

E X A N E



FINANCIAL
STATEMENTS
2015

**CONSOLIDATED
FINANCIAL STATEMENTS 5**

**ANNUAL
FINANCIAL STATEMENTS
EXANE SA 55**

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED BALANCE SHEET

Financial year ended 31 December 2015

Assets (in thousands of euros)	Note	31/12/15	31/12/14
Cash and amounts due from central banks and post office banks		19,359	13,224
Financial assets at fair value through profit or loss	5.1	6,043,657	6,088,464
Available-for-sale financial assets	5.2	15,655	20,179
Loans and receivables due from credit institutions	5.3	887,084	611,909
Current and deferred tax assets	5.4	22,404	22,039
Accrued income and other assets	5.5	861,637	738,277
Property, plant and equipment	5.6	9,724	7,316
Intangible assets	5.6	8,701	8,977
Total assets		7,868,222	7,510,385

Liabilities and equity (in thousands of euros)	Note	31/12/15	31/12/14
Financial liabilities at fair value through profit or loss	5.1	4,978,987	4,038,074
Due to credit institutions	5.3	1,462,440	2,028,991
Current and deferred tax liabilities	5.4	17,400	15,710
Accrued expenses and other liabilities	5.5	840,080	905,697
Provisions	5.7	18,987	15,262
Subordinated debt	5.8	89,739	89,770
Total liabilities		7,407,632	7,093,504
Share capital and additional paid-in capital		40,690	40,690
Retained earnings		287,606	256,743
Change in assets and liabilities recognised directly in equity		2,168	1,870
Net income for the period		65,478	56,838
Other shareholders' equity		50,000	50,000
Total shareholders' equity	5.9	445,942	406,142
Minority interests		14,648	10,739
Total equity		460,590	416,881
Total liabilities and equity		7,868,222	7,510,385

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Financial year ended 31 December 2015

(in thousands of euros)	Note	31/12/15	31/12/14
Interest income	6.1	55,145	75,378
Interest expenses	6.1	(57,191)	(77,633)
Commission income	6.2	311,630	263,901
Commission expenses	6.2	(87,332)	(77,643)
Net gain/loss on financial instruments at fair value through profit or loss	6.3	205,980	189,935
Net gain/ loss on available-for-sale financial assets	6.4	657	
Income from other activities	6.5	50,490	46,550
Expenses on other activities	6.5	(1,216)	(1,106)
Net banking income		478,162	419,382
Operating expenses	6.6	(366,114)	(327,730)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	6.7	(7,787)	(7,148)
Gross operating income		104,261	84,504
Net gain/loss on other assets	6.8	(210)	0
Pre-tax income		104,051	84,504
Corporate income tax	6.9	(34,238)	(26,268)
Net income		69,813	58,236
Minority interests	6.10	(4,335)	(1,397)
Net income attributable to equity holders		65,478	56,838
Basic earnings per share (euros)		362.69	314.83

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

Financial year ended 31 December 2015

(in thousands of euros)	31/12/15	31/12/14
Net income attributable to equity holders (1)	65,478	56,838
Changes in fair value of available-for-sale financial assets	298	(11)
Changes in value of employee benefits obligations	0	(792)
Total gain/loss directly in equity and attributable to equity holders (2)	298	(803)
Net income and gain/loss directly in equity, attributable to equity holders	70,111	57,433
Net income and gain/loss directly in equity, attributable to minority interests	(4,335)	(1,397)
Total net income and gain/loss recognised directly in equity (1+2)	65,776	56,035

Amounts are displayed here net of tax.

CASH-FLOW STATEMENT

Financial year ended 31 December 2015

(in thousands of euros)	31/12/15	31/12/14
Operating activities		
Pre-tax net income	104,051	84,504
Non-monetary items included in pre-tax net income and other adjustments	11,496	11,986
Net depreciation/amortisation expenses on property, plant and equipment and intangible assets	7,787	7,148
Net addition to provisions	3,725	4,914
Net income or loss from financing activities	(16)	(76)
Net increase/decrease in cash related to assets and liabilities generated by operating activities	771,975	(143,100)
Net increase/decrease in cash related to transactions with credit institutions	(58,297)	74,794
Net increase/decrease in cash related to transactions with customers	63,764	(36,839)
Net increase/decrease in cash related to transactions involving other financial assets and liabilities	990,244	(114,720)
Net increase/decrease in cash related to transactions involving non-financial assets and liabilities	(189,498)	(40,067)
Taxes paid	(34,238)	(26,268)
Net increase/decrease in cash and equivalents generated by operating activities (a)	887,521	(46,610)
Investing activities		
Net increase/decrease related to property, plant and equipment and intangible assets	(9,919)	(7,957)
Net increase/decrease in cash and equivalents generated by investing activities (b)	(9,919)	(7,957)
Financing activities		
Net increase/decrease in cash and equivalents related to transactions with shareholders	(29,725)	(71,947)
Net increase/decrease in cash and equivalents generated by financing activities (c)	(29,725)	(71,947)
Net increase/decrease in cash and equivalents (a+b+c)	847,878	(126,515)
Balance of cash and equivalent accounts at the beginning of the period		
Cash and amounts due from central banks and post office banks (d)	13,224	14,536
Demand deposits/loans with/from credit institutions (e)	(1,416,782)	(1,291,579)
Balance of cash and equivalent accounts at the end of the period		
Cash and amounts due from central banks and post office banks (f)	19,359	13,224
Demand deposits/loans with/from credit institutions (g)	(575,039)	(1,416,782)
Net increase/decrease in cash and equivalents (f+g)-(d+e)	847,878	(126,515)

CHANGES IN SHAREHOLDERS' EQUITY

Between 1 January 2014 and 31 December 2015

	Capital and retained earnings		Retained earnings - Group share	Total gain/loss recognised directly in equity	Net income - Group share	Reclassification for undated subordinated debt	Total equity - Group share	Total equity - Minority interests	Total shareholders' equity
	Capital	Share premiums and retained earnings							
Capital and retained earnings at 1 January 2014	30,693	9,997	287,858	2,673	38,632	50,000	419,852	11,358	431,210
Appropriation of net income for 2013			38,632		(38,632)		0		0
Dividends paid ⁽¹⁾			(39,734)				(39,734)	(2,016)	(41,750)
Movements related to shareholders' items			(1,102)		(38,632)		(39,734)	(2,016)	(41,750)
Change in gains or losses recognised directly in equity				(11)			(11)		(11)
Appropriation of net income for 2014					26,833		26,833	1,397	28,230
Actuarial gains and losses related to defined pension plans				(792)			(792)		(792)
Other movements			(6)				(6)		(6)
Capital and retained earnings at 31 December 2014	30,693	9,997	286,749	1,870	26,833	50,000	406,142	10,739	416,881
Appropriation of net income for 2014			26,833		(26,833)		0		0
Dividends paid ⁽¹⁾			(25,906)				(25,906)	(1,385)	(27,291)
Movements related to shareholders' items			927		(26,833)		(25,906)	(1,385)	(27,291)
Change in gains or losses recognised directly in equity				298			298		298
Net income 2015 after interim dividend					65,478		65,478	4,335	69,813
Impact of acquisitions/disposals on minority interests							0	960	960
Other movements			(70)				(70)	(1)	(71)
Capital and retained earnings at 31 December 2015	30,693	9,997	287,606	2,168	65,478	50,000	445,942	14,648	460,590

(1) The dividend paid included the net payment of dividend occurred in 2015 for an amount of 25,276 thousand euros and the interest for the undated subordinated debt classified in equity net of related deferred taxes for an amount of 630 thousand euros.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial year ended 31 December 2015

The consolidated financial statements are those of the entities described in note 2.4.4, and hereafter referred to as “the Exane Group”.

1. PROFILE

Founded in 1990, the Exane Group specialises in three businesses:

- **Cash Equities**

Under the brand name Exane BNP Paribas, Exane’s Cash Equities Department offers all services of research, sales, execution and ECM on European equities for institutional and corporate clients.

- **Equity**

Exane Derivatives, a subsidiary of Exane, specialises in:

- the sale and market making of listed derivatives, convertible bonds and credit products,
- the issuance, trading and management of structured products,
- the brokerage of listed derivative products.

- **Asset Management**

Exane Asset Management (Exane AM), a subsidiary of Exane, authorised in France by the AMF, offers the Group’s third-party fund management on equity underlying.

Ellipsis Asset Management (Ellipsis AM), a subsidiary of Exane Derivatives and authorised in France by the AMF, offers third-party asset management on convertible, credit and diversified funds.

Exane is a “société anonyme” (stock corporation) with a capital of 30,691,800 euros. Its Trade and Company Registry is Paris 342 040 268. It is represented by Nicolas Chanut, CEO of the Board of Directors. The Company’s registered office is located at 16, avenue Matignon, 75008 Paris.

The consolidated financial statements of the firms of the Group, hereafter referred to as the Consolidated Financial Statements, were approved by the Board of Directors on 23rd February 2016.

2. ACCOUNTING PRINCIPLES AND METHODS

The main accounting methods applied when preparing the consolidated financial statements are described thereafter. Unless otherwise indicated, they have been applied in a consistent manner, in respect of all the financial statements presented in this document.

2.1. APPLICABLE ACCOUNTING STANDARDS (INTERNATIONAL FINANCIAL REPORTING STANDARDS – IFRS)

The consolidated financial statements have been prepared in accordance with International Accounting Standards/ International Financial Reporting Standards (IAS/IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as adopted for the use in the European Union (EU) and applicable at 31 December 2015.

The Exane Group has not anticipated the application of new standards, amendments adopted by the European Union (EU) when the application in 2015 is only an option.

IFRS 10 (“Consolidated Financial Statements”), IFRS 11 (“Joint arrangements”), IFRS 12 (“Disclosure of interests in other entities”), and amendments to IAS 32 (“Offsetting financial assets and financial liabilities”) are applied since the 1st January 2014.

IFRS 10 outlines the requirements for the preparation and presentation of consolidated financial statements, requiring entities to consolidate entities it controls. Control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee. The application of IFRS 10 has no significant impact on the consolidated financial statements.

The application of IFRS 11 has no significant impact on the consolidated financial statements at 31 December 2015, no entity of the Group is on a joint arrangement and control.

IFRIC 21 “taxes” provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for and those where the timing and amount of the levy is certain. The Group impact for 2015 is non significant.

2.2. PRESENTATION OF FINANCIAL STATEMENTS

Exane uses the CNC recommended format for financial statements (2013-04 dated 7 November 2013; balance sheet, income statement, statement of changes in shareholders’ equity, cash-flow statement).

The consolidated financial statements have been prepared on a historical cost basis, except in the case of “Financial instruments at fair value through profit or loss” and “Available-for-sale financial assets”.

The financial statements are presented in euros and the amounts shown are rounded to the nearest thousand, unless otherwise indicated.

2.3. ACCOUNTING PRINCIPLES AND METHODS

Financial assets and liabilities are treated in accordance with IAS 39 revised as adopted by the European Commission (EC) on 19 November 2004 and modified by EC regulations 1751/2005 of 25 October 2005 and 1864/2005 of 15 November 2005 related to the use of the fair value option.

The Group classifies its financial assets into the following categories: “Financial assets at fair value through profit or loss”, “Loans and receivables” and “Available-for-sale assets”. At 31 December 2015, no financial assets were held to maturity.

Accounting classifications are determined by the reasons underlying the acquisition of financial assets.

The Group classifies its financial liabilities into the following categories: "Liabilities at fair value through profit or loss" and "Other liabilities".

→ Financial assets at fair value through profit or loss

According to IAS 39, financial assets at fair value through profit or loss are those held for trading. Financial assets are so classified if they have been acquired primarily to be sold in the short term and designated at fair value by option.

Derivative financial instruments are also deemed to be held for trading unless they are to be used for hedging purposes.

Financial assets at fair value through profit or loss are recognised at fair value at inception, except for transaction costs which are directly taken to the profit and loss account. At each balance sheet date, they are carried at fair value and changes in fair value are taken to the profit and loss account.

→ Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss may be:

- financial liabilities issued for trading purposes, or
- financial liabilities for which the Group has elected to apply the fair value option.

Financial liabilities are carried at an amount equivalent to their fair value on the date they are recorded in the balance sheet. Transaction costs are recorded directly in the profit and loss account. On the balance sheet date, they are recognised at their fair value and any changes thereto are reflected in the profit and loss account.

2.3.1 Securities and loans and receivables

→ Securities lending / borrowing transactions

Borrowed securities when collateralised by other securities are recorded specifically on the balance sheet as "Financial assets at fair value through profit or loss". The corresponding debt is recorded as a liability under "Financial liabilities at fair value through profit or loss". These two sub-accounts of the trading portfolio are revalued at fair value at the end of the period.

There is no derecognition of the lent securities secured by cash collateral and no recognition of the borrowed securities secured by cash.

Securities borrowed and secured by cash collateral are booked as "Deposits paid or received on debt securities/securities borrowings" allocated to "Loans and receivables". They are not valued at fair value at period end.

→ Loans and receivables

Loans and receivables are non-derivatives financial assets with determined or determinable payments not quoted on an active market, except those that the entity has the intention to sell which have to be classified in the assets held for trading.

“Loans and receivables due from credit institutions” and “Loans and receivables due from customers” are recorded at acquisition cost, including transaction fees, and thereafter carried at amortised cost adjusted for any impairment.

→ Available-for-sale financial assets

According to IAS 39, “Available-for-sale financial assets” is the default category. Other securities held by the Group (over which the Group does not exert any material influence) are recorded within this category.

Available-for-sale financial assets are initially recorded at acquisition cost, including transaction fees and accrued interest. At the balance sheet date, available-for-sale assets are valued at fair value and changes thereto are booked separately under reversible “Shareholders’ equity”. If the security is sold or becomes impaired, these changes are reversed out and recognised in the profit and loss account.

→ Valuation

Variable-income and fixed-income securities (equities, UCITS shares and other variable-income and fixed-income securities) in the trading portfolio are valued:

- at the last known quoted price for securities traded on an active and liquid market at the balance sheet date,
- or, in the absence of such a market, at a price determined with the use of a valuation model (based on observable or non-observable parameters).

→ Impairment of available-for-sale assets

If one or more events have resulted in the impairment of the value of an available-for-sale financial asset since its acquisition, the change in value is recognised on an individual basis in the profit and loss account when there is objective evidence that it will be lasting. In the particular case of variable-income securities traded on an active market, an extended or material change to a level below its acquisition cost would constitute objective evidence of impairment.

Impairments in the value of fixed-income securities are recognised in the financial statements under the item “Cost of risk” and may be reversed out and recorded in the profit and loss account if an objective event results in a subsequent increase in the fair value of the impaired security.

Impairments in the value of variable-income securities are recognised in the financial statements under the item “Net gains or losses on available-for-sale financial assets”. Any subsequent increase in the fair value of the impaired security can only be written back in the profit and loss account on the date of sale, while any further impairment in the fair value of the security will be reflected in the profit and loss account.

→ Recording date

Accounting category	Recording date
Financial assets at fair value through profit or loss	Trade date
Available-for-sale assets	Trade date
Repurchase agreements	Settlement/delivery date
Lent securities sales	Settlement/delivery date

→ Due to credit institutions and due to customers

Amounts due to credit institutions and to customers are recorded at their original fair value, including transaction fees. They are subsequently carried at amortised cost.

→ Distinction between liabilities and shareholders' equity

A debt instrument, or a financial liability, is a contractual obligation to:

- deliver cash or another financial asset,
- exchange instruments under potentially unfavourable conditions.

An equity instrument is a contract evidencing a residual interest in a company after deduction of all its liabilities (net assets).

Financial instruments issued by the Group are considered as equity instruments when the Group has no obligation to pay cash or to exchange a fixed number of its own shares for a fixed amount of cash.

The Group has not issued any hybrid financial instruments including both shareholders' equity and liability components.

2.3.2 Derivatives

Derivatives are financial assets and liabilities which are taken to the balance sheet at fair value at inception of the transaction. They are either held for trading purposes or used for hedging purposes.

At each balance sheet date, derivatives are measured at fair value and changes thereto are recorded in the profit and loss account.

→ **Valuation**

Options

▣ Organised markets

Call or put premiums on options bought or sold on organised markets are booked separately in assets and liabilities on the balance sheet. At each balance sheet date, these instruments are measured at the last quoted price published by compensation firms or brokers. Valuation changes are recorded under income or expenses in the profit and loss account.

In order to cancel out the profit and loss impact of unexplained price discrepancies that may occur at market close, the difference between the last quoted price and the theoretical price of the instrument, which is calculated with the use of an internal model and uniform market parameters for all transactions, is recorded as an unrealised gain or loss. The price is submitted to the formal approval of the Group's Risk Management Department.

▣ Over-the-counter markets

Premiums on OTC options are recognised separately in assets and liabilities on the balance sheet. Changes in the value of the options are recorded directly in the profit and loss account.

Financial instruments are priced based on internal models in the absence of organised markets. The price is submitted to the formal approval of the Group's Risk Management Department.

Futures and forwards

▣ Organised markets

Positive and negative margins arising from settled or unsettled transactions carried out on futures markets are recognised in the profit and loss account.

In order to cancel out the profit and loss impact of unexplained price discrepancies that may occur at market close, the difference between the last quoted price and the theoretical price of the instrument, which is calculated with the use of an internal model and uniform market parameters for all transactions, is recorded as an unrealised gain or loss. The price is submitted to the formal approval of the Group's Risk Management Department.

▣ Over-the-counter markets

Financial instruments are priced based on internal models in the absence of organised markets. The price is submitted to the formal approval of the Group's Risk Management Department.

→ **Recognition of margins on structured financial instruments at inception**

Under IAS 39, margins on structured products and complex financial instruments may be recognised at inception only if these financial instruments can be reliably valued at inception. This condition is met if these instruments are valued using prices in an active market or based on "standard" internal valuation models which resort to observable market data.

Some long-maturity or illiquid complex financial instruments, generally bespoke products, are valued with the use of internal models whose parameters are partly non-observable on reference markets.

When the valuation is based on non-observable data and/or non-standard models, the initial margin generated by the placement of these complex financial instruments is not considered acquired for good; it is then deferred and amortised to the profit and loss account generally over the period during which the market data is deemed to be non-observable.

2.3.3 Accrued income / expenses and other assets / liabilities

Settlement accounts related to market transactions are primarily composed of trading and settlement accounts that record, in euros and at the acquisition price, securities traded for financial counterparties, i.e. brokers, financial institutions and credit institutions, and whose settlement operations are still outstanding.

Purchase and sale accounts used to record euro-denominated transactions with the same counterparty, as well as current accounts, are offset. Purchase and sale accounts used to record foreign currency-denominated transactions with the same counterparty are offset separately.

These accounts are also used to record outstanding coupon/dividend payments with those counterparties.

2.3.4 Provisions

A provision is recorded:

- if the Group has an implicit or legal obligation stemming from a past event;
- when the Group may be forced to use economic resources to settle this obligation;
- and when the amount of the provision can reliably be estimated.

The provisions recorded in liabilities on the balance sheet, except for those related to market activities, cover employee benefit obligations and litigations.

The amount set aside represents the best estimate of the expense needed to settle the obligation. In the absence of such an expense, the estimates are revalued when the effect is material.

2.3.5 Recognition of income and expenses

→ Net interest margin

The Group includes in "Interest income" and "Interest expenses" all income and expenses from demand account, financial loans and borrowings, OTC collaterals, as well as deposits related to securities lending/borrowing.

→ Net gain / loss on financial instruments at fair value through profit or loss

"Net gain/loss on financial instruments at fair value through profit or loss" includes profit and loss items related to financial instruments held for trading and financial instruments considered by the Group to be valuable at fair value through profit or loss.

At each balance sheet date, they are valued at fair value and the changes in fair value are displayed in the profit and loss account as well as fixed-income securities dividends and unrealised disposal gains and losses under "Net gain/loss on financial instruments at fair value through profit or loss" in the profit and loss account.

→ **Net gain / loss on available-for-sale financial assets**

“Net gain/loss on available-for-sale financial assets” includes dividends and other income from financial assets other than derivatives and which are classified neither in “Loans and receivables” nor in “Financial instruments at fair value through profit or loss”.

2.3.6 Use of property, plant and equipment and intangible assets

→ **Tangible assets**

Property, plant and equipment and intangible assets are initially recognised at purchase price plus directly attributable costs, together with borrowing costs where a long period of construction or adaptation is required before the asset can be brought into service. After the initial recognition, property, plant and equipment are carried at acquisition cost minus depreciation expenses and contingent impairments.

Maintenance fees are booked in the profit and loss account of the period, which they are incurred. Expenses increasing the future economic advantages related to tangible assets are immobilised and amortised.

Operating property, plant and equipment are used with a view to producing services or for administrative purposes.

The table below shows the different amortisation methods applied by the Group as well as the useful life of the assets at 31 December 2015.

Type of assets	Provisions for impairment - Type and period
Software	Straight line 3 to 5 years
IT and electronics	Straight line 3 years
Office furniture	Straight line 5 years
Fixtures	Straight line 5 years

→ **Software**

Costs arising from the acquisition of software licences are recognised as an asset on the basis of costs incurred to acquire and bring into service. These costs are amortised on the basis of the estimated useful life of software.

Software developed internally by the Exane Group that fulfils the criteria for capitalisation is capitalised at direct development cost, which includes external costs and the labour costs of employees directly attributable to the project.

Software maintenance costs are expensed as incurred. However, expenditure that is regarded as upgrading the software or extending its useful life is included in the initial acquisition or production cost.

2.3.7 Current and deferred taxes

In accordance with IAS 12, income tax includes all taxes based on income, whether current or deferred.

IAS 12 defines current tax as "the amount of income taxes payable/recoverable in respect of the taxable profit/loss tax for a period".

The current income tax charge is determined on the basis of the tax laws and tax rates in force in each country in which the Group operates.

Deferred taxes are recognised when temporary differences arise between the carrying amount of an asset or a liability in the consolidated balance sheet and its tax base. However, no deferred taxes are recorded when arising from the initial recognition of an asset or a liability relating to transactions, except for a business combination which, at the transaction date, affects neither the book value nor the taxable income.

Deferred tax assets and liabilities are measured using the liability method, using the tax rate which is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been or will have been enacted by the balance sheet date of that period. They are not discounted.

Deferred tax assets are recognised for all deductible temporary differences only to the extent that it is probable that the entity in question will generate future taxable profits against which these temporary differences can be offset.

Deferred taxes are recognised as tax income or expenses in the profit and loss account except for deferred taxes relating to unrealised gains or losses on available-for-sale assets, which are taken to shareholders' equity.

2.3.8 Employee benefits

The Exane Group recognises the amount of its retirement benefits and other employee benefits in compliance with the rules defined by IAS 19 revised standard.

→ Defined-contribution plans

Defined-contribution plans do not give rise to an obligation for the Group and do not require a provision. The amount of the employer's contributions payable during the period is recognised as an expense.

→ Defined-benefit schemes : retirement benefits, pre-retirement benefits and retirement indemnities

Defined-benefit schemes give rise to an obligation for the Group. This obligation must be measured and recognised as a liability by means of a provision.

For each period, the commitments related to these schemes are measured on the basis of actuarial, financial and demographic assumptions and by using the projected unit credit method. This method consists in allocating, for each year of work, an expense by employee corresponding to the vested rights.

The actuarial gains and losses resulting from change in assumptions and adjustments linked to the experience regarding post-employment benefits are recognised in other comprehensive income for the net of tax amount. They are never reclassified to profit and loss account.

The actuarial gains or losses related to other long-term employee benefits (long-service awards) are recognised in profit and loss account.

→ **Deferred compensation**

Deferred compensation is recorded as an expense in the financial year of attribution.

2.4. CONSOLIDATION PRINCIPLES AND METHODS

2.4.1 Consolidation scope and methods

The consolidated financial statements include the accounts of Exane and of its french and foreign subsidiaries (including ad hoc entities) over which Exane is in a position to govern the financial and operating policies, a control which is presumed to exist when the Exane Group owns more than half of the voting rights of an entity.

The consolidation methods are defined by IFRS 10 and IAS 28 and 31, based on the type of control Exane has over the entities that can be consolidated.

→ **Full consolidation**

Entities under the exclusive control of the Group are fully consolidated. The Group has exclusive control over a subsidiary where it is in a position to govern the financial and operating policies of the subsidiary so as to obtain benefits from its.

Exclusive control is presumed to exist when the Exane Group owns directly or indirectly, more than half of the voting rights of a company. Minority interests in the net income and in retained earnings are presented separately in the balance sheet.

Subsidiaries are consolidated from the date on which the Group obtains effective control. They are deconsolidated from the date on which the Group no longer has control over them.

Full consolidation consists in replacing the book value of the shares held in the Group's consolidated financial statements with all assets and liabilities carried by the consolidated companies. The amount of minority interests held in their assets and earnings is presented separately in the consolidated financial statements.

→ **UCITS**

UCITS are consolidated when they are controlled by the Group.

The Group has considered ownership equal to or above 50 % as the control threshold.

Participating interests of less than 50 % in the Group's UCITS are recorded at fair value through profit or loss. For participating interests between 20 % and 50 %, an analysis of the application of IFRS 10 is done.

2.4.2 Closing date

The companies included in the consolidation scope were consolidated based on the financial statements closed off at 31 December 2015.

2.4.3 Consolidation adjustments and eliminations

→ Elimination of intragroup balances and transactions

Intragroup balances arising from transactions between consolidated enterprises, and the transactions themselves (including income, expenses and dividends) are eliminated. The accounting methods of subsidiaries are in line with those of the Group.

→ Translation of financial statements expressed in foreign currencies

The consolidated financial statements of the Group are prepared in euros, Exane's functional currency. However, each company within the Group chooses its own functional currency and records its transactions in this currency.

The consolidated financial statements of foreign subsidiaries expressed in foreign currencies (i.e. Exane Incorporated) are translated in euros using the Paris closing exchange rate for assets and liabilities, and the average exchange rate for the profit and loss account.

Differences arising from the translation of balance sheet items and profit and loss items are recorded in shareholders' equity. They include unrealised exchange gain or loss resulting from the opening balance sheet and the difference between the conversion of the profit and loss account at the average rate and balance sheet conversion at the closing exchange rate.

The shareholders' equity of Exane Incorporated is fully hedged against foreign exchange risk (efficient hedging). Net forex gains or losses on the hedge are also recorded in shareholders' equity and offset all or part of any translation differences resulting from the consolidation of Exane Incorporated.

A deferred tax on the treatment is recognised since it generates a discrepancy between net income and fiscal year earnings.

2.4.4 Changes in the scope of consolidation

The scope of consolidation of the Exane Group at 31 December 2015 is as follows:

Companies	Countries	Method	31/12/15		31/12/14	
			% interest	% capital	% interest	% capital
Exane SA	France	Full consolidation	100	100	100	100
Exane Derivatives	France	Full consolidation	100	100	100	100
Exane Asset Management	France	Full consolidation	77.05	77.05	79	79
Exane Asset Management Luxembourg (created on 2014)	Luxembourg	Full consolidation	77.05	100	79	100
Exane Derivatives Gérance	France	Full consolidation	100	100	100	100
Exane Finance	France	Full consolidation	100	100	100	100
Exane Options (transfer of all assets & Liabilities to Exane Derivatives in December 2015)	France	Full consolidation	-	-	100	100
Ellipsis Asset Management	France	Full consolidation	100	100	100	100
Exane Participations	France	Full consolidation	100	100	100	100
Exane Limited	UK	Full consolidation	100	100	100	100
Exane Incorporated	USA	Full consolidation	100	100	100	100
Exane Options Incorporated (takeover by Exane INC)	USA	Full consolidation	0	0	100	100

UCITS	Country	Method	31/12/15		31/12/14	
			% interest	% capital	% interest	% capital
Mutual funds						
Exane Pléiade Fund 2 Part I	France	Full consolidation	46.87	46.87	65.84	65.84
Exane Investors Alpha Fund*	France	Full consolidation	0	0	100	100
Exane Pléiade Performance Part I	France	Full consolidation	19.62	19.62	45.44	45.44
Exane Prime Technology Neutral Plus Part I	France	Full consolidation	99.88	99.88	0	0
Exane Select Neutral Plus Part I	France	Full consolidation	99.92	99.92	0	0

* Has been totally sold.

End of March 2015, the Group has decided to stop its Sales Trading Options activities, with no impact on 2014 financial statements. The withdrawals of the licences of Exane Options SA and consequently the transfer of all its assets and liabilities to Exane Derivatives SNC have been approved on 22nd December 2015.

At the same time, Exane Options INC, a subsidiary of Exane Options SA, was merged into Exane INC.

In 2015, the Group has changed its organization to comply with the French law "Séparation et Régulation des Activités Bancaires" act – Act n°2013-672 of 26th July 2013) by selling its shares in Alpha Fund and re-investing in shares of compliant new funds.

3. USES OF ESTIMATES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

Preparation of the financial statements requires managers of core businesses and corporate functions to make assumptions and estimates that are reflected in the measurement of income and expenses in the profit and loss account and of assets and liabilities in the balance sheet, and in the disclosure of information in the notes to the financial statements. This requires the managers in question to exercise their judgement and to make use of information available at the date of the preparation of the financial statements when making their estimates. The actual future results from operations where managers have made use of estimates may in reality differ significantly from those estimates. This may have a material effect on the financial statements.

Estimates and judgments, which are permanently updated, are grounded on historical data and on other factors, in particular anticipating future events that are considered reasonable in the light of circumstances.

Accounting estimates requiring specific assumptions are mainly applied to:

- calculations of the fair value of financial instruments that are not quoted in organised markets and uses of internal valuation models which include observable and non-observable data;
- calculations of the fair value of unlisted financial instruments with the use of valuation techniques which include non-observable data. They are classified in "Available-for-sale financial assets", "Financial assets at fair value through profit or loss", or "Financial liabilities at fair value through profit or loss";
- the measurement of amounts recognised to cover employee benefit obligations, impairment of receivables, and provisions for contingencies and charges.

3.1. CLASSIFICATION OF PARAMETERS INTO THE "OBSERVABLE" AND "NON-OBSERVABLE" CATEGORIES

The classification of parameters as "observable" or "non-observable" must be approved by the Group's Risk Management Department. The parameters are deemed observable if data is provided regularly by sources which do not include the Front Office. The accuracy of the data is submitted to the approval of the Group's Risk Management Department.

Some complex products, which can only be valued with parameters of correlation or volatility not directly comparable to market data, may be classified in the "non-observable" category.

The maturity of some of these instruments also helps classifying them as "non-observable".

The instruments under scrutiny are mostly multi-underlying equity derivatives, currency products and commodities.

As stated in the note on accounting principles, the margin at inception is only recognised in profit and loss when the valuation models used are based on market data that are considered "observable".

3.2. EMPLOYEE BENEFITS

The measurement of employee benefits takes into account various parameters, such as a discount rate, demographic assumptions, the probability that employees will leave before retirement age, salary inflation, and social security taxes.

3.3. IMPAIRMENT OF RECEIVABLES

When there is an objective risk of non-recovery, an impairment loss is recognised in the item “Loans and receivables”.

3.4. PROVISIONS

The measurement of provisions may also be based on management estimates.

4. RISK EXPOSURE

The Exane Group’s activities are divided in four business lines:

- Cash Equities (research, execution)
- Derivatives (research, brokerage, Derivatives trading)
- Asset Management with its subsidiaries Exane AM and Ellipsis AM
- And the holding department which invests in internal (Seed Money) and external funds

These business lines expose the Group to different types of financial risks, as depicted in the following table:

Business lines	Market	Credit / Counterparty	Settlement	Liquidity	Operational
Equity Research					X
Equity Brokerage	X		X	X	X
Derivatives Research					X
Derivatives Brokerage			X		X
Derivatives Trading	X	X		X	X
Seed Money	X			X	X
Asset Management	X			X	X

The Equity Brokerage business carries market risks linked to its facilitation activity. Positions are rarely held for more than a one day.

The Derivatives Trading business carries a large proportion of market risks and a significant proportion of the Group’s credit/counterparty risk and liquidity risk. It mainly corresponds to a customer-orientated business.

4.1. FINANCIAL RISKS CONTROL FRAMEWORK

The Risk Management Department reports directly to the Deputy Chief Executive Officer of the Group. Its main tasks comprise:

Market risk:

- defining and measuring risk indicators,
- setting limits, monitoring overruns, managing overrun approval,
- validating pricing models,
- validating products and their description in the management system,
- validating valuation parameters,
- calculating and monitoring own funds requirements regarding market risk (based on the standard approach).

Counterparty risk:

- validating any entry into business relations with any new third party (principal, introducing broker, distributor, OTC counterparty, etc.),
- assigning an internal rating,
- monitoring commitments and limits on a daily basis,
- calculating and monitoring own funds requirements regarding counterparty risk (based on the standard approach).

Liquidity risk:

- daily monitoring cash consumption by activities,
- anticipating cash requirements,
- defining and monitoring risk indicators,
- calculating and monitoring regulatory liquidity ratios.

The Risk Management Department performs for all the financial risks, the reporting of its activity and results of its controls to Management Risk Committee Group, Executive Committee and Board of Directors.

4.1.1 Market risk

Four market risk measurement processes are carried out daily:

- a calculation of capital requirements according to the standard method defined in the banking regulations,
- a calculation based on an proprietary stress scenario model called Internal Capital Allowance (ICA),
- a normal Value-at-Risk (VaR) and a stressed Value-at-Risk each calculated on a panel of 300 scenarios of daily changes of market parameters in according to the internal model,
- historic and hypothetical stress scenarios meeting the requirements of an internal model.

The ICA uses the worst-case scenario for each area studied, based on sudden changes, whether simultaneous or not, in interest/exchange rates, the price of underlying assets, volatility, credit, correlations and dividends. Asset decorrelation risk is also included in these calculations.

→ Derivatives Trading

The Derivatives Trading activity comprises the following activities:

- structured products activity: issuance, market making and management of structured products,
- options activity: market making on european equity and index options,
- convertibles/credit activity: market making of some convertible bonds and credit products,
- equity Finance activity: market making of Delta One derivatives and Repo activity for the Group,
- proprietary trading: (closed in June 2015).

Except proprietary trading of which limits are not significant, these activities are intended to generate a placement and trading margin by minimising the exposure of the positions taken to market factors by using very dynamic and proactive management of the risks. This explains the very low level of the sensitivities relative to the results achieved.

The Group has changed its organization to comply with the French law n°2013-672 of 26th July 2013 "loi de séparation et de régulation des Activités Bancaires" .

→ Seed Money

Investment is made:

- mainly in Seed Money in alternative management funds managed by Exane AM or in funds managed by Ellipsis AM. Seed Money is risk-monitored by the Risk Management Department with all risk indicators directly calculated based on the assets making up the fund, and,
- in some external funds (only one as at 31 December 2015).

4.1.2 Credit / counterparty risk

Credit risk exists in all of the Group's positions in equity instruments and debt securities through issuer risk. These positions are subject to market risk limits.

Counterparty risk is generated:

- by OTC hedging transactions with banks,
- by OTC transactions with non-banking clients who have been granted specific authorisations by the Group's Risk Management Department,
- by swaps to hedge structured products which are issued by external institutions although arranged and underwritten by Exane; these transactions are entered into with highly rated financial organisations,
- by securities lending/borrowing related to proprietary trading or brokerage activities.

Each position has an internal limit on the total exposure to issuer risk and counterparty risk. The Group has changed its calculation method of exposure to counterparty risk and now resorts to ICA principles.

Within the application of IFRS 13, a valuation adjustment is made on over-the-counter financial instruments in order to consider the credit risk level of the counterparts when the hope of instruments' fair value is positive (CVA), and the Exane level of credit when the hope of instruments' fair value is negative (DVA).

→ Derivatives transactions

The total amount of notional derivatives transactions represents 79,930 million euros as at 31 December 2015, versus 68,718 million euros as at 31 December 2014.

The notional amount of derivatives reflects only the Group's volume of activity on the financial instruments market, not the market risks related to these instruments.

Positions on forward financial instruments are entered into for the purpose of hedging assets and liabilities and to manage the Group's investment portfolio.

The breakdown by residual maturity is as follows:

(in thousands of euros)	31/12/15				31/12/14			
	Total	0 to 1 yr	1 to 5 yrs	> 5 yrs	Total	0 to 1 yr	1 to 5 yrs	> 5 yrs
Futures and forwards	22,260,082	13,682,031	7,915,675	662,376	22,655,468	13,075,465	8,855,731	724,271
Organised markets	12,727,572	8,455,456	4,270,159	1,957	12,698,183	7,652,135	5,043,184	2,864
Interest rate instruments	9,615,121	5,439,446	4,175,675		9,970,987	5,141,973	4,829,014	
Equity index instruments	1,993,617	1,929,212	62,448	1,957	2,226,973	2,057,921	166,187	2,864
Single stock based instruments	1,014,130	992,289	21,841		423,166	384,962	38,204	
Commodities based instruments	104,704	94,509	10,195		77,057	67,279	9,778	
Over-the-counter markets	9,532,510	5,226,575	3,645,516	660,419	9,957,284	5,423,330	3,812,548	721,407
Equity index swaps	4,905,409	2,895,426	1,712,870	297,113	4,985,408	2,590,384	2,082,685	312,339
Single stock equity swaps	1,036,880	789,700	247,179		714,446	523,026	178,958	12,462
Interest rate swaps	2,186,126	396,329	1,449,862	339,935	2,876,064	1,069,068	1,452,052	354,944
Currency swaps	1,043,677	789,702	235,605	18,371	1,336,063	1,200,548	98,853	36,662
Commodities swaps	16,022	11,022		5,000	29,092	24,092		5,000
Forward currency instruments	344,396	344,396			16,212	16,212		

(in thousands of euros)	31/12/15				31/12/14			
	Total	0 to 1 yr	1 to 5 yrs	> 5 yrs	Total	0 to 1 yr	1 to 5 yrs	> 5 yrs
Options	57,669,549	46,239,132	11,320,133	110,285	46,062,982	35,560,973	10,358,888	143,120
Organised markets	55,389,206	45,017,672	10,317,400	54,134	42,991,989	33,431,121	9,492,668	68,200
Index options	28,013,173	22,647,221	5,311,818	54,134	22,688,955	16,807,438	5,813,317	68,200
Single stock options	27,163,968	22,207,078	4,956,890		20,229,992	16,556,859	3,673,132	
Commodities options	184,427	158,046	26,381		71,725	65,507	6,219	
Currency options	27,638	5,327	22,311		1,316	1,316		
Over-the-counter markets	2,280,343	1,221,460	1,002,733	56,151	3,070,993	2,129,852	866,221	74,920
Credit default swaps	302,381	12,868	241,748	47,765	219,028	38,654	118,963	61,411
Index options	1,758,269	1,011,556	738,327	8,385	1,542,399	863,957	664,933	13,510
Single stock options	191,511	168,854	22,657		952,169	871,904	80,265	
Commodities options	2,296	2,296			170,197	168,138	2,059	
Currency options	25,886	25,886			187,200	187,200		
Total	79,929,631	59,921,163	19,235,808	772,660	68,718,450	48,636,438	19,214,620	867,392

4.1.3 Settlement risk

Settlement risks stem from the Group's Cash Equities and Equity Derivatives businesses. The Risk Management Department carries out a calculation of the following risks every day:

- a specific risk over one or two days for a given counterparty and a given security to be settled/delivered,
- a general risk over one or two days calculated on all of the transactions to be settled for a given third party.

A limit is assigned with respect to the specific risk and general risk based on the internal credit rating of the third party.

4.1.4 Liquidity risk

Liquidity and refinancing risk is based on the liquidity policy approved by the Management.

The target is to maintain sufficient available resources, in particular by the available part of BNP Paribas financing line, in order to address activities requirements and to face liquidity crisis.

The Risk Management Department sets up the Capital Requirements Directives (CRD IV) for liquidity risk:

- calculation of the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR),
- monitoring the liquid asset buffer,
- definition and application of liquidity limits,
- information to the management.

All the regulatory ratios are carefully monitored. As at 31 December 2015, the LCR of Exane Group stands at 132 % with 456 million euros of liquid assets.

4.1.5 Valuation control

The valuation policy, whether derivatives instruments are listed on an organised market or OTC traded, is validated by the Risk Management Department.

Instruments valued using market quotations are:

- equity shares and similar (CFD, ADR, CI, etc.),
- trackers, funds,
- interest rate and commodities futures.

Instruments valued using a model are:

- index futures,
- listed options,
- vanilla and exotic OTC options,
- convertible bonds,
- structured issues (warrants, EMTN, etc.),
- interest rate swaps,
- performance swaps.

For these instruments, the Risk Management Department particularly validates:

- valuation models,
- parameters used by these models.

For some exotic instruments, models and parameters cannot be validated by market observations. In this case, in accordance with IFRS standards, the margin at inception is reserved and linearly amortised in the profit and loss account. If market data and parameters subsequently become “observable”, the remaining deferred margin is recognised immediately in the profit and loss account.

4.2. OPERATIONAL RISKS CONTROL FRAMEWORK

The Permanent Control and Operational Risk Department is managed by the Coordinator of Group Permanent Control, reporting to the Deputy Chief Executive Officer of Exane SA, in charge of central functions of the Group.

This process relies on Operational Risk Correspondents within each of the Group's business line and function, and has the following missions:

- ensuring that consistency, completeness and efficiency of permanent control process regarding non-financial risks, in particular in connection with Compliance and IT Security Departments;
- monitoring operational risk process at a Group level.

These missions are illustrated by:

- maintaining the processes/risks/controls mapping with the respect of the defined methodology;
- checking adequacy, supporting documentation and correct running of control process, and analysis and monitoring founded anomalies;
- analysing operational incidents report;
- coordinating the follow-up of essential services providers;
- validating, monitoring and closing the related control plans;
- reporting its activity and results of its controls to Management Risk Committee Group, Executive Committee and Board of Directors.

The Exane Group applies the standard approach for the calculation of own funds requirements regarding operational risk and is compliant with the qualitative requirements linked to this option thanks to the process described above.

5. NOTES TO THE CONSOLIDATED BALANCE SHEET

5.1. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Details of financial assets at fair value through profit or loss

	31/12/15			31/12/14		
	Trading book	Assets designated at fair value	Total	Trading book	Assets designated at fair value	Total
(in thousands of euros)						
Bonds and other debts/instruments⁽¹⁾	1,171,284		1,171,284	865,976		865,976
Equities and other variable-income securities⁽²⁾	3,326,201	83,768	3,409,969	3,654,026	104,863	3,758,888
Trading book derivatives	1,462,404		1,462,404	1,463,601		1,463,601
- Equities and variable-income securities	1,362,658		1,362,658	1,313,872		1,313,872
- Interest rate derivatives	83,212		83,212	122,394		122,394
- Currency derivatives	9,894		9,894	26,242		26,242
- Other derivatives	6,640		6,640	1,093		1,093
Total financial assets at fair value through profit or loss (*)	5,959,889	83,768	6,043,657	5,983,602	104,863	6,088,464

(*) i.e note 5.1.2 - financial assets and liabilities offsetting.

(1) of which collateralised securities at 31 December 2015: 97,583 thousand euros and at 31 December 2014: 205,647 thousand euros.

(2) of which collateralised securities at 31 December 2015: 813,054 thousand euros and at 31 December 2014: 435,975 thousand euros.

Details of financial liabilities at fair value through profit or loss

(in thousands of euros)	31/12/15			31/12/14		
	Trading book	Assets designated at fair value	Total	Trading book	Assets designated at fair value	Total
Debts on borrowed securities and short sale	500,292		500,292	322,922		322,922
Debt securities⁽¹⁾		3,098,972	3,098,972		2,682,491	2,682,491
Trading book derivatives	1,379,723		1,379,723	1,032,661		1,032,661
- Equities and variable-income securities	1,307,349		1,307,349	941,196		941,196
- Interest rate derivatives	55,422		55,422	66,844		66,844
- Currency derivatives	14,700		14,700	17,492		17,492
- Other derivatives	2,252		2,252	7,130		7,130
Total financial liabilities at fair value through profit or loss (*)	1,880,015	3,098,972	4,978,987	1,355,583	2,682,491	4,038,074

(*) i.e note 5.1.2 - financial assets and liabilities offsetting.

(1) of which collateralised securities at 31 December 2015: 846,332 thousand euros and at 31 December 2014: 649,682 thousand euros.

The breakdown of the Group's financial assets and liabilities by residual maturity at 31 December 2015 is as follows:

(in thousands of euros)	Overnight and demand deposits	Overnight (excluded) to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Financial assets at fair value through profit or loss	3,409,969	104,516	180,371	740,198	1,144,841	463,762	6,043,657
Bonds and other debt securities		24,434	3,782	77,993	621,327	443,748	1,171,284
Equities and other variable-income securities	3,409,969						3,409,969
Trading book derivatives		80,082	176,589	662,205	523,514	20,014	1,462,404
Financial liabilities at fair value through profit or loss	331,509	145,224	209,760	957,299	2,926,339	408,856	4,978,987
Debts on securities	330,179			47,022	61,971	61,120	500,292
Debt securities	1,330	58,977	24,828	330,609	2,354,218	329,009	3,098,971
Trading book derivatives		86,247	184,932	579,668	510,150	18,727	1,379,724

5.1.1 Measurement of the fair value of financial instruments

IFRS 13 standard defines the fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial instruments are classified into three levels in descending order of the observability of their value and of the inputs used for their valuation:

- Level 1 – Financial instruments with quoted market prices

Level 1 comprises financial instruments with quoted prices in an active market that can be used directly.

- Level 2 – Financial instruments measured using valuation techniques based on observable inputs

This level consists of financial instruments measured by reference to the price of similar instruments quoted in an active market or to identical or similar instruments quoted in a non-active market but for which transaction prices are readily and regularly available on the market or, lastly, instruments measured using valuation techniques based on observable inputs.

- Level 3 – Financial instruments measured using valuation techniques based on non-observable inputs

This level comprises financial instruments measured using valuation techniques based wholly or partially on non-observable inputs. A non-observable input is defined as a parameter, the value of which is derived from assumptions or correlations not based either on observable transaction prices in the identical instrument at the measurement date or observable market data available at the same date.

An instrument is classified in Level 3 if a significant portion of its valuation is based on non-observable inputs.

This level notably comprises complex derivatives with multiple underlying and derivatives used for issuance of structured products.

In application of IFRS 7, all financial instruments whose valuation is significantly influenced by non-observable inputs at the closing date are included in Level 3.

At 31 December 2015, the breakdown by measurement method applied to financial instruments recognised at fair value presented in line with the latest recommendations of IFRS 7 is as follows:

	31/12/15				31/12/14			
	Quoted market price (level 1)	Fair value based on observable data (level 2)	Fair value based on non-observable data (level 3)	Total	Quoted market price (level 1)	Fair value based on observable data (level 2)	Fair value based on non-observable data (level 3)	Total
(in thousands of euros)								
Financial assets at fair value through profit or loss	5,486,491	516,162	41,004	6,043,657	5,487,013	424,157	177,294	6,088,464
Bonds and other debt instruments	898,340	264,259	8,685	1,171,284	781,567	43,378	41,031	865,976
Equities and other variable-income securities	3,401,137	6,588	2,244	3,409,969	3,742,103	14,219	2,566	3,758,888
Trading book derivatives	1,187,014	245,315	30,075	1,462,404	963,343	366,560	133,698	1,463,601
Available-for-sale financial assets	15,655			15,655	20,179			20,179
- UCITS	15,655			15,655	20,179			20,179
Total	5,502,146	516,162	41,004	6,059,312	5,507,192	424,157	177,294	6,108,644
Financial liabilities at fair value through profit or loss	1,587,741	2,538,321	852,925	4,978,987	995,881	2,331,101	711,092	4,038,074
Debt on borrowed securities and short sale	500,292			500,292	317,407	5,515		322,922
Debt securities		2,268,190	830,782	3,098,972	764	2,005,813	675,914	2,682,491
Trading book derivatives	1,087,449	270,131	22,143	1,379,723	677,711	319,772	35,178	1,032,661
Total	1,587,741	2,538,321	852,925	4,978,987	995,881	2,331,101	711,092	4,038,074

Table of movements in level 3 financial instruments

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

(in thousands of euros)	Financial instruments at fair value through profit or loss held for trading	
	Financial Assets	Financial Liabilities
Beginning of the period	177,294	711,092
Valuation impact	4,356	(41,506)
New deals/issues	5,282	575,239
Transfers to other levels ⁽¹⁾	(3,420)	9,996
Settlements	(142,509)	(401,897)
End of the period	41,004	852,925

(1) The transfer to the "observable" level depends on the "observability" date by underlying category and product type, and by risk and maturity category.

Sensitivity of model values to reasonably likely changes in level 3 assumptions

To measure the sensitivity of the fair value of the level 3 portfolio to a change in assumptions, the following scenario was considered:

Parameter	Spot	Volatility	Rate	Correlation	Dividend	Spread
Change	1.5 %	-1 pt	-10 bps	-2.5 %	2.5 %	-10 %

For level 3 financial instruments, the most unfavourable direction is considered in terms of parameters movements.

The potential impact of this scenario on the level 3 portfolio is -17.7 million euros at 31 December 2015 versus -13.9 million euros at 31 December 2014. It does not include the impact of the change in fair value of level 1 and/or 2 financial instruments carried as hedges for level 3 instruments.

Deferred margin on financial instruments measured using techniques based on non-observable inputs (Day One)

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

(in thousands of euros)

Beginning of the period	13,739
New deals	13,118
Models that became non-observable	(214)
Purchase	(6,860)
Amortisation	(2,118)
End of the period	17,664

5.1.2 Off-setting of financial assets and financial liabilities

The following table presents the amounts of financial assets and liabilities before and after offsetting. This information, required by the amendment to IFRS 7 (disclosures on offsetting of financial assets and financial liabilities) and IAS 32 (financial instruments: presentation) applicable as of 1st January 2014 clarifies the principles of offsetting financial assets and liabilities.

The potential impact of this netting has been determined, for OTC derivatives by third party and, for listed derivatives by market.

IAS 32 also prescribes rules for the offsetting of financial assets and financial liabilities. It specifies that a financial asset and a financial liability should be offset and the net amount reported when, and only when, an entity has a legally enforceable right to set off the amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Derivatives traded with clearing houses that meet the two criteria set out in the accounting standard are offset in the balance sheet.

Under the current requirements of IAS 32, the offsetting has been determined on organised markets options. The impact on the balance sheet for 2015 is a decrease of 613 million euros versus 681 million euros in 2014.

	Per Exane Group accounting rules applied			Per IFRS 7 standard		
	Gross amounts	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of master netting agreements and similar agreements	Financial instruments received as collateral	Net amounts
(in thousands of euros)						
31/12/15						
Financial assets at fair value through profit or loss	6,656,282	(612,625)	6,043,657			6,043,657
- Financial instruments derivatives	2,075,028	(612,625)	1,462,404			1,462,404
Accrued income and other assets	861,637		861,637		(127,327)	734,310
- Guarantee deposits paid	362,563		362,563		(127,327)	235,236
Financial liabilities at fair value through profit or loss	5,591,611	(612,625)	4,978,987			4,978,987
- Financial instruments derivatives	1,992,348	(612,625)	1,379,723			1,379,723
Accrued expenses and other liabilities	840,080		840,080		(38,225)	801,855
- Guarantee deposits received	147,096		147,096		(38,225)	108,870
31/12/14						
Financial assets at fair value through profit or loss	6,769,513	(681,049)	6,088,464			6,088,464
- Financial instruments derivatives	2,144,650	(681,049)	1,463,601			1,463,601
Accrued income and other assets	738,277		738,277		(61,920)	676,358
- Guarantee deposits paid	286,982		286,982		(61,920)	225,062
Financial liabilities at fair value through profit or loss	4,719,123	(681,049)	4,038,074			4,038,074
- Financial instruments derivatives	1,713,710	(681,049)	1,032,661			1,032,661
Accrued expenses and other liabilities	905,697		905,697		(231,019)	674,678
- Guarantee deposits received	263,355		263,355		(231,019)	32,336

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

As per IFRS 7 standard, the Group has determined the impact of offsetting in OTC derivatives by a third party and on listed derivatives by market.

5.2. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(in thousands of euros)	31/12/15	31/12/14
Purchase price of available-for-sale financial assets	10,138	15,142
Remeasurement adjustment recognised in equity	5,517	5,037
Carrying value of available-for-sale financial assets	15,655	20,179
Deferred taxes	(2,096)	(1,914)
Carrying value of available-for-sale financial assets after deferred taxes	13,559	18,265

5.3. LOANS AND RECEIVABLES / DEBTS DUE FROM / TO CREDIT INSTITUTIONS

(in thousands of euros)	31/12/15	31/12/14
Deposits paid on security borrowing	704,255	290,199
Demand accounts	147,860	165,468
Short-term loans	34,886	156,216
Interest on current accounts	84	26
Loans and receivables due from/to credit institutions	887,084	611,909

(in thousands of euros)	31/12/15	31/12/14
Deposits received on security lending	946,543	1,257,905
Short-term borrowings	49,895	87,048
Long-term borrowings	465,602	683,712
Accrued interest	400	327
Debts due to credit institutions	1,462,440	2,028,991

The breakdown by residual maturity is as follows:

(in thousands of euros)	Overnight (excluded) to 1 month	Over 5 years	Total
31 December 2015			
Loans and receivables due from/to credit institutions	887,084		887,084
Debts due to credit institutions	996,838	465,602	1,462,440
31 December 2014			
Loans and receivables due from/to credit institutions	611,909		611,909
Debts due to credit institutions	1,345,279	683,712	2,028,991

5.4. CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

(in thousands of euros)	31/12/15	31/12/14
Current tax assets	1	1,167
Deferred tax assets	22,403	20,871
Total assets	22,404	22,039
Current tax liabilities	4,472	5,464
Deferred tax liabilities	12,928	10,246
Total liabilities	17,400	15,710

5.5. ACCRUED INCOME / EXPENSES AND OTHER ASSETS / LIABILITIES

(in thousands of euros)	31/12/15	31/12/14
Settlement accounts related to market transactions	395,355	323,826
Guarantee deposits and bank guarantees paid	362,563	286,995
Social and tax assets	11,770	7,833
Accrued income and prepaid expenses	61,605	40,526
Other accrued income and other assets	30,344	79,097
Net asset value	861,637	738,277
Settlement accounts related to market transactions	371,782	294,786
Guarantee deposits received	147,096	263,355
Social and tax liabilities	230,241	214,064
Deferred income and accrued expenses	52,947	44,892
Other accrued expenses and other liabilities	38,015	88,601
Net liability value	840,080	905,697

5.6. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(in thousands of euros)	31/12/15			31/12/14
	Gross	Amortisation and provisions	Net	Net
IT and electronics	15,314	(10,873)	4,441	3,770
Furniture, fixtures and telephony system	23,345	(18,062)	5,283	3,545
Total property, plant and equipment	38,659	(28,935)	9,724	7,316
Software	19,101	(10,402)	8,699	8,975
Other intangible assets	2,087	(2,085)	2	2
Total intangible assets	21,188	(12,487)	8,701	8,977

5.7. PROVISIONS

(in thousands of euros)	31/12/14	New provisions	Write-backs	31/12/15
Provisions	15,262	4,421	(697)	18,987

Provisions include provisions for employee benefit obligation (retirement commitments, retirement indemnities) and other long-term benefits (long-term awards), as well as other provisions hedging some potential risks.

→ Defined-contribution plans

In the different countries where the Group is located and depending on local regulations, there are different types of defined-contribution plans. In France, retirement is split between the core scheme and the additional plans. In the United Kingdom, the Group has set up a retirement scheme financed by its subsidiary Exane Limited. The contributions paid for these schemes are based on a percentage of annual wage and recognised as an expense for the period.

→ Defined-benefit schemes

In the United States of America, the Group offers only one defined-benefit scheme, for its subsidiary Exane Incorporated. It is based on the acquisition of a rent defined according to the average wage and to the number of years of work.

In France, employees benefit from retirement indemnities.

Post-employment benefits: commitments related to defined-benefit schemes

(in thousands of euros)	31/12/14	New provisions	Write-backs	31/12/15
Net obligation for defined-benefit plans	5,580	238		5,818

Change in the present value of the defined-benefit obligation

(in thousands of euros)	31/12/15	31/12/14
Present value of defined benefit-obligation at the beginning of the period	8,997	6,720
Current service cost	947	723
Expense related to the measurement of the commitments	259	264
Actuarial gains/losses on obligation	453	585
Benefits paid	(318)	0
Exchange rate impact	277	366
Others	(713)	338
Present value of defined-benefit obligation at the end of the period	9,902	8,997

Change in the fair value of plan assets

(in thousands of euros)	31/12/15	31/12/14
Present value of plan assets at the beginning of the period	3,416	2,830
Expected return on plan assets	215	176
Contributions paid	439	404
Benefits paid from plan assets	(318)	0
Exchange rate impact	306	6
Other	26	0
Present value of plan assets at the end of the period	4,084	3,416

Components of the cost of defined-benefit plans

(in thousands of euros)	31/12/15	31/12/14
Total expense recognised in staff costs	699	807
Service costs for the current period	947	723
Service costs for previous periods	(292)	0
Expenses related to the measurement of the commitments	259	264
Expected return of plan assets	(215)	(180)

The discount rates used for the calculation of the employee benefits obligations are as follows:

	31/12/15		31/12/14	
	France	USA	France	USA
Discount rate	2.03 %	4.01 %	1.49 %	5.06 %

5.8. DEBT SECURITIES AND SUBORDINATED DEBT

(in thousands of euros)	31/12/15	31/12/14
Subordinated debt	89,500	89,500
Accrued interest	239	270
Total	89,739	89,770

The breakdown of the Group's subordinated debt by residual maturity at 31 December 2015 is as follows:

(in thousands of euros)	Overnight (excluded) to 1 month	3 months to 1 year	1 to 5 years	Total
31 December 2015				
Subordinated debt	239	89,500		89,739
31 December 2014				
Subordinated debt	270		89,500	89,770

5.9. SHAREHOLDERS' EQUITY

	31/12/14	Appropriation of 2014 net income and dividend	Changes in fair value for available- for-sale assets	Others	2015 Income	31/12/15
(in thousands of euros)						
Capital	40,690					40,690
Consolidated earnings	256,744	30,933		(71)		287,606
Gain/loss in equity	1,870		298			2,168
Other shareholders' equity	50,000					50,000
2014 net income	56,838	(56,838)				0
2015 net income					65,478	65,478
Total	406,142	(25,905)	298	(71)	65,478	445,942

A 30 million euros interim dividend has been paid during 2014. 2014 dividend of 25.2 million euros has been paid of 2015.

Equity breaks down as follows at 31 December 2015:

	31/12/15		31/12/14	
	Number of shares	% Capital	Number of shares	% Capital
Verner Investissements	180,534	100 %	180,534	100 %
Others	6	0 %	6	0 %
Total	180,540	100 %	180,540	100 %

Ordinary shares have a notional value of 170 euros each.

6. NOTES TO THE PROFIT AND LOSS ACCOUNT

6.1. INTEREST INCOME AND EXPENSES

(in thousands of euros)	31/12/15	31/12/14
Demand accounts	151	154
Deposits paid on security borrowing	53,873	74,784
Other interests	1,121	439
Interest income	55,145	75,378
Demand accounts	420	161
Deposits received on security lending	54,251	74,218
Subordinated debt	1,231	1,434
Other loans and cash flows	1,289	1,819
Interest expenses	57,191	77,633

6.2. NET COMMISSION INCOME AND EXPENSES

(in thousands of euros)	31/12/15	31/12/14
Security transactions	278,185	229,472
Forward and options contracts	13,072	17,463
Primary market	20,373	16,966
Commission (income)	311,630	263,901
Security transactions	78,449	70,233
Forward and options contracts	6,087	4,539
Cash flows	2,797	2,871
Commission (expenses)	87,332	77,643

6.3. NET GAIN / LOSS ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

(in thousands of euros)	31/12/15	31/12/14
Fixed-income and variable-income securities	647,874	291,677
Financial instruments	(441,021)	(101,633)
Remeasurement of currency positions	(873)	(108)
Net gain/loss on financial instruments at fair value through profit or loss	205,980	189,935

6.4. NET GAIN/LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

This item includes the capital gain on sale of available-for-sale financial assets at 31 December 2015.

6.5. NET INCOME AND EXPENSES FROM / ON OTHER ACTIVITIES

Income from other activities mainly consists of the fees Exane charges for financial analysis and research and which amounted to 50.5 million euros at 31 December 2015 versus 46.5 million euros in 2014.

6.6. OPERATING EXPENSES

This item includes "Salary and employee benefit expenses" and "Other operating expenses".

6.6.1 Salary and employee benefit expenses

(in thousands of euros)	31/12/15	31/12/14
Fixed and variable remuneration	192,164	175,333
Social security taxes	51,836	50,042
Payroll taxes	4,852	4,222
Profit-sharing	6,069	4,668
Total salary and employee benefit expenses	254,921	234,264

The average workforce of the Exane Group developed as follows:

Number of people employed	31/12/15	31/12/14
Executives	760.4	741.9
Supervisors	46.2	47.8
Employees	38.0	33.3
Average workforce	844.6	823.0

Since there are few corporate officers, giving any indication on remunerations granted to the members of management bodies would result in disclosing each member's remuneration. Thus, this information is not shown in the notes to the financial statements.

6.6.2 Other operating expenses

(in thousands of euros)	31/12/15	31/12/14
Office rent	15,691	15,677
Fees	8,951	7,202
Travel and entertainment expenses	13,120	12,054
Sub-contracted IT services	14,466	10,099
Other taxes	8,624	7,404
Other expenses	50,341	41,030
Other operating expenses	111,193	93,466

6.7. DEPRECIATION / AMORTISATION EXPENSES

This item encloses depreciation/amortisation expenses on property, plant and equipment and intangible assets for the year ended 31 December 2015.

6.8. NET GAIN / LOSS ON OTHER ASSETS

In 2015, tangible assets with no more economic future benefits were scrapped.

6.9. CORPORATE INCOME TAX

The composition of the tax charge is as follows:

(in thousands of euros)	31/12/15	31/12/14
Current tax charge	33,201	25,793
Deferred tax assets and liabilities	1,037	475
Total	34,238	26,268

In compliance with IFRS, the Group recognises deferred taxes for all taxable deductible temporary differences between the tax value of assets and liabilities and their carrying value recognised on the balance sheet. Deferred tax assets are recognised based on the probability that they will be recovered.

The amount of deferred taxes developed as follows:

(in thousands of euros)	31/12/15	31/12/14
Taxable temporary difference	21,923	20,210
Consolidation adjustments	(12,448)	(9,591)
Total	9,475	10,619
- of which income impact	(1,037)	(475)
- of which equity impact	(114)	(268)

Exane SA, Exane Derivatives, Exane Finance, Exane Derivatives Gerance, Exane Options and Ellipsis Asset Management have each authorised Verner Investissements to be exclusively liable for corporate income tax, so as to calculate the Group's general taxable income, in accordance with Article 223 A of the French Tax Code.

7. FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS

7.1. FINANCING COMMITMENTS

The Group's financing commitments mainly consist of the commitments given by BNP Paribas as regards the implementation of credit facilities.

For the year ended 31 December 2015, these commitments amounted to 1,103.5 million euros, of which 840.1 million euros received from BNP Paribas, versus 914.5 million euros for the year ended 31 December 2014, of which 715.4 million euros received from BNP Paribas.

7.2. GUARANTEE COMMITMENTS

Guarantee commitments given by the Group are primarily those granted by Exane Finance and Exane Derivatives to cover the risk that certain Group funds could fail to meet their performance targets.

For the year ended 31 December 2015, these commitments amounted to 32 million euros versus 42.1 million euros for the year ended 31 December 2014.

8. SEGMENT INFORMATION

8.1. PRESENTATION OF BUSINESS SEGMENTS AND BUSINESS LINES

A business segment is a group of assets and processes meant to provide products and services, and whose risk and profitability is different from the risk and profitability profile of any other industry.

A geographic area is a group of assets and processes meant to provide products and services in a special environment, and whose risk and profitability profile is different from the risk and profitability profile of the economic environments in which the Group's transactions are booked.

The Exane Group is composed of three core businesses:

- **Cash Equities**

Under the brand name Exane BNP Paribas, created in 2004 when the agreement with BNP Paribas was signed, Exane provides institutional investors with a range of services, such as research, sale and execution on European equities.

- **Derivatives**

Exane Derivatives, a subsidiary of Exane, provides its clients with a whole range of tailor-made products, such as structured products, convertible bonds, and options.

Exane Derivatives serves all investor profiles, particularly private bankers, fund management companies, and institutional investors.

- **Asset management**

Asset Management includes the business of both entities Exane Asset Management and Ellipsis Asset Management.

8.2. BREAKDOWN OF REVENUES BY BUSINESS LINE

(in millions of euros)	31/12/15	31/12/14
Cash Equities	240.9	209.5
Derivatives	164.8	165.0
Asset Management	64.1	39.4
Others	8.4	5.5
Total	478.2	419.4

8.3. BREAKDOWN OF THE BALANCE SHEET AND REVENUES BY GEOGRAPHICAL ZONE

Exane Derivatives, Exane SA and Exane Limited have branches and sales offices in Switzerland, Italy, Germany, Spain, Sweden and Singapore. Balance sheet bottom lines and revenues of these foreign offices are not significant from the Group's point of view; therefore they are not presented separately in the tables below.

8.3.1 Breakdown of the balance sheet

(in millions of euros)	31/12/15	31/12/14
France	7,699.7	7,323.6
UK	143.4	163.4
USA	25.2	23.3
Total	7,868.2	7,510.4

8.3.2 Breakdown of revenues

(in millions of euros)	31/12/15	31/12/14
France	325.6	298.5
UK	124.0	99.8
USA	28.6	21.1
Total	478.2	419.4

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2015, on:

- the audit of the accompanying consolidated financial statements of Exane;
- the justification of our assessments;
- the specific verification and information required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and significant accounting estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of Exane as at December 31, 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in Notes 2.1 statements relating to the first application of the IFRIC 21 interpretation "Levies".

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Accounting estimates

- As indicated in note 2.3.2 to the consolidated financial statements, your Company uses internal models to value its financial instruments which are not traded on active markets. Our procedures consisted in reviewing the control of models used, assessing the data and assumptions used as well as taking into consideration the risks and results related to these instruments.
- As indicated in note 2.3.1 to the consolidated financial statements, the group recognizes impairment losses for assets available for sale when there is objective evidence of decrease in the value of assets. We have audited the control system for the identification of signs of impairment, the valuation of the major lines and the estimations that led, if necessary, to cover loss of value of through impairments.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

As required by law, we have also verified in accordance with professional standards applicable in France the information given in the Group's management report. We have no matters to report regarding its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine et Courbevoie, 29th February 2016

French original signed by The statutory auditors

MAZARS

Odile COULAUD

Pierre SARDET

DELOITTE & ASSOCIES

Charlotte VANDEPUTTE

Pascal PINCEMIN

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BALANCE SHEET EXANE SA

Financial year ended 31 December 2015

Assets (in thousands of euros)	Note	31/12/15	31/12/14
Cash and amounts due from central banks and post office banks		12	12
Receivables due from credit institutions	3.1	1,787,767	1,751,653
Customer items	3.2	488,811	676,358
Bonds, equities and other variable-income and fixed-income securities	3.3	223,655	264,196
Trading and settlement accounts		340,244	251,810
Investments in affiliates	3.4	120,622	146,448
Property, plant and equipment	3.5	6,126	4,341
Intangible assets	3.5	1,851	2,689
Other assets	3.6	240,071	247,493
Accrued income	3.7	9,857	20,616
Total assets		3,219,015	3,365,616
Liabilities (in thousands of euros)	Note	31/12/15	31/12/14
Due to credit institutions	3.1	2,102,413	2,211,664
Transactions with customers	3.2	156,598	230,906
Debt securities	3.3	199,057	232,619
Trading and settlement accounts		322,777	291,180
Other liabilities	3.6	52,384	52,886
Accrued expenses	3.7	19,537	17,320
Subordinated debt	3.8	89,739	89,770
Provisions	3.9	4,759	4,457
Capital for general banking risks		32,163	32,163
Shareholders' equity	3.10	239,588	202,649
Share capital		30,692	30,692
Retained earnings		96,682	98,456
Balance brought forward		0	498
Other shareholders' equity		50,000	50,000
Net income		62,215	23,003
Total liabilities		3,219,015	3,365,616

PROFIT AND LOSS ACCOUNT EXANE SA

Financial year ended 31 December 2015

(in thousands of euros)	Note	31/12/15	31/12/14
Interest income	5.1	109,560	153,094
Interest expenses	5.1	(107,855)	(150,480)
Income earned on variable-income securities	5.2	46,275	15,821
Commission income	5.3	89,182	81,823
Commission expenses	5.3	(29,727)	(27,165)
Gain/loss on trading portfolios transactions	5.4	7,072	9,626
Gain/loss on investment portfolios transactions	5.5	16,853	438
Other operating income	5.6	24,600	30,158
Other operating expenses	5.6	(48)	(71)
Revenues		155,912	113,243
Operating expenses	5.7	(84,335)	(80,474)
Depreciation, amortisation and impairment of property, plant and equipment, and intangible assets		(4,263)	(4,706)
Gross operating income		67,313	28,063
Operating income		67,313	28,063
Gain/loss on non-current assets	5.8	589	
Pre-tax income		67,902	28,063
Corporate income tax	5.9	(5,687)	(5,060)
Net income		62,215	23,003

OFF-BALANCE SHEET EXANE SA

Financial year ended 31 December 2015

(in thousands of euros)	Note	31/12/15	31/12/14
Commitments given			
Financing commitments	4.2	57,945	28,841
Guarantee commitments	4.1	484,738	598,503
Commitments on securities	4.3	234,309	241,968
Commitments received			
Financing commitments	4.2	1,103,486	927,557
Guarantee commitments	4.1	748	33,171
Commitments on securities	4.3	234,309	244,985

NOTES TO ACCOUNTING DOCUMENTS

Financial year ended 31 December 2015

1. PROFILE

Exane SA is an investment company authorised and supervised in France by the “Autorité de Contrôle Prudentiel et de Résolution”, the French supervisory authority for credit institutions and investment companies. Exane SA provides all investment services in accordance with Book III of the General Regulation of the “Autorité des Marchés Financiers”, the French financial markets regulatory body.

Exane SA mainly serves institutional investors with a range of services, such as research, sales and execution on European equities.

2. ACCOUNTING PRINCIPLES AND METHODS

The financial statements have been prepared in accordance with accounting standards applicable to credit institutions as defined by French regulation ANC n°2014-07 of 26 November 2014.

2.1. RECEIVABLES AND DEBTS DUE FROM / TO CREDIT AND FINANCIAL INSTITUTIONS

This item includes on the one hand balances of accounts held by french and foreign correspondent institutions, i.e. credit and financial ones, stockbrokers, and custodians, stemming from flows of cash on overnight securities and cash lending/borrowing, and on the other hand receivables and debts representing the value of securities borrowed or lent against cash.

2.2. SECURITY TRANSACTIONS AND OTHER FORWARD AND OPTIONS CONTRACTS

2.2.1 Security transactions

→ Trading securities

Cash equities, UCITS shares and other variable-income and fixed-income securities of the security transactions portfolio are marked to market valued with the last known quoted price for securities traded on an active and liquid market at the balance sheet date, or in the absence of such a market, at a price given by the Risk Management Department with the use of an internal valuation model (also see note 2.2.3). Measurement adjustments are recognised in the profit and loss account under expense/income revaluation.

→ Investment securities

Investment securities are recorded at acquisition cost in the investment securities portfolio. An impairment of loss is recognised against the fair value of these securities whenever it may fall below book value at balance sheet date.

→ Securities lending / borrowing transactions against cash (repurchase agreements)

Securities lent against cash are taken to the balance sheet.

Securities borrowed against cash are not taken as assets to the balance sheet.

However, the cash related to securities lent or borrowed is recorded as “Deposits paid or received on securities lent/ borrowed” on the line “Receivables and debts due from/to credit and financial institutions”. Receivables and debts are not valued at fair value at the balance sheet date.

→ Security-backed lending / borrowing

Borrowed securities collateralised by other securities are taken to the balance sheet under “Shares and other variable-income securities”. The corresponding debt is recorded as a liability under “Debts on security borrowing”. Borrowed securities and debts on security borrowing are marked to market.

→ Equity interests

Equity interests mainly consist of participating interests in issuing companies whose decision-making body Exane SA significantly weighs on. The interests are posted at acquisition cost.

2.2.2 Other financial instruments**→ Options****■ Organised markets**

Call or put premiums on options bought or sold on organised markets are booked separately in assets and liabilities on the balance sheet. At each balance sheet date, these instruments are measured at the last quoted price published by compensation firms or brokers. Valuation changes are recorded under income or expenses in the profit and loss account.

In order to cancel out the profit and loss impact of unexplained price discrepancies that may occur at market close, the difference between the last quoted price and the theoretical price of the instrument, which is calculated with the use of an internal model and uniform market parameters for all transactions, is recorded as an unrealised gain or loss. The price is submitted to the formal approval of the Group’s Risk Management Department.

■ Over-the-counter markets

Premiums on OTC options are recognised separately in assets and liabilities on the balance sheet. Changes in the value of options are recorded directly in the profit and loss account.

Financial instruments are priced based on internal models in the absence of organised markets. The price is submitted to the formal approval of the Group’s Risk Management Department.

→ Futures and forwards**■ Organised markets**

Positive and negative margins arising from settled or unsettled transactions carried out on futures markets are recognised in the profit and loss account. In order to cancel out the profit and loss impact of unexplained price

discrepancies that may occur at market close, the difference between the last quoted price and the theoretical price of the instrument which is calculated with the use of an internal model and uniform market parameters for all transactions, is recorded as an unrealised gain or loss. The price is submitted to the formal approval of the Group's Risk Management Department.

■ Over-the-counter markets

Financial instruments are priced based on internal models in the absence of organised markets. The price is submitted to the formal approval of the Group's Risk Management Department.

Changes in the value are recognised in the profit and loss account.

2.2.3 Valuation policy and control

The valuation policy, whether derivatives instruments are listed on an organised market or OTC traded, is validated by the Group's Risk Management Department. The main parameters used for the valuation policy are :

- underlying quotation
- interest rates
- volatility
- dividends estimation
- correlation

The portfolio is valued at the last know price for securities traded on an active and liquid market at the balance sheet date or, in the absence of such market, at a price determined with the use of a valuation model (based on observable or non-observable parameters). All these prices and parameters are checked by the Group's Risk Management and compliant with the existing banking regulations.

2.3. TRADING AND SETTLEMENT ACCOUNTS

Accounts payable and receivable on cash equity market transactions are primarily composed of trading and settlement accounts that record, in euros and at the acquisition price, securities transactions on behalf of brokers, financial institutions or banks, for which the settlement remains outstanding.

Purchase and sale accounts used to record euro-denominated transactions with the same counterparty, as well as current accounts, are offset. Purchase and sale accounts used to record foreign currency-denominated transactions with the same counterparty are offset separately.

These accounts are also used to record outstanding coupon/dividend payments with the same counterparties.

2.4. INVESTMENTS IN AFFILIATES

This item encloses shares and other variable-income securities issued by affiliated companies.

Securities are recorded at acquisition cost. At period end, a provision for impairment may be applied if the value in use is lower than the cost.

Investments in foreign currencies are converted into euros at the historical exchange rate.

2.5. PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

Costs arising from the acquisition of tangible and intangible assets are amortised on the basis of the estimated useful life in the company.

The table below shows the different amortisation methods applied by Exane SA as well as the useful life of the assets at 31 December 2015:

Type of assets	Provisions for impairment - Type and period
Software	Straight line 3 to 5 years
IT and electronics	Straight line 3 years
Office furniture	Straight line 5 years
Fixtures	Straight line 5 years

The total amount of compensation (immediate or deferred) is recorded in full as an expense in the financial year of attribution.

2.6. RECOGNITION OF INCOME AND EXPENSES

Income and expenses are recorded when they originate.

Fees are recorded at trade date.

Financial assets and liabilities are recognised at their fair value and any changes thereto are reflected in the profit and loss at each balance sheet date.

The total amount of compensation (immediate or deferred) is recorded in full as an expense in the financial year of attribution.

2.7. OFF-BALANCE SHEET

Exane's commitments are recorded in the off-balance sheet at commitment value. Off-balance sheet entries reflect rights and obligations that may have an impact on the amount or substance of net assets.

Off-balance sheet commitments comprise commitments given and commitments received, and correspond to:

- financial commitments given to or received from credit institutions or clients,
- guarantee commitments including sureties, endorsements and other guarantees requested by credit institutions or clients or received from credit institutions,
- commitments on securities which are mainly securities to be received and/or to be delivered.

The off-balance sheet value for financial instrument commitments is determined:

- for futures and forward options at the option's strike price,
- for credit default swaps at the notional,
- for exchange-traded transactions on forward financial instruments at the notional amount.

3. NOTES TO THE BALANCE SHEET

3.1. RECEIVABLES AND DEBTS DUE FROM CREDIT INSTITUTIONS

(in thousands of euros)	31/12/15	31/12/14
Deposits paid on security borrowing	1,651,018	1,541,425
Demand accounts	109,400	61,088
Short-term loans	27,350	149,140
Total assets	1,787,767	1,751,653
Deposits received on security lending	1,586,667	1,517,149
Short-term borrowing	465,602	683,712
Demand accounts	50,144	10,803
Total liabilities	2,102,413	2,211,664

The items "Deposits paid and received on security lending/borrowing" correspond to repurchase agreements. The maturity of other receivables and debts is less than one year.

3.2. CUSTOMER ITEMS

(in thousands of euros)	31/12/15	31/12/14
Accounts receivable	488,811	676,358
Total assets	488,811	676,358
Accounts payable	156,598	230,906
Total liabilities	156,598	230,906

Customer items correspond to current accounts opened between Exane SA and the Group's various subsidiaries. The maturity of debts and receivables is less than one year.

3.3. EQUITIES AND OTHER VARIABLE-INCOME SECURITIES / DEBT SECURITIES

(in thousands of euros)	31/12/15	31/12/14
Trading portfolio⁽¹⁾	16,748	18,385
- Equities and other variable-income securities	16,748	18,385
Borrowed security portfolio⁽²⁾	193,922	192,285
- Fixed-income securities	166,605	30,824
- Equities and other variable-income securities	27,317	161,461
Investment portfolio⁽³⁾	12,985	53,526
Total assets	223,655	264,196
Short selling⁽⁴⁾	4,534	488
- Equities and other variable-income securities	4,534	488
Debts on security borrowing⁽²⁾	193,922	192,249
- Fixed-income securities	166,605	30,824
- Equities and other variable-income securities	27,317	161,425
Debt securities⁽⁵⁾	602	39,882
Total liabilities	199,057	232,619

(1) Securities are MTM-valued and disclosed here net of valuation adjustments.

(2) Borrowed securities are recorded as assets under "Equities and other variable-income securities". Liabilities are recorded to the balance sheet under "Liabilities on securities borrowed". The two sub-accounts of the trading portfolio are marked-to-market.

(3) This portfolio is made of shares in Exane Asset Management and Ellipsis Asset Management funds amounting to 2.8 million euros, and shares in external funds amounting to 10.1 million euros.

(in thousands of euros)	31/12/15	31/12/14
Acquisition cost	12,985	53,526
Unrealised capital loss		
Total investment portfolio	12,985	53,526
Unrealised capital gain not accounted	5,852	7,704

(4) Including short positions recorded in Exane's proprietary trading book. Securities are MTM-valued and disclosed here net of valuation adjustments.

(5) The maturity and the category of medium-term negotiable warrants issued by Exane SA is the following:

(in thousands of euros)	31/12/15	31/12/14
3 months to 1 year		37,334
2 to 3 years	602	
4 to 5 years		2,547
Total	602	39,882

3.4. INVESTMENTS IN AFFILIATES

(in thousands of euros)	Legal status	Shareholders' equity	2015 Income	31/12/14	Acquisitions / Creation Consolidation	Disposals / Deconsolidation	Unrealized Gain / Loss	31/12/15
Fully integrated French subsidiaries								
Exane Finance	French SA - stock corporation	5,700	(30)	5,504				5,504
Exane Derivatives Gérance	French SA - stock corporation	354	(10)	34				34
Exane Derivatives	French SNC - general partnership	72,703	26,271	19,037				19,037
Exane Participations	French SNC - general partnership	1		1				1
French subsidiaries held at 50 % to 100 %								
Exane Asset Management	French SAS	60,849	17,347	4,639		(115)		4,524
Fully integrated foreign subsidiaries								
Exane Limited	Private Company Limited	49,183	10,383	3,184				3,184
Exane Incorporated	Incorporation	13,818	3,560	4,224	123			4,347
Shares in funds managed by Exane AM (> 50 %)								
Exane Investors Alpha Fund				35,209		(35,209)		0
Exane Pléiade 2 Fund				8,845		(4,400)		4,445
Exane Performance - Part I				65,771		(21,414)		44,358
Prime Technology Neutral Plus Part I					8,521		(570)	7,951
Select Neutral Plus Part I					27,273		(37)	27,236
Total assets				146,448	35,918	(61,138)	(607)	120,621

3.5. PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS

(in thousands of euros)	31/12/15			31/12/14
	Gross value	Amortisation and provisions	Net value	Net value
IT and electronics	10,470	(7,354)	3,116	3,023
Furniture, fixtures and telephony systems	13,543	(10,533)	3,010	1,318
Total property, plant and equipment	24,013	(17,887)	6,126	4,341
Software	8,158	(6,384)	1,774	2,689
Other intangible assets	2,087	(2,010)	77	0
Total intangible assets	10,245	(8,394)	1,851	2,689
Total property, plant and equipment and intangible assets	34,258	(26,281)	7,977	7,030

3.6. OTHER ASSETS AND LIABILITIES

(in thousands of euros)	31/12/15	31/12/14
Financial options purchased ⁽¹⁾	670	39,882
Collaterals ⁽²⁾	187,614	169,529
Tax assets	17,585	8,738
Deposits and guarantees	16,090	14,726
Accrued commissions ⁽³⁾	7,066	6,797
Other assets ⁽⁴⁾	11,046	7,821
Total assets	240,071	247,493
Social security liabilities	41,959	41,536
Tax liabilities	4,048	4,602
Suppliers	1,357	2,201
Other liabilities ⁽⁵⁾	5,020	4,547
Total liabilities	52,384	52,886

(1) This item comprises OTC option premiums to hedge structured products which are issued by external institutions, but arranged and underwritten by Exane.

(2) Including collaterals on listed markets.

(3) This item encloses outstanding commissions on primary market transactions.

(4) The other assets are mainly securities transactions receivables, coupons, dividends and withholding taxes.

(5) The other liabilities are mainly securities transactions taxes (French Financial Transactions taxes for 2.9 million euros).

3.7. NET ACCRUED INCOME AND EXPENSES

(in thousands of euros)	31/12/15	31/12/14
Debtor adjustments accounts	1,186	9,024
Accrued income	5,541	8,877
Prepaid expenses	3,130	2,715
Total assets	9,857	20,616
Creditor adjustments accounts	4,438	6,324
Accrued expenses	15,099	10,996
Total liabilities	19,537	17,320

Most adjustment accounts enclose market transactions currently being settled, i.e. technical, breakdown, and OTC reference accounts.

Accrued expenses mainly consist of benefits and accrued coupons related to security lending/borrowing.

3.8. SUBORDINATED DEBT

(in thousands of euros)	31/12/15	31/12/14	Maturity date
Perpetual subordinated debt	89,500	89,500	17/10/16
Accruals	239	270	
Total	89,739	89,770	

3.9. PROVISIONS

(in thousands of euros)	31/12/14	New provisions	Write-off	31/12/15
Provisions	4,457	449	(148)	4,759

The amount set aside represents the best estimate of the expense needed to settle the obligation.

The commitments related to employee benefits are measured on the basis of actuarial, financial, and demographic assumptions, and probability that employees will leave before retirement age, salary inflation, and social security taxes.

The amount of the employee benefits provision is discounted at each balance sheet date.

Exane SA calculated the amount of its commitment towards its employees, present in the firm and under employment contract at 31 December 2015, with the following assumptions:

Actuarial assumptions	31/12/15	31/12/14
Discount rate	2.03 %	1.49 %
Average rate of increase in salary	6 % maximum, declining with time	6 % maximum, declining with time
Retirement age	65 years old	65 years old
Labour turnover rate	8.55 %, declining with time	10 %, declining with time
Employers' contributions	52.30 %	53.10 %

3.10. SHAREHOLDERS' EQUITY

(in thousands of euros)	31/12/14	Appropriation of 2014 income and dividend	Interim dividend	2015 Income	31/12/15
Capital	30,692				30,692
Additional paid-in capital	9,997				9,997
Legal retained earnings	3,069				3,069
Discretionary retained earnings	85,390	23,501	(25,276)		83,616
Balance brought forward	498	(498)			0
Other shareholders' equity	50,000				50,000
2014 net income	23,003	(23,003)			0
2015 net income				62,214	62,214
Total	202,649	0	(25,276)	62,214	239,588

An interim of 30 millions d'euros was paid in 2014. A dividend of 25.2 millions euros for 2014 was paid in 2015.

Equity breaks down as follows at 31 December 2015:

	31/12/15		31/12/14	
	Number of shares	% Capital	Number of shares	% Capital
Verner Investissements	180,534	100 %	180,534	100 %
Other	6	0 %	6	0 %
Total	180,540	100 %	180,540	100 %

Ordinary shares have a notional value of 170 euros each.

4. NOTES TO THE OFF-BALANCE SHEET

4.1. GUARANTEE COMMITMENTS

Exane Finance was granted a performance bond by Exane SA in order to hedge commitments given to bearers as regards Exane SA's security issues. This guarantee amounted to 445 million euros at 31 December 2015, versus 575 million euros at 31 December 2014.

A commitment of 21.5 million euros for the guarantee given by Exane SA to the landlord of Exane Limited has been recorded in 2015 (23.1 million euros as of 31 December 2014).

A commitment of 18.2 million euros for the guarantee given by Exane SA to the landlord of the new office in Paris has been recorded in 2015.

4.2. FINANCING COMMITMENTS

This item mainly entails financing commitments given by BNP Paribas as regards the implementation of credit facilities.

4.3. COMMITMENTS ON SECURITIES

This item consists of commitments on securities given by interbank counterparties as regards security-backed lending/borrowing transactions.

4.4. COMMITMENTS ON FORWARD AND OPTIONS CONTRACTS

The following table gives a detailed insight into Exane's commitments on forward and options contracts at 31 December 2015.

The commitments entailed in the table can only be construed as indicators of the Company's activity on financial markets, exclusively built on nominal bases. Therefore, they do not reflect risks on the markets.

Exane holds positions in futures markets which are managed within its own investment portfolio.

The breakdown by residual maturity is as follows:

(in thousands of euros)	31/12/15				31/12/14			
	Total	0 to 1 yr	1 to 5 yrs	> 5 yrs	Total	0 to 1 yr	1 to 5 yrs	> 5 yrs
Futures and forwards	10,370	10,370			19,339	19,339		
Organised markets	10,370	10,370			18,063	18,063		
Equity index instruments	10,370	10,370			18,063	18,063		
Over-the-counter markets					1,277	1,277		
Currency instruments					1,277	1,277		
Options	748		748		33,171	30,000	0	3,171
Over-the-counter markets	748		748		33,171	30,000	0	3,171
Trading securities options	748		748		33,171	30,000	0	3,171
Total	11,118	10,370	748		52,510	49,339	0	3,171

4.5. RISK MANAGEMENT

4.5.1 Financial risks monitoring

The Risk Management Department reports directly to the Chief Executive Officer of the Group. Its main tasks comprise:

Market risk:

- defining and measuring risk indicators,
- setting limits, monitoring overruns, managing overrun approval,
- validating pricing models,
- validating products and their description in the management system,
- validating valuation parameters,
- calculating and monitoring own funds requirements regarding market risk (based on the standard approach).

Counterparty risk:

- validating any entry into business relations with any new third-party (principal, introducing broker, distributor, OTC counterparty, etc.),
- assigning an internal rating,
- monitoring commitments and limits on a daily basis,
- calculating and monitoring own funds requirements regarding counterparty risk (based on the standard approach).

Liquidity risk:

- daily monitoring cash consumption by activities,
- anticipating cash requirements,
- defining and monitoring risk indicators,
- calculating and monitoring of regulatory liquidity ratios.

The Risk Management Department performs for all the financial risks, the reporting of its activity and results of its controls to Management Risk Committee Group, Executive Committee and Board of Directors.

Four market risk measurement processes are carried out daily:

- a calculation of capital requirements according to the standard method defined in the banking regulations,
- a calculation based on an proprietary stress scenario model called Internal Capital Allowance (ICA),
- a normal Value-at-Risk and a stressed Value-at-Risk each calculated on a panel of 300 scenarios of daily changes of market parameters in according to the internal model,
- historic and hypothetical stress scenarios meeting the requirements of an internal model.

The ICA uses the worst-case scenario for each area studied, based on sudden changes, whether simultaneous or not, in interest/exchange rates, the price of underlying assets, volatility, credit, correlations and dividends. Asset decorrelation risk is also included in these calculations.

Credit/counterparty risk:

Credit risk exists in all of the Group's positions in equity instruments and debt securities through issuer risk. These positions are subject to market risk limits.

Counterparty risk is generated:

- by OTC hedging transactions with banks,
- by OTC transactions with non-banking clients who have been granted specific authorisations by the Group's Risk Management Department,
- by swaps to hedge structured products which are issued by external institutions although arranged and underwritten by Exane; these transactions are entered into with highly rated financial organisations,
- by securities lending/borrowing related to proprietary trading or brokerage activities.

Each position has an internal limit on the total exposure to issuer risk and counterparty risk. The Group has changed its calculation method of exposure to counterparty risk and now resorts to ICA principles.

Liquidity risk:

Liquidity and refinancing risk is based on the liquidity policy approved by the Management.

The target is to maintain sufficient available resources, in particular by the available part of BNPP financing line, in order to address activities requirements and to face liquidity crisis.

The Risk Management Department sets up the Capital Requirements Directives (CRD IV) for liquidity risk:

- calculation of the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR),
- monitoring the liquid asset buffer,
- definition and application of liquidity limits,
- information to the management.

All the regulatory ratios are carefully monitored. As at 31 December 2015, the LCR of Exane Group stands at 132 % with 456 million euros of liquid assets.

4.5.2 Operational risk

The Permanent Control and Operational Risk Department is managed by the Coordinator of Group Permanent Control, reporting to the Deputy Chief Executive Officer of Exane SA, in charge of central functions of the Group. This process relies on Operational Risk Correspondents within each of the Group's business line and function, and has the following missions:

- ensuring that consistency, completeness and efficiency of permanent control process regarding non-financial risks, in particular in connection with Compliance and IT Security Departments;
- monitoring operational risk process at a Group level.

These missions are illustrated by:

- maintaining the processes/risks/controls mapping with the respect of the defined methodology;
- checking adequacy, supporting documentation and correct running of control process, and analysis and monitoring founded anomalies;
- analysing operational incidents report;
- coordinating the follow-up of essential services providers;
- validating, monitoring and closing the related control plans;
- reporting its activity and results of its controls to Management Risk Committee Group, Executive Committee and Board of Directors.

Exane SA applies the standard approach for the calculation of own funds requirements regarding operational risk and is compliant with the qualitative requirements linked to this option thanks to the process described above.

5. NOTES TO THE PROFIT AND LOSS ACCOUNT

5.1. NET INTEREST INCOME

This item falls into the following categories:

(in thousands of euros)	31/12/15	31/12/14
Deposits paid related to borrowed securities	103,592	145,743
Demand accounts	5,967	7,351
Total income	109,560	153,094
Deposits received related to lent securities	103,965	146,074
Subordinated borrowings	2,247	2,559
Borrowings	1,146	1,513
Demand accounts	497	335
Total expenses	107,855	150,480

5.2. INCOME EARNED ON VARIABLE-INCOME SECURITIES

This income corresponds to the dividends received from the subsidiaries of Exane SA.

5.3. COMMISSION INCOME AND EXPENSES

This item falls into the following categories:

(in thousands of euros)	31/12/15	31/12/14
Security transactions	81,715	74,782
Forward and options contracts	423	252
Primary market	7,043	6,788
Total income	89,182	81,822
Security transactions	26,912	24,240
Cash transactions	2,724	2,783
Forward and options contracts	71	69
Distribution fees	19	73
Total expenses	29,727	27,165

5.4. GAIN / LOSS ON TRADING PORTFOLIOS TRANSACTIONS

This item encapsulates gains and losses related to transactions on:

- trading securities,
- forward and options contracts,
- foreign exchange.

5.5. GAIN / LOSS ON INVESTMENT PORTFOLIOS TRANSACTIONS

This item consists of capital gains and unrealised losses in Exane Asset Management.

5.6. OTHER OPERATING INCOME AND OPERATING EXPENSES

(in thousands of euros)	31/12/15	31/12/14
Research service	11,189	15,334
Execution and clearing fees	12,004	14,197
Other recharge	1,407	627
Total other operating income	24,600	30,158
Other operating expenses	48	71
Total other operating expenses	48	71

The other operating income mainly comes from the fees Exane charges for research services and from the expenses the Group recharges its companies.

The other operating expenses mostly entail the subordinated debts interests.

5.7. OPERATING EXPENSES**5.7.1 Salary and employee benefit expenses**

This item falls into the following categories:

(in thousands of euros)	31/12/15	31/12/14
Fixed and variable remuneration	42,729	42,299
Social security taxes	15,732	16,841
Profit-sharing	2,748	2,210
Total	61,209	61,350

The average workforce of Exane SA developed as follows:

Number of people employed	31/12/15	31/12/14
Executives	268.1	270.3
Supervisors	32.2	32.8
Employees	22.8	22.9
Total	323.1	326.0

5.7.2 Other operating expenses

(in thousands of euros)	31/12/15	31/12/14
Office rent	21,122	18,561
Sub-contracted IT services	7,516	6,104
Fees	3,587	2,566
Travel and entertainment expenses	4,114	3,929
Other taxes	3,915	3,634
Intragroup invoices	(30,249)	(28,223)
Other expenses	13,432	12,552
Total	23,126	19,123

5.8. GAIN / LOSS ON NON-CURRENT ASSETS

This item refers to the net result after disposal of tangibles assets and to the gain on the sale of 1.95 % of Exane Asset Management.

5.9. CORPORATE TAX

The French corporate income tax includes all taxes calculated on net income. Current taxes are calculated on the 2015 fiscal year earnings.

6. CASH-FLOW STATEMENT

(in thousands of euros)	31/12/15	31/12/14
Operating activities		
Pre-tax net income	67,902	28,063
Non-monetary items included in pre-tax net income and other adjustments	4,263	4,706
Net depreciation/amortisation expenses on property, plant and equipment and intangible assets	4,263	4,706
Net increase/decrease in cash related to assets and liabilities generated by operating activities	77,891	398,735
Net increase/decrease in cash related to transactions with customers	56,402	421,525
Net increase/decrease in cash related to transactions involving other financial assets and liabilities	27,788	(18,741)
Net increase/decrease in cash related to transactions involving non-financial assets and liabilities	(612)	1,011
Taxes paid	(5,687)	(5,060)
Net increase/decrease in cash and equivalents generated by operating activities	150,056	431,504
Investing activities		
Change in equity investments	25,827	(81,263)
Net increase/decrease related to property, plant and equipment and intangible assets	(5,210)	(5,099)
Net increase/decrease in cash and equivalents generated by investing activities	20,617	(86,362)
Financing activities		
Net increase/decrease in cash and equivalents related to transactions with shareholders	(25,276)	(69,003)
Net increase/decrease in cash and equivalents generated by other financing activities	(31)	(28)
Net increase/decrease in cash and equivalents generated by financing activities	(25,307)	(69,031)
Net increase/decrease in cash and equivalents	145,366	276,112
Balance of cash and equivalent accounts at the beginning of the period		
Cash and amounts due from central banks and post office banks	12	95
Demand deposits/loans with/from credit institutions	(460,011)	(736,205)
Balance of cash and equivalent accounts at the end of the period		
Cash and amounts due from central banks and post office banks	12	12
Demand deposits/loans with/from credit institutions	(314,645)	(460,011)
Net increase/decrease in cash and equivalents	145,366	276,112

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Year ended 31 December 2015

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2015 on:

- the audit of the accompanying financial statements of Exane SA;
- the justification of our assessments;
- the specific verification and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and significant accounting estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Exane as at December 31, 2015 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L. 823-9 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Impairment of investment securities and shares in affiliated entities

- As indicated in Note 2.2.1 to the financial statements, the Company determines whether it is necessary to record provisions for impairment with respect to its investments securities depending on their market value,
- As indicated in Note 2.4 to the financial statements, the Company determines whether it is necessary to record provisions for impairment with respect to shares and other variable-yield investments held in affiliated entities depending on the changes in the share held in the accounting net assets or the value in use.

As part of our assessment of these estimates, we have examined the monitoring and review procedures implemented in respect of these investment securities and other variable-yield investments held in affiliated entities leading to the determination of the necessary level of impairment.

Valuation of financial instruments

- As indicated in Note 2.2.2 to the consolidated financial statements, your Company uses internal models to value its financial instruments which are not traded on active markets. Our procedures consisted in reviewing the control models used, assessing the data and assumptions used as well as taking into consideration the risks and results related to these instruments.

The assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Neuilly-sur-Seine and Courbevoie, 29th February, 2016

French original signed by The statutory auditors

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