	Level 2	Level 1	Level 3	Level 2
FINANCIAL ASSETS					
Securities		53	393		2
Fixed-income securities		*53*	*54*		*2*
Variable-income securities			*339*		
Derivatives					345
Interest rate derivatives					*345*
Equity derivatives					
Currency derivatives					
Financial assets held for trading		**53**	**393**		**347**
Securities					
Fixed-income securities					
Variable-income securities					
Other financial assets				135	
Financial assets designated at fair value through profit or loss				**135**	
Investments in associates				2	
Other securities		934	666	111	127
Fixed-income securities		*931*	*616*	*111*	*125*
Variable-income securities		*3*	*50*		*2*
Available-for-sale financial assets		**934**	**666**	**113**	**127**
FINANCIAL LIABILITIES					
Securities		6	1		
Derivatives					2
Interest rate derivatives					
Equity derivatives					*2*
Currency derivatives					
Financial liabilities held for trading		**6**	**1**		**2**
Securities					
Other financial liabilities				3	
Financial liabilities designated at fair value through profit or loss				**3**	

The amounts of transfers indicated in this statement are those of the last valuation preceding the transfer.

in millions of euros	From / To	Fiscal year 2015 Level 1 / Level 2	Level 2 / Level 1	Level 2 / Level 3	Level 3 / Level 2
FINANCIAL ASSETS					
Securities		385	901	6	29
Fixed-income securities		*83*	*901*	*6*	*29*
Variable-income securities		*302*			
Derivatives				198	39
Interest rate derivatives (1)				*109*	*33*
Equity derivatives (2)				*17*	*4*
Currency derivatives				*72*	*2*
Other financial assets					
Financial assets held for trading		**385**	**901**	**204**	**68**
Securities				31	
Fixed-income securities				*29*	
Variable-income securities				*2*	
Other financial assets				20	31
Financial assets designated at fair value through profit or loss				**51**	**31**
Investments in associates					
Other securities		77	49	128	550
Fixed-income securities		*69*	*49*	*80*	*495*
Variable-income securities		*8*		*48*	*55*
Other financial assets					
Available-for-sale financial assets		**77**	**49**	**128**	**550**
FINANCIAL LIABILITIES					
Securities		29	15		
Derivatives				135	595
Interest rate derivatives (1)				*82*	*569*
Equity derivatives (2)				*46*	*26*
Currency derivatives				*7*	
Credit derivatives					
Other derivatives					
Other financial liabilities					
Financial liabilities held for trading		**29**	**15**	**135**	**595**
Securities				28	
Other financial liabilities				731	4
Financial liabilities designated at fair value through profit or loss				**759**	**4**

(1) *For Helvetix derivatives, since the contribution of valuation adjustments had become very significant with respect to the fair value of these instruments taken as a whole, the Group transferred them to Level 3 of the fair value hierarchy in 2015;*

(2) *TRS and repos indexed to a basket of equities were transferred to Level 3 of the fair value hierarchy in 2015 subsequent to a change in the valuation model based on proprietary data.*

The amounts of transfers indicated in this statement are those of the last valuation preceding the transfer.

3.3.4 Sensitivity of Level 3 assets and liabilities to changes in the principal assumptions

At June 30, 2016, Natixis calculated the sensitivity of the fair value of financial instruments measured using unobservable inputs for which changes in related assumptions would give rise to a variation in the market value. This sensitivity is used to estimate, on the basis of probable assumptions, the range of uncertainty inherent in the judgments used to determine these inputs. This estimate was performed using:

- a "standardized"[1] variation in unobservable inputs related to assumptions of additional valuation adjustments for fixed income, currency and equity instruments. The resulting sensitivity was €16 million.
- a fixed variation:
  - of +/-1% in the recovery rate on unsecured debt on uncollateralized derivatives;
  - of +/-10% in the price of the underlying assets of the securitized debt;
  - of +/-50 basis points applied to the margin used to discount the expected flows of TruPS CDOs;

i.e. the sensitivity impact would result in an improvement in value of €48 million, should the inputs mentioned above improve, or a decrease in value of €47 million if the same inputs deteriorate.

(1) i.e the standard deviation of consensus prices used to measure the inputs.

3.4 LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Most loans originated by the Group are classified in this category. Information about credit risk is provided in Note 4.7.

3.4.1 Loans and receivables due from credit institutions

in millions of euros	**06/30/2016**	**12/31/2015**
Loans and receivables due from credit institutions	108,499	96,287
Specific impairment	(70)	(72)
Impairment on a portfolio basis	(6)	(7)
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	**108,423**	**96,208**

The fair value of loans and receivables due from credit institutions amounted to €109,027 million at June 30, 2016 (compared with €97,076 million at December 31, 2015).

Breakdown of gross loans and receivables due from credit institutions

in millions of euros	**06/30/2016**	**12/31/2015**
Current accounts with overdrafts	10,065	7,411
Repurchase agreements	14,238	15,231
Loans and advances [1]	83,810	73,241
Securities classified as loans and receivables	189	198
Other loans and receivables due from credit institutions	121	122
Impaired loans and receivables	76	84
TOTAL GROSS LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	**108,499**	**96,287**

[1] Livret A, LDD and LEP savings accounts centralized with Caisse des Dépôts et Consignations and recorded under "Loans and receivables" amounted to €76,756 million at June 30, 2016 versus €65,655 million at December 31, 2015.

3.4.2 Customer loans and receivables

in millions of euros	**06/30/2016**	**31/12/2015**
Loans and receivables due from customers	674 628	629 775
Specific impairment	-10 665	-10 675
Impairment on a portfolio basis	-1 584	-1 635
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS	**662 379**	**617 465**

The fair value of loans and receivables due from customers was €685,829 million at June 30, 2016 (versus €635,536 million at December 31, 2015).

Breakdown of gross loans and receivables due from customers

in millions of euros	**06/30/2016**	**12/31/2015**
Current accounts with overdrafts	**13,026**	**11,388**
Loans to financial sector customers	5,696	4,076
Short-term credit facilities	59,612	55,860
Equipment loans	143,916	143,996
Home loans	295,423	289,809
Export loans	3,439	3,188
Repurchase agreements	46,834	27,656
Finance leases	16,327	15,875
Subordinated loans	455	461
Other loans (1)	37,399	25,230
Other facilities granted to customers	**609,101**	**566,151**
Securities classified as loans and receivables	**22,239**	**23,016**
Other loans and receivables due from customers	**6,964**	**6,122**
Impaired loans and receivables	**23,298**	**23,098**
TOTAL GROSS LOANS AND RECEIVABLES DUE FROM CUSTOMERS	**674,628**	**629,775**

(1) The variation corresponds in particular to a cash deposit of €11.9 billion with CNP Assurances in accordance with the reinsurance treaty concerning 10% of the total outstanding savings of CNP Assurances. This cash deposit is backed by technical provisions recognized for an identical amount under liabilities in the balance sheet representing commitments to insured parties (see Note 1.3).

3.5 HELD-TO-MATURITY FINANCIAL ASSETS

These are non-derivative financial assets with fixed or determinable payments that the Group has an intention and ability to hold to maturity.

in millions of euros	**06/30/2016**	**12/31/2015**
Treasury bills and equivalent	6,850	6,792
Bonds and other fixed-income securities	3,221	3,905
Gross amount of held-to-maturity financial assets	**10,071**	**10,667**
Impairment	(2)	(2)
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**10,069**	**10,665**

The fair value of held-to-maturity financial assets amounted to €11,621 million at June 30, 2016 (versus €11,941 million at December 31, 2015).

3.6 RECLASSIFICATION OF FINANCIAL ASSETS

In application of the amendments to IAS 39 and IFRS 7 "Reclassification of financial assets", the Group has reclassified some of its financial assets since the second-half of 2008. No reclassification was carried out during the first half of 2016.

Portfolio of reclassified financial assets

	Carrying amount		Fair value	
in millions of euros	**06/30/2016**	**12/31/2015**	**06/30/2016**	**12/31/2015**
Assets reclassified to:				
Available-for-sale financial assets	21	51	21	51
Loans and receivables	8,673	8,545	8,305	7,681
TOTAL SECURITIES RECLASSIFIED	**8,694**	**8,596**	**8,326**	**7,732**

3.7 GOODWILL

Goodwill related to operations for the first half of 2016 are analyzed in the context of the rating for the scope of consolidation.

in millions of euros	**06/30/2016**	**12/31/2015**
Opening net value	**4,354**	**3,605**
Acquisitions [1]	77	605
Disposals	(1)	(2)
Impairment [2]	(76)	(19)
Reclassifications		13
Foreign exchange rate adjustments	(36)	152
Closing net value	**4,318**	**4,354**

[1] Including €3 million corresponding to goodwill on the acquisition of Natixis Capital Partners Spain, specializing in M&A consultancy services, and €72 million corresponding to goodwill on the acquisition of PJSC, specializing in mergers & acquisitions and restructurings (see Note 1.3).

[2] At June 30, 2016, goodwill impairment on Coface was recognized in the amount of €75 million (see below).

As there are no other impairment indicators, no test was performed on the other goodwill items.

At June 30, 2016, gross goodwill stood at €4,896 million and total impairment stood at €578 million.

Certain goodwill items recognized in the United States gave rise to tax amortization over 15 years leading to a difference between the carrying amount of the goodwill and its tax base. This difference in treatment generated a deferred tax liability of €504 million as at June 30, 2016.

Breakdown of goodwill

	Carrying amount	
in millions of euros	**06/30/2016**	**12/31/2015**
Investment Solutions	3,016	3,053
Specialized Financial Services	31	27
- Equity Interests [(1)]	281	355
Corporate and Investment Banking	82	5
Other activities	8	13
Natixis	**3,418**	**3,453**
Regional banks [(2)]	**685**	**685**
Banque Palatine	**95**	**95**
BPCE International	**42**	**42**
Banque BCP France	**42**	**42**
Crédit Foncier	**13**	**13**
Other	**23**	**24**
TOTAL GOODWILL	**4,318**	**4,354**

[(1)] *Including €281 million related to Coface, which breaks down into €83 million attributable to equity holders of the parent and €198 million attributable to non-controlling interests.*

[(2)] *Regional banks: Banque Chaix, Banque de Savoie, Banque Dupuy, de Perceval, Banque Marze and Banque Populaire Aquitaine Centre Atlantique (formerly CCSO).*

At June 30, 2016, tests were conducted on the Coface CGU and one of the entities of the former Corporate Data Solutions CGU whose valuation was most sensitive to a certain number of inputs (such as the actual achievement of the business plan). For the Coface CGU, the decline in the loss ratio mentioned in the press release of July 4, 2016 also indicates a deterioration in the recoverable value of the CGU.

The value in use of Coface was determined using the recoverable cash flow method, based on the last known business plan, to which a discount was applied to take account of the loss ratio indicated by the company on July 4, 2016. In addition, broker spot and target prices were used after the publication of the aforementioned press release. These tests led to goodwill impairment of €75 million (€22 million attributable to equity holders of the parent) on Coface. Net goodwill after impairment amounted to €281 million at June 30, 2016.

The discount rates used for these calculations were determined as follows:

- for the Coface CGU, taking into account the average Euro-Bund 10-year risk-free interest rate, to which a risk premium was added, calculated based on samples of comparable insurance, services and factoring companies;
- for the former CDS CGU, the 10-year risk-free interest rates of the countries in which the various entities do business, plus a risk premium calculated according to a sample of companies that are representative of the sector and an additional risk premium to account for the relative size of the entities in comparison with the sample references.

A 20 basis point increase in the discount rates (assumption based on the historical annual variability observed over the last four years) combined with a 50 basis point reduction in the perpetual growth rates would reduce the CGU's value in use by:

- -4.1% for the Coface CGU;
- -6.3% for the former CDS CGU;

and would give rise to additional goodwill impairment of €44 million for the Coface entity.

Similarly, the sensitivity of the recoverable value to future cash flows as forecast in the business plans, is as follows:

- for Coface, the primary sensitivity vector is the loss ratio. A target level of 54% for this ratio (net of reinsurance) was applied to conduct the CGU’s impairment test at June 30, 2016. An increase of 1 point in the loss ratio would result in an additional impairment loss on the CGU. A valuation at the lowest price during the first half of 2016 would have a limited impact on the weighted average valuation;
- for the former CDS CGU, the primary sensitivity factor is the extent to which the business plans are achieved. A -5% variation in said plans would not lead to the booking of an impairment loss.

3.8 AMOUNTS DUE TO CREDIT INSTITUTIONS AND CUSTOMERS

These liabilities, which are not classified as financial liabilities at fair value through profit or loss, are carried at amortized cost under "Amounts due to credit institutions" or "Amounts due to customers".

3.8.1 Amounts due to credit institutions

in millions of euros	**06/30/2016**	**12/31/2015**
Demand deposits	11,208	9,659
Repurchase agreements	3,924	2,841
Accrued interest	8	6
Amounts due to credit institutions - repayable on demand	**15,140**	**12,506**
Term deposits and loans	48,517	50,349
Repurchase agreements	14,029	13,955
Accrued interest	155	230
Amounts due to credit institutions - repayable at agreed maturity dates	**62,701**	**64,534**
TOTAL AMOUNTS DUE TO CREDIT INSTITUTIONS	**77,841**	**77,040**

The fair value of amounts due to credit institutions was €77,624 million at June 30, 2016 (versus €77,230 million at December 31, 2015).

3.8.2 Amounts due to customers

in millions of euros	**06/30/2016**	**12/31/2015**
Current accounts with credit balances	**145,844**	**147,233**
Livret A passbook savings accounts	87,127	87,528
Regulated home savings products	72,578	70,028
Other regulated savings accounts	81,790	81,257
Accrued interest	1,526	25
Regulated savings accounts	**243,021**	**238,838**
Demand deposits and loans	13,365	12,658
Term accounts and loans	77,074	67,755
Accrued interest	2,180	2,196
Other customer accounts	**92,619**	**82,609**
Demand	23,589	16,318
Term	19,262	13,618
Accrued interest	17	16
Repurchase agreements	**42,868**	**29,952**
Other amounts due to customers	**2,077**	**1,079**
TOTAL AMOUNTS DUE TO CUSTOMERS	**526,429**	**499,711**

The fair value of amounts due to customers was €527,865 million at June 30, 2016 (versus €501,142 million at December 31, 2015).

3.9 DEBT SECURITIES

Debt securities are classified based on the nature of the underlying, with the exception of subordinated notes presented under "Subordinated debt".

in millions of euros	**06/30/2016**	**12/31/2015**
Bonds	147,653	157,081
Interbank market instruments and negotiable debt securities	63,098	61,965
Other debt securities	1,816	1,744
Total	**212,567**	**220,790**
Accrued interest	2,163	2,623
TOTAL DEBT SECURITIES	**214,730**	**223,413**

The fair value of debt securities was €224,029 million at June 30, 2016 (versus €231,351 million at December 31, 2015).

3.10 PROVISIONS

in millions of euros	**01/01/2016**	**Increase**	**Use**	**Reversals unused**	**Other changes** (1)	**06/30/2016**
Provisions for employee benefit commitments	1,789	82	(68)	(35)	579	2,347
Provisions for restructuring costs (2)	61		(11)	(5)		45
Legal and tax risks (3)	1,619	63	(89)	(119)	(22)	1,452
Loan and guarantee commitments	360	74	(8)	(71)	(1)	354
Provisions for regulated home savings products	715	40				755
Other operating provisions	1,121	112	(17)	(55)	6	1,167
TOTAL PROVISIONS	**5,665**	**371**	**(193)**	**(285)**	**562**	**6,120**

(1) Other changes included the variation in the revaluation difference on employee benefits (+€148 million before tax) and a reclassification of +€427 million related to a change in the presentation of assets used to hedge the CARBP plan. The assets used to hedge the CARBP plan, invested with a related party, are now booked as redemption rights under assets in the balance sheet ("Accrued income and other assets") and are no longer deducted from defined benefit commitment amounts booked under liabilities. This adjustment had no impact on the income statement.

(2) At June 30, 2016, provisions for restructuring costs included €9 million for the workforce adjustment plan (finalized in 2015) at Natixis (€15 million at December 31, 2015).

(3) Provisions for legal and tax risks included €461 million for net Madoff outstandings (€475 million at December 31, 2015).

3.11 SUBORDINATED DEBT

Subordinated debt is classified separately from issues of other debt and bonds because in the event of default, holders of subordinated debt rank after all senior debt holders.

in millions of euros	**06/30/2016**	**12/31/2015**
Term subordinated debt	18,598	17,198
Perpetual subordinated debt	321	321
Mutual guarantee deposits	172	180
Subordinated debt and similar	**19,091**	**17,699**
Accrued interest	372	322
Revaluation of the hedged component	1,414	118
TOTAL SUBORDINATED DEBT	**20,877**	**18,139**

The fair value of subordinated debt was €21,012 million at June 30, 2016 (versus €20,162 million at December 31, 2015).

Deeply subordinated notes qualifying as equity instruments are presented in Note 3.12.2.

3.12 ORDINARY SHARES AND EQUITY INSTRUMENTS ISSUED

3.12.1 Cooperative shares

At June 30, 2016, share capital broke down as follows:

- €8,050 million in cooperative shares fully subscribed for by the cooperative shareholders of the Banque Populaire banks (compared to €7,792 million at December 31, 2015);
- €9,575 million in cooperative shares fully subscribed for by the cooperative shareholders of the Caisses d'Epargne (compared to €9,469 million at December 31, 2015).

At June 30, 2016 additional paid-in capital broke down as follows (amounts unchanged in relation to December 31, 2015):

- €950 million linked to cooperative shares fully subscribed for by the cooperative shareholders of the Banque Populaire banks;
- €2,884 million linked to cooperative shares fully subscribed for by the cooperative shareholders of the Caisses d'Epargne.

3.12.2 Perpetual deeply subordinated notes classified as equity

Issuing entity	Issue date	Currency	Amount (in original currency)	Redemption option date	Interest step-up date	Rate	Nominal (in millions of euros [1]) 06/30/2016	12/31/2015
BPCE	July 30, 2004	USD	200 million	September 30, 2016	none	Min (10-year CMAT +0.3%; 9%)	142	142
BPCE	October 12, 2004	EUR	80 million	July 12, 2016	none	Min (10-year CMS;7%)	80	80
BPCE	January 27, 2006	USD	300 million	July 27, 2016	none	6.75%	214	214
BPCE	February 1, 2006	EUR	350 million	February 1, 2016	none	4.75%		350
BPCE	October 30, 2007	EUR	509 million	October 30, 2017	October 30, 2017	6.12%	509	509
BPCE	August 6, 2009	EUR	374 million	September 30, 2019	September 30, 2019	12.50%	374	374
BPCE	August 6, 2009	USD	444 million	September 30, 2019	September 30, 2019	12.50%	309	309
TOTAL							**1,628**	**1,978**

(1) Nominal amount translated into euros at the exchange rate in force at the date of classification as equity.

Issues of perpetual deeply subordinated notes prior to June 30, 2009 have thereafter been recognized as equity instruments as a result of a remuneration payment clause that has since become discretionary. Previously, they were recognized as subordinated debt and similar. In accounting terms, the transformation of these debt instruments into equity instruments is treated as debt extinguishment.

Issues subsequent to June 30, 2009 have always been recognized in equity due to the discretionary nature of their remuneration.

Note 4 Notes to the income statement

4.1 INTEREST AND SIMILAR INCOME AND EXPENSES

	H1 2016			H1 2015		
in millions of euros	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Loans and receivables due from customers	8,906	(2,742)	6,164	9,341	(2,927)	6,414
Loans and receivables due from credit institutions (1)	558	(366)	192	741	(315)	426
Finance leases	272	///	272	279	///	279
Debt securities and subordinated debt	///	(2,409)	(2,409)	///	(2,683)	(2,683)
Hedging derivatives	2,608	(2,463)	145	2,857	(2,873)	(16)
Available-for-sale financial assets	877	///	877	913	///	913
Held-to-maturity financial assets	139	///	139	168	///	168
Impaired financial assets	42	///	42	33	///	33
Other interest income and expenses	4	(67)	(63)	4	(42)	(38)
TOTAL INTEREST INCOME AND EXPENSES	**13,406**	**(8,047)**	**5,359**	**14,336**	**(8,840)**	**5,496**

(1) Interest income from loans and receivables with credit institutions consists of €411 million in income (€513 million in H1 2015) collected on the Livret A, LDD and LEP passbook savings accounts, which are deposited with Caisse des Dépôts et Consignations.

4.2 FEE AND COMMISSION INCOME AND EXPENSES

	H1 2016			H1 2015		
in millions of euros	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Cash and interbank transactions	15	(19)	(4)	11	(15)	(4)
Customer transactions	1,504	(9)	1,495	1,651	(13)	1,638
Financial services	268	(341)	(73)	253	(348)	(95)
Sales of life insurance products	657	///	657	651	///	651
Payment services	785	(292)	493	762	(295)	467
Securities transactions	146	(100)	46	189	(77)	112
Trust management services	1,587	(3)	1,584	1,557	(4)	1,553
Financial instruments and off-balance sheet transactions	187	(75)	112	194	(72)	122
Other fees and commissions	231	(259)	(28)	231	(159)	72
TOTAL FEE AND COMMISSION INCOME AND EXPENSES	**5,380**	**(1,098)**	**4,282**	**5,499**	**(983)**	**4,516**

4.3 NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

in millions of euros	**H1 2016**	**H1 2015**
Gains and losses on financial instruments held for trading [(1)]	1,336	584
Gains and losses on financial instruments designated at fair value through profit or loss [(2)]	(461)	924
Gains and losses on hedging transactions	(21)	25
- Ineffective portion of fair value hedges	*(20)*	*11*
- Ineffective portion of cash flow hedges	*(1)*	*14*
Gains and losses on foreign exchange transactions [(3)]	99	178
TOTAL NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**953**	**1,711**

[(1)] In H1 2016, "Gains and losses on financial instruments held for trading" included:

- *impairments taken against the fair value of CDS entered into with monoline insurers, which led to an increase of €17 million in cumulative impairments in H1 2016, versus income of €4 million in H1 2015, bringing cumulative impairments to €112 million at June 30, 2016 versus €106 million at December 31, 2015;*
- *an immaterial reversal at June 30, 2016 of the portfolio-based provision recorded on exposures in respect of CDPCs (Credit Derivatives Product Companies), bringing the cumulative balance to €4 million at June 30, 2016. A reversal of €1 million was booked in H1 2015;*
- *the change in the fair value of derivatives of -€36 million due to the difference in impairments for counterparty risk (Credit Value Adjustment - CVA), in the amount of -€22 million due to the consideration of non-performance risk in the valuation of derivative financial liabilities (Debit Valuation Adjustment - DVA), and in the amount of -€12 million due to the inclusion of an adjustment for funding costs (Funding Valuation Adjustment - FVA).*

[(3)] "Gains and losses on financial instruments designated at fair value through profit or loss" included the valuation of the issuer spread on issues classified as fair value instruments through profit or loss with an impact on net banking income for the period of -€24 million versus +€119 million in H1 2015.

[(4)] Including +€47 million corresponding to the reclassification of foreign exchange gains linked to repayments, by certain entities, from capital denominated in foreign currencies or equity to capital.

4.4 NET GAINS OR LOSSES ON AVAILABLE-FOR-SALE ASSETS

in millions of euros	**H1 2016**	**H1 2015**
Gains or losses on disposal [(1)]	1,078	349
Dividends received	163	166
Permanent impairment of variable-income securities	(78)	(27)
TOTAL NET GAINS OR LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	**1,163**	**488**

[(1)] In H1 2016, "Gains and losses on disposal" included €831 million related to the capital gain on the disposal of Visa Europe shares.

In H1 2016, permanent impairment of variable-income securities stood at €78 million compared with €27 million in H1 2015. €29 million of this expense was generated on insurance portfolios (versus €11 million in H1 2015), the impact of which was offset by the deferred profit-sharing mechanism.

In H1 2016, permanent impairment of variable-income securities[(1)] included in particular an additional impairment loss of €44 million on previously impaired securities (€20 million in H1 2015). New impairments of securities linked to the application of the analysis criteria set out in paragraph 3.2 amounted to -€25 million, and exclusively concern the insurance portfolios (-€3 million in H1 2015 linked to the automatic application exclusively to insurance portfolios of the criteria defined under the accounting principles and methods).

[(1)] Excluding insurance portfolio securities, in light of the deferred profit-sharing mechanism.

4.5 INCOME AND EXPENSES FROM OTHER ACTIVITIES

	H1 2016			H1 2015		
in millions of euros	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Income and expenses from insurance activities [1]	16,237	(15,812)	425	3,462	(3,525)	(63)
Income and expenses from real estate activities	1	(1)		2	(1)	1
Income and expenses from leasing transactions	220	(230)	(10)	46	(44)	2
Income and expenses from investment property	146	(76)	70	101	(47)	54
Other banking income and expenses	286	(149)	137	472	(428)	44
TOTAL INCOME AND EXPENSES FROM OTHER ACTIVITIES	**16,890**	**(16,268)**	**622**	**4,083**	**(4,045)**	**38**

[1] The share of "Income and expenses on insurance activities" related to the partnership with CNP Assurances concerning receivables arising from reinsurance transactions linked to reinsured policies amounted to €11.7 billion at June 30, 2016 (see Note 1.3).

4.6 OPERATING EXPENSES

Operating expenses include mainly payroll costs (wages and salaries net of rebilled amounts), social security charges, and employee benefit expenses such as pension costs. Operating expenses also include the full amount of administrative expenses and external services costs.

in millions of euros	**H1 2016**	**H1 2015**
Payroll costs	**(4,982)**	**(4,945)**
Taxes other than on income [1]	(636)	(580)
External services and other operating expenses	(2,422)	(2,309)
Other administrative costs	**(3,058)**	**(2,889)**
TOTAL OPERATING EXPENSES	**(8,040)**	**(7,834)**

[1] Taxes included in particular the contributions required by the regulatory authorities: the contribution to the SRF (Single Resolution Fund) for an annual amount of €229 million (versus €106 million in 2015) and the systemic banking tax (SBT) for an annual amount of €102 million (versus €108 million in 2015).

4.7 COST OF RISK

4.7.1 Cost of risk for the period

in millions of euros	**H1 2016**	**H1 2015**
Net charge to provisions and provisions for impairment	(709)	(1,034)
Recoveries of bad debts written off	53	94
Irrecoverable loans not covered by provisions for impairment	(85)	(93)
TOTAL COST OF RISK	**(741)**	**(1,033)**

Cost of risk by type of asset

in millions of euros	H1 2016	H1 2015
Interbank transactions [1]	1	(101)
Customer transactions	(692)	(913)
Other financial assets	(50)	(19)
TOTAL COST OF RISK	**(741)**	**(1,033)**

(1) In H1 2015, the cost of risk associated with interbank transactions was primarily generated by exposures to Heta Asset Resolution (HETA).

4.7.2 Impairment and provisions for credit risk

in millions of euros	01/01/2016	Charges	Reversals [1]	Other changes	06/30/2016
Available-for-sale financial assets	89	1	(9)	2	83
Interbank transactions	79	2	(4)		77
Customer transactions	12,310	1,812	(1,690)	(183)	12,249
Held-to-maturity financial assets	2				2
Other insurance-related assets	281	33	(20)		294
Other debtors	194	12	(10)	(3)	193
Impairment losses recognized in assets	**12,955**	**1,860**	**(1,733)**	**(184)**	**12,898**
Provisions for loan and guarantee commitments	360	74	(79)	(1)	354
Other provisions for credit risk	801	6	(38)	(20)	749
Provisions for liabilities	**1,161**	**80**	**(117)**	**(21)**	**1,103**
TOTAL IMPAIRMENT AND PROVISIONS FOR CREDIT RISK	**14,116**	**1,940**	**(1,850)**	**(205)**	**14,001**

(1) including €576 million in reversals of provisions used.

4.8 INCOME TAX

in millions of euros	H1 2016	H1 2015
Current income tax expense	(531)	(899)
Deferred tax assets and liabilities	(213)	(332)
INCOME TAX	**(744)**	**(1,231)**

Reconciliation between the tax charge in the financial statements and the theoretical tax charge

	H1 2016		H1 2015	
	in millions of euros	Tax rate	in millions of euros	Tax rate
Net income attributable to equity holders of the parent	2,427		1,679	
Change in the value of goodwill	76		5	
Non-controlling interests	171		286	
Share in net income of associates	(135)		(149)	
Income taxes	744		1,231	
INCOME BEFORE TAX AND CHANGES IN THE VALUE OF GOODWILL (A)	**3,283**		**3,052**	
Standard income tax rate in France (B)		**34.43%**		**34.43%**
Theoretical income tax expense (income) at the tax rate applicable in France (AxB)	**(1,130)**		**(1,051)**	
Impact of the change in unrecognized deferred tax assets and liabilities	3	(0.1%)	(36)	1.2%
Impact of permanent differences [1]	156	(4.8%)	(39)	1.3%
Reduced rate of tax and tax-exempt activities	(1)			
Difference in tax rates on income taxed outside France	(3)	0.1%	(8)	0.3%
Temporary step-up of corporate tax [2]			(72)	2.3%
Tax on prior periods, tax credits and other tax [3]	201	(6.1%)	(50)	1.6%
Other items	30	(0.9%)	25	(0.8%)
INCOME TAX EXPENSE (INCOME) RECOGNIZED	**(744)**		**(1,231)**	
EFFECTIVE TAX RATE (INCOME TAX EXPENSE DIVIDED BY TAXABLE INCOME)		**22.60%**		**40.33%**

[(1)] *The main permanent differences consist of capital gains on investments in associates taxed under the long-term scheme (notably the capital gain on the disposal of Visa shares – see Note 1.3) and tax-exempt earnings of foreign subsidiaries in Luxembourg, Belgium and the United States. Permanent differences also include the impacts of the SBT (systemic banking tax) and the contribution to the SRF (single resolution fund), consisting of non-deductible expenses (see Note 4.6).*

[(2)] *As the exceptional 10.7% income tax was not renewed, the tax rate in France stood at 34.43% in 2016, compared with 38% in 2015.*

[(3)] *Tax for periods prior to H1 2016 notably include tax income of €200 million mainly resulting from tax rebates obtained, in particular:*

- *+€86 million related to a rebate granted by the tax administration, and provision reversals following a Council of State decision granting a request by BPCE concerning the 3% tax paid by the Banque Populaire banks and the Caisses d'Epargne during the purchase of cooperative investment certificates in 2013;*
- *+€43 million following the favorable ruling by the Council of State rapporteur, which virtually guaranteed the possibility of adjusting the tax treatment of dividends received by Natixis and subject to tax in 2012;*
- *+€36 million related to the settlement of several tax disputes at BPCE SA.*

Note 5 Partnerships and associates

5.1 INVESTMENTS IN ASSOCIATES

The Group's main investments in joint ventures and associates are as follows:

in millions of euros	**06/30/2016**	**12/31/2015**
CNP Assurances (group)	2,286	2,242
Socram Banque	74	73
Investments by Natixis group	678	698
Banque Calédonienne d'Investissement	129	126
Other	250	246
Financial sector companies	**3,417**	**3,385**
Other	287	281
Non-financial companies	**287**	**281**
TOTAL INVESTMENTS IN ASSOCIATES	**3,704**	**3,666**

5.2 SHARE IN NET INCOME OF ASSOCIATES

in millions of euros	**H1 2016**	**H1 2015**
CNP Assurances (group)	100	99
VBI Beteiligung		(12)
Investments by Natixis group	14	22
Socram Banque	2	2
Banque Calédonienne d'Investissement	6	6
ACLEDA Bank plc		6
Other	7	4
Financial sector companies	**129**	**127**
Nexity (1)		17
Other	6	5
Non-financial companies	**6**	**22**
SHARE IN INCOME OF ASSOCIATES	**135**	**149**

(1) *In H1 2015, the Group's equity interest in Nexity was consolidated using the equity method, and subsequently it was deconsolidated.*

Note 6 Segment reporting

Groupe BPCE is structured around its two core businesses:

Commercial Banking and Insurance, including:

- the Banque Populaire network, comprised of 18 Banque Populaire banks and their subsidiaries, Crédit Maritime Mutuel, and the mutual guarantee companies;
- the Caisse d'Epargne network consisting of the 17 Caisses d'Epargne and their subsidiaries;
- the Other networks, which mainly comprise the Group's non-controlling interest in CNP Assurances, Real Estate Financing Services (whose earnings predominantly reflected Crédit Foncier's contribution), BPCE International (BPCE I) and Banque Palatine.

Investment Solutions, Corporate and Investment Banking, and Specialized Financial Services are Natixis' core businesses:

- Investment Solutions, with asset management, insurance and private banking;
- Corporate and Investment Banking, which has now established itself as BPCE's bank serving large corporate and institutional customers;
- Specialized Financial Services, which includes factoring, lease financing, consumer credit, sureties and guarantees, employee benefits planning, payments and securities services.

The Corporate Center includes primarily:

- the Group's central institution and holding company;
- the equity interests of Natixis in Coface, Corporate Data Solutions, Natixis Algérie and Natixis Private Equity;
- the revaluation of the Group's own senior debt;
- the contribution to the Single Resolution Fund;
- disposals of international assets as part of the workout portfolio activities;
- items related to goodwill impairment and the amortization of valuation differences, as these items form part of the Group's acquisition and investment strategy;
- the former CNCE proprietary workout portfolio activities and discretionary portfolio management activities, run-off management of the securitization portfolio transferred in September 2014 by Crédit Foncier to BPCE.

Note: 2015 figures are pro forma:

- the transfer of all the interests held by BPCE International (BPCE I) in Banque de la Réunion, Banque des Antilles Françaises and Banque de Saint-Pierre-et-Miquelon to Caisse d'Epargne Provence-Alpes-Corse (CEPAC).
- the retroactive application as at January 1, 2015 of the change in accounting treatment of hedges of assets and liabilities denominated in foreign currencies into currency swaps.
- the standardization of the accounting treatment of network renegotiation indemnities between 2015 and 2016.
- the recognition, as from the first half of 2015, of the final amount invoiced with regard to the Single Resolution Fund.
- the transfer of expenses from the Corporate Center to the Specialized Financial Services division of Natixis.

Segment reporting for Groupe BPCE in previous periods has been restated accordingly.

SEGMENT ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

Results by division [6]

in millions of euros	Commercial Banking and Insurance		Investment Solutions, CIB and SFS		Corporate Center		Groupe BPCE	
	H1-16	H1-15 pf	H1-16	H1-15 pf	H1-16	H1-15 pf	H1-16	H1-15 pf
Net banking income	7,502	7,761	4,009	3,976	869	404	12,379	12,141
Operating expenses	(5,090)	(5,052)	(2,608)	(2,539)	(751)	(602)	(8,449)	(8,194)
Gross operating income	**2,412**	**2,709**	**1,400**	**1,437**	**117**	**(198)**	**3,930**	**3,947**
Cost/income ratio	67.8%	65.1%	65.1%	63.9%	ns	ns	68.3%	67.5%
Cost of risk	(542)	(752)	(153)	(140)	(46)	(141)	(741)	(1,033)
Share in income of associates	116	118	13	21	5	10	135	149
Gains or losses on other assets	34	(5)	51		10	87	94	82
Change in the value of goodwill					(76)	(5)	(76)	(5)
Income before tax	**2,020**	**2,070**	**1,311**	**1,318**	**10**	**(248)**	**3,341**	**3,141**
Income tax	(575)	(768)	(436)	(432)	268	10	(744)	(1,189)
Non-controlling interests	(4)	(9)	(275)	(276)	109	(2)	(171)	(287)
Net income attributable to equity holders of the parent	**1,440**	**1,293**	**599**	**611**	**387**	**(239)**	**2,427**	**1,664**
Transition from pro forma to published net income attributable to equity holders of the parent(1)		48		2		(35)		15
Published net income attributable to equity holders of the parent	**1,440**	**1,341**	**599**	**613**	**387**	**(274)**	**2,427**	**1,679**

Results of the Commercial Banking and Insurance sub-divisions

in millions of euros	Banque Populaire banks		Caisses d'Epargne		Other networks		Commercial Banking and Insurance	
	H1-16	H1-15 pf	H1-16	H1-15 pf	H1-16	H1-15 pf	H1-16	H1-15 pf
Net banking income	3,165	3,278	3,637	3,690	699	793	7,502	7,761
Operating expenses	(2,169)	(2,157)	(2,445)	(2,417)	(476)	(478)	(5,090)	(5,052)
Gross operating income	**996**	**1,121**	**1,193**	**1,273**	**223**	**315**	**2,412**	**2,709**
Cost/income ratio	68.5%	65.8%	67.2%	65.5%	68.1%	60.3%	67.8%	65.1%
Cost of risk	(261)	(337)	(173)	(314)	(108)	(102)	(542)	(752)
Share in income of associates	14	18			103	100	116	118
Gains or losses on other assets	36	4	(2)	(1)	1	(7)	34	(5)
Income before tax	**785**	**806**	**1,017**	**958**	**218**	**306**	**2,020**	**2,070**

Results of the Savings, Corporate and Investment Banking, and Specialized Financial Services sub-divisions

in millions of euros	Investment Solutions		Corporate and Investment Banking		Specialized Financial Services		Investment Solutions, CIB and SFS	
	H1-16	H1-15 pf	H1-16	H1-15 pf	H1-16	H1-15 pf	H1-16	H1-15 pf
Net banking income	1,656	1,669	1,668	1,648	684	659	4,009	3,976
Operating expenses	(1,169)	(1,159)	(994)	(951)	(446)	(429)	(2,608)	(2,539)
Gross operating income	**487**	**510**	**675**	**697**	**238**	**230**	**1,400**	**1,437**
Cost/income ratio	70.6%	69.4%	59.6%	57.7%	65.2%	65.1%	65.1%	63.9%
Cost of risk		(1)	(124)	(105)	(29)	(34)	(153)	(140)
Share in income of associates	6	12	8	10			13	21
Gains or losses on other assets	19				31		51	
Income before tax	**513**	**521**	**558**	**601**	**240**	**196**	**1,311**	**1,318**

6 Impact on income of pro forma data in H1 2015: -€15 million in net income attributable to equity holders, -€108 million in net banking income, +€53 million in operating expenses, +€41 million in income tax and -€1 million in non-controlling interests.

Note 7 Commitments

7.1 FINANCING COMMITMENTS

The amounts shown correspond to the nominal value of commitments given.

in millions of euros	**06/30/2016**	**12/31/2015**
Financing commitments given to:		
Credit institutions [1]	12,499	2,277
Customers	111,681	104,228
- *Credit facilities granted*	*101,420*	*97,451*
- *Other commitments*	*10,261*	*6,777*
Total financing commitments given	**124,180**	**106,505**
Financing commitments received from:		
Banks	54,003	38,638
Customers	3,954	1,935
Total financing commitments received	**57,957**	**40,573**

[1] The variation corresponds particularly to the centralization of regulated savings (see Note 1.3).

7.2 GUARANTEE COMMITMENTS

in millions of euros	**06/30/2016**	**12/31/2015**
Guarantee commitments given to:		
Credit institutions	4,418	3,834
Customers [1]	38,123	36,724
Total guarantee commitments given	**42,541**	**40,558**
Guarantee commitments received from:		
Banks	22,011	19,543
Customers	135,774	142,277
Total Guarantee commitments received	**157,785**	**161,820**

[1] The guarantees given by CEGC (a subsidiary of Natixis) in connection with its activity are treated as insurance policies for accounting purposes, in accordance with IFRS 4 "Insurance contracts". They are recorded on the liabilities side of the balance sheet and are not included in guarantees given to customers shown in the table above.

Guarantee commitments are off-balance sheet commitments.

Note 8 Transferred financial assets, other financial assets pledged as collateral that can be sold or repledged

As was the case at December 31, 2015, the "transferred" financial assets are receivables sold as collatteral (Articles L. 211-38 or L. 313-23 et seq. of the French Monetary and Financial Code) under guaranteed refinancing operations, particularly with the central bank. Financial assets provided as collateral are generally pledged. The main mechanisms involved are Banque Populaire Covered Bonds, the CRH (Caisse de refinancement de l'habitat), the ESNI market refinancing mechanism, and securities pledged as collateral for ECB refinancing operations. At June 30, 2016, the securities pledged to the ECB included securities issued by BPCE Consumer Loans in May 2016 (see Note 10.2).

In the interest of transparency, for consolidated securitization transactions:

- the share of receivables sold attributable to external investors is considered to be pledged as collateral to third parties;
- the share of receivables sold attributable to units and bonds subscribed for by the Group, and eliminated in consolidation, is not considered to be pledged as collateral unless these securities were used as part of a refinancing mechanism.

In accordance with French law, the intrinsic guarantees attached to issues of covered bonds are not recognized under guarantee commitments given. The covered bonds issued by BPCE SFH and Compagnie de Financement Foncier benefit from a legal privilege comprised of eligible assets.

Note 9 Offsetting

Financial assets and liabilities were offset on the balance sheet in accordance with the criteria of IAS 32. Under this standard, a financial asset and financial liability are offset and a net balance is recorded in the balance sheet if and only if:

- the Group has the legally enforceable right to offset the recorded amounts; and
- it has the intention either to settle the net amount or to simultaneously realize the asset and settle the liability.

Within Groupe BPCE, most offset amounts are the result of repurchase agreements and derivatives transactions carried out by Natixis with clearing houses.

The gross offset amounts reflect derivatives and repurchase agreements with clearing houses for which the criteria set out in IAS 32 are met:

- for derivatives, the information is presented in consideration of the effects of the currency offset between asset valuations and liability valuations of the derivatives handled through the "LCH Clearnet Ltd" clearing house via the "Swapclear" clearing system;
- for repurchase agreements, Natixis records in its balance sheet the net value of repurchase and reverse repurchase agreements that:
  - are entered into with the same clearing house,
  - have the same maturity date,
  - involve the same custodian,
  - are denominated in the same currency.

Financial assets and liabilities "under netting agreements not offset on the balance sheet" comprise transactions under netting agreements or similar agreements, but that do not meet the restrictive netting criteria set by IAS 32. This is particularly the case for derivatives or OTC repurchase agreements subject to master agreements under which the net settlement criteria or realization of a simultaneous settlement of the asset and liability cannot be demonstrated or for which the offsetting right can only be exercised in the event of default, insolvency or bankruptcy by one of the parties to the agreement.

For these instruments, the "Related financial assets and financial instruments received as collateral" and "Related financial liabilities and financial instruments pledged as collateral" include in particular:

- for repurchase agreements:
  - loans or borrowings resulting from reverse repurchase agreements with the same counterparty, and securities pledged or received as collateral (for the fair value of said securities),
  - margin calls in the form of securities (for the fair value of said securities);
- for derivatives, the fair values of the reverse transactions with the same counterparty, as well as the margin calls in the form of securities.

Margin calls received or paid in cash are shown in "Margin calls received (cash collateral)" and "Margin calls paid (cash collateral)".

9.1 FINANCIAL ASSETS

Financial assets under netting agreements offset in the balance sheet

in millions of euros	06/30/2016 Gross amount of financial assets	06/30/2016 Gross amount of financial liabilities offset in the balance sheet	06/30/2016 Net amount of financial assets recognized in the balance sheet	12/31/2015 Gross amount of financial assets	12/31/2015 Gross amount of financial liabilities offset in the balance sheet	12/31/2015 Net amount of financial assets recognized in the balance sheet
Derivatives (trading and hedging)	107,879	27,994	79,885	88,644	19,198	69,446
Repurchase agreements	50,482	9,231	41,251	53,692	10,095	43,597
Other financial instruments				792		792
Financial assets designated at fair value	**158,361**	**37,225**	**121,136**	**143,128**	**29,293**	**113,835**
Repurchase agreements (loans and receivables portfolio)	**62,366**	**1,295**	**61,071**	**46,858**	**3,971**	**42,887**
Other financial instruments (portfolio of loans and receivables)	**1,129**		**1,129**	**1,916**		**1,916**
TOTAL	**221,856**	**38,520**	**183,336**	**191,902**	**33,264**	**158,638**

Financial assets under netting agreements not offset in the balance sheet

in millions of euros	06/30/2016 Net amount of financial assets recognized in the balance sheet	06/30/2016 Related financial liabilities and financial instruments received as collateral	06/30/2016 Margin calls received *(cash collateral)*	06/30/2016 Net exposure	12/31/2015 Net amount of financial assets recognized in the balance sheet	12/31/2015 Related financial liabilities and financial instruments received as collateral	12/31/2015 Margin calls received *(cash collateral)*	12/31/2015 Net exposure
Derivatives	79,883	39,020	11,109	29,754	69,446	36,535	9,626	23,285
Repurchase agreements	102,324	90,336	74	11,914	86,484	79,160	148	7,176
Other assets	1,129			1,129	2,708	1,492		1,216
TOTAL	**183,336**	**129,356**	**11,183**	**42,797**	**158,638**	**117,187**	**9,774**	**31,677**

9.2 FINANCIAL LIABILITIES

Financial liabilities under netting agreements offset in the balance sheet

in millions of euros	06/30/2016 Gross amount of financial liabilities	06/30/2016 Gross amount of financial assets offset in the balance sheet	06/30/2016 Net amount of financial liabilities recognized in the balance sheet	12/31/2015 Gross amount of financial liabilities	12/31/2015 Gross amount of financial assets offset in the balance sheet	12/31/2015 Net amount of financial liabilities recognized in the balance sheet
Derivatives (trading and hedging)	112,418	27,994	84,424	92,521	19,198	73,323
Repurchase agreements	52,862	9,231	43,630	55,024	10,095	44,929
Other financial instruments				103		103
Financial liabilities designated at fair value	**165,280**	**37,225**	**128,054**	**147,648**	**29,293**	**118,355**
Repurchase agreements (liabilities portfolio)	**62,120**	**1,295**	**60,825**	**50,721**	**3,971**	**46,750**
Other financial instruments (liabilities portfolio)				**287**		**287**
TOTAL	**227,400**	**38,520**	**188,879**	**198,656**	**33,264**	**165,392**

Financial liabilities under netting agreements not offset in the balance sheet

in millions of euros	06/30/2016				12/31/2015			
	Net amount of financial liabilities recognized in the balance sheet	**Related financial assets and financial instruments received as collateral**	**Margin calls paid** *(cash collateral)*	**Net exposure**	**Net amount of financial liabilities recognized in the balance sheet**	**Related financial assets and financial instruments received as collateral**	**Margin calls paid** *(cash collateral)*	**Net exposure**
Derivatives	84,425	39,291	16,800	28,334	73,323	36,588	13,277	23,458
Repurchase agreements	104,455	92,598	51	11,806	91,679	76,018	20	15,641
Other liabilities					390	222		168
TOTAL	**188,880**	**131,889**	**16,851**	**40,140**	**165,392**	**112,829**	**13,296**	**39,267**

Note 10 Scope of consolidation

10.1 CHANGES IN SCOPE OF CONSOLIDATION DURING H1 2016

The main changes in the scope of consolidation during the first half of 2016 are presented below:

Changes in the ownership interest in subsidiaries still under control at June 30, 2016

Change in the percentage of the Group's interest in Natixis

Following a number of transactions in its own shares, the Group's stake in Natixis stood at 71.24% at June 30, 2016 (versus 71.25% at December 31, 2015). The impact on equity attributable to equity holders of the parent was not material.

Change in the percentage of the Group's interest in DNCA Management

Following the buyback of shares from the company's management, the stake held by Natixis in DNCA Management increased from 8% to 42% during the second quarter of 2016. This transaction prompted a change in all of the ownership interests in the DNCA entities.

It had an impact of -€61 million on equity, of which -€43 million on equity attributable to equity holders of the parent.

Change in the percentage of the Group's interest in AEW Europe

In June 2016, Natixis Global Asset Management (NGAM), a subsidiary of Natixis, acquired the 40% stake in AEW Europe previously held by Caisse des Dépôts et Consignations.

NGAM's ownership of the entities of the AEW Europe group thus increased from 60% to 100% during the first half of 2016.

This transaction had an impact of -€18 million on equity, of which -€13 million on equity attributable to equity holders of the parent.

Assumption of control over subsidiaries

Acquisition of a majority stake in Peter J. Solomon Company

On June 7, 2016, the Natixis group acquired 51% of the capital and voting rights in Peter J. Solomon Company (PJSC).

This gave rise to the full consolidation of Peter J. Solomon Company LP and Peter J. Solomon Securities Company LLC (see Note 1.3).

Other changes in scope

Merger of Caisse d'Epargne Provence-Alpes-Corse (CEPAC) and the overseas banks

In May 2016, Caisse d'Epargne Provence-Alpes-Corse merged with its three subsidiaries (Banque des Antilles Françaises, Banque de Saint Pierre et Miquelon and Banque de la Réunion) as part of a restructuring of the group's overseas operations.

This merger between a consolidating entity and its wholly-owned subsidiaries had no impact on the Group's consolidated financial statements.

10.2 SECURITIZATION TRANSACTIONS

Securitization is a financial engineering technique that aims to enhance balance sheet liquidity. From a technical perspective, assets to be securitized are grouped according to the quality of the associated collateral or guarantees, and sold to special purpose entities that finance their acquisition by issuing securities underwritten by investors.

Entities created specifically for this purpose are consolidated if the Group exercises control over it. Control is assessed according to the criteria provided in IFRS 10.

The following statement lists the securitization transactions carried out by the Commercial Banking and Insurance entities without (total or partial) derecognition:

in millions of euros	Type of assets	Date of inception	Expected maturity	Nominal at inception	Balance at 06/30/2016
Elide 2011	Home loans	04/06/2011	Mai 2039	1,089	385
Elide 2012	Home loans	06/26/2012	October 2040	1,190	546
Elide 2014	Home loans	11/18/2014	October 2042	915	674
Elide sub-total				**3,194**	**1,605**
Eridan	Various loans	12/16/2010	November 2033	880	202
BPCE Master Home Loans/BPCE Master Home Loans Demut	Home loans	05/26/2014	April 2032	44,068	42,834
BPCE Consumer Loans	Consumer loans	05/27/2016	May 2032	5,000	4,777
Other sub-total				**49,948**	**47,813**
			TOTAL	**53,142**	**49,418**

Securitization transactions within Groupe BPCE

At June 30, 2016, two new special purpose entities (two internal securitization funds) were consolidated within Groupe BPCE: BPCE Consumer Loans FCT 2016_5 and BPCE Consumer Loans FCT 2016_5 Demut, both of which were formed as part of an intra-group securitization transaction by the Banques Populaires banks and the Caisses d'Epargne on May 27, 2016.

This transaction involved the transfer of consumer loans (€5 billion) to BPCE Consumer Loans FCT 2016_5 and the subsequent subscription by the establishments that transferred the loans for the securities issued by the special purpose entities. It extends the ongoing BPCE Master Home Loans deal implemented in May 2014 based on a transfer of home loans, and expands on Groupe BPCE's centralized cash management.

This transaction is helping to maintain the high level of Groupe BPCE's collateral eligible for Eurosystem financing while also diversifying the assets available for this type of operation.

5.2 Statutory Auditors' report on the half-yearly financial report

Deloitte & Associés
185 avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Regnault
92075 Paris La Défense Cedex

Statutory Auditors' report on the half-yearly financial report

Period from January 1 to June 30, 2016

To the Shareholders

Goupe BPCE

50 avenue Pierre Mendès France, 75013 Paris

In compliance with the assignment entrusted to us by your Annual General Meetings and in accordance with the requirements of article L. 451-1-2-III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Groupe BPCE, for the period from January 1 to June 30, 2016,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Management Board. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine et Paris La Défense, August 3rd, 2016

French original signed by

The Statutory Auditors

Deloitte & Associés	**PricewaterhouseCoopers Audit**	**Mazars**
Jean-Marc Mickeler	Agnès Hussherr	Michel Barbet-Massin
Sylvie Bourguignon	Nicolas Montillot	

5.3 Consolidated financial statements of BPCE SA group on June 30, 2016

5.3.1 Consolidated balance sheet

ASSETS

in millions of euros	***Notes***	**06/30/2016**	**12/31/2015**
Cash and amounts due from central banks		45 717	62 745
Financial assets at fair value through profit or loss	*3.1.1*	174 626	176 721
Hedging derivatives		17 019	13 981
Available-for-sale financial assets	*3.2*	60 395	58 462
Loans and receivables due from credit institutions	*3.4.1*	120 711	119 897
Loans and receivables due from customers	*3.4.2*	255 042	219 927
Revaluation differences on interest rate risk-hedged portfc		8 661	6 359
Held-to-maturity financial assets	*3.5*	3 321	3 716
Current tax assets		253	1 082
Deferred tax assets		2 907	2 939
Accrued income and other assets		53 070	47 897
Non-current assets held for sale			22
Investments in associates	*5.1*	3 352	3 324
Investment property		1 212	1 322
Property, plant and equipment		1 131	1 160
Intangible assets		821	831
Goodwill	*3.7*	3 689	3 725
TOTAL ASSETS		**751 927**	**724 110**

LIABILITIES

in millions of euros	***Notes***	**06/30/2016**	**12/31/2015**
Financial liabilities at fair value through profit or loss	*3.1.2*	152 903	147 720
Hedging derivatives		17 690	12 513
Amounts due to credit institutions	*3.8.1*	99 705	114 277
Amounts due to customers	*3.8.2*	103 150	83 439
Debt securities	*3.9*	206 846	214 071
Revaluation differences on interest rate risk-hedged portfolios		1 225	1 185
Current tax liabilities		342	529
Deferred tax liabilities		564	513
Accrued expenses and other liabilities		51 625	48 354
Liabilities associated with non-current assets held for sale			9
Insurance companies' technical reserves		67 428	53 021
Provisions	*3.10*	2 615	2 641
Subordinated debt	*3.11*	21 089	18 374
Shareholders' equity		**26 745**	**27 464**
Equity attributable to equity holders of the parent		**19 643**	**19 997**
Share capital and additional paid-in capital		12 582	12 582
Retained earnings		5 154	5 073
Gains and losses recognized directly in other comprehensive income		778	1 539
Net income for the period		1 129	803
Non-controlling interests		7 102	7 467
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**751 927**	**724 110**

5.1.2 Consolidated income statement

in millions of euros	***Notes***	**H1 2016**	**H1 2015**
Interest and similar income	*4.1*	6,727	7,149
Interest and similar expenses	*4.1*	(5,333)	(5,787)
Commission income	*4.2*	2,744	2,808
Commission expenses	*4.2*	(1,046)	(938)
Net gains or losses on financial instruments at fair value through profit or loss	*4.3*	865	1,497
Net gains or losses on available-for-sale financial assets	*4.4*	928	373
Income from other activities	*4.5*	16,527	3,659
Expenses from other activities	*4.5*	(15,796)	(3,563)
Net banking income		**5,616**	**5,198**
Operating expenses	*4.6*	(3,756)	(3,483)
Depreciation, amortization and impairment for property, plant and equipment, and intangible assets		(147)	(149)
Gross operating income		**1,713**	**1,566**
Cost of risk	*4.7*	(291)	(364)
Operating income		**1,422**	**1,202**
Share in net income of associates	*5.2*	121	114
Gains or losses on other assets		61	(32)
Change in the value of goodwill		(75)	
Income before tax		**1,529**	**1,284**
Income tax	*4.8*	(232)	(530)
Net income		**1,297**	**754**
Non-controlling interests		(168)	(281)
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**1,129**	**473**

5.1.3 Comprehensive income

in millions of euros	**H1 2016**	**H1 2015**
Net income	**1,297**	**754**
Revaluation differences on defined-benefit pension schemes	(71)	48
Tax impact of revaluation differences on defined-benefit pension schemes	24	(17)
Share of gains and losses recognized directly in other comprehensive income of associates that cannot be reclassified in income	(1)	
Items that cannot be reclassified in income	**(48)**	**31**
Foreign exchange rate adjustments	(169)	386
Change in the value of available-for-sale financial assets	(444)	(108)
Change in the value of hedging derivatives	(191)	106
Income taxes	37	2
Share of gains and losses recognized directly in other comprehensive income of associates that can be reclassified in income	33	(7)
Items that can be reclassified in income	**(734)**	**379**
Gains and losses recognized directly in other comprehensive income (after income tax)	**(782)**	**410**
COMPREHENSIVE INCOME	**515**	**1,164**
Attributable to equity holders of the parent	368	761
Non-controlling interests	147	403

5.1.4 Statement of changes in equity

in millions of euros	Share capital and additional paid-in: Share capital	Share capital and additional paid-in: Additional paid-in capital	Perpetual deeply subordinated notes	Retained earnings	Gains and losses recognized directly in other comprehensive income: Foreign exchange rate adjustments	Gains and losses recognized directly in other comprehensive income: Revaluation differences on employee benefits	Change in fair value: Available-for-sale financial assets	Change in fair value: Hedging derivatives	Net income attributable to equity holders of the parent	Total equity attributable to equity holders of the parent	Non-controlling interests	Total consolidated equity
Shareholders' equity at January 1, 2015	**156**	**12 426**	**3 286**	**4 893**	**248**	**(132)**	**889**	**(527)**		**21 239**	**7 304**	**28 543**
Dividend payments				(175)						**(175)**	(387)	**(562)**
Capital increase											1	**1**
Buyback of deeply subordinated notes			(1 568)							**(1 568)**		**(1 568)**
Interest on deeply subordinated notes				(87)						**(87)**		**(87)**
Impact of acquisitions and disposals on non-controlling interests [(1)]				(155)						**(155)**	(68)	**(223)**
Total activity arising from relations with shareholders			***(1 568)***	***(417)***						***(1 985)***	***(454)***	***(2 439)***
Gains and losses recognized directly in other comprehensive income					250	22	(159)	175		**288**	122	**410**
Net income for the period									473	**473**	281	**754**
Comprehensive income					***250***	***22***	***(159)***	***175***	***473***	***761***	***403***	***1 164***
Other changes [(2)]				(292)	(29)					**(321)**	(128)	**(449)**
Shareholders' equity at June 30, 2015	**156**	**12 426**	**1 718**	**4 184**	**469**	**(110)**	**730**	**(352)**	**473**	**19 694**	**7 125**	**26 819**
Shareholders' equity at December 31, 2015	**156**	**12 426**	**1 395**	**3 678**	**504**	**(83)**	**1 481**	**(363)**	**803**	**19 997**	**7 467**	**27 464**
Allocation of net income for 2015				803					(803)			
Shareholders' equity at January 1, 2016	**156**	**12 426**	**1 395**	**4 481**	**504**	**(83)**	**1 481**	**(363)**		**19 997**	**7 467**	**27 464**
Dividend payments				(175)						**(175)**	(433)	**(608)**
Capital increase											1	**1**
Buyback of deeply subordinated notes			(165)	(185)						**(350)**		**(350)**
Interest on deeply subordinated notes				(50)						**(50)**		**(50)**
Impact of acquisitions and disposals on non-controlling interests [(3)]				(108)						**(108)**	(76)	**(184)**
Total activity arising from relations with shareholders			***(165)***	***(518)***						***(683)***	***(508)***	***(1 191)***
Gains and losses recognized directly in other comprehensive income [(4)]					(90)	(37)	(523)	(111)		**(761)**	(21)	**(782)**
Net income for the period									1 129	**1 129**	168	**1 297**
Comprehensive income					***(90)***	***(37)***	***(523)***	***(111)***	***1 129***	***368***	***147***	***515***
Other changes				(39)						**(39)**	(4)	**(43)**
Shareholders' equity at June 30, 2016	**156**	**12 426**	**1 230**	**3 924**	**414**	**(120)**	**958**	**(474)**	**1 129**	**19 643**	**7 102**	**26 745**

(1) *The stock options granted by Natixis to the minority shareholders of DNCA France and Natixis Partners in H1 2015 are booked in equity for -€181 million (-€129 million attributable to equity holders of the parent and -€52 million attributable to non-controlling interests).*

(2) *o/w -€385 million (-€275 million attributable to equity holders of the parent and -€110 million attributable to non-controlling interests) related to the recognition of a deferred tax liability on the tax amortization of goodwill.*

(3) *The stock options granted by Natixis to the minority shareholders of Peter J. Solomon Company (PJSC) are booked in equity for -€70 million (-€50 million attributable to equity holders of the parent and -€20 million attributable to non-controlling interests) (see Note 1.3);*
The revaluation of stock options granted by Natixis to the shareholders of DNCA France are booked in equity for -€61 million (-€43 million attributable to equity holders of the parent and -€18 million attributable to non-controlling interests);
The exercise of the option to purchase 40% of AEW Europe was booked in equity for -€18 million (-€13 million attributable to equity holders of the parent and -€5 million attributable to non-controlling interests).

(4) *Including a variation in the translation difference of -€44 million (-€31 million attributable to equity holders of the parent and -€13 million attributable to non-controlling interests) following the repayment of $400 million in retained earnings by Natixis' New York branch.*

5.1.5 Consolidated cash flow statement

in millions of euros	H1 2016	H1 2015
Income before tax	**1,529**	**1,284**
Net depreciation and amortization of property, plant and equipment, and intangible assets	179	183
Goodwill impairment	75	2
Net charge to provisions and provisions for impairment (including insurance companies' technical reserves)	13,660	1,913
Share in net income of associates	(29)	(22)
Net cash flows generated by investing activities	(1,120)	(193)
Income/expense from financing activities	74	63
Other changes	(13,589)	(1,070)
Total non-monetary items included in net income before tax	***(750)***	***876***
Net increase or decrease arising from transactions with credit institutions	(1,795)	(2,357)
Net increase or decrease arising from transactions with customers	(2,396)	1,641
Net increase or decrease arising from transactions involving financial assets and liabilities	3	(20,145)
Net increase or decrease arising from transactions involving non-financial assets and liabilities	(1,131)	(105)
Income taxes paid	524	359
Net increase (decrease) in assets and liabilities resulting from operating activities	***(4,795)***	***(20,607)***
Net cash flows generated by operating activities (A)	**(4,016)**	**(18,447)**
Net increase or decrease related to financial assets and equity investments	1,608	(107)
Net increase or decrease related to investment property	71	57
Net increase or decrease related to property, plant and equipment, and intangible assets	(140)	(168)
Net cash flows generated by investing activities (B)	**1,539**	**(218)**
Net increase or decrease arising from transactions with shareholders [1]	(1,406)	(2,263)
Other increases or decreases generated by financing activities [2]	1,424	1,533
Net cash flows generated by financing activities (C)	**18**	**(730)**
Impact of changes in exchange rates (D)	**(98)**	**2,930**
TOTAL NET CASH FLOWS (A+B+C+D)	**(2,557)**	**(16,465)**
Cash and net balance of accounts with central banks		
Cash and net balance of accounts with central banks (assets)	62,745	74,142
Net balance of demand transactions with credit institutions		
Current accounts with overdrafts [3]	6,992	7,145
Demand accounts and loans	255	900
Demand accounts in credit	(28,244)	(17,328)
Demand repurchase agreements	(2,309)	(2,133)
Opening cash and cash equivalents	**39,439**	**62,726**
Cash and net balance of accounts with central banks		
Cash and net balance of accounts with central banks (assets)	45,717	58,888
Due to central banks (liabilities)		(5)
Net balance of demand transactions with credit institutions		
Current accounts with overdrafts [3]	9,610	8,919
Demand accounts and loans	2,150	441
Demand accounts in credit	(17,032)	(19,585)
Demand repurchase agreements	(3,563)	(2,397)
Closing cash and cash equivalents	**36,882**	**46,261**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(2,557)**	**(16,465)**

[1] *Cash flows from or to the shareholders mainly include:*
- *the redemption of deeply subordinated notes recorded in equity for -€350 million (-€1,568 million in H1 2015);*
- *the interest paid on deeply subordinated notes recorded in equity for -€74 million including securities recorded in non-controlling interests (-€109 million in H1 2015);*
- *the impact of dividend payouts for -€608 million (-€562 million in H1 2015).*

[2] *Cash flows from financing activities mainly include:*
- *the impact of issuances of subordinated notes and loans for +€1,848 million (+€2,087 million in H1 2015);*
- *the impact of redemptions of subordinated notes and loans for -€350 million (-€463 million in H1 2015).*

[3] *Current accounts with overdrafts do not include Livret A, LDD and LEP savings accounts centralized with the Caisse des Dépôts et Consignations.*

5.1.6 Notes to the financial statements of BPCE SA group

Note 1 General background

1.1 GROUPE BPCE

Groupe BPCE comprises the Banque Populaire network, the Caisse d'Epargne network, the BPCE central institution and its subsidiaries.

The two banking networks: Banque Populaire banks and the Caisses d'Epargne

Groupe BPCE is a cooperative group whose shareholders own the two local retail banking networks: 18 Banque Populaire banks and the 17 Caisses d'Epargne. Each of the two networks owns an equal share in BPCE, the Group's central institution.

The Banque Populaire network consists of the Banque Populaire banks and the Mutual Guarantee Companies granting them the exclusive benefit of their guarantees.

The Caisse d'Epargne network consists of the Caisses d'Epargne and the local savings companies (LSCs).

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

The capital of the Caisses d'Epargne is wholly-owned by the local savings companies. Local savings companies are cooperative structures with open-ended share capital owned by cooperative shareholders. The LSCs are tasked with coordinating the cooperative shareholder base, in line with the general objectives defined by the individual Caisse d'Epargne with which they are affiliated, and cannot perform banking transactions.

BPCE

BPCE, a central institution as defined by French banking law and a credit institution licensed to operate as a bank, was created pursuant to law No. 2009-715 of June 18, 2009. BPCE was incorporated as a French limited liability company governed by a Management Board and a Supervisory Board, whose share capital is owned jointly and equally by the 18 Banque Populaire banks and the 17 Caisses d'Epargne.

BPCE's corporate mission embodies the continuity of the cooperative principles underlying the Banque Populaire banks and the Caisses d'Epargne.

Specifically, BPCE represents the interests of its various affiliates in dealings with the supervisory authorities, defines the range of products and services offered by them, organizes depositor protection, approves key appointments of company directors and oversees the smooth functioning of the Group's institutions.

As a holding company, BPCE is the head entity of the Group and holds the joint ventures between the two networks in retail banking, corporate banking and financial services, and their production units. It defines the Group's corporate strategy and growth and expansion policies.

BPCE's main subsidiaries are organized around three major segments:

- Natixis, a 71.24%-owned listed company that combines Investment Solutions, Corporate and Investment Banking and Specialized Financial Services;
- Commercial Banking and Insurance (including Crédit Foncier, Banque Palatine and BPCE International);
- subsidiaries and equity interests.

In respect of the Group's financial functions, BPCE is responsible, in particular, for the centralized management of surplus funds, for the execution of any financial transactions required to develop and fund the Group, and for choosing the most appropriate counterparty for these transactions in the broader interests of the Group. BPCE also provides banking services to the other Group entities.

1.2 GUARANTEE MECHANISM

Pursuant to Article L. 512-107-6 of the French Monetary and Financial Code, the guarantee and solidarity mechanism was set up to ensure the liquidity and capital adequacy of the Group and its associates, and to organize financial support within the Banque Populaire and Caisse d'Epargne networks.

BPCE is tasked with taking all measures necessary to guarantee the capital adequacy of the Group and each of the networks, including implementing the appropriate internal financing mechanisms within the Group and establishing a Mutual Guarantee Fund common to both networks, for which it determines the operating rules, the conditions for the provision of financial support to the existing funds of the two networks, as well as the contributions of associates to the fund's initial capital endowment and reconstitution.

BPCE manages the Banque Populaire Network Fund and the Caisse d'Epargne Network Fund and has put in place the Mutual Guarantee Fund.

The **Banque Populaire Network Fund** was formed by a deposit made by the Banks of €450 million that was booked by BPCE in the form of a 10-year term account which is indefinitely renewable.

The deposit made to the **Caisse d'Epargne Network Fund** by the Caisses of €450 million was booked by BPCE in the form of a 10-year term account which is indefinitely renewable.

The **Mutual Guarantee Fund** was formed by deposits made by the Banque Populaire banks and the Caisses d'Epargne. These deposits were booked by BPCE in the form of 10-year term accounts which are indefinitely renewable. The amount of the deposits by network was €181 million as of June 30, 2016, and the funds will be topped up each year by an amount equivalent to 5% of the contributions made by the Banque Populaire banks, the Caisses d'Epargne, and their subsidiaries to the Group's consolidated income.

The total amount of deposits made to BPCE in respect of the Banque Populaire Network Fund, the Caisse d'Epargne Network Fund and the Mutual Guarantee Fund may not be less than 0.15% and may not exceed 0.3% of the total risk-weighted assets of the Group.

The booking of deposits in the institutions' individual accounts under the guarantee and solidarity system results in the recording of an item of an equivalent amount under a dedicated capital heading.

The mutual guarantee companies (sociétés de caution mutuelle), whose sole corporate purpose is to guarantee loans issued by Banque Populaire banks, are covered by the liquidity and capital adequacy guarantee of the Banque Populaire banks with which they are jointly licensed in accordance with Article R. 515-1 of the French Monetary and Financial Code.

The liquidity and capital adequacy of the Caisses de Crédit Maritime Mutuel are guaranteed in respect of each individual Caisse, by the Banque Populaire bank which is both the core shareholder and provider of technical and operational support for the Caisse in relation to the partner Banque Populaire bank.

The liquidity and capital adequacy of the local savings companies are secured, firstly, at the level of each individual local savings company by the Caisse d'Epargne, of which the local savings company in question is a shareholder.

BPCE's Management Board holds all the requisite powers to mobilize the resources of the various contributors without delay and in accordance with the agreed order, on the basis of prior authorizations given to BPCE by the contributors.

1.3 SIGNIFICANT EVENTS

Visa Europe share buyout

On November 2, 2015, US company Visa Inc. announced the takeover of Visa Europe, an association of some 3,500 European banks owned by a group of approximately 3,000 European banks, including Groupe BPCE.

The transaction was completed on June 21, 2016 for a total amount of over €18 billion, structured into three parts:

- a cash payment of €12.25 billion on completion of the transaction;
- a deferred cash payment of €1.12 billion, payable three years after the completion of the transaction;
- preference shares representing an equivalent of €5.0 billion.

At December 31, 2015, the operation was recognized by revaluing the Visa Europe shares held by BPCE as available-for-sale securities in the amount of €606 million (excluding tax).

The capital gain on the sale was recorded in "Net gains or losses on available-for-sale assets" in the half-yearly financial statements, for €831 million. The preference shares will be convertible into Visa Inc. shares after a period of 4 to 12 years. As the proposed conversion rate may be lowered in the event of disputes, a discount was applied to the estimated amount receivable in respect of the preference shares to take into account liquidity and legal risks.

The impact of this transaction on net income attributable to equity holders of the parent for the first half of the year amounted to +€797 million.

Partnership agreement between Groupe BPCE and CNP Assurances

Groupe BPCE and CNP Assurances signed a new partnership agreement, effective from January 1, 2016. This agreement comes after the expiry of existing distribution agreements between CNP Assurances and Groupe BPCE on December 31, 2015, and Groupe BPCE's decision to assign to Natixis Assurances the design and management of all savings and pension contracts distributed by the Caisse d'Epargne network as of January 1, 2016.

The partnership, which covers a seven-year period, provides for the following:

- The establishment of an exclusive collective payment protection insurance partnership between CNP Assurances and Natixis Assurances on the one hand, and all the Groupe BPCE networks on the other. This partnership is based on a co-insurance agreement of 66% for CNP Assurances and 34% for Natixis Assurances;

- The implementation of specific provident insurance partnerships with (i) an offer from CNP Assurances covering the main collective provident insurance guarantees for Groupe BPCE's professional and corporate customers, coupled with a dependency component; and (ii) a targeted partnership for dependency and tenant guarantees as part of the individual provident insurance range;

- A gradual withdrawal by CNP Assurances from the savings and pension fund activities performed with the Caisses d'Epargne, including the progressive phasing out of new subscriptions in 2016, the ongoing collection of subsequent payments into existing contracts and provisions to align the interests of CNP Assurances and Groupe BPCE regarding the management of existing policy assets. Outstanding savings contracted with the Caisses d'Epargne have been transferred to Natixis Assurances under a 10% quota share reinsurance agreement, including related transfers (see Note 3.4.2);

- Conversely, CNP Assurances reinsures 40% of new euro pension fund contracts distributed by the Caisse d'Epargne network and issued by Natixis Assurances over the period 2016-2019.

Acquisition of Peter J. Solomon Company

On June 30, 2016, Natixis North America LLC, a subsidiary of Natixis, finalized the acquisition of US advisory firm Peter J. Solomon Company (PJSC), which provides advisory services on mergers and acquisitions and corporate restructuring.

At June 30, 2016 Natixis held 51% of PJSC's capital, and has the option to acquire the remaining shares by 2026 by exercising share purchase and sale promises. Natixis exercises control over this entity within the meaning of IFRS 10, and fully consolidates it.

This acquisition generated goodwill of €72 million.

Run-off management of a securitization portfolio

The active disposal of mortgage-backed securities and public sector assets (portfolio acquired from Crédit Foncier) continued in the first half of 2016.

Several RMBS lines were sold for a total nominal amount of €870 million, generating a capital loss on disposal of €65 million, recognized in "Net gains or losses on available-for-sale assets". The impact on net income attributable to equity holders of the parent for the first half of the year amounted to -€43 million.

1.4 POST-CLOSING EVENTS

Ciloger

On July 28, 2016, Natixis announced the completion of the restructuring of AEW Europe, which involves the contribution by Banque Postale of the activities of Ciloger (assets of €5.2bn at the end of June 2016) to AEW Europe. This operation will give rise to a new leader in real estate investment in France, with Europe-wide investment capacity backed by three major distribution networks: Caisse d'Epargne, Banque Populaire and La Banque Postale. After this transaction, which is subject to regulatory approval by the end of 2016, AEW Europe's capital will be 60%-owned by NGAM, a subsidiary of Natixis, and 40%-owned by La Banque Postale.

Fidor Bank AG

On July 28, 2016 Groupe BPCE announced the signing of an agreement with the key shareholders and the founders and managers of Fidor Bank AG for the acquisition of their equity interests in the German digital bank.

The planned acquisition of Fidor Bank is fully in line with Groupe BPCE's strategic plan "Another Way to Grow" and will contribute to the acceleration of the rollout of the group's digital strategy.

Founded in 2009 by its CEO, Fidor is one of the world's first Fintech Banks that has developed a different approach to banking relationships. Fidor offers a unique proposition by combining an innovative customer experience relying heavily on the involvement of the 350,000 members of its community and an open organization and architecture to foster flexibility and agility.

Fidor has developed a proprietary infrastructure and digital banking platform – Fidor Operating System – allowing for real time functionality and optimizing the integration of third-party solutions (APIs).

The closing of the transaction will be subject to the approval of the competent regulatory and competition authorities, and is expected in Q4 2016.

Note 2 Applicable accounting standards and comparability

2.1 REGULATORY FRAMEWORK

In accordance with EC regulation No. 1606/2002 of July 19, 2002 on the application of international accounting standards, the Group prepared its consolidated financial statements for the fiscal year ended December 31, 2015 under International Financial Reporting Standards (IFRS) as adopted for use by the European Union and applicable at that date, thereby excluding certain provisions of IAS 39 relating to hedge accounting [(1)].

These condensed interim consolidated financial statements at June 30, 2016 were prepared according to IAS 34 "Interim Financial Reporting". The notes therefore apply to the most significant aspects of the half-year and should be read in conjunction with the Group's consolidated financial statements at December 31, 2015.

2.2 STANDARDS

The standards and interpretations used and detailed in the annual financial statements as at December 31, 2015 were complemented by standards, amendments and interpretations whose application is mandatory for reporting periods starting from January 1, 2016. The compulsory application of standards, amendments and interpretations as of January 1, 2016 had no significant impact on the Group's financial statements.

New standards published and not yet applicable

New IFRS 9

In July 2014, the IASB published the complete and final version of IFRS 9 "Financial Instruments", the application of which will become mandatory and replace IAS 39 as of January 1, 2018. This new standard introduces:

- for financial assets, a new classification approach based on the type of instrument (debt instrument or equity instrument). For debt instruments, the standard reviews the separation between amortized cost/fair value, based on the asset management model and the characteristics of contractual cash flows. Thus, only instruments with simple or standard characteristics are eligible to be measured at amortized cost (if they are managed under a business model whose objective is to hold financial assets to collect contractual cash flows) or at fair value through other comprehensive income (if they are managed under a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets);
- for financial liabilities at fair value through profit and loss, the obligation to record changes in fair value relating to the entity's own credit risk in other comprehensive income (with certain exceptions);
- a single, forward-looking, impairment model based on expected losses on all portfolios measured at amortized cost or at fair value through other comprehensive income (reclassified);
- an improved hedge accounting model, to better link the economics of risk management with its accounting treatment.

Although IFRS 9 has yet to be adopted for use by the European Union, as of 2015, due to the scale of changes to be introduced under this standard, Groupe BPCE began standard analyses and operational breakdowns under a project bringing together all the affected business lines and support functions. This project is being continued in 2016 with, in particular, the launch of the necessary IT developments to ensure the correct implementation of the standard.

New IFRS 15

IFRS 15 "Revenue recognition" will replace the current standards and interpretations related to the recognition of income. It will be applicable retrospectively as of January 1, 2018 subject to adoption by the European Union.

[(1)] These standards are available on the website of the European Commission at the following URL: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

Under IFRS 15, recognized revenue from ordinary activities must reflect the transfer of goods and services promised to clients in an amount corresponding to the consideration that the entity expects to receive in exchange for these goods and services.

IFRS 15 applies to contracts entered into by an entity with its clients, with the exception of lease contracts (covered by IAS 17), insurance contracts (covered by IFRS 4), financial instruments (covered by IFRS 9).

An impact analysis of the application of this new standard will be carried out by the group in the second half of 2016.

New IFRS 16

IFRS 16 "Leases" will replace IAS 17 "Leases" and interpretations related to the accounting of such contracts. It will be applicable retrospectively as of January 1, 2019 subject to adoption by the European Union.

Under IFRS 16, lease contracts shall be accounted such that they identify an asset and convey the right to use this asset for a period of time.

From the lessor's perspective, the impact is expected to be limited, as the provisions will not change substantially in relation to the current IAS 17.

For lessees, the standard requires that all lease contracts be recorded in the balance sheet such that they convey the right to use the leased asset which must be recognized under fixed assets with a corresponding financial liability entry under liabilities to reflect the leases and the remaining payments over the duration off the lease contract. The right to use the asset will be amortized on a straight-line basis and the financial liability will be calculated an actuarial basis over the duration of the lease contract. Under IAS 17, operating leases are not recorded in the balance sheet.

The group has started to analyze the impact of the application of this new standard following its publication at the start of 2016.

2.3 USE OF ESTIMATES

Preparation of the financial statements requires Management to make estimates and assumptions in certain areas with regard to uncertain future events.

These estimates are based on the judgment of the individuals preparing these financial statements and the information available at the balance sheet date.

Actual future results may differ from these estimates.

With respect to the financial statements for the period ended June 30, 2016 in particular, accounting estimates requiring assumptions were mainly used for the following measurements:

- the fair value of financial instruments determined on the basis of valuation models (Note 2.3.1);
- the amount of impairment of financial assets, and more specifically permanent impairment losses on available-for-sale assets and impairment losses applicable to loans and receivables on an individual basis or calculated on the basis of portfolios;
- provisions recorded under liabilities in the balance sheet and more specifically the provision for regulated home savings products (Note 3.10) and provisions for insurance policies;
- calculations related to the cost of pensions and future employee benefits;
- deferred taxes;
- goodwill impairment testing (Note 3.7).

2.3.1 Determination of fair value

General principles

The fair value of an instrument is the price that would be received to sell an asset or paid to transfer a liability in a standard arm's length transaction between market participants at the measurement date.

Fair value is therefore determined using the exit price.

On first recognition, fair value is usually the transaction price and is thus the price paid to purchase the asset or the price received to assume the liability.

In subsequent measurements, the estimated fair value of assets and liabilities must be based primarily on observable market data, while ensuring that all inputs used in the fair value calculation are consistent with the price that market participants would use in a transaction.

In this case, fair value consists of a mid-market price and additional valuation adjustments determined according to the instruments in question and the associated risks.

The mid-market price is obtained based on:

- the instrument's quoted price, if the instrument is quoted on an active market. A financial instrument is regarded as quoted on an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and these prices represent actual and regularly occurring transactions on the principal market or, failing that, on the most favorable market, on an arm's length basis;
- if the market for a financial instrument is not active, fair value is established using valuation techniques. The techniques used must maximize the use of relevant observable entry data and minimize the use of non-observable entry data. They may refer to observable data from recent transactions, the fair value of similar instruments, discounted cash flow analysis and option pricing models, proprietary models in the case of hybrid instruments or non-observable data when no pricing or market data are available.

Additional valuation adjustments include factors related to valuation uncertainties, such as market, credit and liquidity risks, in order to recognize the costs incurred by a divestment transaction on the primary market. Likewise, an adjustment (Funding Valuation Adjustment - FVA) for using assumptions to recognize costs related to the financing costs of future cash flows of uncollateralized or partially collateralized derivatives is also recognized.

The main additional adjustments are as follows:

BID/ASK PRICE ADJUSTMENT – Liquidity risk

This adjustment is the difference between the bid price and the ask price corresponding with the selling costs. It reflects the cost requested by a market player in respect of the risk of acquiring a position or of selling at a price proposed by another market player.

MODEL UNCERTAINTY ADJUSTMENT

This adjustment takes into account imperfections in the valuation techniques used, and in particular risk factors not considered even though observable market inputs are available. This is the case when the risks inherent in the instruments differ from those incurred by the observable market data used to determine their valuation.

INPUT UNCERTAINTY ADJUSTMENT

Observing certain prices or inputs used in valuation techniques may be difficult or the price or input may be too regularly unavailable to determine the selling price. Under these circumstances, an adjustment may be necessary to reflect the probability that market participants might adopt different values for the same inputs when evaluating the financial instrument's fair value.

CREDIT VALUATION ADJUSTMENT (CVA)

This adjustment applies to valuations that do not account for the counterparty's credit quality. It corresponds to the estimated loss linked to the risk of default by a counterparty and aims to take into account the fact that the Group may not recover the full market value of the transactions.

The method for determining the CVA is primarily based on the use of market inputs in connection with professional market practices, for all segments of counterparties subject to this calculation. In the absence of liquid market inputs, proxies by type of counterparty, rating and geographic area are used.

DEBIT VALUATION ADJUSTMENT (DVA)

The DVA is symmetrical to the CVA and represents the estimated loss, from the counterparty's perspective, on valuations of financial instruments recorded under liabilities. It reflects the impact of the Group's credit quality on the valuation of these instruments. The DVA adjustment is assessed by observing the Group's "credit" market input. At Natixis, the main contributor for the Group, this involves the observation of the credit spreads of a sample of comparable banking institutions, taking into account the liquidity of the spread on Natixis' CDS during the period (no material impact on the income statement as at June 30, 2016). The DVA adjustment is established after taking into account the funding valuation adjustment (FVA).

The following criteria are used to determine whether or not a market is active:

- the level of activity and trend of the market (including the level of activity on the primary market);
- the length of historical data on prices observed in similar market transactions;
- scarcity of prices recovered by a service provider;
- sharp bid-ask price spread;
- steep price volatility over time or between different market participants.

NATIXIS CONTROL SYSTEM (NATIXIS IS THE MAIN CONTRIBUTOR TO THE GROUP'S BALANCE SHEET ITEMS MEASURED AT FAIR VALUE)

The calculation of fair value is subject to control procedures aimed at verifying that fair values are determined or validated by an independent function.

Fair values determined by reference to external quoted prices or market inputs are validated by an independent unit (the Market Data Monitoring department). Second-level controls are carried out by the Risk Department.

On less liquid markets, other market information, primarily observable data, is used to validate the fair value of instruments.

The factors taken into account include the following:

- the origin of the external source (stock market pages, content contribution services, etc.);
- the consistency of the various sources;
- the frequency of data updates;
- the representative nature of inputs based on recent market transactions.

For fair values determined using valuation models, the control system consists of the independent validation of model construction and of the inputs incorporating these models.

This is carried out under the responsibility of the Risk Department.

It involves verifying that the model is consistent with and relevant to its intended function (price setting, valuation, coverage, measurement and control of risk) and the product to which it applies, based on:

- a theoretical approach: the financial and mathematical foundations of the model;
- the application of the model: the pricing models used to generate risk and earnings data;
- the stability of the model under parametric stress;
- an assessment of the stability and consistency of the numerical methods used;
- the independent re-implementation of the model as part of algorithm validation;
- the comparative analysis of the calibration of model parameters;
- an assessment of the modeling risk, particularly the comparative analysis of the model with other valuation models, in order to ensure the adequacy of the model and the payoff;
- the implementation of an adjustment in respect of modeling risk to account for potential deficiencies in the model or its calibration;
- the incorporation of the model into information systems.

The methods for determining fair value are monitored by a number of bodies including the Inputs and Observability Committee, the Valuation Committee, the Impairment Committee and the Model Validation Committee, which comprise representatives of the Risk Department, the Finance Department and the Market Data Monitoring and Valuation Department.

Fair value hierarchy

For financial reporting purposes, IFRS 13 requires fair value measurements applied to financial and non-financial instruments to be allocated to one of three fair value levels:

LEVEL 1: VALUATION USING PRICES QUOTED ON A LIQUID MARKET

Level 1 comprises instruments whose fair value is determined based on directly usable prices quoted on active markets.

This mainly includes securities listed on a stock exchange or traded continuously on other active markets, derivatives traded on organized markets (futures, options, etc.) whose liquidity can be demonstrated, and shares of UCITS for which NAV is determined and reported on a daily basis.

LEVEL 2: VALUATION USING OBSERVABLE MARKET INPUTS

Level 2 fair value comprises instruments other than instruments mentioned in Level 1 fair value and instruments measured using a valuation technique incorporating inputs that are either directly observable (prices) or indirectly observable (price derivatives) through to maturity. This mainly includes:

Simple instruments:

Most over-the-counter derivatives, swaps, forward rate agreements, caps, floors and plain vanilla options are traded in active markets, i.e. liquid markets in which trades occur regularly.

These instruments are valued using generally accepted models (discounted cash flow method, Black & Scholes model, interpolation techniques), and on the basis of directly observable inputs.

For these instruments, the extent to which models are used and the observability of inputs has been documented.

Instruments measured using level 2 inputs also include:

- securities that are less liquid than those classified as Level 1, whose fair value is determined based on external prices put forward by a reasonable number of active market makers and which are regularly observable without necessarily being directly executable (prices mainly taken from contribution and consensus databases); where these criteria are not met, the securities are classified as Level 3 fair value;
- securities not quoted on an active market whose fair value is determined based on observable market data (for example, using market data for listed peers or the earnings multiple method based on techniques widely used in the market);
- Greek and Portuguese sovereign securities, whose fair value was recorded under Level 2 given the wide bid-ask price spread on market prices;
- shares of UCITS whose NAV is not determined and published on a daily basis, but are subject to regular reporting or offer observable data from recent transactions;
- debt securities designated at fair value, mainly by Natixis, and to a lesser extent Crédit Foncier. The methodology used by Natixis to value the "issuer credit risk" component of issues designated at fair value is based on the discounting of future cash flows using directly observable inputs such as yield curves and revaluation differences. For each issue, this valuation represents the product of the notional amount outstanding and its sensitivity, taking into account the existence of calls and the difference between the revaluation spread (based on the BPCE cash reoffer curve at June 30, 2016 as for previous closing dates) and the average issue spread. Changes in the issuer spread are generally not material for issues with an initial maturity of less than one year.

Complex instruments:

Certain hybrid and/or long-maturity financial instruments are measured using a recognized model on the basis of market inputs derived from observable data such as yield curves, implied volatility layers of options, market consensus data or active over-the-counter markets.

The main models for determining the fair value of these instruments are described below by type of product:

- **Equity products**: complex products are valued using:
  - market data;
  - a payoff, i.e. the formula of positive or negative flows attached to the product at maturity;
  - a model of changes in the underlying asset.

  These products can have a single underlying, multiple underlyings or hybrids (fixed income/equity for example).

  The main models used for equity products are local volatility models, local volatility combined with Hull & White 1 factor (H&W1F), Tskew and Pskew.

  The local volatility model treats volatility as a function of time and the price of the underlying. Its main property is that it considers the implied volatility of the option (derived from market data) relative to its exercise price.

  The local volatility hybrid model, paired with the H&W1F, consists of pairing the local volatility model described above with a Hull & White 1 factor type fixed-income model, described below (see fixed-income products).

  The Tskew model is a valuation model for mono and multi-underlying options. Its principle is to calibrate the distribution of underlying asset or assets at maturity to standard option prices.

  The Pskew model is similar to the Tskew model. It is used in particular for simple ratchet equity products such as capped or floored ratchet products.

- **Fixed income products**: fixed income products generally have specific characteristics which justify the choice of model. Underlying risk factors associated with the payoff are taken into account.

  The main models used to value and manage fixed-income products are Hull & White models (one-factor and two-factor models or one-factor Hull & White stochastic volatility model), the Hunt Kennedy model and the "smiled" BGM model.

  The Hull & White models are simple pricing models for plain vanilla fixed-income products and can be calibrated easily. Products valued using these models generally contain a Bermudan-type cancellation option (i.e. one that may be exercised at certain dates set at the beginning of the contract).

  SBGM and Hunt Kennedy models are used to value fixed-income products that are sensitive to volatility smiles (i.e. implied change in volatility relative to the exercise price) and to autocorrelation (or correlation between interest rates).

- **Foreign exchange products**: foreign exchange products generally have specific characteristics which justify the choice of model.

The main models used for valuating and managing foreign-exchange products are the local and stochastic volatility models, as well as the hybrid models, pairing modeling of the underlying foreign exchange with two Hull & White 1 factor models to ascertain the fixed-income factors.

Inputs relating to all such level 2 instruments were demonstrated to be observable and documented. From a methodology perspective, observability is based on four inseparable criteria:

- inputs are derived from external sources (primarily a recognized contributor, for example);
- they are updated periodically;
- they are representative of recent transactions;
- their characteristics are identical to the characteristics of the transaction. If necessary, an approximation parameter (proxy) may be used, provided that the relevance of such an arrangement is demonstrated and documented.

The fair value of instruments obtained using valuation models is adjusted to take account of liquidity (bid-ask), counterparty and internal credit (measurement of liability positions), modeling and input risks.

The margin generated when these instruments begin trading is immediately recognized in income.

LEVEL 3: VALUATION USING UNOBSERVABLE MARKET INPUTS

Level 3 comprises instruments measured using unrecognized models and/or models based on unobservable market data, where they are liable to materially impact the valuation. This mainly includes:

- unlisted shares whose fair value could not be determined using observable inputs;
- private equity securities not listed on an active market, measured at fair value with models commonly used by market participants, in accordance with International Private Equity Valuation (IPEV) standards, but which are sensitive to market fluctuations and whose fair value determination necessarily involves a judgment call;
- structured securities or securities representative of private investment portfolios, held by the insurance business line;
- instruments with a deferred day-one margin;
- shares of UCITS for which the fund has not published a recent NAV at the valuation date, or for which there is a lock-up period or any other constraint calling for a significant adjustment to available market prices (NAV, etc.) in respect of the low liquidity observed for such shares;
- instruments carried at fair value on the balance sheet and for which data are no longer available due to a freeze in trading in the wake of the financial crisis, which were not reclassified within "Loans and receivables" pursuant to the amendment to IAS 39 and IFRS 7 published on October 13, 2008 (see below).

When there is a significant drop in trading in a given market, a valuation model is used based on the only available relevant data.

In accordance with the Ministerial Order of February 20, 2007, as amended by the Order of November 23, 2011, on lending institutions and investment companies and the European regulation of June 26, 2013 (CRR) on the Basel III requirements, for each of the models used, a description of crisis simulations applied and the ex-post control mechanism (valuation of the accuracy and consistency of internal models and modeling procedures) appears in Chapter 3 "Risk Management".

Under IAS 39, day-one profit should be recognized only if it is generated by a change in the factors that market participants would consider in setting a price, i.e. only if the model and parameters input into the valuation are observable.

If the selected valuation model is not recognized by current market practices, or if one of the inputs significantly affecting the instrument's valuation is not observable, the trading profit on the trade date cannot be recognized immediately in the income statement but is taken to income on a straight-line basis over the life of the transaction or until the date the inputs become observable. Any losses incurred at the trade date are immediately recognized in income.

As at June 30, 2016, instruments for which the recognition of day-one profit/loss has been deferred mainly included:

- multi-underlying structured equity and index products;
- synthetic loans;
- options on funds (multi-assets and mutual funds);
- structured fixed income products;
- securitization swaps.

These instruments are almost all located at Natixis.

The table below provides the main unobservable inputs and the value ranges for these instruments:

Class of instrument	Main types of products comprising Level 3 in the class of instrument	Valuation techniques used	Main unobservable data	Unobservable data ranges among relevant Level 3 products
Credit derivatives	CDOs, Index tranche	Technique for estimating defaults given the correlation effect and recovery modeling	Correlation curve specific to the portfolio underlying the CDO	5% - 95% [(a)]

Class of instrument	Main types of products comprising Level 3 in the class of instrument	Valuation techniques used	Main unobservable data	Unobservable data ranges among relevant Level 3 products
	CDS on projects (other than CDS on securitization assets)	Extrapolation from prices based on recovery assumptions	Recovery rate	60% -100%
Interest rate derivatives	Securitization swaps	Discounted expected cash flows based on early redemption assumptions on the underlying portfolio	Early redemption rate	3% -18%
	Sticky CMS/Volatility Bonds	Interest rate options valuation models	Mean reversion inputs	1% - 5%
	Callable Spread Options and Corridor Callable Spread Options	Model representing several yield curve factors	Mean reversion spread	10% - 30%
	Spread Lock swaps and Spread Lock options	Bivariate standard model to measure the time value of Spread Lock options and replication for CMS and TEC Forwards	Spread Lock curve, TEC Forward volatility and TEC-CMS correlation	Spread Lock: +3bp/+15bp Volatility 50bp/70bp TEC-CMS correlation 90%/95%
Capital Protected Notes	Mono-credit payoffs, with capital guarantee, indexed based on issuer cash-CDS, including an at-par call clause at Natixis' discretion	Model that uses as Inputs the volatility of the cash-CDS, recalibrated for price volatility and reintegrated in a Black & Scholes model with a numerical method used to calculate Early Exercise	Volatility of cash-CDS basis	2% - 4%
Repos and general collateral TRS	TRS and repos indexed to a basket of general equities	Synthetic modeling of underlying general basket (with repo to estimate) and actuarial valuation for TRS or using a standard Equity/Interest rate hybrid model for the TRS auto call	Repo curve of general baskets	-1%/0.7%
Helvetix derivatives	Strips of long-term options, Strips of quanto options, Strips of digital options	Black & Scholes model	Currency/currency correlation	EURUSD/USDCHF correlation: -84.98%/-76.52%
	Options spread and Digital options spread	Gaussian copula	USDCHF & EURCHF long-term volatility	Long-term volatility: 10%-15%
Fund-based derivatives	Payoffs as Target Volatility strategy and CPPI on Mutual Funds	The approach used is a hybrid model that combines the local volatility-type multi-underlying equity model with a one-factor Heath-Jarrow-Morton (HJM1F) interest rate model	Fund data	Index - Interest rate correlation: 22% - 44%
Collateralized derivatives	Multi-underlying payoffs	Valuation model based on equity volatility and long-term shortfall inputs	Long-term shortfall	
Hybrid interest rate/currency derivatives	Long-term PRDC/PRDKO/TARN structures	Hybrid currency/interest rate options valuation model	Correlation between currency and interest rates and long-term volatility levels	AUD/JPY and USD/JPY correlation: 30% – 60% Long-term volatility: 10% - 17%
Hybrid equity/interest rate/forex derivatives	Long-dated callable range accrual notes (15Y) on several asset classes (equity+forex+interest rates)	Hybrid models coupled with equity, forex and interest rate diffusion.	Correlation inputs (equity-forex, equity-interest rates, interest rates-forex)	(55%, [36%,45%],27%)
Hybrid interest rate/credit derivatives	Long-dated interest rate and credit callable range accrual notes (15Y) (default event)	Hybrid models coupled with interest rate diffusion and credit diffusion.	Correlation inputs (interest rate-credit and volatility-credit)	([-50%,20%],[45%,65%])

Class of instrument	Main types of products comprising Level 3 in the class of instrument	Valuation techniques used	Main unobservable data	Unobservable data ranges among relevant Level 3 products
Equity derivatives	Long maturity multi-underlying payoffs	Volatility options valuation model incorporating correlation between assets	Correlation inputs	52% - 80%

(b) All transactions including this type of data are fully back-to-back; this input justifying the Level 3 classification is entirely hedged.

Policy concerning fair value hierarchy transfers

Transfers between fair value levels are reviewed and validated by ad hoc committees of representatives of various functions, particularly Finance, Risk and Business Lines. The Committee considers various indicators of market activity and liquidity as described in the General Principles.

A review is undertaken for any instrument that ceases to meet these criteria or once again complies with the criteria. Transfers to and from Level 3 are subject to prior validation.

Under this procedure, multi-underlying equity products with a residual maturity of between 4 and 5 years were transferred to fair value level 3 during the first half of 2016. Information on the transfers between levels of the fair value hierarchy is provided in Note 3.3.3. The amounts given in this note were calculated at the date of the last valuation prior to the change in the level of the fair value hierarchy.

Instruments affected by the financial crisis

Instruments affected by the financial crisis and carried at fair value on the balance sheet are essentially held by Natixis, which calculates their fair value using the models described below:

CDS CONTRACTED WITH CREDIT ENHANCERS (MONOLINE INSURERS AND CDPCS)

Since December 31, 2015 the valuation model used to measure write-downs on CDS contracted with monoline insurers has been similar to the Credit Valuation Adjustment (CVA) used for counterparty risk. It also takes into account the expected amortization of exposures and the counterparty spread implicit in market data.

The current method for determining provisions for contracts with CDPCs (Credit Derivatives Product Companies) consists in applying a transparency-based approach to the underlying assets, based on an estimate of exposure at the time of default, with the PD and LGD based on the tranche’s maturity. A stress factor of 1.2 was applied to the probabilities of default thus determined for the underlyings, based on a recovery rate of 27%. Counterparties are associated with a probability of default whenever the losses resulting from the calculation exceed the CDPC’s net available assets.

In addition to these provisions, a general reserve also takes into account the volatility of the fair value of the contracts.

OTHER INSTRUMENTS NOT EXPOSED TO US HOUSING RISK MEASURED BY NATIXIS USING A VALUATION MODEL

The section below describes the underlying principles used to value assets resulting from securitization transactions for which no market prices could be identified and which were therefore measured using valuation models:

CLOs

A scoring model defining the level of risk associated with certain structures is applied based on a series of criteria.

Trust Preferred Securities (TruPS) CDOs

The valuation model is based on projected future cash flows and default rates determined according to a statistical approach that deduces the default probability of banks according to their financial ratios. For other sectors, default rates are estimated considering the current ratings of assets.

Private Finance Initiative CDS (PFI CDS)

The valuation model used for Private Finance Initiative (PFI) CDS is based on an approach calibrated to the market prices of underlying PFI bonds and the use of a uniform collection rate.

INSTRUMENTS NOT CARRIED AT FAIR VALUE ON THE BALANCE SHEET

IFRS 13 requires disclosure in the notes to the financial statements of the fair value, as well as the associated fair value hierarchy, of all financial instruments carried at amortized cost, including loans. The valuation methods used to determine the fair value disclosed in the notes to the financial statements are described below.

ASSETS AND LIABILITIES OF NATIXIS BUSINESS LINES, THE CASH MANAGEMENT POOL, BPCE, AND THE CAISSES D'EPARGNE FINANCIAL PORTFOLIOS.

Credit and loans classified as "Loans and receivables" and amounts payable under finance leases

The fair value of these instruments is determined by discounting future cash flows. The discount rate applied for a given loan is the rate at which the Group would grant a loan with similar characteristics to a similar counterparty at the reporting date. The interest rate and counterparty risk components are re-assessed.

If there is a quoted price that meets the criteria of IFRS 13, the quoted price is used.

The fair value of loans with an initial term of less than one year is generally considered to be their carrying amount.

Borrowings and savings

At Natixis, the assessment of the fair value and securities debts is based on the method of discounting future cash flows using inputs on the reporting date such as the interest rate curve of the underlyings and the spread at which Natixis lends or borrows.

The fair value of other debt owed to credit institutions and customers with a term of over one year is deemed to be equal to the present value of future cash flows discounted at the interest rate observed at the balance sheet date, plus the credit spread of Groupe BPCE.

Investment property recognized at cost

The fair value of investment property (excluding investment property held by insurance companies) is determined by reference to the capitalization of rents, a method widely used by real estate professionals. The capitalization rate applied to the property depends on a number of factors such as location, the quality and type of building, use, type of ownership, quality of lessee and characteristics of the lease, the interest rate and competition in the real estate market.

FINANCIAL INSTRUMENTS OF THE COMMERCIAL BANKING BUSINESS LINES

For financial instruments not measured at fair value on the balance sheet, fair value calculations are provided for information purposes and must only be interpreted as estimates.

In most cases, the values indicated are not liable to be realized and generally may not be realized in practice.

These fair values are thus only calculated for information purposes in the notes to the financial statements. They are not indicators used in the interest of overseeing commercial banking activities, for which the management model is mainly based on collection of contractual cash flows.

Consequently, the following simplified assumptions were used:

The carrying amount of assets and liabilities is deemed to be their fair value in a certain number of cases.

These notably include:

- short-term financial assets and liabilities (whose initial term is one year or less) provided that sensitivity to interest-rate risk and credit risk is not material during the period;
- demand liabilities;
- variable-rate loans and borrowings;
- transactions in a regulated market (particularly regulated savings products), whose prices are set by the public authorities.

Fair value of the loans to retail customers

The fair value of loans is determined based on internal valuation models that discount future payments of recoverable capital and interest over the remaining loan term. Except for special cases, only the interest rate component is remeasured, as the credit margin is established at the outset and not subsequently remeasured. Prepayment options are factored into the model via an adjustment to loan repayment schedules.

Fair value of loans to large corporates, local authorities and credit institutions

The fair value of loans is determined based on internal valuation models that discount future payments of recoverable capital and interest over the remaining loan term. The interest rate component is remeasured, as is the credit risk component (where it is an observable piece of data used by the customer relationship managers). Failing that, the credit risk component is established at the outset and not subsequently remeasured, as with loans to retail customers. Prepayment options are factored into the model via an adjustment to loan repayment schedules.

Fair value of debt

The fair value of fixed-rate debt owed to credit institutions and customers with a term of over one year is deemed to be equal to the present value of future cash flows discounted at the interest rate observed at the balance sheet date. The own credit spread is not generally taken into account.

Instruments reclassified to "Loans and receivables" having legal status as "securities"

The illiquidity of such instruments, which is necessary to their classification in “Loans and receivables”, was assessed at the reclassification date.

Subsequent to reclassification, some instruments may become liquid again and be measured at Level 1 fair value.

In other cases, their fair value is measured using models identical to those described above for instruments measured at fair value on the balance sheet.

2.4 PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND BALANCE SHEET DATE

Presentation of interim consolidated financial statements

As no specific format is required under IFRS, the presentation used by the Group for summarized statements follows Recommendation No. 2013-04 issued by the Autorité des Normes Comptables (ANC – French national accounting standards authority) on November 7, 2013.

Interim balance sheet date

The consolidated financial statements are based on the financial statements at June 30, 2016. The Group’s consolidated financial statements for the period ended June 30, 2016 were approved by the Management Board on July 26, 2016.

Note 3 Notes to the balance sheet

3.1 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and liabilities at fair value through profit or loss comprise instruments held for trading, including derivatives, and certain assets and liabilities that the Group has chosen to recognize at fair value, at their date of acquisition or issue, using the fair value option available under IAS 39.

3.1.1 Financial assets at fair value through profit or loss

Financial assets in the trading book mainly include proprietary securities transactions, repurchase agreements and derivative instruments contracted by the Group to manage its risk exposure.

	06/30/2016			12/31/2015		
in millions of euros	**Trading**	**Fair value option**	**Total**	**Trading**	**Fair value option**	**Total**
Treasury bills and equivalent	13,879	123	14,002	14,843	127	14,970
Bonds and other fixed-income securities	4,102	1,795	5,897	5,023	2,306	7,329
Fixed-income securities	**17,981**	**1,918**	**19,899**	**19,866**	**2,433**	**22,299**
Equities and other variable-income securities	**24,947**	**11,679**	**36,626**	**28,573**	**10,985**	**39,558**
Loans to credit institutions	1,551	303	1,854	1,709	345	2,054
Loans to customers	803	5,988	6,791	912	6,456	7,368
Loans	**2,354**	**6,291**	**8,645**	**2,621**	**6,801**	**9,422**
Repurchase agreements [(1)]		**43,311**	**43,311**		**46,960**	**46,960**
Trading derivatives [(1)]	**66,145**	**///**	**66,145**	**58,482**	**///**	**58,482**
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**111,427**	**63,199**	**174,626**	**109,542**	**67,179**	**176,721**

[(1)] *This information is presented in consideration of netting effects, in accordance with IAS 32 (see Note 9).*

3.1.2 Financial liabilities at fair value through profit or loss

Financial liabilities in the trading book include liabilities arising from short-selling transactions, repurchase agreements and derivative instruments.

in millions of euros	**06/30/2016**	**12/31/2015**
Securities sold short	23,799	23,172
Other financial liabilities	431	765
Financial liabilities held for trading	**24,230**	**23,937**
Trading derivatives [(1)]	**63,815**	**58,708**
Interbank term accounts and loans	422	684
Customer term accounts and loans	29	29
Debt securities	19,424	18,231
Subordinated debt	97	95
Repurchase agreements [(1)]	43,632	44,930
Other financial liabilities	1,254	1,106
Financial liabilities designated at fair value through profit or loss	**64,858**	**65,075**
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**152,903**	**147,720**

[(1)] *This information is presented in consideration of netting effects, in accordance with IAS 32 (see Note 9).*

3.2 AVAILABLE-FOR-SALE FINANCIAL ASSETS

These are non-derivative financial assets that could not be classified in any other category ("Financial assets at fair value", "Financial assets held to maturity" or "Loans and receivables").

in millions of euros	**06/30/2016**	**12/31/2015**
Treasury bills and equivalent	23,377	22,421
Bonds and other fixed-income securities	29,638	27,635
Impaired securities	55	53
Fixed-income securities	**53,070**	**50,109**
Equities and other variable-income securities	**8,313**	**8,988**
Loans	**31**	**37**
Available-for-sale financial assets, gross	**61,414**	**59,134**
Impairment of fixed-income securities and loans	(51)	(49)
Permanent impairment of equities and other variable-income securities	(968)	(623)
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**60,395**	**58,462**
Gains and losses recognized directly in equity on available-for-sale financial assets (before tax) [1]	**4,743**	**4,408**

[1] *Including the portion attributable to non-controlling interests (€1,443 million at June 30, 2016, compared with €1,136 million at December 31, 2015). This gave rise to a symmetrical recognition of deferred profit sharing in the insurance subsidiaries.*

The Visa Europe shares recorded as variable-income securities at December 31, 2015 for €606 million were sold in the first half of 2016 in accordance with the terms of the agreement signed with Visa Inc. (see Note 1.3).

Impairment losses are recognized for available-for-sale financial assets whenever the Group considers that its investment may not be recovered. For variable-income securities quoted in an active market, a price decline in excess of 50% in relation to the historical cost or for more than a 36-month period constitutes evidence of impairment.

3.3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

3.3.1 Fair value hierarchy of financial assets and liabilities

The following statement provides a breakdown of financial instruments by type of price and valuation model:

	06/30/2016				12/31/2015			
in millions of euros	**Price quoted in an active market (Level 1)**	**Measurement techniques using observable data (Level 2)**	**Measurement techniques using unobservable data (Level 3)**	**Total**	**Price quoted in an active market (Level 1)**	**Measurement techniques using observable data (Level 2)**	**Measurement techniques using unobservable data (Level 3)**	**Total**
FINANCIAL ASSETS								
Securities	38,457	4,003	468	42,928	41,958	6,126	355	48,439
Fixed-income securities	*14,928*	*2,585*	*468*	*17,981*	*16,217*	*3,294*	*355*	*19,866*
Variable-income securities	*23,529*	*1,418*		*24,947*	*25,741*	*2,832*		*28,573*
Derivatives	559	64,260	1,326	66,145	426	55,955	2,101	58,482
Interest rate derivatives		*38,685*	*478*	*39,163*		*33,946*	*1,102*	*35,048*
Equity derivatives	*496*	*5,120*	*376*	*5,992*	*332*	*3,810*	*343*	*4,485*
Currency derivatives		*18,425*	*137*	*18,562*	*5*	*15,949*	*144*	*16,098*
Credit derivatives		*976*	*313*	*1,289*		*1,189*	*507*	*1,696*
Other derivatives	*63*	*1,054*	*22*	*1,139*	*89*	*1,061*	*5*	*1,155*
Other financial assets		1,592	762	2,354		1,886	735	2,621
Financial assets held for trading	**39,016**	**69,855**	**2,556**	**111,427**	**42,384**	**63,967**	**3,191**	**109,542**
Securities	10,072	1,365	2,160	13,597	9,682	1,388	2,348	13,418
Fixed-income securities	*574*	*79*	*1,265*	*1,918*	*906*	*118*	*1,409*	*2,433*
Variable-income securities	*9,498*	*1,286*	*895*	*11,679*	*8,776*	*1,270*	*939*	*10,985*
Other financial assets		46,661	2,941	49,602		50,588	3,173	53,761
Financial assets designated at fair value through profit or loss	**10,072**	**48,026**	**5,101**	**63,199**	**9,682**	**51,976**	**5,521**	**67,179**
Interest rate derivatives		13,644		13,644		10,812	7	10,819
Currency derivatives		3,375		3,375		3,158	4	3,162
Hedging derivatives		**17,019**		**17,019**		**13,970**	**11**	**13,981**
Investments in associates	8	213	1,861	2,082	21	213	2,277	2,511
Other securities	48,616	6,249	3,414	58,279	47,963	5,022	2,926	55,911
Fixed-income securities	*44,431*	*5,305*	*3,281*	*53,017*	*43,529*	*3,755*	*2,776*	*50,060*
Variable-income securities	*4,185*	*944*	*133*	*5,262*	*4,434*	*1,267*	*150*	*5,851*
Other financial assets		17	17	34		21	19	40
Available-for-sale financial assets	**48,624**	**6,479**	**5,292**	**60,395**	**47,984**	**5,256**	**5,222**	**58,462**
Financial liabilities								
Securities	23,069	724	6	23,799	22,707	441	24	23,172
Derivatives	466	62,273	1,076	63,815	507	56,619	1,582	58,708
Interest rate derivatives	*15*	*33,354*	*358*	*33,727*	*75*	*31,376*	*778*	*32,229*
Equity derivatives	*339*	*6,722*	*224*	*7,285*	*352*	*5,527*	*308*	*6,187*
Currency derivatives	*9*	*20,752*	*19*	*20,780*	*8*	*17,699*	*14*	*17,721*
Credit derivatives		*923*	*402*	*1,325*		*1,135*	*469*	*1,604*
Other derivatives	*103*	*522*	*73*	*698*	*72*	*882*	*13*	*967*
Other financial liabilities		431		431		765		765
Financial liabilities held for trading	**23,535**	**63,428**	**1,082**	**88,045**	**23,214**	**57,825**	**1,606**	**82,645**
Securities		17,880	30	17,910		15,146	28	15,174
Other financial liabilities		45,611	1,337	46,948	92	48,496	1,313	49,901
Financial liabilities designated at fair value through profit or loss		**63,491**	**1,367**	**64,858**	**92**	**63,642**	**1,341**	**65,075**
Interest rate derivatives		13,487	36	13,523		8,998	101	9,099
Currency derivatives		4,167		4,167		3,413		3,413
Hedging derivatives		**17,654**	**36**	**17,690**		**12,411**	**101**	**12,512**

3.3.2 Analysis of assets and liabilities classified in Level 3 of the fair value hierarchy

At June 30, 2016

		Gains and losses recognized during the period			Transactions carried out during the period		Transfers during the period			
		In the income statement [1]								
in millions of euros	**1/1/2016**	**On transactions in progress at the reporting date**	**On transactions removed from the balance sheet at the reporting date**	**In equity**	**Purchases/ Issues**	**Sales/ Buybacks**	**To another reporting category**	**From and to another level**	**Other changes**	**06/30/2016**
FINANCIAL ASSETS										
Securities	355	(9)			221	(96)		(2)	(1)	468
Fixed-income securities	*355*	*(9)*			*221*	*(96)*		*(2)*	*(1)*	*468*
Variable-income securities										
Derivatives	2,101	48	(256)		280	(226)		(345)	(276)	1,326
Interest rate derivatives	*1,102*	*6*	*(131)*			*(118)*		*(345)*	*(36)*	*478*
Equity derivatives	*343*	*(96)*	*(60)*		*286*	*(86)*			*(11)*	*376*
Currency derivatives	*144*	*162*				*(20)*			*(149)*	*137*
Credit derivatives	*507*	*(47)*	*(65)*			*(10)*			*(72)*	*313*
Other derivatives	*5*	*23*			*(6)*	*8*			*(8)*	*22*
Other financial assets	735	2			624	(598)			(1)	762
Financial assets held for trading	**3,191**	**41**	**(256)**		**1,125**	**(920)**		**(347)**	**(278)**	**2,556**
Securities	2,348	(104)	16		33	(126)			(7)	2,160
Fixed-income securities	*1,409*	*(103)*	*2*		*13*	*(55)*			*(1)*	*1,265*
Variable-income securities	*939*	*(1)*	*14*		*20*	*(71)*			*(6)*	*895*
Other financial assets	3,173	(44)	18		523	(813)	(32)	135	(19)	2,941
Financial assets designated at fair value through profit or loss	**5,521**	**(148)**	**34**		**556**	**(939)**	**(32)**	**135**	**(26)**	**5,101**
Interest rate derivatives	7								(7)	
Currency derivatives	4								(4)	
Credit derivatives		(1)							1	
Hedging derivatives	**11**	**(1)**							**(10)**	
Investments in associates [2]	2,277	(13)	(824)	281	203	(61)			(2)	1,861
Other securities	2,926	20	3	53	647	(221)		(14)		3,414
Fixed-income securities	*2,776*	*20*		*60*	*637*	*(198)*		*(14)*		*3,281*
Variable-income securities	*150*		*3*	*(7)*	*10*	*(23)*				*133*
Other financial assets	19			(1)	2	(3)				17
Available-for-sale financial assets	**5,222**	**7**	**(821)**	**333**	**852**	**(285)**		**(14)**	**(2)**	**5,292**
FINANCIAL LIABILITIES										
Securities	24					(18)				6
Derivatives	1,582	256	(315)		14	(400)		2	(63)	1,076
Interest rate derivatives	*778*	*17*	*(185)*		*10*	*(108)*			*(154)*	*358*
Equity derivatives	*308*	*192*	*(3)*		*1*	*(274)*		*2*	*(2)*	*224*
Currency derivatives	*14*	*9*	*(7)*		*3*					*19*
Credit derivatives	*469*	*56*	*(106)*			*(18)*			*1*	*402*
Other derivatives	*13*	*(18)*	*(14)*						*92*	*73*
Financial liabilities held for trading	**1,606**	**256**	**(315)**		**14**	**(418)**		**2**	**(63)**	**1,082**
Securities	28	1	(1)		32	(31)			1	30
Other financial liabilities	1,313	15	(22)		912	(884)		3		1,337
Financial liabilities designated at fair value through profit or loss	**1,341**	**16**	**(23)**		**944**	**(915)**		**3**	**1**	**1,367**
Interest rate derivatives	101								(65)	36
Currency derivatives										
Hedging derivatives	**101**								**(65)**	**36**

[1] The main impacts recognized in the income statement are mentioned in Note 4.3.

[2] The Visa Europe shares were recorded as investments in associates for €606 million at December 31, 2015. They were sold in the first half of 2016 in accordance with the agreement signed with Visa Inc. (see Note 1.3), and this sale generated a capital gain of €831 million.

3.3.3 Analysis of fair value hierarchy transfers

		H1 2016			
	From	**Level 1**	**Level 2**	**Level 2**	**Level 3**
in millions of euros	**To**	**Level 2**	**Level 1**	**Level 3**	**Level 2**
FINANCIAL ASSETS					
Securities		53	393		2
Fixed-income securities		53	54		2
Variable-income securities			339		
Derivatives					345
Interest rate derivatives					345
Equity derivatives					
Currency derivatives					
Credit derivatives					
Other financial assets					
Financial assets held for trading		**53**	**393**		**347**
Securities					
Fixed-income securities					
Other financial assets				135	
Financial assets designated at fair value through profit or loss				**135**	
Investments in associates					
Other securities		931	666	111	125
Fixed-income securities		931	616	111	125
Variable-income securities			50		
Available-for-sale financial assets		**931**	**666**	**111**	**125**
FINANCIAL LIABILITIES					
Securities		6	1		
Derivatives					2
Interest rate derivatives					
Equity derivatives					2
Currency derivatives					
Credit derivatives					
Other derivatives					
Other financial liabilities					
Financial liabilities held for trading		**6**	**1**		**2**
Securities					
Other financial liabilities				3	
Financial liabilities designated at fair value through profit or loss				**3**	

The amounts of transfers indicated in this statement are those of the last valuation preceding the transfer.

in millions of euros	From / To	Fiscal year 2015 Level 1 / Level 2	Level 2 / Level 1	Level 2 / Level 3	Level 3 / Level 2
FINANCIAL ASSETS					
Securities		385	901	6	29
Fixed-income securities		*83*	*901*	*6*	*29*
Variable-income securities		*302*			
Derivatives				326	39
Interest rate derivatives [(1)]				*141*	*33*
Equity derivatives [(2)]				*17*	*4*
Currency derivatives				*168*	*2*
Financial assets held for trading		**385**	**901**	**332**	**68**
Securities				31	
Fixed-income securities				*29*	
Variable-income securities				*2*	
Other financial assets				20	22
Financial assets designated at fair value through profit or loss				**51**	**22**
Investments in associates					
Other securities		77	49	103	541
Fixed-income securities		*69*	*49*	*80*	*486*
Variable-income securities		*8*		*23*	*55*
Other financial assets					
Available-for-sale financial assets		**77**	**49**	**103**	**541**
FINANCIAL LIABILITIES					
Securities		29	15		
Derivatives				112	595
Interest rate derivatives [(1)]				*58*	*569*
Equity derivatives [(2)]				*46*	*26*
Currency derivatives				*8*	
Financial liabilities held for trading		**29**	**15**	**112**	**595**
Securities				27	
Other financial liabilities				731	4
Financial liabilities designated at fair value through profit or loss				**758**	**4**

(1) For Helvetix derivatives, since the contribution of valuation adjustments had become very significant with respect to the fair value of these instruments taken as a whole, the Group transferred them to Level 3 of the fair value hierarchy in 2015;

(2) TRS and repos indexed to a basket of equities were transferred to Level 3 of the fair value hierarchy in 2015 subsequent to a change in the valuation model based on proprietary data.

The amounts of transfers indicated in this statement are those of the last valuation preceding the transfer.

3.3.4 Sensitivity of Level 3 assets and liabilities to changes in the principal assumptions

At June 30, 2016, Natixis calculated the sensitivity of the fair value of financial instruments measured using unobservable inputs for which changes in related assumptions would give rise to a variation in the market value. This sensitivity is used to estimate, on the basis of probable assumptions, the range of uncertainty inherent in the judgments used to determine these parameters. This estimate was performed using:

- A "standardized" variation [(1)] in unobservable inputs related to assumptions of additional valuation adjustments for fixed income, currency and equity instruments. The resulting sensitivity was €16 million.
- a fixed variation:
  - of +/-1% in the recovery rate on unsecured debt on uncollateralized derivatives;
  - of +/-10% in the price of the underlying assets of the securitized debt;
  - of +/-50 basis points applied to the margin used to discount the expected flows of Trups CDOs;

(1) i.e the standard deviation of consensus prices used to measure the inputs

i.e. the sensitivity impact would result in an improvement in value of €48 million, should the inputs mentioned above improve, or a decrease in value of €47 million if the same inputs deteriorate.

3.4 LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Most loans originated by the Group are classified in this category. Information about credit risk is provided in Note 4.7.

3.4.1 Loans and receivables due from credit institutions

in millions of euros	**06/30/2016**	**12/31/2015**
Loans and receivables due from credit institutions	120,783	119,970
Specific impairment	(66)	(66)
Impairment on a portfolio basis	(6)	(7)
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	**120,711**	**119,897**

The fair value of loans and receivables due from credit institutions amounted to €124,056 million at June 30, 2016 (compared with €122,449 million at December 31, 2015).

Breakdown of gross loans and receivables due from credit institutions

in millions of euros	**06/30/2016**	**12/31/2015**
Current accounts with overdrafts	9,705	7,092
Repurchase agreements	6,985	9,693
Loans and advances	102,076	101,094
Securities classified as loans and receivables	257	245
Other loans and receivables due from credit institutions	1,684	1,766
Impaired loans and receivables	76	80
TOTAL GROSS LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS	**120,783**	**119,970**

Receivables arising from transactions with the networks amounted to €99,743 million at June 30, 2016 (€98,020 million at December 31, 2015).

3.4.2 Customer loans and receivables

in millions of euros	**06/30/2016**	**12/31/2015**
Loans and receivables due from customers	258,848	223,841
Specific impairment	(3,188)	(3,315)
Impairment on a portfolio basis	(618)	(599)
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS	**255,042**	**219,927**

The fair value of loans and receivables due from customers was €256,408 million at June 30, 2016 (versus €219,353 million at December 31, 2015).

Breakdown of gross loans and receivables due from customers

in millions of euros	**06/30/2016**	**12/31/2015**
Current accounts with overdrafts	**5,301**	**4,419**
Loans to financial sector customers	5,506	4,004
Short-term credit facilities	28,359	25,739
Equipment loans	30,682	31,329
Home loans	57,805	58,020
Export loans	3,234	3,036
Repurchase agreements	45,497	27,324
Finance leases	11,159	10,796
Subordinated loans	27	31
Other loans [1]	33,246	21,596
Other facilities granted to customers	**215,515**	**181,875**
Securities classified as loans and receivables	**21,955**	**22,333**
Other loans and receivables due from customers	**6,964**	**6,122**
Impaired loans and receivables	**9,113**	**9,092**
TOTAL GROSS LOANS AND RECEIVABLES DUE FROM CUSTOMERS	**258,848**	**223,841**

[2] *The variation corresponds in particular to a cash deposit of €11.9 billion constituted with CNP Assurances as part of the reinsurance treaty concerning 10% of the total outstanding savings of CNP Assurances. This cash deposit is backed by technical provisions recognized in an identical amount under liabilities in the balance sheet representing commitments to insured parties (see Note 1.3).*

3.5 HELD-TO-MATURITY FINANCIAL ASSETS

These are non-derivative financial assets with fixed or determinable payments that the Group has an intention and ability to hold to maturity.

in millions of euros	**06/30/2016**	**12/31/2015**
Treasury bills and equivalent	1,581	1,904
Bonds and other fixed-income securities	1,742	1,814
Gross amount of held-to-maturity financial assets	**3,323**	**3,718**
Impairment	(2)	(2)
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**3,321**	**3,716**

The fair value of held-to-maturity financial assets amounted to €3,839 million at June 30, 2016 (versus €4,246 million at December 31, 2015).

3.6 RECLASSIFICATION OF FINANCIAL ASSETS

In application of the amendments to IAS 39 and IFRS 7 "Reclassification of financial assets", the Group has reclassified some of its financial assets since the second-half of 2008. No reclassification was carried out during the first half of 2016.

Portfolio of reclassified financial assets

	Carrying amount		Fair value	
in millions of euros	**06/30/2016**	**12/31/2015**	**06/30/2016**	**12/31/2015**
Assets reclassified to:				
Available-for-sale financial assets	21	51	21	51
Loans and receivables	8,655	8,527	8,287	7,663
TOTAL SECURITIES RECLASSIFIED	**8,676**	**8,578**	**8,308**	**7,714**

3.7 GOODWILL

Goodwill related to operations for the first half of 2016 are analyzed in the context of the rating for the scope of consolidation.

in millions of euros	**06/30/2016**	**12/31/2015**
Opening net value	**3,725**	**2,972**
Acquisitions [1]	76	598
Disposals	(1)	(8)
Impairment [2]	(75)	(1)
Reclassifications	0	12
Foreign exchange rate adjustments	(36)	152
Closing net value	**3,689**	**3,725**

(1) Including €3 million corresponding to goodwill on the acquisition of Natixis Capital Partners Spain, specialized in M&A consultancy services, and €72 million corresponding to goodwill on the acquisition of PJSC, specialized in mergers and acquisitions and restructurings (see Note 1.3).

(2) At June 30, 2016, goodwill impairment on Coface was recognized in the amount of €75 million (see below).

As there are no other impairment indicators, no impairment test was performed on the other goodwill items.

At June 30, 2016, gross goodwill stood at €4,183 million and total impairment stood at €494 million.

Certain goodwill items recognized in the United States gave rise to tax amortization over 15 years leading to a difference between the carrying value of the goodwill and its tax base. This difference in treatment generated a deferred tax liability of €504 million as at June 30, 2016.

Breakdown of goodwill:

	Carrying amount	
in millions of euros	**06/30/2016**	**12/31/2015**
- Investment Solutions	3,070	3,107
- Specialized Financial Services	64	58
- Equity interests [(1)]	281	355
- Corporate and Investment Banking	82	5
- Other activities	27	34
Natixis	**3,524**	**3,559**
Banque Palatine	**95**	**95**
Crédit Foncier	**13**	**13**
BPCE International	**42**	**43**
Other	**15**	**15**
TOTAL GOODWILL	**3,689**	**3,725**

[(1)] *Including €281 million related to Coface, which breaks down into €83 million attributable to equity holders of the parent and €198 million attributable to non-controlling interests.*

At June 30, 2016, tests were conducted on the Coface CGU and one of the entities of the former Corporate Data Solutions CGU whose valuation seemed most sensitive to a certain number of inputs (such as the actual achievement of the business plan). For the Coface CGU, the decline in the loss ratio mentioned in the press release of July 4, 2016 is also an indicator of the deterioration in the recoverable value of the CGU.

The value in use of Coface was determined using the recoverable cash flow method, based on the latest known business plan, to which a discount was applied to take account of the loss ratio indicated by the company on July 4, 2016. In addition, broker spot prices and target prices were used after the publication of the aforementioned press release. These tests led to a goodwill impairment of €75 million (€22 million attributable to equity holders of the parent) of Coface. Net goodwill after impairment amounted to €281 million at June 30, 2016.

The discount rates used for these calculations were determined as follows:

- for the Coface CGU, taking into account the average Euro-Bund 10-year risk-free interest rate, to which a risk premium was added, calculated based on samples of comparable insurance, services and factoring companies;
- for the former CDS CGU, the 10-year risk-free interest rates of the countries in which the various entities do business, plus a risk premium calculated according to a sample of companies that are representative of the sector and an additional risk premium to account for the relative size of the entities in comparison with the sample references.

A 20 basis point increase in the discount rates (assumption based on the historical annual variability observed over the last four years) combined with a 50 basis point reduction in the perpetual growth rates would reduce the CGU's value in use by:

- -4.1% for the Coface CGU;
- -6.3% for the former CDS CGU;

and would give rise to an additional goodwill impairment of €44 million for the Coface entity.

Similarly, the sensitivity of the recoverable value to future cash flows as forecast in the business plans, is as follows:

- for Coface, the primary sensitivity vector is the loss ratio. A target level of 54% for this ratio (net of reinsurance) was applied to conduct the CGU's impairment test at June 30, 2016. An increase of 1 point in the loss ratio would result in an additional impairment loss on the CGU. A valuation at the lowest price during the first half of 2016 would have a limited impact on the weighted average valuation;
- for the former CDS CGU, the primary sensitivity factor is the extent to which the business plans are

achieved. A -5% variation in said plans would not lead to the booking of an impairment loss.

3.8 AMOUNTS DUE TO CREDIT INSTITUTIONS AND CUSTOMERS

These liabilities, which are not classified as financial liabilities at fair value through profit or loss, are carried at amortized cost under "Amounts due to credit institutions" or "Amounts due to customers".

3.8.1 Amounts due to credit institutions

in millions of euros	**06/30/2016**	**12/31/2015**
Demand deposits	17,115	28,302
Repurchase agreements	3,924	2,841
Accrued interest	7	5
Amounts due to credit institutions - repayable on demand	**21,046**	**31,148**
Term deposits and loans	68,943	71,717
Repurchase agreements	9,417	10,946
Accrued interest	299	466
Amounts due to credit institutions - repayable at agreed maturity dates	**78,659**	**83,129**
TOTAL AMOUNTS DUE TO CREDIT INSTITUTIONS	**99,705**	**114,277**

The fair value of amounts due to credit institutions was €100,284 million at June 30, 2016 (versus €115,564 million at December 31, 2015).

Amounts payable arising from transactions with the networks amounted to €100,192 million at June 30, 2016 (€100,552 million at December 31, 2015).

3.8.2 Amounts due to customers

in millions of euros	06/30/2016	12/31/2015
Current accounts with credit balances	**25,654**	**31,055**
Livret A savings accounts	252	259
Regulated home savings products	301	322
Other regulated savings accounts	1,615	1,566
Accrued interest	8	1
Regulated savings accounts	**2,176**	**2,148**
Demand deposits and loans	4,922	5,152
Term accounts and loans	25,990	15,167
Accrued interest	98	108
Other customer accounts	**31,010**	**20,427**
Demand	23,544	15,326
Term	18,672	13,388
Accrued interest	17	16
Repurchase agreements	**42,233**	**28,730**
Other amounts due to customers	**2,077**	**1,079**
TOTAL AMOUNTS DUE TO CUSTOMERS	**103,150**	**83,439**

The fair value of amounts due to customers was €102,542 million at June 30, 2016 (versus €83,540 million at December 31, 2015).

3.9 DEBT SECURITIES

Debt securities are classified based on the nature of the underlying, with the exception of subordinated notes presented under "Subordinated debt".

in millions of euros	06/30/2016	12/31/2015
Bonds	148,730	158,083
Interbank market instruments and negotiable debt securities	54,334	51,652
Other debt securities	1,665	1,773
Total	**204,729**	**211,508**
Accrued interest	2,117	2,563
TOTAL DEBT SECURITIES	**206,846**	**214,071**

The fair value of debt securities was €214,149 million at June 30, 2016 (versus €220,250 million at December 31, 2015).

3.10 PROVISIONS

in millions of euros	**01/01/2016**	**Increase**	**Use**	**Reversals unused**	**Other changes [1]**	**06/30/2016**
Provisions for employee benefit commitments	826	58	(67)	(14)	74	877
Provisions for restructuring costs [2]	24		(7)		1	18
Legal and tax risks [3]	1,091	17	(74)	(49)	(14)	971
Loan and guarantee commitments	105	14	(1)	(9)	(1)	108
Provisions for regulated home savings products	4					4
Other operating provisions	591	74	(13)	(13)	(2)	637
TOTAL PROVISIONS	**2,641**	**163**	**(162)**	**(85)**	**58**	**2,615**

[1] *Other changes included the variation in the revaluation difference on employee benefits (+€71 million before tax).*

[2] *At June 30, 2016, provisions for restructuring costs included €9 million for the workforce adjustment plan (finalized in 2015) at Natixis (€15 million at December 31, 2015).*

[4] *Provisions for legal and tax risks included €461 million for net Madoff outstandings (€475 million at December 31, 2015).*

3.11 SUBORDINATED DEBT

Subordinated debt is classified separately from issues of other debt and bonds because in the event of default, holders of subordinated debt rank after all senior debt holders.

in millions of euros	**06/30/2016**	**12/31/2015**
Term subordinated debt	18,993	17,613
Perpetual subordinated debt	312	312
Subordinated debt and similar	**19,305**	**17,925**
Accrued interest	370	333
Revaluation of the hedged component	1,414	116
TOTAL SUBORDINATED DEBT	**21,089**	**18,374**

The fair value of subordinated debt was €21,310 million at June 30, 2016 (versus €20,475 million at December 31, 2015).

Deeply subordinated notes qualifying as equity instruments are presented in Note 3.12.

3.12 ORDINARY SHARES AND EQUITY INSTRUMENTS ISSUED

Perpetual deeply subordinated notes classified as equity

Issuing entity	Issue date	Currency	Amount (in original currency)	Redemption option date	Interest step-up date	Rate	Nominal (in millions of euros [1]) 06/30/2016	12/31/2015
BPCE	July 30, 2004	USD	200 million	September 30, 2016	none	Min (10-year CMAT +0.3%; 9%)	142	142
BPCE	October 12, 2004	EUR	80 million	July 12, 2016	none	Min (10-year CMS;7%)	80	80
BPCE	January 27, 2006	USD	300 million	July 27, 2016	none	6.75%	214	214
BPCE	February 1, 2006	EUR	350 million	February 1, 2016	none	4.75%		350
BPCE	October 30, 2007	EUR	509 million	October 30, 2017	October 30, 2017	6.12%	509	509
BPCE	August 6, 2009	EUR	374 million	September 30, 2019	September 30, 2019	12.50%	374	374
BPCE	August 6, 2009	USD	444 million	September 30, 2019	September 30, 2019	12.50%	309	309
TOTAL							**1,628**	**1,978**

[1] *Nominal amount translated into euros at the exchange rate in force at the date of classification as equity.*

Issues of perpetual deeply subordinated notes prior to June 30, 2009 have thereafter been recognized as equity instruments as a result of a remuneration payment clause that has since become discretionary. Previously, they were recognized as subordinated debt and similar. In accounting terms, the transformation of these debt instruments into equity instruments is treated as debt extinguishment.

Issues made after June 30, 2009 have always been recognized in equity due to the discretionary nature of their remuneration.

Note 4 Notes to the income statement

4.1 INTEREST AND SIMILAR INCOME AND EXPENSES

	H1 2016			H1 2015		
in millions of euros	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Loans and receivables due from customers	2,958	(582)	2,376	2,940	(500)	2,440
Loans and receivables due from credit institutions	725	(582)	143	954	(654)	300
Finance leases	186	///	186	185	///	185
Debt securities and subordinated debt	///	(2,348)	(2,348)	///	(2,604)	(2,604)
Hedging derivatives	2,220	(1,743)	477	2,400	(1,986)	414
Available-for-sale financial assets	564	///	564	578	///	578
Held-to-maturity financial assets	66	///	66	88	///	88
Impaired financial assets	6	///	6	3	///	3
Other interest income and expenses	2	(78)	(76)	1	(43)	(42)
TOTAL INTEREST INCOME AND EXPENSES	**6,727**	**(5,333)**	**1,394**	**7,149**	**(5,787)**	**1,362**

4.2 FEE AND COMMISSION INCOME AND EXPENSES

	H1 2016			H1 2015		
in millions of euros	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Cash and interbank transactions	2	(19)	(17)	2	(16)	(14)
Customer transactions	406	(2)	404	452	(9)	443
Financial services	187	(364)	(177)	173	(336)	(163)
Sales of life insurance products	95	///	95	98	///	98
Payment services	190	(29)	161	190	(36)	154
Securities transactions	111	(96)	15	142	(74)	68
Trust management services	1,537		1,537	1,507		1,507
Financial instruments and off-balance sheet transactions	75	(79)	(4)	89	(71)	18
Other fees and commissions	141	(457)	(316)	155	(396)	(241)
TOTAL FEE AND COMMISSION INCOME AND EXPENSES	**2,744**	**(1,046)**	**1,698**	**2,808**	**(938)**	**1,870**

4.3 NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

in millions of euros	**H1 2016**	**H1 2015**
Gains and losses on financial instruments held for trading (1)	1,388	577
Gains and losses on financial instruments designated at fair value through profit or loss (2)	(582)	740
Gains and losses on hedging transactions	9	39
- Ineffective portion of fair value hedges	*9*	*25*
- Ineffective portion of cash flow hedges		*14*
Gains and losses on foreign exchange transactions (3)	50	141
TOTAL NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	**865**	**1,497**

(1) In H1 2016, "Gains and losses on financial instruments held for trading" included:

- *impairments taken against the fair value of CDS entered into with monoline insurers, which led to an increase of €17 million in cumulative impairments in H1 2016, versus income of €4 million in H1 2015, bringing cumulative impairments to €112 million at June 30, 2016 versus €106 million at December 31, 2015.*

- *an immaterial reversal at June 30, 2016 of the portfolio-based provision recorded on exposures in respect of CDPCs (Credit Derivatives Product Companies), bringing the cumulative balance to €4 million at June 30, 2016. In H1 2015, a €1 million reversal was carried out, bringing the cumulative balance to €11 million.*
- *the change in the fair value of derivatives of -€41 million due to the difference in impairments for counterparty risk (Credit Value Adjustment - CVA), in the amount of -€21 million due to the consideration of non-performance risk in the valuation of derivative financial liabilities (Debit Valuation Adjustment - DVA), and in the amount of -€2 million due to the inclusion of an adjustment for funding costs (Funding Valuation Adjustment - FVA).*

(2) "Gains and losses on financial instruments designated at fair value through profit or loss" included the valuation of the issuer spread on issues classified as fair value instruments through profit or loss with an impact on net banking income for the period of -€24 million versus +€119 million in the previous year.

(3) Including +€47 million corresponding to the reclassification of foreign exchange gains linked to repayments, by certain entities, from capital denominated in foreign currencies or equity to capital.

4.4 NET GAINS OR LOSSES ON AVAILABLE-FOR-SALE ASSETS

in millions of euros	**H1 2016**	**H1 2015**
Gains or losses on disposal [1]	874	257
Dividends received	123	134
Permanent impairment of variable-income securities	(69)	(18)
TOTAL NET GAINS OR LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	**928**	**373**

(1) In H1 2016, the "Gains and losses on disposal" line item includes €831 million related to the capital gain on the disposal of Visa Europe shares.

In H1 2016, permanent impairment of variable-income securities stood at €69 million compared with €18 million in H1 2015. €29 million of this expense was generated on insurance portfolios (vs. €11 million in H1 2015), the impact of which was offset by the deferred profit-sharing mechanism.

In H1 2016, permanent impairment of variable-income securities [1] included in particular an additional impairment loss of €44 million on previously impaired securities (€14 million in H1 2015). New impairments of securities linked to the application of the analysis criteria set out in paragraph 3.2 amounted to -€25 million, and exclusively concern the insurance portfolios (-€3 million in H1 2015 linked to the automatic application exclusively to insurance portfolios of the criteria defined under the accounting principles and methods).

4.5 INCOME AND EXPENSES FROM OTHER ACTIVITIES

	H1 2016			**H1 2015**		
in millions of euros	**Income**	**Expense**	**Net**	**Income**	**Expense**	**Net**
Income and expenses from insurance activities [1]	15,854	(15,418)	436	3,158	(3,136)	22
Income and expenses from leasing transactions	204	(208)	(4)	37	(43)	(6)
Income and expenses from investment property	98	(54)	44	58	(26)	32
Other banking income and expenses	371	(116)	255	406	(358)	48
TOTAL INCOME AND EXPENSES FROM OTHER ACTIVITIES	**16,527**	**(15,796)**	**731**	**3,659**	**(3,563)**	**96**

(1) The share of "Income and expenses on insurance activities" related to the partnership with CNP Assurances concerning receivables arising from reinsurance transactions linked to reinsured contracts amounted to €11.7 billion at June 30, 2016 (see Note 1.3).

(1) Excluding insurance portfolio securities, in light of the deferred profit-sharing mechanism.

4.6 OPERATING EXPENSES

Operating expenses include mainly payroll costs (wages and salaries net of rebilled amounts), social security charges, and employee benefit expenses such as pension costs. Operating expenses also include the full amount of administrative expenses and external services costs.

in millions of euros	**H1 2016**	**H1 2015**
Payroll costs	**(2,271)**	**(2,203)**
Taxes other than on income	(328)	(247)
External services and other operating expenses	(1,157)	(1,033)
Other administrative costs	**(1,485)**	**(1,280)**
TOTAL OPERATING EXPENSES	**(3,756)**	**(3,483)**

(1) Taxes included in particular the new contributions required by the regulatory authorities: the contribution to the SRF (Single Resolution Fund) for an annual amount of €165 million (versus €67 million in 2015) and the systemic banking tax (SBT) for an annual amount of €47 million (versus €53 million in 2015).

4.7 COST OF RISK

This item records net impairment charges for credit risks, regardless of whether the impairment is calculated on an individual or collective basis for a portfolio of similar receivables.

Impairment losses are recognized for both loans and receivables and fixed-income securities when there is a known counterparty risk. Losses related to other types of instruments (derivatives or securities designated at fair value through profit or loss) recorded as a result of default by credit institutions are also included under this item.

4.7.1 Cost of risk for the period

in millions of euros	**H1 2016**	**H1 2015**
Net charge to provisions and provisions for impairment	(270)	(382)
Recoveries of bad debts written off	26	65
Irrecoverable loans not covered by provisions for impairment	(47)	(47)
TOTAL COST OF RISK	**(291)**	**(364)**

Cost of risk for the period by type of asset

in millions of euros	**H1 2016**	**H1 2015**
Interbank transactions [1]	2	(99)
Customer transactions	(241)	(252)
Other financial assets	(52)	(13)
TOTAL COST OF RISK	**(291)**	**(364)**

(1) In H1 2015, the cost of risk associated with interbank transactions was primarily generated by exposures to Heta Asset Resolution (HETA).

4.7.2 Impairment and provisions for credit risk

in millions of euros	**01/01/2016**	**Charges**	**Reversals [1]**	**Other changes**	**06/30/2016**
Available-for-sale financial assets	49		2		51
Interbank transactions	73	1	(4)	3	73
Customer transactions	3,913	585	(556)	(136)	3,806
Held-to-maturity financial assets	2				2
Other insurance-related assets	281	5	(5)	13	294
Other debtors	151	5	(4)	(3)	149
Impairment losses recognized in assets	**4,469**	**596**	**(567)**	**(123)**	**4,375**
Provisions for loan and guarantee commitments	105	14	(10)	(1)	108
Other provisions for credit risk	733	2	(37)	(16)	682
Provisions for liabilities	**838**	**16**	**(47)**	**(17)**	**790**
TOTAL IMPAIRMENT AND PROVISIONS FOR CREDIT RISK	**5,307**	**612**	**(614)**	**(140)**	**5,165**

[1] *including €318 million in reversals of provisions used.*

4.8 INCOME TAX

in millions of euros	**H1 2016**	**H1 2015**
Current income tax expense	(46)	(158)
Deferred tax assets and liabilities	(186)	(372)
INCOME TAX	**(232)**	**(530)**

Reconciliation between the tax charge in the financial statements and the theoretical tax charge

	H1 2016		H1 2015	
	in millions of euros	Tax rate	in millions of euros	Tax rate
Net income attributable to equity holders of the parent	1,129		473	
Change in the value of goodwill	75			
Non-controlling interests	168		281	
Share in net income of associates	(121)		(114)	
Income taxes	232		530	
INCOME BEFORE TAX AND CHANGES IN THE VALUE OF GOODWILL (A)	**1,483**		**1,170**	
Standard income tax rate in France (B)		**34.43%**		**34.43%**
Theoretical income tax expense (income) at the tax rate applicable in France (AxB)	**(511)**		**(403)**	
Impact of the change in unrecognized deferred tax assets and liabilities	1	(0.1%)	(34)	2.9%
Impact of permanent differences [(1)]	155	(10.4%)	(42)	3.6%
Reduced rate of tax and tax-exempt activities	(3)	0.2%		
Difference in tax rates on income taxed outside France			(8)	0.7%
Temporary step-up of corporate tax [(2)]			(12)	1.0%
Tax on prior periods, tax credits and other tax [(3)]	128	(8.6%)	(31)	2.6%
Other items	(2)	0.1%		
INCOME TAX EXPENSE (INCOME) RECOGNIZED	**(232)**		**(530)**	
EFFECTIVE TAX RATE (INCOME TAX EXPENSE DIVIDED BY TAXABLE INCOME)		**15.62%**		**45.23%**

[(1)] *The main permanent differences consist of capital gains on investments in associates taxed under the long-term scheme (notably the capital gain on the disposal of Visa securities – see Note 1.3) and tax-exempt earnings of foreign subsidiaries in Luxembourg, Belgium and the United States. Permanent differences also include the impacts of the SBT (systemic banking tax) and the contribution to the SRF (single resolution fund), consisting of non-deductible expenses (see Note 4.6).*

[(2)] *As the exceptional 10.7% income tax was not renewed, the tax rate in France stood at 34.43% in 2016, compared with 38% in 2015.*

[(3)] *Tax for periods prior to H1 2016 notably include tax income of €128 million mainly resulting from tax rebates obtained, in particular:*

- *+€43 million following the favorable ruling by the Council of State rapporteur which virtually guaranteed the possibility of adjusting the tax treatment of dividends received by Natixis and subject to tax in 2012;*
- *+€36 million related to the settlement of several tax disputes at BPCE SA.*

Note 5 Partnerships and associates

5.1 INVESTMENTS IN ASSOCIATES

The Group's main investments in joint ventures and associates are as follows:

in millions of euros	**06/30/2016**	**12/31/2015**
CNP Assurances (group)	2,376	2,332
Socram Banque	74	73
Banque BCP SAS	62	60
Investments by Natixis group	678	698
Other	18	16
Financial sector companies	**3,208**	**3,179**
Other	144	145
Non-financial companies	**144**	**145**
TOTAL INVESTMENTS IN ASSOCIATES	**3,352**	**3,324**

5.2 SHARE IN NET INCOME OF ASSOCIATES

in millions of euros	**H1 2016**	**H1 2015**
CNP Assurances (group)	100	99
Banque BCP SAS	2	2
VBI Beteiligung		(12)
Investments by Natixis group	14	22
Socram Banque	2	2
Other	1	1
Financial sector companies	**119**	**114**
Other	2	
Non-financial companies	**2**	
SHARE IN NET INCOME OF ASSOCIATES	**121**	**114**

Note 6 Segment reporting

BPCE SA group is structured around its two core businesses:

Commercial Banking and Insurance includes the Other networks, which mainly comprise the Group’s non-controlling interest in CNP Assurances, Real Estate Financing Services (whose earnings predominantly reflected Crédit Foncier’s contribution), BPCE International (BPCE I) and Banque Palatine.

Investment Solutions, Corporate and Investment Banking, and Specialized Financial Services are Natixis’ core businesses:

- Investment Solutions, with asset management, insurance and private banking;
- Corporate and Investment Banking, which has now established itself as BPCE’s bank serving large corporate and institutional customers;
- Specialized Financial Services, which includes factoring, lease financing, consumer credit, sureties and guarantees, employee benefits planning, payments and securities services.

The Corporate center includes primarily:

- the Group’s central institution and holding company;
- the equity interests of Natixis in Coface, Corporate Data Solutions, Natixis Algérie and Natixis Private Equity;
- the revaluation of the Group's own senior debt;
- the contribution to the Single Resolution Fund;
- disposals of international assets as part of the workout portfolio activities;
- items related to goodwill impairment and the amortization of valuation differences, as these items form part of the Group’s acquisition and investment strategy;
- the former CNCE proprietary workout portfolio activities and discretionary portfolio management activities, run-off management of the securitization portfolio transferred in September 2014 by Crédit Foncier to BPCE.

Note: 2015 figures are pro forma:

- the transfer of all the interests held by BPCE International (BPCE I) in Banque de la Réunion, Banque des Antilles Françaises and Banque de Saint-Pierre-et-Miquelon to Caisse d’Epargne Provence-Alpes-Corse (CEPAC).
- the retroactive application as at January 1, 2015 of the change in accounting treatment of hedges of assets and liabilities denominated in foreign currencies into currency swaps.
- the standardization of the accounting treatment of network renegotiation indemnities between 2015 and 2016.
- the factoring in from the first half of 2015 of the definitive amount invoiced with regard to the Single Resolution Fund.
- The transfer of charges from the Corporate center to the Specialized Financial Services division of Natixis.

Segment reporting for BPCE SA group in previous periods has been restated accordingly.

SEGMENT ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

Results by division [7]

in millions of euros	Commercial Banking and Insurance *		Investment Solutions, CIB and SFS		Corporate Center		BPCE SA group	
	H1-16	H1-15 pf	H1-16	H1-15 pf	H1-16	H1-15 pf	H1-16	H1-15 pf
Net banking income	705	796	4,009	3,976	902	313	5,616	5,085
Operating expenses	(477)	(481)	(2,608)	(2,539)	(817)	(546)	(3,903)	(3,566)
Gross operating income	**228**	**315**	**1,400**	**1,437**	**85**	**(233)**	**1,713**	**1,519**
Cost/income ratio	67.7%	60.4%	65.1%	63.9%	ns	ns	69.5%	70.1%
Cost of risk	(108)	(102)	(153)	(140)	(29)	(114)	(291)	(355)
Share in income of associates	105	102	13	21	3	(10)	121	114
Gains or losses on other assets	1	(7)	51		10	(25)	61	(32)
Change in the value of goodwill					(75)		(75)	
Income before tax	**225**	**309**	**1,311**	**1,318**	**(7)**	**(381)**	**1,529**	**1,246**
Income tax	(58)	(100)	(436)	(432)	263	19	(232)	(513)
Non-controlling interests	(3)	(7)	(275)	(276)	110	1	(168)	(282)
Net income attributable to equity holders of the parent	**164**	**202**	**599**	**611**	**366**	**(362)**	**1,129**	**451**
Transition from pro forma to published net income attributable to equity holders of the parent(1)		13		2		7		22
Published net income attributable to equity holders of the parent	**164**	**215**	**599**	**613**	**366**	**(354)**	**1,129**	**473**

* Excluding the Banque Populaire banks, Caisses d'Epargne and their consolidated subsidiaries.

Results of the Commercial Banking and Insurance sub-divisions

in millions of euros	Banque Populaire banks		Caisses d'Epargne		Other networks		Commercial Banking and Insurance	
	H1-16	H1-15 pf	H1-16	H1-15 pf	H1-16	H1-15 pf	H1-16	H1-15 pf
Net banking income					705	796	705	796
Operating expenses					(477)	(481)	(477)	(481)
Gross operating income					**228**	**315**	**228**	**315**
Cost/income ratio					67.7%	60.4%	67.7%	60.4%
Cost of risk					(108)	(102)	(108)	(102)
Share in income of associates			2	2	103	100	105	102
Gains or losses on other assets					1	(7)	1	(7)
Income before tax			**2**	**2**	**223**	**306**	**225**	**309**

Results of the Investment Solutions, Corporate and Investment Banking, and Specialized Financial Services sub-divisions

in millions of euros	Investment Solutions		Corporate and Investment Banking		Specialized Financial Services		Investment Solutions, CIB and SFS	
	H1-16	H1-15 pf	H1-16	H1-15 pf	H1-16	H1-15 pf	H1-16	H1-15 pf
Net banking income	1,656	1,669	1,668	1,648	684	659	4,009	3,976
Operating expenses	(1,169)	(1,159)	(994)	(951)	(446)	(429)	(2,608)	(2,539)
Gross operating income	**487**	**510**	**675**	**697**	**238**	**230**	**1,400**	**1,437**
Cost/income ratio	70.6%	69.4%	59.6%	57.7%	65.2%	65.1%	65.1%	63.9%
Cost of risk		(1)	(124)	(105)	(29)	(34)	(153)	(140)
Share in income of associates	6	12	8	10			13	21
Gains or losses on other assets	19				31		51	
Income before tax	**513**	**521**	**558**	**601**	**240**	**196**	**1,311**	**1,318**

[7] Impact on income of pro forma data in H1 2015: -€22 million, of which -€113 million in net banking income, +€67 million in operating expenses, +€9 million in the cost of risk, +€16 million in income tax and -€1 million in non-controlling interests.

Note 7 Commitments

7.1 FINANCING COMMITMENTS

The amounts shown correspond to the nominal value of commitments given.

in millions of euros	**06/30/2016**	**12/31/2015**
Financing commitments given to:		
Credit institutions	10,479	14,929
Customers	70,503	66,015
- Credit facilities granted	*60,787*	*59,871*
- Other commitments	*9,716*	*6,144*
Total financing commitments given	**80,982**	**80,944**
Financing commitments received from:		
Credit institutions	47,938	33,058
Customers	2,839	391
Total financing commitments received	**50,777**	**33,449**

7.2 GUARANTEE COMMITMENTS

in millions of euros	**06/30/2016**	**12/31/2015**
Guarantee commitments given to:		
Credit institutions	4,306	3,751
Customers [1]	26,951	25,743
Total guarantee commitments given	**31,257**	**29,494**
Guarantee commitments received from:		
Credit institutions	15,300	14,305
Customers	91,134	90,699
Total Guarantee commitments received	**106,434**	**105,004**

[1] The guarantees given by CEGC (a subsidiary of Natixis) in connection with its activity are treated as insurance policies for accounting purposes, in accordance with IFRS 4 "Insurance contracts". They are recorded on the liabilities side of the balance sheet and are not included in guarantees given to customers shown in the table above.

Guarantee commitments are off-balance sheet commitments.

Note 8 Transferred financial assets, other financial assets pledged as collateral that can be sold or repledged

As was the case at December 31, 2015, the "transferred" financial assets relate to receivables sold as security (Articles L. 211-38 or L. 313-23 et seq. of the French Monetary and Financial Code) under guaranteed refinancing operations, particularly with the central bank. Financial assets provided as collateral are generally pledged. The main mechanisms involved are Banque Populaire Covered Bonds, the CRH (Caisse de refinancement de l'habitat), the ESNI market refinancing mechanism, and securities pledged as collateral for ECB refinancing operations.

In the interest of transparency, for consolidated securitization transactions:

- the share of receivables sold attributable to external investors is considered to be pledged as collateral to third parties;
- the share of receivables sold attributable to units and bonds subscribed for by the Group, and eliminated in consolidation, is not considered to be pledged as collateral unless these securities were used as part of a refinancing mechanism.

In accordance with French law, the intrinsic guarantees attached to issues of covered bonds are not recognized under guarantee commitments given. The covered bonds issued by BPCE SFH and Compagnie de Financement Foncier benefit from a legal privilege comprised of eligible assets.

Note 9 Offsetting

Financial assets and liabilities were offset on the balance sheet in accordance with the criteria of IAS 32. Under this standard, a financial asset and financial liability are offset and a net balance is recorded in the balance sheet if and only if:

- the Group has the legally enforceable right to offset the recorded amounts; and
- it has the intention either to settle the net amount or to simultaneously realize the asset and settle the liability.

Within BPCE SA group, most offset amounts are the result of repurchase agreements and derivatives transactions carried out by Natixis with clearing houses.

The gross offset amounts reflect derivatives and repurchase agreements with clearing houses for which the criteria set out in IAS 32 are met:

- for derivatives, the information is presented in consideration of the effects of the currency offset between asset valuations and liability valuations of the derivatives handled through the "LCH Clearnet Ltd" clearing house via the "Swapclear" clearing system;
- for repurchase agreements, Natixis records in its balance sheet the net value of repurchase and reverse repurchase agreements that:
  - are entered into with the same clearing house,
  - have the same maturity date,
  - involve the same custodian,
  - are denominated in the same currency.

Financial assets and liabilities "under netting agreements not offset on the balance sheet" comprise transactions under netting agreements or similar agreements, but that do not meet the restrictive netting criteria set by IAS 32. This is particularly the case for derivatives or OTC repurchase agreements subject to master agreements under which the net settlement criteria or realization of a simultaneous settlement of the asset and liability cannot be demonstrated or for which the offsetting right can only be exercised in the event of default, insolvency or bankruptcy by one of the parties to the agreement.

For these instruments, the "Related financial assets and financial instruments received as collateral" and "Related financial liabilities and financial instruments pledged as collateral" include in particular:

- for repurchase agreements:
  - loans or borrowings resulting from reverse repurchase agreements with the same counterparty, and securities pledged or received as collateral (for the fair value of said securities),
  - margin calls in the form of securities (for the fair value of said securities);
- for derivatives, the fair values of the reverse transactions with the same counterparty, as well as the margin calls in the form of securities.

Margin calls received or paid in cash are shown in "Margin calls received (cash collateral)" and "Margin calls paid (cash collateral)".

9.1 FINANCIAL ASSETS

Financial assets under netting agreements offset in the balance sheet

	06/30/2016			12/31/2015		
in millions of euros	**Gross amount of financial assets**	**Gross amount of financial liabilities offset in the balance sheet**	**Net amount of financial assets recognized in the balance sheet**	**Gross amount of financial assets**	**Gross amount of financial liabilities offset in the balance sheet**	**Net amount of financial assets recognized in the balance sheet**
Derivatives (trading and hedging)	111,157	27,994	83,163	91,661	19,198	72,463
Repurchase agreements	52,542	9,231	43,311	57,055	10,095	46,960
Other financial instruments				792		792
Financial assets designated at fair value	**163,699**	**37,225**	**126,474**	**149,508**	**29,293**	**120,215**
Repurchase agreements (loans and receivables portfolio)	**53,777**	**1,295**	**52,482**	**40,988**	**3,971**	**37,017**
Other financial instruments (portfolio of loans and receivables)	**1,128**		**1,128**	**1,916**		**1,916**
TOTAL	**218,604**	**38,520**	**180,084**	**192,412**	**33,264**	**159,148**

Financial assets under netting agreements not offset in the balance sheet

	06/30/2016				12/31/2015			
in millions of euros	**Net amount of financial assets recognized in the balance sheet**	**Related financial liabilities and financial instruments received as collateral**	**Margin calls received** *(cash collateral)*	**Net exposure**	**Net amount of financial assets recognized in the balance sheet**	**Related financial liabilities and financial instruments received as collateral**	**Margin calls received** *(cash collateral)*	**Net exposure**
Derivatives	83,164	37,970	15,908	29,286	72,463	35,807	13,807	22,849
Repurchase agreements	95,792	85,451	84	10,257	83,977	76,015	167	7,795
Other assets	1,128			1,128	2,708	1,492		1,216
TOTAL	**180,084**	**123,421**	**15,992**	**40,671**	**159,148**	**113,314**	**13,974**	**31,860**

9.2 FINANCIAL LIABILITIES

Financial liabilities under netting agreements offset in the balance sheet

	06/30/2016			12/31/2015		
in millions of euros	**Gross amount of financial liabilities**	**Gross amount of financial assets offset in the balance sheet**	**Net amount of financial liabilities recognized in the balance sheet**	**Gross amount of financial liabilities**	**Gross amount of financial assets offset in the balance sheet**	**Net amount of financial liabilities recognized in the balance sheet**
Derivatives (trading and hedging)	109,498	27,994	81,504	90,419	19,198	71,221
Repurchase agreements	52,863	9,231	43,632	55,025	10,095	44,930
Other financial instruments				103		103
Financial liabilities designated at fair value	**162,361**	**37,225**	**125,136**	**145,547**	**29,293**	**116,254**
Repurchase agreements (liabilities portfolio)	**56,873**	**1,295**	**55,578**	**46,490**	**3,971**	**42,519**
Other financial instruments (liabilities portfolio)				**287**		**287**
TOTAL	**219,234**	**38,520**	**180,714**	**192,324**	**33,264**	**159,060**

Financial liabilities under netting agreements not offset in the balance sheet

	06/30/2016				12/31/2015			
in millions of euros	**Net amount of financial liabilities recognized in the balance sheet**	**Related financial assets and financial instruments received as collateral**	**Margin calls paid** *(cash collateral)*	**Net exposure**	**Net amount of financial liabilities recognized in the balance sheet**	**Related financial assets and financial instruments received as collateral**	**Margin calls paid** *(cash collateral)*	**Net exposure**
Derivatives	81,504	38,212	15,314	27,978	71,221	35,798	12,252	23,171
Repurchase agreements	99,210	88,196	51	10,963	87,449	72,397	20	15,032
Other liabilities					390	222		168
TOTAL	**180,714**	**126,408**	**15,365**	**38,941**	**159,060**	**108,417**	**12,272**	**38,371**

Note 10 Scope of consolidation

The main changes in the scope of consolidation during the first half of 2016 are presented below:

Changes in the ownership interest in subsidiaries still under control at June 30, 2016

Change in the percentage of the Group’s interest in Natixis

Following a number of transactions in its own shares, the Group's stake in Natixis stood at 71.24% at June 30, 2016 (versus 71.25% at December 31, 2015). The impact on equity attributable to equity holders of the parent was not material.

Change in the percentage of the Group’s interest in DNCA Management

Following the buyback of shares from the company's management, the stake held by Natixis in DNCA Management increased from 8% to 42% during the second quarter of 2016. This transaction prompted a change in all of the ownership interests in the DNCA entities.

It had an impact of -€61 million on equity, of which -€43 million on equity attributable to equity holders of the parent.

Change in the percentage of the Group’s interest in AEW Europe

In June 2016, Natixis Global Asset Management (NGAM), a subsidiary of Natixis, acquired the 40% stake in AEW Europe previously held by the Caisse des Dépôts et Consignations.

NGAM's ownership of the entities of the AEW Europe group thus increased from 60% to 100% during the first half of 2016.

This transaction had an impact of -€18 million on equity, of which -€13 million on equity attributable to equity holders of the parent.

Assumption of control over subsidiaries

Acquisition of a majority stake in Peter J. Solomon Company

On June 7, 2016, the Natixis group acquired 51% of the capital and voting rights of Peter J. Solomon Company (PJSC).

This gave rise to the full consolidation of Peter J. Solomon Company LP and Peter J. Solomon Securities Company LLC (see Note 1.3).

5.4 Statutory Auditors' report on the half-yearly financial report

Deloitte & Associés
185 avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Regnault
92075 Paris La Défense Cedex

Statutory Auditors' report on the half-yearly financial report

Period from January 1 to June 30, 2016

To the Shareholders

Goupe BPCE

50 avenue Pierre Mendès France, 75013 Paris

In compliance with the assignment entrusted to us by your Annual General Meetings and in accordance with the requirements of article L. 451-1-2-III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of BPCE SA group, for the period from January 1 to June 30, 2016,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Management Board. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine et Paris La Défense, August 3rd, 2016

French original signed by

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
Jean-Marc Mickeler	Agnès Hussherr	Michel Barbet-Massin
Sylvie Bourguignon	Nicolas Montillot	

6. Additional information

6.1 Documents on display

This document is available from the "Investors" section of the Group's website (www.bpce.fr), or from the AMF website (www.amf-france.org).

Any person wanting further information about Groupe BPCE may, with no commitment and free of charge, request documents by post at the following address:

BPCE

Département Émissions et Communication Financière

50, avenue Pierre Mendès France

75013 Paris

7. Person responsible for the update to the Registration Document

7.1 Statement by the person responsible

I hereby declare that, to the best of my knowledge after having taken all reasonable measure to this end, the information contained in the present update to the Registration Document is in accordance with the facts and contains no omission likely to affect its import.

I hereby certify that, to the best of my knowledge, the condensed financial statements for the most recent half-year of Groupe BPCE and the BPCE SA group have been prepared in accordance with applicable accounting standards and give a true and fair picture of the financial position and the assets and liabilities of the company and all entities in the Group's scope of consolidation, and that the half-year management report accurately reflects the highlights of the first six months of the reporting year and their impact on the financial statements, as well as a description of the main risks and uncertainties for the remaining six months of the year.

I have obtained a letter from the Statutory Auditors certifying the completion of their work, in which they state that they have verified the information on the financial position and the consolidated accounts as set out in this update, and that they have read the Registration Document and its updates in their entirely.

Paris, August 25, 2016

François Pérol

Chairman of the BPCE Management Board

8. Cross-reference table

Items in appendix 1 pursuant to EC regulation No˙ 809/2004		2015 Registration Document filed with the AMF on March 15, 2016	First update filed with the AMF on May 12, 2016	Second update filed with the AMF on August 25, 2016
1	**Persons responsible**	**530**	**56**	**214**
2	**Statutory Auditors**	**110 – 111**	**53 – 54**	**106 – 107**
3	**Selected financial information**		**5 – 44**	
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3.2	Selected financial information for interim periods	NA	5 – 44	30 – 65
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5.1	History and development of the issuer	5	5 – 18	30 – 65
5.2	Investments	221		
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6.1	Principal activities	15 – 24 ; 201 – 216 ; 295 – 297 ; 393 – 395		30 – 65
6.2	Principal markets	15 – 24 ; 201 – 216 ; 295 – 297 ; 393 – 395		30 – 65
6.3	Exceptional events	NA		
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6.5	Basis of statements made by the issuer regarding its competitive position	15 – 24		

Items in appendix 1 pursuant to EC regulation No. 809/2004		2015 Registration Document filed with the AMF on March 15, 2016	First update filed with the AMF on May 12, 2016	Second update filed with the AMF on August 25, 2016
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8	**Property, plant and equipment**			
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9	**Operating and financial review**			
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9.2	Operating income	228 ; 330 ; 418	6 – 8	110 ; 162
10	**Cash flow and capital resources**			
10.1	Information on the issuer's capital resources	128 – 131 ; 230 – 231 ; 276 – 277 ; 332 – 333 ; 377 ; 444 ; 512 – 515	37	50 ; 112 – 113 ; 165
10.2	Sources and amounts of issuer's cash flows	232 ; 334		114 ; 166
10.3	Information on the issuer's borrowing requirements and funding structure	182 ; 273 ; 275 – 276 ; 374 ; 376 ; 439 ; 443	24	87 – 89
10.4	Information regarding any restrictions on the use of capital resources that have affected or could affect the issuer's operations	NA		
10.5	Information regarding the expected sources of funds needed to fulfill commitments referred to in points 5.2 and 8.1	NA		
11	**Research and development, patents and licenses**	**189 ; 414**		
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13	**Profit forecasts and estimates**	**NA**		
14	**Administrative, management and supervisory bodies and senior management**		50 – 52	
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14.2	Conflicts of interest involving the administrative, management and supervisory bodies and senior management	28 – 29 ; 84	50 – 52	
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16	**Board practices**			
16.1	Date of expiration of the current term of office	28 ; 30 – 32	50 – 52	
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16.3	Information about the issuer's Audit Committee and Remuneration Committee	31 ; 67 – 69		
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Items in appendix 1 pursuant to EC regulation No· 809/2004		2015 Registration Document filed with the AMF on March 15, 2016	First update filed with the AMF on May 12, 2016	Second update filed with the AMF on August 25, 2016
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BPCE

A French limited company (*Société Anonyme*)

governed by a Management and Supervisory Board

with a capital of €155,742,320

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