We innovate with our partners each day
to invent products and services
for a changing world.

PARTNERSHIP SPIRIT

HEAD OFFICE
1, boulevard Haussmann
75009 Paris
France

OFFICES
8, rue du Port
92728 Nanterre Cedex
France

bnpparibascardif.com

382 983 922 RCS Paris Limited company with capital of 149.959.922,20 euros

2014 BUSINESS REPORT

BNP PARIBAS CARDIF

The insurer for a changing world

BNP PARIBAS CARDIF

The insurer for a changing world

A UNIQUE SPIRIT

Collective intelligence springs from dialogue with our distributors and all those around us, letting us better understand today's world and tomorrow's promises.

We share this same partnership spirit with our distributors.
A spirit that puts customer value at the heart of everything we do.
A spirit anchored in listening, respect and confidence.

Together, we transform the most promising ideas
into solutions that create values for the customers.

As we have always done and will continue to do more than ever,
we make partnership the cornerstone of our model.

TOGETHER, WE INVENT THE INSURANCE OF TOMORROW.

Highlights

Acquisitions, opening of the Cardif Lab'… 10 highlights from 2014

P. 08

Insights

Five experts share insights on fundamental changes that are reshaping our world

P. 10

Customer value

Better understanding of end customer needs

P. 20

Multilocal approach

Serving each consumer through a global strategy adapted to local needs

P. 22

Digital insurer

Transform the company to enrich our offers and deepen customer relationships

P. 23

Open innovation

Co-creating the insurance solutions of tomorrow

P. 26

Omnichannel experience

Optimize customer journeys with distributors

P. 28

New trends

Continually improve insurance offers

P. 29

CONTENTS

Editorial	03-05
Governance	06
International	07
Highlights	08-09
INSIGHTS	
Cynthia Fleury and Serge Guérin	10-11
Marc Giget and Nicolas Bordas	12-13
Nathalie Doré	14-15
CONVICTIONS	
Olivier Cortès and Olivier Héreil	16-17
Asset Management	18
Stanislas Chevalet	19
Customer Value	20-21
Multilocal Approach	22
Digital Insurer	23
PARTNERSHIPS	
Virginie Korniloff and Jean-Bertrand Laroche	24-25
Open innovation	26-27
Omnichannel Experience	28
New Trends	29
FINANCIAL FIGURES	
BNP Paribas Cardif activity	30
BNP Paribas Cardif financial management	32
BNP Paribas Cardif results	35
Consolidated capital and solvency	38
Corporate accounts for BNP Paribas Cardif	39
Countries & regions	42-43

Published by BNP Paribas Cardif communication • **Photos credits:** Nicolas Auproux, Lionel Bonaventure/AFP, Laurent Cerino/REA, Jean Chiscano, Yves Durand/Studio BNP Paribas Cardif, Franck Juéry, ©GettyImages, iStock., Thinkstock • **Conception, execution:** PUBLICORP • 13325 • 01 55 76 11 11 – contact@publicorp.fr •

Cover photo shot within BNP Paribas Cardif Head Office in Nanterre, France.

Our results for 2014 again demonstrated the validity of our partnership-based business model

PIERRE DE VILLENEUVE Chairman and Chief Executive Officer
RENAUD DUMORA Deputy Chief Executive Officer

BNP PARIBAS CARDIF IS IN ROBUST HEALTH, REFLECTED IN 2014 PERFORMANCE: all our indicators are positive and we recorded profitable growth in all our businesses. These good results are also the ones of our distributors, who give us their trust managing their customers relationship. This is manifest first of all in our top line results: gross written premiums were up 8.5% to 27.5 billion euros and pre-tax net profit rose 4.6% to 1.2 billion euros. In line with our objectives, this excellent performance was marked by dynamic growth in both domestic markets (up 10%) and international markets (up 6% and over 10% at constant exchange rates). Another key indicator is the 14% rise in assets under management to 202 billion euros, representing a tripling in volume in ten years. In addition to these positive numbers, our teams did a remarkable job laying the groundwork for our transformations and future success, with an emphasize on diversifying partnerships, distribution channels and products, while expanding our footprint in Europe, Latin America and Asia. Our international growth strategy was illustrated in 2014 by the acquisition in Italy with Ageas of a 100% interest in UBI Assicurazioni, as well as by the finalization of our agreement in China with Bank of Beijing, in which BNP Paribas Cardif holds a 50% interest. This gives us a solid foothold in the Chinese market for savings and protection insurance. Likewise, we added to our non-life insurance business in South Korea by acquiring an equity stake in a casualty insurance company.

OUR DOMESTIC MARKETS RECORDED GROSS WRITTEN PREMIUMS OF 19 BILLION EUROS IN 2014. Our results in France were particularly robust as business diversification continued and our product portfolio expanded. In particular, the acquisition of 100% of Icare gives us an excellent position in the car insurance market. These developments attest to our ability to anticipate the needs of our customers and propose solutions that are always better aligned with their expectations. In savings, for example, we confirmed the very good performance of our "eurocroissance" diversified funds. Italy recorded very strong savings in-flows at the beginning of 2014, and sustained protection insurance business led to results that exceeded our initial objectives.

OUR INTERNATIONAL BUSINESS SCOPE CLEARLY DIFFERENTIATES BNP PARIBAS CARDIF FROM COMPETITORS. Our gross written premiums in international markets totalled 8.5 billion euros in 2014, reflecting a solid business model based at the same time on a diversified geographic footprint, on a capacity to grow and expand our partnerships, and on the extension of our product portfolio. For example, we are now active in 17 countries alongside Volkswagen, our main partner in the car insurance market. Highlights in international markets in 2014 included strong asset gathering in unit-linked products in Asia – especially Taiwan – and excellent growth in the protection business in Latin America (up 29%), due notably to Brazil, the third-largest contributor, and to Chile, a perfect example of how we are diversifying our activities beyond creditor insurance. The successful launch in Germany of Digital Life Protect, which insures the private lives of policyholders during their online activities, is emblematic of how we continue to digitize our offering. ⟶

IN THIS GENERALLY FAVOURABLE ENVIRONMENT, OUR DEVELOPMENT PRIORITIES IN 2015 REFLECT OUR LONG-TERM STRATEGY.
Our first priority is to consolidate our activities, by integrating the different acquisitions finalized in 2014. We reinforce our legal, compliance and financing structures in order to anticipate regulatory changes that impact distribution, models, as well as accounting and solvency rules.
The second priority is to continue our digital transformation and the adaptation of our value chain.
Thus we will answer in an even more relevant way our distributors'expectations, who see their own business models evolve. As an example, we are already able to provide them all inclusive management interfaces for their customers, totally or partly integrated in their own systems.
Lastly, our third development priority is diversification. This will see the introduction of new products with protection offers matched to the needs of customers, plus innovative savings solutions. Our distribution channels will diversify too, to bring us even closer to the end customer. And we will pursue geographic diversification in Asia and Latin America by expanding our partnerships in all our host countries.
All these initiatives focus on a single objective: be the global benchmark in insurance partnerships and a leader in insurance solutions for consumers.

OUR GROWTH AND TRANSFORMATION ARE ACCOMPANIED BY AN UNYIELDING COMMITMENT TO BETTER SERVING OUR DISTRIBUTORS AND END CUSTOMERS.
We began an in-depth review of the BNP Paribas Cardif brand and identity. In the future, as our markets evolve and our business transforms itself, the added value we deliver to our employees, our distributors and ultimately, to consumers, must be more visible. The pioneering spirit behind our success since the founding of our company a little more than 40 years ago continues to inspire the company and indeed characterizes everything we do.
Our 2014 results and the growth outlook for 2015 only take on tangible meaning thanks to the entrepreneurial drive that our teams continue to exhibit in serving our partners and their customers, as was seen in the many emblematic innovations we introduced last year.
Today, the distinctive identity and pioneering innovation of BNP Paribas Cardif are perfectly well perceived and recognized by our employees and by our distributors. A strong and visible brand is an asset we use to serve our distributors' business development, who must be able to

"ENTRUSTING THEIR CLIENTS INSURANCE, OUR DISTRIBUTORS RECOGNIZE THE STRENGTH OF OUR EXPERTISE."

Renaud Dumora
Deputy Chief Executive Officer

SAVINGS

BNP Paribas Cardif proposes a complete range of savings solutions (diversified asset life insurance contracts, capital protected products, unit-linked contracts, etc.) enabling people to grow their capital, prepare for retirement and protect those dear to them.

PROTECTION

A leader in creditor insurance, BNP Paribas Cardif has expanded its protection insurance offer with new products. We provide cover for a wide range of fields, including health and involuntary unemployment insurance, income protection, protection of payment instruments, extended warranties and property & casualty insurance.

GROSS WRITTEN PREMIUMS

27.5 BILLION EUROS

NET BANKING INCOME

2.2 BILLION EUROS

"DEVELOPMENT, INNOVATION AND TRANSFORMATION ARE PART OF OUR DAILY VOCABULARY."

Pierre de Villeneuve
Chairman and Chief Executive Officer

→ leverage on our differentiation elements to be closer to their clients' expectations.

THE RELEVANCE OF OUR BUSINESS MODEL RESIDES IN OUR ABILITY TO FORGE PARTNERSHIPS WITH A GREAT VARIETY OF DISTRIBUTORS, to guide their day-to-day performance and ensure that they thrive for the long-term. This approach is distinctively unique in the insurance industry. We aim to sustain our position as a trailblazer, in particular by engaging with the current trends that are reshaping the relationship between insurers and policyholders. The possibilities offered by technological innovation and analysis of Big Data create exciting opportunities that we intend to seize with our partners. The transformation of our business will allow us to further increase the value we already provide, leveraging advances in business development, risk management and the quality of service delivered. Better customer knowledge is synonymous with greater capacity to propose the right product at the right time, benefiting all our distributors, always with a single objective in mind: remain their preferred insurance partner for many years into the future.//

Contribution of managed scope to BNP Paribas 2014 results.
The above mentioned figures correspond to BNP Paribas Group insurance businesses under the management responsibility of BNP Paribas Cardif.

With our major ambitions and the growth of our business in 2014, BNP Paribas Cardif had a responsibility to strengthen its governance. The meeting of the Board of Directors on 12 January 2015 named Renaud Dumora Deputy Chief Executive Officer. This choice reflects his character, his professionalism and his intimate knowledge of the company. He will work alongside Pierre de Villeneuve to deploy the company's strategy, which is centred on diversification and international development of the savings and personal protection businesses in Europe, Asia and Latin America. At the same time, two new Chief Operating Officers were appointed: Olivier Cortès, head of Efficiency, Technology & Operations, and Olivier Héreil, head of Asset Management. Led by Pierre de Villeneuve and Renaud Dumora, the executive team of BNP Paribas Cardif now counts five chief operating officers. The other three are Virginie Korniloff, head of Domestic Markets, Jean-Bertrand Laroche, head of international markets, and Stanislas Chevalet, head of transformation and development. This executive team represents all the key entities of the company, ensuring consistency at the top management level and ensuring swift decision making, an essential asset in a complex and fast-changing business environment.

PRE-TAX NET PROFIT

1.2 BILLION EUROS

ASSETS UNDER MANAGEMENT

202 BILLION EUROS

HEADCOUNT

10,000 EMPLOYEES*

** Headcount for legal entities controlled by BNP Paribas Cardif: nearly 8,000 employees.*

LEGAL STRUCTURES

BNP PARIBAS CARDIF

- CARDIF-ASSURANCES RISQUES DIVERS
- CARDIF ASSURANCE VIE
- INTERNATIONAL SUBSIDIARIES

EXECUTIVE COMMITTEE

PIERRE DE VILLENEUVE
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

RENAUD DUMORA
DEPUTY CHIEF EXECUTIVE OFFICER

STANISLAS CHEVALET
CHIEF OPERATING OFFICER,
TRANSFORMATION
AND DEVELOPMENT

OLIVIER CORTÈS
CHIEF OPERATING OFFICER,
EFFICIENCY, TECHNOLOGY
& OPERATIONS

OLIVIER HÉREIL
CHIEF OPERATING OFFICER,
ASSET MANAGEMENT

VIRGINIE KORNILOFF
CHIEF OPERATING OFFICER,
DOMESTIC MARKETS

JEAN-BERTRAND LAROCHE
CHIEF OPERATING OFFICER,
INTERNATIONAL MARKETS

GÉRARD BINET
MANAGING DIRECTOR

ISABELLA FUMAGALLI
ITALY

LAURENCE HONTARRÈDE
PRODUCTS AND SERVICES,
STRATEGIC WATCH

SOPHIE JOYAT
HUMAN RESOURCES

XAVIER GUILMINEAU
ASIA

FRANCISCO VALENZUELA
LATIN AMERICA

BOARD OF DIRECTORS

MARIE-CLAIRE CAPOBIANCO
MEMBER OF THE EXECUTIVE COMMITTEE
OF BNP PARIBAS, HEAD OF FRENCH RETAIL BANKING

STEFAAN DECRAENE (1)
MEMBER OF THE EXECUTIVE COMMITTEE
OF BNP PARIBAS, HEAD OF INTERNATIONAL
RETAIL BANKING

JACQUES D'ESTAIS
DEPUTY CHIEF OPERATING OFFICER
OF BNP PARIBAS, HEAD OF INTERNATIONAL
FINANCIAL SERVICES

RENAUD DUMORA (2)
DEPUTY CHIEF EXECUTIVE OFFICER
OF BNP PARIBAS CARDIF

FRANÇOIS EWALD
PRESIDENT OF THE SCIENTIFIC COUNCIL,
UNIVERSITÉ DE L'ASSURANCE

JEAN-LOUIS GUILLOT
DIRECTOR

THIERRY LABORDE (3)
DEPUTY CHIEF OPERATING
OFFICER OF BNP PARIBAS,
HEAD OF DOMESTIC MARKETS

OLIVIER LE GRAND
DIRECTOR

JEAN-HERVÉ LORENZI
PRESIDENT OF THE CERCLE
DES ÉCONOMISTES, ADVISOR
TO THE SUPERVISORY BOARD
OF COMPAGNIE FINANCIÈRE
EDMOND DE ROTHSCHILD

PHILIPPE MARCHESSAUX
DIRECTOR, CHIEF EXECUTIVE OFFICER
OF BNP PARIBAS INVESTMENT PARTNERS

YVES MARTRENCHAR
MEMBER OF THE EXECUTIVE COMMITTEE
OF BNP PARIBAS, HEAD OF HUMAN RESOURCES
OF BNP PARIBAS

JACQUES MISTRAL
SENIOR FELLOW BROOKINGS INSTITUTION,
PROFESSOR, HARVARD KENNEDY SCHOOL,
UNIVERSITY OF MICHIGAN, UNIVERSITY OF NANKING

JEAN-FRANCOIS PFISTER (4)
HEAD OF RISK MANAGEMENT
OF BNP PARIBAS PERSONAL FINANCE

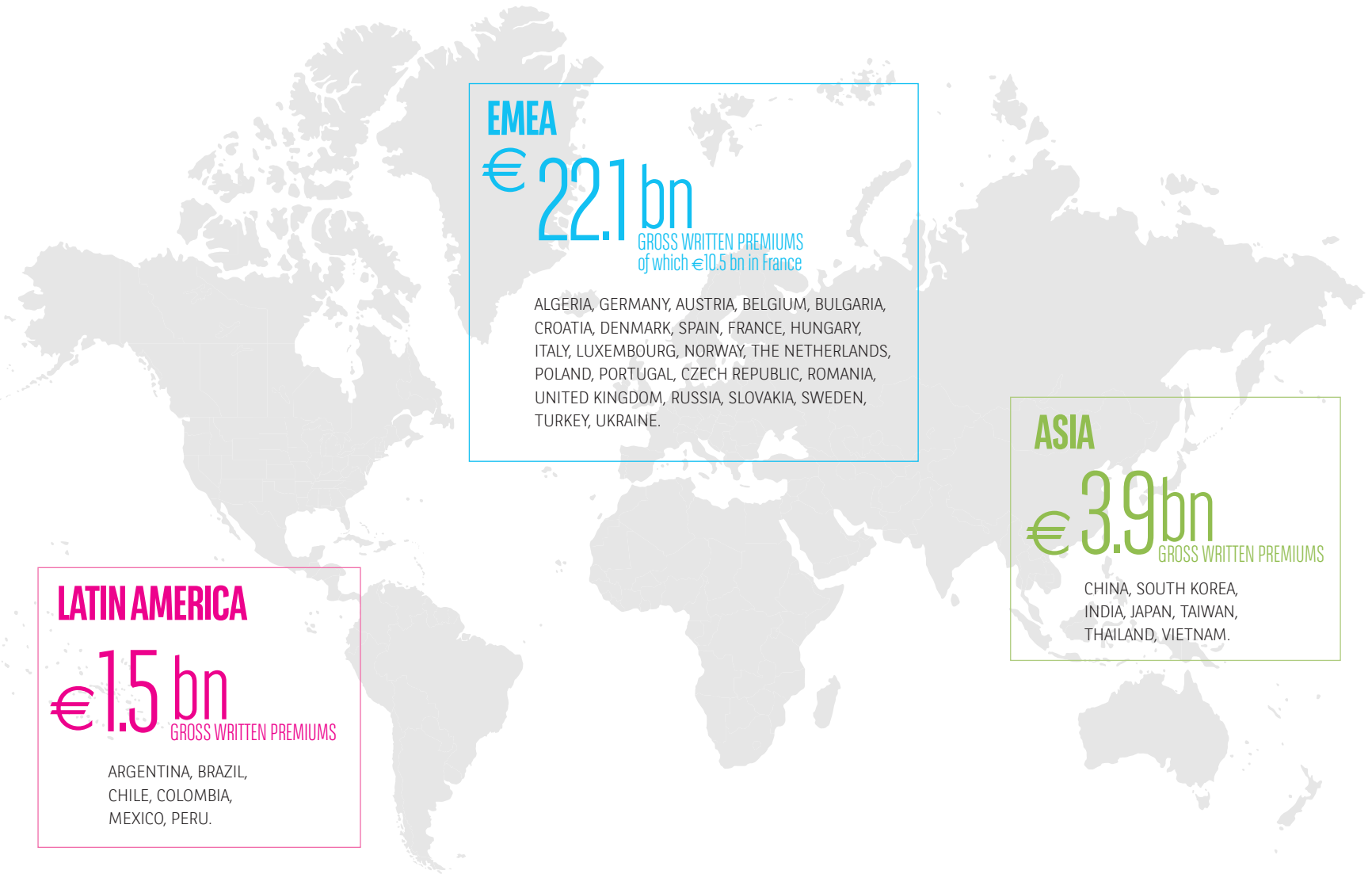
PAUL VILLEMAGNE (5)
HONORARY CHAIRMAN OF BNP PARIBAS CARDIF,
DIRECTOR

PIERRE DE VILLENEUVE
CHAIRMAN AND CHIEF EXECUTIVE OFFICER
OF BNP PARIBAS CARDIF

(1) Until 13 March 2015.
(2) Appointment to the Board of Directors subject to approval by the Annual General Meeting of Shareholders on 11 May 2015.
(3) Effective 4 May 2015.
(4) Elected to the Board of Directors on 25 March 2015, replacing Stefaan Decraene. Election subject to approval by the Annual General Meeting of Shareholders on 11 May 2015.
(5) Renewal of term as director submitted to the Annual General Meeting of Shareholders on 11 May 2015.

OUR INTERNATIONAL PRESENCE

BNP Paribas Cardif's global coverage contributes to the success of its business model. The insurer is present in three regions: EMEA, Asia and Latin America.



EMEA

€22.1 bn
GROSS WRITTEN PREMIUMS
of which €10.5 bn in France

ALGERIA, GERMANY, AUSTRIA, BELGIUM, BULGARIA, CROATIA, DENMARK, SPAIN, FRANCE, HUNGARY, ITALY, LUXEMBOURG, NORWAY, THE NETHERLANDS, POLAND, PORTUGAL, CZECH REPUBLIC, ROMANIA, UNITED KINGDOM, RUSSIA, SLOVAKIA, SWEDEN, TURKEY, UKRAINE.

ASIA

€3.9 bn
GROSS WRITTEN PREMIUMS

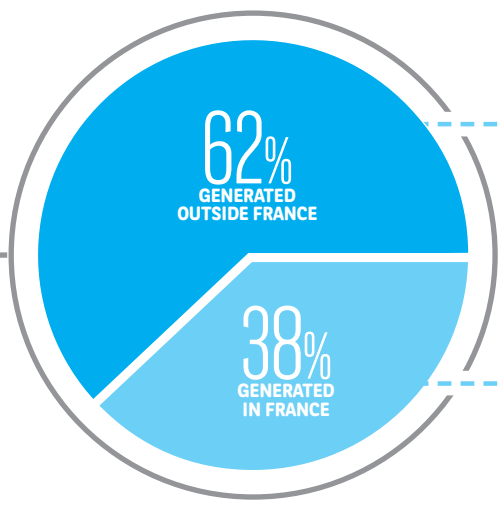
CHINA, SOUTH KOREA, INDIA, JAPAN, TAIWAN, THAILAND, VIETNAM.

LATIN AMERICA

€1.5 bn
GROSS WRITTEN PREMIUMS

ARGENTINA, BRAZIL, CHILE, COLOMBIA, MEXICO, PERU.

€27.5 bn
GROSS WRITTEN PREMIUMS



€17 bn
GROSS WRITTEN PREMIUMS IN INTERNATIONAL MARKETS

€10,5 bn
GROSS WRITTEN PREMIUMS IN FRANCE

Figures at 2014/12/31.

JUNE 2014

Opening of Cardif Lab'

BNP Paribas Cardif made its vast digital transformation a core priority in 2014, illustrated by the opening of Cardif Lab'. Located at BNP Paribas Cardif's head office in Nanterre, France, Cardif Lab' is open to the company's employees and distribution partners. It showcases the digital innovation the insurer has developed in its different host countries, as well as recent high-tech advances that set the stage for tomorrow's insurance solutions. The lab embodies BNP Paribas Cardif's ambition of becoming a digital insurer.

DECEMBER 2014

CHINA

BNP Paribas Cardif finalized its partnership with Bank of Beijing, establishing a position in the Chinese savings and protection insurance markets, a major future growth outlet. China is expected to be the world's second-largest life insurance market by 2020. The personal protection market is also expected to see significant growth, spurred in particular by the burgeoning Chinese middle class.

APRIL 2014

Launch of Cardif Élite

Cardif, which has been a partner to independent financial advisors for 30 years, introduced the Cardif range of high-end life insurance contracts. This comprehensive offer addresses the specific needs of high net worth clients and the requirements of IFAs serving this market segment. The Cardif Élite life insurance structure can be personalized to each client profile for customized wealth management. Clients of independent financial advisors value the quality of their advice and their personalized approach to managing their assets. With Cardif Élite, the company has established a solid position in high-end life insurance and aims to become a benchmark in wealth management savings marketed via brokers.

JULY 2014

ACQUISITION OF ICARE, FRANCE

BNP Paribas Cardif signed an agreement with the Europ Assistance Group to acquire 100% of Icare SA, the parent company of the Icare group. Icare is a leader in marketing and managing motor vehicle insurance and services in France. The company offers personalized solutions for extended warranties, maintenance and other services for automobile professionals and their customers. This transaction brings BNP Paribas Cardif new expertise for the automobile sector. The goal is to develop Icare's business outside France, building on existing partnerships and leveraging new distribution channels.

AUGUST 2014

ACQUISITION OF UBI ASSICURAZIONI, ITALY

BNP Paribas Cardif and Ageas have been equal partners since 2009 in the Italian non-life insurance company UBI Assicurazioni. They acquired the outstanding stake held by former parent company UBI Banca.

2014

Endowment of Insurance Chair

BNP Paribas Cardif has endowed the Chair of Excellence in "Modelling Management for Insurance" since September 2010. The Chair is part of the Actuarial and Financial Services (SAF) laboratory and Risk Foundation. Since its creation, the Chair has contributed to best-in-breed international research in the field of insurance and risk management. Priorities for 2015 include better understanding the impact of widespread availability of Big Data and the use of decision models. Thanks to its involvement in University Chairs, BNP Paribas Cardif maintains the entrepreneurship spirit and sharing with all its employees, innovation drivers in the way to work and develop the company.

JULY 2014

ACQUISITION OF ERGO DAUM DIRECT, SOUTH KOREA

BNP Paribas Cardif strengthened its position in protection insurance with the acquisition of a controlling interest in a non-life insurance company. The acquisition will enable the insurer to offer non-life insurance products to Korean consumers under the new brand BNP Paribas Cardif General Insurance.

2014

SUCCESS FOR HABIT@T BOX

The Italian home automation box integrated with household insurance received five awards in 2014:
- BNP Paribas Group Innovation award
- Golden Circle award for financial innovation
- Innov@Retail award
- Best insurer and reinsurer prize at the Italian personal insurance awards
- CSR best practices award from Unioncamere Lombardia

2014

"Euro-growth" diversified funds go from strength to strength

BNP Paribas Cardif developed and markets three diversified "eurocroissance" life insurance contracts via its main distribution channels: BNP Paribas Private Bank, BNP Paribas retail branches and independent financial advisors. The products have attracted growing interest from individual savers. Total assets under management topped 1 billion euros and 90,000 customers had already selected this investment vehicle at 31 December 2014.

SEPTEMBER 2014

Launch of auto insurance in Chile

The insurer markets its auto insurance products at points of sale and on the website of its distributor, Falabella. This auto insurance offer will be distributed by other partners as well in 2015. The rollout of auto insurance is the fruit of more than a year of preparation by BNP Paribas Cardif teams in Chile.

INSIGHTS

CYNTHIA FLEURY
Philosopher

In Greek antiquity, and especially in Plato's writings, crowds were not considered intelligent but as behaving like animals. Political theorists thus viewed "the people" as a mass that intelligence could manipulate through demagogy.

INTELLIGENCE IN NUMBERS

The opposite was true during the French Revolution: the people, as a collective entity, became synonymous with reason and virtue. In the 21st century, collective intelligence is valued more than ever. From participative democracy to social networks, interactivity is enriched by larger numbers of contributors. Big Data embodies the intelligence of the many. The greater the data pool, the more accurate our perceptions become.

NEW FORMS OF COLLECTIVE INTELLIGENCE

Collective computer programming events called hackathons tap into the power of group intelligence. Everyone has something to contribute to these new collectives. An individual can co-create an object... and even a new constitution! In France, the Movement for the Sixth Republic uses the Web as a platform where a draft for the founding text is collectively crafted by legal specialists, experts and correctors, gradually giving shape to the document. Once limited to strength, numbers here become a competency.

COMPANIES ARE MORE INTELLIGENT TOGETHER

Europe is the leading proving ground for open innovation, ahead of the United States and China. France is launching more and more fab labs, open to those eager to design the products of tomorrow thanks to digital fabrication processes. Today, the concept of "participative" is being taken further than ever. But when individual consumers finish building the car they intend to purchase, entire business models are challenged. Collective intelligence is not just some magnificent utopia, it's also a way to adjust costs.

REGAINED APPETITE FOR INSURANCE

Modern societies are very sensitive to the notion of risk and insecurity, and have been destabilized by globalization. Individuals want to insure what they own, which is a natural conservative reflex. But insurance also lets us have a more serene view of the future. People get insurance because they are investing and taking risks. Insurance companies can benefit from re-appropriating this need to imagine and make plans in a world in flux.//

> Collective intelligence continues to gain momentum.

SERGE GUÉRIN
Sociologist, author of
Silver Génération, Michalon

The family model has become a short-term concept: the fixed-term contract is competing with the permanent contract. Families have become extremely diverse in Western societies. The conventional father-mother-children structure has been joined by single parent, reconstituted (or blended) families, as well as gay parents. Longer life expectancies have had an effect on the family too. As people live longer it becomes easier to imagine falling in love again at 60, for example.
Couples may still be the standard, but periods of living together are interrupted by stretches of solitude, followed by non-conventional forms of sharing (roommates, couples who don't live together, etc.).

FAMILY SOLIDARITY REMAINS STRONG

Intergenerational relations were once imposed on family members who lived under the same roof. Today, individual desire determines whether someone decides to visit one grandparent or another, for example. Seniors spend more time with their grandchildren – totalling 23 million hours a year in France. They also leave time for themselves to travel or do volunteer work. Intergenerational solidarity functions in both directions: grandparents provide material support for their grandchildren, but they themselves sometimes need assistance or stay with their descendents at the end of their lives.

ADVANCED OLD-AGE INSURANCE HAS BECOME A NECESSITY

In an insecure and uncertain world, families will increasingly be faced with the need to seek solutions that protect their future. This includes savings solutions to pay for children's education, supplemental health insurance to compensate for a weakened public health system, as well as funded pension schemes for younger generations who have understood that they need to start saving now for their old age…
In general, we find it hard to imagine ourselves in advanced old age, which hampers the development of personal insurance products to protect against loss of autonomy or to support their caregivers.//

> The family unit is changing, but intergenerational solidarity remains a strong value.

"To innovate, we need to listen to society's dreams."

MARC GIGET
Founder and President of the European Institute for Creative Strategies and Innovation

Innovating is not easy! A successful innovation has to be financially accessible and tangibly improve the lives of consumers. Novelty alone isn't enough – the service must focus on what people actually need.

KNOW HOW TO LISTEN THE CUSTOMERS

There's no shortage of technologies, but what's lacking is integrating them to create useful services. How can you provide better service for people? You need to observe how they live and put yourself in their place. Contrary to what many people believe, companies actually do not know that much about their customers. One current trend, open innovation, is often directed upstream – working with universities or partners – but rarely brings users into the loop.

USERS CAN INNOVATE WITH YOU

In the past 50 years customers have become much more knowledgeable. Users sometimes know more about products than the people who designed them! In healthcare, pharmaceutical companies innovate with patient associations. At Boeing, the 787 Dreamliner was co-designed with 140,000 passengers who expressed very precise expectations. Airlines have ordered huge numbers of this aircraft because it was built taking into account the expectations of the end customers.

INNOVATION IS INTERNATIONAL

As an international business, BNP Paribas Cardif is very well-placed to innovate. You innovate better when you have a broader vision, when you're able to identify trends in different markets around the world. And there's a good chance that an innovation which works in one country will prove successful elsewhere too.

BIG DATA CHANGES INSURANCE

Big Data makes it easier to compare products, which can hurt companies that aren't competitive. There are still 450 insurance companies in France and a lot of them could disappear in the next few years. And remember that insurance is based on a statistical analysis of risks. Big Data can generate statistics with pinpoint precision, which calls into question the concept of risk sharing. In the future, if you only insure "good" risks, who is going to insure smokers, or people who are overweight? In Sweden, drivers who have a red car pay more than those who own a white car, because they are more likely to have an accident. When the measurement of risk changes, the entire insurance industry needs to pay close attention.//

"Consumers want greater value from what they buy."

NICOLAS BORDAS
Vice-President
of TBWA Europe

With the economic crisis and recognition of the challenges faced by contemporary society – the environment, health, citizenship, etc. – we are transitioning from quantitative consumption – "always more" – to a more qualitative consumption – "better for me, better for the planet". Consumers are better informed, especially thanks to the digital revolution, and want greater value from the things and services they buy.

EXPERIENCE COUNTS FOR CUSTOMERS

This is why brands must guarantee a quality experience at every moment and at all the touchpoints. Consumers see themselves as playing an active role with opinions that count, particularly on social networks. They want to engage with businesses, from the design of a product to after-sales service. They expect greater transparency, more personalization and rapid responses to their questions, not only about the products and services themselves, but also about the conditions in which they are produced.

CREATE CONFIDENCE AND RE-ENCHANT

More than ever, brands embody confidence, and their primary vocation is to guarantee the quality and origin of their products. Yet they must also re-enchant consumers by offering meaning and a shared culture, and by sparking fresh desire through innovation and communication. Millennials are very demanding when it comes to engaging with brands, which they expect to represent a certain ideal and have social utility.

ADVERTISING EXPRESSES THIS ENCHANTMENT

Regardless of the target public, advertising expresses the meaning of the brand first via the media channels it buys –&radio & TV, print, cinema, display, Web, etc. – as well as its marketing presence (packaging, merchandising, point-of-sale, digital ecosystem, employee messages). On the Web, brands can and must develop informative or entertaining content to enrich their message and generate influence.

INSURANCE HAS A ROLE TO PLAY IN THIS ENVIRONMENT

Insurers of property and people have an opportunity to become insurers of life experiences. As a consumer, I want my movements to be insured regardless of the mobility means – bicycle, car sharing, etc. – and not just my vehicle. What's more, digital measurement capabilities and the advent of huge numbers of connected objects opens the door to radically new solutions. This new breed of insurance will be focused more on prevention and custom-tailored cover: insurance will be precisely designed to the measurable behaviour of each policyholder.//

"Digital technologies are totally reshaping the insurance business model."

NATHALIE DORÉ
CEO of l'Atelier BNP Paribas
in San Francisco

Berkeley and Stanford universities in California push students to be entrepreneurs, echoing the powerful innovation culture of Silicon Valley. Today, start-ups that have become stars like Google, Airbnb or Uber encourage younger generations to innovate. A considerable amount of funding is raised in the region as well and the biggest investors are here. In many ways San Francisco is one big laboratory for testing new ideas.

DIGITAL AND PHYSICAL WORLDS FUSE

The current trend emphasizes digital projects that interface with the physical world. With the Instacard application you can shop on line at stores like Costco or Whole Foods Market and have your basket delivered in less than an hour. Behind the app are thousands of personal shoppers ready to go shopping in your place and then deliver your purchases. So it's a mix of digital and human. It's also a good example of a new start-up that grafts its service onto an existing business, mass retailing. These new uses can impact the insurance industry because the customer who makes the decision does not go into the store. This means the value proposition shifts upstream to the start-up's digital platform.

ARTIFICIAL INTELLIGENCE CREATES NEW SERVICES

Another major current trend is artificial intelligence. Thanks to the Internet and Big Data, machines can learn and become "intelligent". In 2015 the brokerage house Charles Schwab began offering a free financial advice robot. This mobile app is primarily designed for new investors, but it opens the path to new types of financial services.

ENGAGING THE ENTIRE STAFF

For a company, digitization is about better use of Internet and mobile channels throughout the customer journey, as well as a better understanding of the different digital players. There are also internal objectives such as paperless processes, changes in work methods and revamping the supply chain. The entire staff needs to be engaged in this transformation. Some jobs will disappear while new jobs will be created, which means that employees must be reassured. Lastly, an innovation culture must be promoted to anticipate future models. Some companies create labs, others fund start-ups and participate in accelerator platforms. Insurers are very much involved in this digital transformation. Major global insurance companies and BNP Paribas Cardif have clearly affirmed their ambition. They've understood that their customers and their employees too will be increasingly immersed in this digital world.

INSURANCE RENEWAL

Like other industries, insurance can leverage digitization to evolve its offering. I'm thinking about aspects such as dynamic pricing, which is very popular in the United States. On the same day the price of a microwave oven can change on Amazon depending on demand and competition. You can imagine the same thing for the extended warranty for this microwave.
In the area of connected objects, there's a New York insurance company called Oscar that offers its customers a year of health insurance and a complementary connected bracelet that counts their steps. If the policyholder walks enough they get paid a dollar a day! In home automation companies like Nest or Samsung – with its SAMI platform – are totally shaking up the market and inspiring insurers. And in the automobile sector in the United States, a start-up called Automatic makes

driving truly more intelligent. It would not be surprising to see Automatic team up with an insurer soon.

THE PROMISE AND DANGERS OF BIG DATA

American data scientists go very deep in analyzing Big Data, to improve a video game experience or manage parking spaces in a city, for example. Big Data can let insurers refine their offers. Currently insurance companies seem to be a bit reticent about mixing their own data, something that represents significant added value, with data gathered from the Web, which is sometimes unstructured. And of course users are concerned about protecting their privacy. Then there's the issue of how do you legislate when technology and uses – booming exchanges via social networks, rapid development of technologies like facial recognition – are evolving at such a breakneck pace? Generation Y, or Millennials, will be answering this question in a few years because they seem less concerned with the use of personal data.//

"THE DIGITAL TRANSFORMATION IS ESSENTIAL FOR COMPANIES THAT ARE NOT 'BORN DIGITAL'"

75%

PROPORTION OF THE WORKING POPULATION
from the Millennial generation (Generation Y) in 2020.

$500 BILLION

ESTIMATED FIGURE
for annual online sales in the United States by 2018 ($300 billion today).

EVERY 6 months

UBER THE TAXI COMPANY
doubles its revenues, underlining the speed at which a start-up with a disruptive business model can grow and become a leader in its market.

43%

PERCENTAGE OF AMERICANS
will be self-employed workers in 2020 (compared with 34% today). New platforms like Instacart are flocking to make use of this flexible labour pool able to match service to demand.

2014

IS THE YEAR WHEN AMERICANS
spent more time on the Internet via their smartphone or tablet than a computer.

CONVICTIONS

OLIVIER CORTÈS
Chief Operating Officer, Efficiency, Technology & Operations

Digitization and increasing volume of data make essential our IT operations efficiency. We focus our attention on it and deploy our forces to answer this expectation as IT operations are a key element of our performance. In addition to that, our distributors and the clients expect more and more accessibility, automation and efficiency to reduce the costs. This is a major development line for BNP Paribas Cardif.

EVERY DAY OUR FRONTLINE TEAMS NEED TO RESPOND even more efficiently to customer needs and expectations, either directly or via our distributors. Adopting a distinctive service culture at the company helps us work better together, for example by taking into account customer satisfaction indicators that are dynamically managed by each country. In our industry, differentiation flows from our ability to deliver a human touch in serving our partners and their customers.

INSURANCE IS A SERVICE INDUSTRY that must innovate to adapt to changes in our environment. Connected objects, for example, now let people track a variety of health and fitness indicators. It's essential that BNP Paribas Cardif test these innovations so that when the time is right, we're able to turn them into insurance solutions that integrate these new tools. You also need to be inventive to design these new offers, taking into account the notion of prevention, which has significant potential to reduce rates for policyholders.//

When an innovation proves useful, you still need a good dose of creativity to transform it into a successful new insurance offer.

OLIVIER HÉREIL
Chief Operating Officer, Assets management

The great majority of our assets is invested in financing for the economy. In addition to government bonds, which represent 40% of invested assets, we provide direct funding for businesses in the form of loans, bonds, shares and sometimes equity investments. We also finance the economy more indirectly through our own real estate holdings, consisting of offices, residential housing, shopping malls and other properties. In 2014 the yield from our asset management activities in France was 4.18% and 3.86% in Italy. It reflects the good performance of our financial management.

THESE RESULTS WERE ACHIEVED IN THE CONTEXT OF LOW INTEREST RATES, posing a real challenge since we have considerable amounts to invest – approximately 200 billion euros in assets under management in 2014. We diversified our investments in markets that offered a higher yield than government instruments. In addition to diversifying our investments, we are also extremely selective. For example, in the equity market BNP Paribas Cardif has a portfolio designed to support the growth of unlisted midcap enterprises.

EUROCROISSANCE FUNDS WERE INTRODUCED IN FALL 2014, CONFIRMING A FUNDAMENTAL INNOVATION by BNP Paribas Cardif, which did not wait for official regulatory approval, since we were among the first to propose "eurocroissance" diversified funds with an equivalent mechanism back in 2010. This anticipation gave us a lead over competitors with a new and highly innovative offer that complements our existing range. This offer gives fund managers more freedom to diversify asset allocations. With "eurocroissance" funds, the capital is guaranteed at a single term, the date chosen by the policyholder. This is a very significant innovation that is very attractive for our customers.//

Our diversification and a selective investment policy led to good yields in 2014.

To best serve the interests of both the company and our saver customers, BNP Paribas Cardif places priority on a sound asset management strategy diversified and selective to ensure attractive yields.

Diversification and selectivity in asset management

The current low interest rate environment creates challenges for all asset managers. With significant amounts to be invested in bond markets, BNP Paribas Cardif is no exception. To avoid being overly penalized by this structural situation, the company has diversified its investment portfolio. This approach has proved successful, since in 2014 the gross rate of return on assets managed by BNP Paribas Cardif was 4.18%, at least twice the market average. *"This high rate of return reflects dynamic management of our assets, while at the same time remaining attentive to risk exposure,"* notes Chief Investment Officer Olivier Héreil. *"We took advantage of all our margins for manoeuvre to leverage different market parameters – inflation in one country, growth in another, central bank policies, etc. We actively arbitraged our positions in equity markets and built a geographic allocation spread that delivered performance for our asset portfolio."*

INTERSECTING TREND LINES IN THE UNITED STATES AND EUROPE

This strategy of actively managing positions in equity markets meant that BNP Paribas Cardif took two main approaches in 2014. During an initial period emphasis was on the US market to take advantage of positive indicators such as the confirmation of economic growth and the decline of the euro versus the dollar. This position was subsequently reversed with a shift to European equities, which showed better upside potential from the fourth quarter of the year – correctly anticipating a trend that was confirmed in early 2015. *"BNP Paribas Cardif's equity portfolio holds shares in major blue chip firms, and also provides development financing for mid-sized companies through unlisted equity investments such as private equity financing,"* explains Olivier Héreil. *"In 2014 we also included international investments in our portfolio, particularly in US-based companies in sectors such as energy services. Plus we added emerging market debt instruments, always taking a highly selective approach."*

GOOD PERFORMANCE IN 2014 EXPECTED TO EXTEND INTO 2015

The solid performance of European equity markets at the end of 2014 led the insurer to make the region a priority for its asset allocation. Growth in Europe continued and then accelerated at the end of the year as the European Central Bank launched its quantitative easing program to inject liquidity into the economy. This inflow is expected to push stock prices even higher, as Olivier Héreil explains: *"Valuations of European companies are more modest than those of US firms, making them more attractive investments since they benefit directly from the drop in the euro, as well as the decline in key commodity prices such as oil."* As a result, BNP Paribas Cardif's roadmap for 2015 largely mirrors that of 2014, with an asset management policy that will continue to centre on diversification and selectivity in order to attenuate dilution of the aggregate yield for the euro fund. At the same time, the insurer will promote new, more dynamic offers such as unit-linked accounts which are already widely deployed in Europe and Asia, as well as new and very promising "eurocroissance" funds.//

"EUROCROISSANCE" DIVERSIFIED FUNDS: 90,000 CUSTOMERS, CLOSE TO 1 BILLION EUROS* IN ASSETS*

BNP Paribas Cardif markets three life insurance contracts based on diversified funds through its main distribution partners (BNP Paribas Private Bank, BNP Paribas retail banking branches and independent financial advisors). Renamed "eurocroissance" (Eurogrowth) since September 2014, these funds (BNP Paribas Avenir Retraite, BNP Paribas Multiplacements Diversifiés, Cardif Multiplus Perspective) have seen growing interest from individual savers since their launch. Total assets under management reached 1 billion euros at the end of 2014, as 90,000 customers chose an investment that includes both a 100% capital guarantee and higher potential long-term gains than a euro fund. Each category of BNP Paribas eurocroissance funds corresponds to specific investor needs. This might be ensuring the availability of capital or supplementary revenue at retirement (Avenir Retraite), or long-term wealth management plans (Multiplacements Diversifiés, Multiple Perspective).

**At 2014/12/31.*

STANISLAS CHEVALET
Chief Operating Officer, Head of Transformation and Development

The economic crisis and the acceleration of digitization have profoundly and irreversibly transformed our economies and impacted the insurance industry in particular. In addition to ageing populations, six trends will significantly reshape the future of insurance, progressively making insurance a consumer commodity in terms of both the process of purchasing insurance, and the underlying utility of insurance.

« COMMODITIZATION »
Regulatory pressures to better protect consumers' interests have led to a necessary clarification of insurance. This will in turn create pressure on sales prices and thus the cost structures of current insurance providers.

« YIELDISATION »
The profusion of information and the collective and individual comparison tools available to providers creates expectations for real-time, personalized insurance rate offers.

« RETAILIZATION »
Consumers have virtually instant access to information, both raw and pre-processed. This has transformed insurance from a complex technical product to a consumer product.

« ROBOTIZATION »
The ability of machines to learn from experimentation opens the path to a "robotization" of insurance. This will align lower costs and customer satisfaction in responding to requests and, in the longer-term, in providing assistance.

« STANDARDIZATION »
The rapid development of mobile devices and connected objects has standardized consumer behaviour in different countries, and thus standardizes insurance as well. This creates new opportunities for players able to anticipate globalization trends.

« SERVICIZATION »
New situations in people's lives alter the fundamental nature of the service proposed by insurers. Consumers want the product they purchase to offer a tangible, effective and immediate service, without constraints. This major phenomenon requires that we rethink our solutions, transitioning to service-driven insurance.

These increasingly pronounced trends, which emphasize the power of machines and software, must inspire us to put people at the centre of our business model, focusing our efforts on our employees, our customers and the environment.//

Our role is to care for people in a society where the emphasis is on usage and immediacy.

We propose a diversified and adapted range of targeted insurance solutions thanks to increasingly precise knowledge of our end customers' needs. This knowledge covers different moments in their lives, their purchasing behaviour and their motivations for purchasing insurance.

Transform knowledge into customer value

Beyond compulsory insurance to cover certain risks, the value proposition in insurance solutions must be abundantly clear to facilitate distribution and ensure complete understanding by end customers. *"Customer value derives from two inseparable factors: the relevance of the offer – meaning the match with a given customer profile – and the context in which it is offered, marketed and sold,"* explains Laurence Hontarrède, Head of Products, Services and Strategic Watch. *"With powerful tools to establish profiles and analyze all the data gathered we can move more quickly to design a solution that will satisfy a given customer, in order to more effectively personalize our offers."*

MEASURING PERCEPTION OF CUSTOMER VALUE

Thanks to objective data analysis – integrating access to Big Data and analytics expertise – it is now possible to profile individuals and explain their insurance consumption behaviour. The Customer Centric Programme (CCP) that BNP Paribas Cardif set up in 2008 allows the insurer to look back and verify the customer's perception of product benefits. Another tool called Value Stars then validates that each offer satisfies the same customer value requirements (see box). Lastly, the speed with which claims are processed can be a major differentiating selling point and create preference for an insurer. BNP Paribas Cardif believes that in 90% of cases today a claim can be settled faster than is currently the case. And this is a tangible benefit for clients who find themselves facing a situation for which they purchased insurance cover.

CO-CREATION WITH CONSUMERS OPENS NEW DOORS

Thanks to precise customer knowledge, information brochures or contracts add value by making sure they are written in language everyone can understand, conform to European standards that dictate clarity.
"Our renewed focus on consumers is seen in the "Boards of Customers", which are meetings with end customers and our distributors to discuss what makes the best insurance solution. So far we've tested this initiative in the Netherlands and Italy," says Laurence Hontarrède. Co-creation has led BNP Paribas Cardif to expand its revenue protection offer, which was initially designed for Italian employees who find themselves jobless, and is now available for self-employed professionals to protect against temporary disability.//

60

BNP PARIBAS CARDIF INTRODUCED 60 NEW PRODUCTS IN 2014

Better understanding the expectations of end customers

E-catalogue provides a clear vision of insurance solutions

BNP Paribas Cardif introduced its first interactive catalogue of products and services, making it easy for people to see the insurer's entire range of solutions in just a few clicks. A detailed description of each type of insurance cover is presented according to policyholders' key needs at different stages in their lives (taking action, preparing and dealing with contingencies), taking into account availability in different countries. This tool is also useful for presentations by BNP Paribas Cardif distributors. The offers are categorized according to customer profile (single, couple and family) and by type of distributor (retailers, banks and financial establishments, automobile market, telecommunications operators and service companies). The catalogue is available on the site www.bnpparibascardif.com.

Value Stars, the customer value seal

Developed as part of the Customer Centric Programme, the Value Stars application rates protection insurance offers on the basis of priority criteria for customers, going beyond the previous approach, which was limited to technical and quantitative factors. Eleven quality criteria have been added, linked to three key subjects: the clarity of contractual and marketing documents, product characteristics and the customer pathway. Value Stars has been translated into 25 languages and is used by all countries where BNP Paribas Cardif is present, acting as an effective means to heighten awareness among partners of the different elements that create customer value in an offer. In Belgium, after testing Value Stars, consumer credit company Alpha Credit established an innovative action plan to drive customer recruitment.

More fluid pathways with Customer Journey application

An iPad application developed by the insurer called Customer Journey evaluates the behaviour of end customers and estimates their potential for purchasing insurance products. Each meeting between BNP Paribas Cardif and its partners is an opportunity for the insurer's marketing specialists to work with distributors to identify touch points between the brand and its end customers. They can then put together action plans to tap into this potential. In Colombia, the insurer set up a multichannel cross-selling program with financial services specialist Grupo Aval covering a range of 61 insurance products.

CUSTOMER VALUE IS THE CORNER-STONE FOR DESIGNING INSURANCE OFFERS

BNP Paribas Cardif believes that the customer value in an insurance offer is created by adapting it to consumer expectations with simple, clear availability.

"BIG DATA AND ANALYTICS COMBINE TO ACHIEVE THE SAME GOAL: IMPROVE THE SERVICE PROVIDED FOR CONSUMERS."

LAURENCE HONTARRÈDE
Products and Services, Strategic Watch

BNP Paribas Cardif regularly meets with its distributors and their end customers to conceive tomorrow's insurance solutions.

BNP Paribas Cardif does business in three of the world's key economic regions, EMEA, Asia and Latin America. In each country we deploy a targeted and structured strategy. This multi-local approach allows us to meet the specific needs and expectations of our distribution partners and end consumers.

A multi-local approach for customized solutions on an international scale

In Austria, the Erste Group bank distributes Mobileo insurance for mobile devices via its customers' personal account areas.

The company has *"global ambitions for a continually expanding product range, from creditor insurance and extended warranties to casualty and individual protection insurance,"* says Cyril Petit, head of the insurer's non-financial partnerships around the world. Already a partner to numerous banks, large retail chains and automakers, BNP Paribas Cardif is also developing new models of cooperation with energy utilities (including Gas Natural in Spain, with cover to protect against unpaid utility bills) and telecoms operators (such as an extended warranty and damage cover for mobile phones with Elisa in Finland). While the insurer's ambitions are indeed global, execution is resolutely local. BNP Paribas Cardif subsidiaries in each country are specialists in their respective markets. They calibrate offers to match the needs of end customers and distributor expectations, also ensuring regulatory compliance. Development is supported and validated by head office teams, giving substantial autonomy to country operations.

RESPONSES TAILORED TO LOCAL CONTEXTS

"Our strategy is both consistent and diversified from one country to the next," explains Pierpaolo Dipaola, BNP Paribas Cardif's Director for Continental Europe. *"We work to provide value for customers by designing new offers and by strengthening our omnichannel distribution coverage."* Certain types of insurance cover are in greater demand in a given market, he continues. *"In Spain, a country that has been hit hard by the economic crisis, it makes sense to propose cover against job loss, while in Germany this type of insurance isn't as widespread."* To address different market contexts, the insurer adapts solutions for global distributors, supporting them with invaluable expertise. In 2014, BNP Paribas Cardif expanded its partnership with the Erste Group bank in Central Europe. In Austria, this cooperation spawned new offers including a version of the Mobileo insurance (protection for mobile devices), which is now marketed directly on the online personal account pages of the bank's customers. *"This is a very contemporary product that targets a young, technically savvy clientele. This distribution channel is perfectly matched to our offer,"* Pierpaolo Dipaola says.

ALWAYS CLOSER TO THE END CUSTOMER

BNP Paribas Cardif continually takes initiatives to better know and understand the expectations of its end customers. For example, sending out customer satisfaction questionnaires is becoming standard practice in several countries. End customers in the Czech Republic and Poland are asked to share their opinions twice a year. Relations with end customers are closer than ever as well, as in Spain, where the insurer will soon begin offering health insurance directly via Internet. With its diverse geographic footprint and multi-faceted approach, BNP Paribas Cardif is able to pursue a wide range of initiatives that are always conceived with a focus on the needs of local consumers.//

Innovative offers in each market

Habit@t box protects Italian homes

Marketed by the insurer in Italy via its commercial website, the Habit@t box is both an insurance solution and home automation system. Since July 2014 it has also been available directly from Banca delle Marche bank, as well as consumer credit company Findomestic, distributed free to consumers who subscribe a "house and family" insurance policy from the BNL retail banking network. The revolutionary box earned an Innovation Award from the BNP Paribas group, an excellent anniversary present for BNP Paribas Cardif in Italy, which is celebrating its 25th year in the country. The box will soon be replicated in other markets, protecting homes around the world...

Successful co-construction with RCI Banque

Car insurance is a significant growth channel for BNP Paribas Cardif, one that continues to expand in several countries thanks to a partnership between the insurer and RCI Banque, the captive insurance unit of automaker Renault. A collaborative process has led to the creation of entirely new offers: GAP insurance (covering the risk of financial loss) insurance in Brazil and Turkey, countries where this type of cover did not previously exist, a range of insurance packages combining life and non-life cover in South Korea, and basic car insurance in Russia adapted to the current economic crisis. Because each market is different, BNP Paribas Cardif designs the offer best adapted to each context, working closely with its distributor.

BNP Paribas Cardif aims to become a benchmark digital insurer by 2016 and has initiated a vast transformation plan to better serve its distributors and end customers. Digital innovation lets us enrich client relationships, expand our portfolio of solutions and sharpen efficiency at every level of the company.

Digital channels drive value creation in insurance

Explosive growth in digital technologies around the world *"creates exciting opportunities for us to deliver greater value-added to our distribution partners and to consumers,"* says Grégory Desfosses, Chief Digital Officer of BNP Paribas Cardif. The insurer continues to build out an omnichannel presence to offer a complete range of insurance solutions regardless of the channel – traditional bricks and mortar outlets, telemarketing, Web, etc. Today, customers can connect with their insurance provider using any channel, at any time.

A NEW DIGITAL CULTURE

The company engages directly with its different publics via social media with a more prominent presence on Twitter, LinkedIn, Google+ and other networks. This approach strengthens both recognition and responsiveness. At the same time, BNP Paribas Cardif is deploying analytics expertise to better know its customers, leveraging the potential of Big Data. Internal operations are more digital as well, including automated processes and the development of digital working, to adopt new working methods, more agile. At the insurer's head office, Cardif Lab' spearheads the company's new digital culture, which is shared by staff, as well as distributors. *"Cardif Lab' makes digital technologies tangible, presenting new technologies like 3D printers or Google Glass. We invite our partners to come brainstorm with us to imagine the insurance solutions of tomorrow,"* Grégory Desfosses adds.

CONNECTED CARS, CONNECTED HOMES

Digital applications and connected objects are both being closely investigated by BNP Paribas Cardif because they harbour a myriad of possibilities for protecting people and property and for personalized offers. As part of its car insurance range in the UK, the company proposes a mobile app called "Drive Smarter" that offers discounts for conscientious drivers when they renew their policy. In Italy, the Habit@t box detects smoke, leaks or power outages. This new breed of insurance cover is at the same time an extremely useful home automation service. And in 2014, BNP Paribas Cardif teamed with Samsung in collaboration with the start-up FollowAnalytics, a mobile marketing specialist, to conceive new "connected insurance" services. Initial work led to the creation of an app that runs on Samsung's new SAMI platform. It aggregates and analyzes data from connected objects and sensors to facilitate the emergence of services with greater value-added. In this new digital world, data security and protection are top priorities, and BNP Paribas Cardif takes particular care in safeguarding personal information.//

2014, the year of digital innovations

Cardif Lab': discover the insurance of tomorrow

Cardif Lab' opened at BNP Paribas Cardif's head office in Nanterre in 2014. The space presents the latest high-tech devices – 3D printers, robots, connected objects and more – and how they can be applied to future-facing insurance solutions. Staff and partners are invited for hands-on discoveries of digital innovations that are reshaping the world... and sparking ideas from BNP Paribas Cardif and its distributors to enrich their insurance offer.

Digital Life Protect: protecting your online existence

BNP Paribas Cardif keeps very close track of its own e-reputation, giving the insurer an ideal position to create a family insurance policy for online risks for its distributor Commerz Finanz in Germany. The product covers identity theft, fraudulent online purchases and even the cyber-bullying that victimizes many adolescents. This innovation from BNP Paribas Cardif is especially well adapted to the risks inherent to today's connected lives.

Avoiding insurance overlap

Available free on cardif.fr, a simulator to check for double insurance cover won a prestigious French insurance industry innovation award in 2014. With just a few clicks, the "Diag à Doublons" simulator invites people to answer a questionnaire on their insurance contracts and consumption habits (foreign travel, car hire, etc.). It detects any redundant cover, letting consumers optimize their budgets. The simulator includes a free information pack too, because when consumers are better informed, they are better insured...

PARTNERSHIPS

VIRGINIE KORNILOFF
Chief Operating Officer, Domestic Markets

In our domestic markets – France, Italy and Luxembourg – we do business primarily through banking partners within the BNP Paribas group. We have also forged alliances with other distributors. In France, BNP Paribas Cardif works with large retail chains such as Auchan, Carrefour, Cora and Fnac to sell products that complement their respective businesses, including income protection and extended warranties, for example. We've innovated to help these distributors effectively sell insurance in their stores. In Italy, we've won a significant number of mandates to provide creditor insurance from banks that do not offer this type of cover.

IN SAVINGS, BNP Paribas Cardif continued to develop business via retail banking networks, as well as with independent financial advisors and private banks. With the continued structural decrease in interest rates in 2014, in France, the "eurocroissance" fund proved a good alternative to the euro fund. Via its distributors, BNP Paribas Cardif is the leader in this product category with 1 billion euros in assets under anagement. In Luxembourg the emphasis was on distribution of unit-linked products with a significant number of European private banks.

PARTNERSHIPS have figured at the core of our business model since the creation of the company. We work with our partners to explore a vast array of innovation opportunities. With the customer in-store journey, digitizing the insurance subscription process will enable sales staff to easily complete the purchase with the customer using a tablet. The better we are at gaining an intimate knowledge of our policyolders, the better we'll be able to offer them the right solution at the right time. This makes it important for BNP Paribas Cardif and its distributors to develop an appetite for insurance to make people aware of the importance of protecting what is dear to them.//

By developing intimate knowledge of our policyholders we're able to offer them insurance tailored to their needs.

JEAN-BERTRAND LAROCHE
Chief Operating Officer, International Markets

Wherever we operate around the world, our relationship with distributors is based on confidence, an essential value in the world of insurance and financial services. They give us access to their distribution network and share their strategy. They expect us to manage their insurance activities to benefit their customers, which means they entrust us with the relationship with their customers, their most valuable asset. Given the diversity of partners with whom we work, there are as many different insurance businesses as there are distribution networks. That's why BNP Paribas Cardif makes sure we understand each different model in order to co-construct insurance solutions aligned with the fundamental needs of their customers.

WE CONTINUED TO EXPAND IN EUROPE IN 2014, along with exceptional performance in Latin America and very sustained business levels in Asia. In China, the finalization of our joint venture with Bank of Beijing gives BNP Paribas Cardif a solid foothold in the country. We also see promising opportunities through the development of BNP Paribas Personal Finance through a joint venture with Bank of Nanking, and in both the automobile sector and retailing. In France, the acquisition of Icare, a specialist in extended warranty auto insurance, will let us better serve the auto industry on an international scale. In Poland, the acquisition of the bank BGZ by BNP Paribas will strengthen our position in the country. In Chile and Colombia, the success of our car insurance solutions has consolidated our agreements with banks and retail chains. We also signed new partnerships with the telecoms sector this year, notably in Nordic markets. Lastly, BNP Paribas Cardif advanced in our digital offerings and multichannel experience, including in Russia with Sberbank, and in Brazil with Magazine Luiza and the e-commerce group B2W.

WE ARE FORTUNATE TO BE WORKING with a panel of distributors that not only has one of the densest geographic footprint, but is also one of the most diversified in the world, which means we need to continually understand how their models are changing. These direct front-line contacts in particular reflect our commitment to listening to their needs and the needs of their customers, creating opportunities to work together on new ideas. We will continue to co-create forward-thinking solutions by focusing on three priorities: drive product innovation, leverage our efficient distribution model, and deliver a positive customer experience. And that is how we will create long-term value for our partners.//

Our distributors entrust is with their most valuable asset: the relationship with their customers.

A culture of innovation is deeply embedded throughout BNP Paribas Cardif thanks to a variety of initiatives. Above all, the insurer is bringing its distributors into the innovation loop through an open innovation approach as they blend expertise to co-construct the insurance solutions of tomorrow.

Inventing the insurance of tomorrow with distributors

The insurer continually takes initiatives *"to be more inventive, more agile, more collaborative and more open to the world and attuned to the expectations of consumers,"* says Héloïse Lauret, Innovation Director at BNP Paribas Cardif. A tangible creative spirit can be felt throughout the company. In addition to a prominent presence in the Innovation Awards – given to the most innovative projects from across the BNP Paribas Group – there are regular internal workshops that emphasize brainstorming and design thinking(1), plus a multitude of training sessions to become conversant with the latest innovation techniques, such as Lego Serious Play(2) or Business Model(3) Canvas.

LEVERAGING COLLECTIVE INTELLIGENCE

Above all, the insurer has made substantial inroads in recent years in deploying open innovation. *"We'll always be more creative together, when we share our thinking with distributors and with experts from a variety of fields,"* Héloïse Lauret explains. For the past two years BNP Paribas Cardif has organized "jam sessions" during which staff meet with outside experts – designers, sociologists, developers, etc. – and speakers from other companies (including power utility EDF, the French post office, telecom operator Orange and others), with the aim of jointly finding solutions to issues of common interest. The sessions have to date covered subjects such as developing mobile applications, creating prototypes from Big Data, or devising new concepts to get closer to end customers. *"At the end of each session the goal is always to build a prototype,"* explains Héloïse Lauret. *"It might be a new service, a customer pathway or an example of usage related to Big Data. We always try to be concrete and put the customer's needs and behavior at the centre of our process."*

DISTRIBUTORS BECOME PRIME PARTNERS IN DRIVING INNOVATION

BNP Paribas Cardif is taking co-construction to the next level by applying its creative innovation approach in conjunction with distributors. The objective remains unchanged: be a pioneer in crafting insurance solutions that meet the expectations of consumers, today and tomorrow. *"We start from the principle that we need the perspective of our distributors to gain more precise knowledge of the end customer,* Héloïse Lauret says. *So we naturally work with our partners to conceive the insurance services we can offer to their customers."* In 2014 the company hosted a series of workshops called Sharing Days with major distributors including Volkswagen and Carrefour. During the workshops the insurer and the partner sat down to imagine innovative services and agree on common strategies. *"One great example of innovation that came out of these Sharing Days* →

JAM SESSIONS TO INNOVATE

Mobile apps, Big Data, service customization… Jam Sessions cover a vast array of subjects, but always focus on collaborative thinking about the insurance of tomorrow.

Sharing strategy, listening to needs and innovating together

Brokers: partners in innovation

In the Netherlands, BNP Paribas Cardif regularly meets with ten mortgage brokers who distribute its insurance products. These "Boards of Partners" provide a platform for the insurer to listen to comments, expectations and suggestions for improvements from the brokers, as well as their analysis of the local market.
The meetings are both extremely constructive and informal, where frank exchanges are encouraged.
The regular periodicity is an advantage, as is the attendance by top executives from the insurance company.
The brokers welcome an opportunity to discuss issues with senior executives, facilitating thoughtful collaboration. At the same time, these exchanges provide invaluable input for BNP Paribas Cardif to drive innovation and adaptations to products.

Close collaboration with Volkswagen

BNP Paribas Cardif has been a partner to the financial's automaker since 1998 and works with Volkswagen in 17 countries, providing a growing number of opportunities for crossfertilization.
Sharing Days with local sales teams and head office representatives are regularly organized and teams from the two companies join one another for workshops animated by BNP Paribas Cardif Innovation department.
The automaker demonstrates its trust and confidence in BNP Paribas Cardif, which is considered not just a supplier of insurance products, but a true game changer capable of reinventing its offering to stimulate the market, in a best practices sharing context.

SYMPOSIUM FOR DISTRIBUTORS AROUND THE WORLD

BNP Paribas Cardif regularly hosts an event for more than 200 distributors, with panel discussions, workshops and opportunities for informal exchanges.
The agenda for the 2014 edition centred on customer value, digital solutions and Big Data.

→ **Alex Koster,** Consultant, talks about C Generation during last Symposium, June 2014.

← Roundtable "Distribution model" during 2013 Symposium, with, from left to right: **Philippe Torres,** L'Atelier BNP Paribas; **Ilan Benaim,** Ventesprivees.com; **Enrique Martinez,** FNAC; **Federico Trajano,** Magazine Luiza, Brazil; **Adriano Romano,** BNP Paribas Cardif Brazil.

"IT'S ESSENTIAL THAT BNP PARIBAS CARDIF BE ABLE TO PROPOSE NEW IDEAS THAT WILL ENRICH THE CUSTOMER EXPERIENCE."

VANESSA PAULINHO DE SUSA
Carrefour Brazil

→ *is car insurance for Volkswagen convertibles indexed to the number of rain days per year[4],"* Héloïse Lauret smiles.

CREATIVE DNA FROM START-UPS

BNP Paribas Cardif also calls on a pool of innovators to help expand creative horizons. In Italy, the insurer teamed with the Milan Polytechnical School to launch Open-F@b, an incubator for new insurance ideas. The start-ups come up with the offers and distribution strategies of the future, using a budget allocated by the insurer. *"Innovation through partnerships, sharing with external experts, working with start-ups and working directly with our distributors will always flow through to greater consumer value,"* Héloïse Lauret emphasizes.
BNP Paribas Cardif has transformed large-scale innovation from theory into practice, becoming more creative, more agile and more centred than ever on delivering greater consumer value.//

(1) An innovation concept inspired by the way designers work, focused on identifying actual consumer needs.
(2) The Lego Serious Play method uses the game to find solutions for strategic and/or organization issues, encouraging creativity, innovation and team spirit.
(3) A tool for describing the business model of a project or company.
(4) Sunshine Guarantee.

VANESSA PAULINHO DE SUSA
Director of Products and Channels, Carrefour Financial Solutions (Brazil)

SHARING DAYS, LET'US CO-CONSTRUCT A FORWARD-FACING COMMERCIAL OFFER

I took part in the Sharing Days organized in São Paulo in September 2014. For three days, BNP Paribas Cardif teams – from the head office, Brazil and Argentina – came together with Carrefour teams from Brazil and Argentina. Around 40 people met to share best practices and imagine joint strategies. I found these exchanges extremely useful since we had a chance to discover our partner's innovations, particularly digital solutions being deployed in Europe. Our commercial website recently went live in Brazil so we're very interested in different aspects of optimizing online sales. We also discussed in detail the expectations of Carrefour customers, began to outline tomorrow's insurance solutions, and thought about how to revamp our distribution channels. Together, we came up with 20 objectives, such as how to double the penetration rate for a given product line, and prepared a roadmap to achieve the goal, with input from each partner, Carrefour and BNP Paribas Cardif. This co-construction logic that our partner has developed really makes a difference. It lets you really get inside our day-to-day realities and those of our customers. Ultimately, everyone shares the same objective: make the customer experience a total success.

Throughout 2014 BNP Paribas Cardif enhanced the digital experience for both partners and end customers.

E-distribution, underpins the omnichannel customer experience

The numbers are impressive indeed: in Brazil more than a million extended warrantee insurance policies (covering equipment failures, theft, etc.) were signed in 2014 thanks to digital channels, via the websites of BNP Paribas Cardif's distribution partners. Two major retail chains led this pioneering development, Magazine Luiza, mainly for household appliances, and the electronic goods e-commerce site B2W. The multichannel distribution model marked a significant shift in the consumer journey in 2014 as digital distribution accelerated sharply, mainly in Latin America. On a global scale, the volume of sales where digital channels come into play totalled 1.4 million policies, thirteen times the figure for 2013.

SUPPORTING THE DIGITAL TRANSFORMATION OF OUR PARTNERS

"The increase in digital sales of our offers is the fruit of discussions with our partners on knowledge of the path-to-purchase taken by their customers. We then rethought our strategy to move beyond the conventional point-of-sale distribution model, recounts Jean-Noël Troubat, who is in charge of developing an omnichannel experience for distributors. *This shift in model meant that our partners needed to deploy new services such as online subscription interfaces, making it possible to personalize the customer experience."* Another innovation is the development of complementary protection offers including auto insurance in Chile with Falabella, a major distributor, or dental insurance with Carrefour in Spain, or extended warranties for mobile phones with Orange Telecom.

THREE COUNTRIES SPEARHEAD DIRECT DISTRIBUTION

"When there is direct contact with consumers, our objective is to create the most satisfying possible customer experience, from discovery of the brand to the purchase, plus of course after-sales support. This is extremely important in insurance because customers turn to their insurer to submit a claim or to resolve a problem with the policy," emphasizes Judith Fichet, who oversees development of direct business-to-consumer relations in the ominichannel model. Three countries proved particularly adept in rolling out these new solutions in 2014. Brazil introduced Autofacil, an innovative car insurance solution, while the UK began offering both car insurance and pet insurance online. In France, creditor insurance continues to be a flagship product. The digital consumer experience is also driving growth in Asia. In Taiwan, BNP Paribas Cardif launched a mobile application that lets customers carry out savings transactions. In China, a brand new joint venture with Bank of Beijing gained widespread recognition via the WeChat social network, which counts 400 millions of subscribers, setting the stage for success in the country for both savings and protection projects.//

"WE SOLD 16,000 INSURANCE CONTRACTS IN 2014 VIA OUR PRECONNECT DIGITAL PLATFORM, WHICH WILL SOON BE INTEGRATED WITH THE BNL AND HELLO BANK SALES PLATFORMS."

DANIELE TONETTI
BNL (Italy)

NELSON ROJAS
Managing Director of Caja Los Andes[1] (Chile)

WE SUCCESSFULLY DIGITIZED OUR INSURANCE DISTRIBUTION PROCESS

Personal accident insurance for motorized vehicles, called "SOAP"[2], is compulsory in Chile. The cover we designed with BNP Paribas Cardif creates excellent value for our affiliates and is marketed 100% online. Digital distribution is really growing in Chile and we couldn't afford to miss this trend. Our partner clearly understood this and our efforts have paid off, since we sold 15,000 SOAP policies in 2014.
We see BNP Paribas Cardif as a long-term partner with a shared objective: providing the best possible customer experience for our affiliates through an increasingly broad selection of products and channels that are tailored to needs and expectations. Simplicity, agility and innovation all characterize our cooperation.

(1) Caja Los Andes is an entity that administers financial services and social security benefits for workers.
(2) Compulsory traffic accident insurance covering personal liability and vehicle damage.

GENERATING SALES THROUGH ONLINE INSURANCE COMPARISON

The Comparabien site in Peru receives over 20,000 requests for estimates each day for mandatory SOAT vehicle insurance. The requests are then forwarded to the BNP Paribas Cardif e-commerce site to finalize the sale.

BNP Paribas Cardif closely tracks trends in society with an eye to creating more value for end customers by proposing continuous improvements in insurance solutions for its distributors.

"IN JUST NINE MONTHS WE SOLD 63,000 PROTECTION CONTRACTS FOR SMARTPHONES AND TABLETS WITH OUR PARTNER T-MOBILE."

TOMAS KADLEC
BNP Paribas Cardif Director (Czech Republic)

Anticipating trends to enrich offers

Co-creating innovative solutions with and for distributors is a permanent process at BNP Paribas Cardif. This is how the insurer helps its partners' businesses thrive while creating value for today's consumers.

PARTNERING CUSTOMERS'PROJECTS

Consumer finance harbours vast potential for diversification of insurance solutions, well beyond creditor insurance. *"Our largest distributor, BNP Paribas Personal Finance, is increasingly positioning itself as a real partner to help its customers realize their projects. Our role is to help them enrich their offer by designing appropriate insurance cover,"* explains Tanneguy Rérolle, head of the consumer credit market and payment companies at BNP Paribas Cardif.
To optimize this collaboration, in recent years two BNP Paribas Group subsidiaries have set up a joint governance structure. They identify issues of common interest such as trends in payment methods (cardless transactions, mobile payment, etc.) that impact both credit companies and insurers. Credit and payment specialists, especially BNP Paribas Personal Finance, are devising new financing methods to replace traditional credit or prepaid cards.

In conjunction with their efforts, BNP Paribas Cardif is evolving its payment method protection solutions to support these changes.
Other projects in the pipeline include car cover. *"The acquisition of Icare, a major player in mechanical breakdown warranty in France, brings us invaluable expertise to better contribute to BNP Paribas Personal Finance's expansion plans in this segment by offering a new extended warranty product independent from automobile financing. In other words, it will soon be easy to subscribe extended warranty cover from BNP Paribas Personal Finance even for customers who did not finance their cars through the company,"* says Tanneguy Rérolle.
These innovations are managed in close liaison with the distributor, including testing of price sensitivity to offer the best warranty/consumer cost performance.

BANKING PROVES A PRIME CANDIDATE FOR INNOVATIVE SOLUTIONS

"BNP Paribas Cardif is also driving continuous innovation in the banking sector, explains José Degli Esposti, head of the banking market at BNP Paribas Cardif. *Our main distributors are BNP Paribas retail banking networks, both in the Group's domestic markets and in markets covered by International Retail Banking. We also work through joint ventures in Asia with independent banking networks. All told, we work with 250 partner banks in our three geographies."*
With French Retail Banking – BNP Paribas Cardif's top distributor in France – close & long-term collaboration continues to energize innovation. One example is the creation of Mobileo in 2011. This offer insures all the mobile devices in a household – laptops, tablets, smartphones, etc.
In late 2014 the insurer also introduced a new-generation of funeral cover in partnership with OFPF, the French association of memorial societies, which counts 3,000 member funeral homes. In addition to arranging contacts with a trusted establishment, the new policy proposes a third-party payment mechanism so that the deceased family does not have to deal with paying fees.
Initiatives in the savings segment that began in 2010 with retail banking partners to design a new generation of life insurance vehicles (so-called "euro diversified" contracts), established the groundwork for BNP Paribas Cardif "eurocroissance" funds, which are now distributed by several banking networks in France.//

DOMINIQUE FIABANE
BNP Paribas French Retail Banking, Retail Operations Director

WE'RE STRENGTHENING THE ABILITY OF OUR ADVISORS TO PROPOSE ADAPTED SOLUTIONS

The bank's customers are increasingly knowledgeable, demanding and expect personalized and personal contact with their bank. The way a customer is served is as important as the offer itself. To meet this challenge, BNP Paribas launched a transformation programme across its four domestic markets – France, Italy, Belgium and Luxembourg – with the goal of becoming the benchmark for excellence in customer relations. Our bank advisors are the hub of the customer relationship, they play a key role in establishing confidence during key stages in the customer's life, such as taking out a life insurance policy, or buying a home. This is why BNP Paribas has strengthened the ability of its retail advisors to propose adapted solutions for property acquisitions, savings and personal protection insurance. BNP Paribas Cardif is a stakeholder in this programme "Clients Preference", providing expertise and support for training advisors and deploying the insurance offer.

PART 1 – BNP PARIBAS CARDIF ACTIVITY

01. BNP PARIBAS CARDIF & BNP PARIBAS GROUP INSURANCE BUSINESS LINE

The international activities of BNP Paribas Cardif are performed via the subsidiaries held directly or via the branches of two major subsidiaries of BNP Paribas Cardif, which are:

• Cardif Assurance Vie SA (100% owned by BNP Paribas Cardif), a composite insurance company registered with Companies House under number 4021042 and based at 1, boulevard Haussmann, 75009 Paris, France;

• Cardif Insurance Miscellaneous Risks SA (100% owned by BNP Paribas Cardif), a non-life insurance company registered with Companies House under number 4020286 and based at 1, boulevard Haussmann, 75009 Paris, France.

In addition, among the main operating French entities of the BNP Paribas Cardif group is the Economic Interest Group (EIG) BNP Paribas Cardif, which operates for all subsidiaries and branches of BNP Paribas Cardif, residing at 1, boulevard Haussmann, 75009 Paris, France.

Among the subsidiaries, some are joint venture, including:

• Cardif Luxembourg Vie (33.34% owned by BNP Paribas Cardif, 33.33% by BGL, BNP Paribas branch and 33.33% by AGEAS), a life insurance company in Luxembourg;

• SBI Life (owned 26% by BNP Paribas Cardif and 74% by the State Bank of India), a life insurance company in India;

• TCB BNP Paribas Cardif Life Insurance Company (49% owned by BNP Paribas Cardif, and 51% by the Taiwan Cooperative Bank), a life insurance company in Taiwan;

• BNP Paribas Cardif Life Insurance Co. Ltd (85% owned by BNP Paribas Cardif and 15% Shinhan Bank), a life insurance company in South Korea;

• LuizaSeg (49.99% owned by BNP Paribas Cardif via NCVP Societarias Participacoes SA, 50.01% by Luiza Store), a non-life insurance company in Brazil;

• and Natio Assurance (equally owned by BNP Paribas Cardif and Axa), a non-denied insurance company registered at Companies House under the number 4021236 and domiciled at 8, rue du Port, 92728 Nanterre Cedex, France.

Also analytically related to the group's insurance business line:

• 25% of AG Insurance, corresponding to the share owned by BNP Paribas;

• 66.66% of Cardif Luxembourg Vie, given the control of the Luxembourg subsidiary when the share of BGL is added to that of Cardif.

The insurance business of BNP Paribas Group states **a turnover of 27.5 billion euro in 2014,** corresponding to:

• **24.1 billion euro of turnover** from entities owned by BNP Paribas Cardif including:
  -21.1 billion euro on entities consolidated by global and proportional integration in the financial statements;
  - 3 billion euro on entities reported in equity method.

• **3.4 billion euro** in revenue from entities related analytically.

TURNOVER OF BUSINESS CONSOLIDATED ACCOUNTS:	21.1
Associate or unconsolidated companies:	3.0
of which:	
Cardif Luxembourg Vie (at 33,34%)	1.0
Taiwan Cooperative Bank (at 100%)	0.8
SBI Life at 26%	0.4
Natio Assurance (at 50%)	0.1
Other Companies	0.7
Analytically related Companies:	3.4
of which:	
Cardif Luxembourg Vie (at 66,66%)	2.0
AG Insurance (at 25%)	1.5
TURNOVER OF INSURANCE LINE	27.5

02. CHANGES IN THE CAPITAL STRUCTURE

BNP Paribas Cardif

In the financial year 2014, in order to finance its growing solvency margin needs, the holding company BNP Paribas Cardif SA has:

• firstly, achieved **a revision of the stock of its subordinated debt,** which focuses on two areas:
  - An issue of perpetual subordinated debt (TSDIs) on the market in Luxembourg equal to 1 billion euro, finalised on 25th November 2014.
  BNP Paribas Cardif has made an issue of subordinated securities of indefinite duration, externally on the European financial markets. The securities issued were subscribed for a total sum of 1 billion euro;
  - The early redemption of existing debt (3 undated subordinated notes underwritten by BNP Paribas SA) for a total value of 436 million euro in December 2014.

• And secondly, reduced its equity, by the return of a portion of its share premium to its shareholders in June 2014 for 223 million euro and in December 2014 at 250 million euro, a total repayment of 473 million euro.

Cardif Assurance Vie, Senior Operational affiliate of BNP Paribas Cardif Group

In order to finance the growth of the solvency margin requirement and taking into account the evolution of Cardif Assurance Vie's hedges, the holding company BNP Paribas Cardif has underwritten an issue of subordinated perpetual duration of a sum of 270 million euro.

03. PRESENTATION OF ACTIVITY FOR THE YEAR 2014

The turnover of the Insurance Business Line of the BNP Paribas Group, up 8.5% compared to 2013 (at historical perimeter and exchange), reached 27.5 billion euro in 2014. This sustained growth is explained by the strong contribution in **Savings from the domestic markets** (France, Italy, Luxembourg) and the **significant growth in protection activities in Latin America.**

The development of the activity of the trade group BNP Paribas Assurance rests on its unique business model:

• an **international presence** of significant nature **with strong positions in Europe, Asia and Latin America:**

Distribution of the Savings inflow in 2014 by geographical area (in Bn€)

• a **diversified offer,** offering savings products and protection:

• **a culture of partnership** with a distribution by banks, financial institutions, consumer credit companies, credit subsidiaries for auto manufacturers or again with major retail groups.

3.1 THE SAVINGS INSURANCE BUSINESS ACTIVITY OF BNP PARIBAS

77% of the insurance business activity is conducted in Savings. This gross inflow takes place mainly in Europe in France, Italy, Belgium and Luxembourg but also in Asia.

Distribution of the Savings inflow in 2014 by geographical area (in Bn€)

In 2014, Savings posted a significant inflow in unit-linked in its main countries, with a global share of 34%.

3.2 PROTECTION IN THE BNP PARIBAS GROUP INSURANCE BUSINESS LINE

The **turnover in protection,** up by 5% compared to 2013 (at historical exchange, i.e. up 9% at constant currency), reached **6.2 billion euro in 2014.**

The distribution by the protection business line in 2014 is the following:

The protection business line is very geographically diverse and continues to expand, particularly in Asia and Latin America. These areas now account for over a third of the activity (against only 18% in 2008).

Distribution of Protection turnover in 2014 by geographical zone (in Bn€)

Protection turnover in 2014 by distributor type

PART 2 – BNP PARIBAS CARDIF FINANCIAL MANAGEMENT

The assets managed by BNP Paribas Cardif at 31st December 2014 represent 202 billion euro (at market value, all assets included), including:

- **170 billion euro in Savings, with**
  - 111 billion euro for Cardif Assurance Vie;
  - 17 billion euro for Cardif Luxembourg Vie;
  - 16 billion euro for Cardif Vita;
  - 13 billion euro for AG Insurance (25%);
  - 12 billion euro for Asia.
- **13 billion euro** for other provisions (mainly protection);
- **Almost 20 billion euro** for unrealised gains.

The breakdown by financial assets of the amounts outstanding of the principal countries for savings at December 31, 2014 is as follows:

Asset management in major general funds of BNP Paribas Cardif, Cardif Assurance Vie and Cardif Vita, is detailed below.

TABLE A

01. CARDIF ASSURANCE VIE GENERAL FUND

Cardif Assurance Vie, the main group's insurance company, manages 102 billion euro through KVIGG.
Asset allocation by Cardif Assurance Vie at 31st December 2013 (excluding assets covering the commitments in unit-linked) was as follows:

1.1 ALLOCATION AT THE END OF DECEMBER 2014

The evolution of the structure of the securities of the general management is as follows (cf. table A).
In the valued amount (including accrued coupons), the portion of fixed rate investments has risen from the end of 2014 to 76.6% against 74.0% at the end of 2013. The portion of variable rate bonds fell slightly and represents 5.8% at the end of 2014 against 6.6% at the end of 2013. The portion of short-term investments represents 1.9% of the portfolio at the end of 2014 (-1.3% against the end of 2013).
The exposure of "shares" at market value (Convertibles, Index Linked Shares, Other Equities and diversified assets) decreased to 11.1% (against 12.7% at end 2013).

Bond exposure
2014 was characterised by large differences in macroeconomic situations on both sides of the Atlantic.
In the US, economic growth was based on the recovery of the property market as well as the improved state of the employment market.
In Europe, the absence of a return to growth and deflationary risks weighed on the economic environment.
In an environment whereby inflation fell below 0.5% and no return to growth was experienced, equity and bond markets continued their downward trend. Some yields of short and medium-term government securities have even gone into negative territory. Like last year, the central banks have imposed their pace on financial markets. In the US, the markets now expect the start of the upward movement in interest rates, while in Europe on 22nd January 2015, the Central Bank announced an asset purchase programme spread over 18 months. This programme represents a monthly purchases volume of 60 billion euro and concerns government securities in the Euro zone.

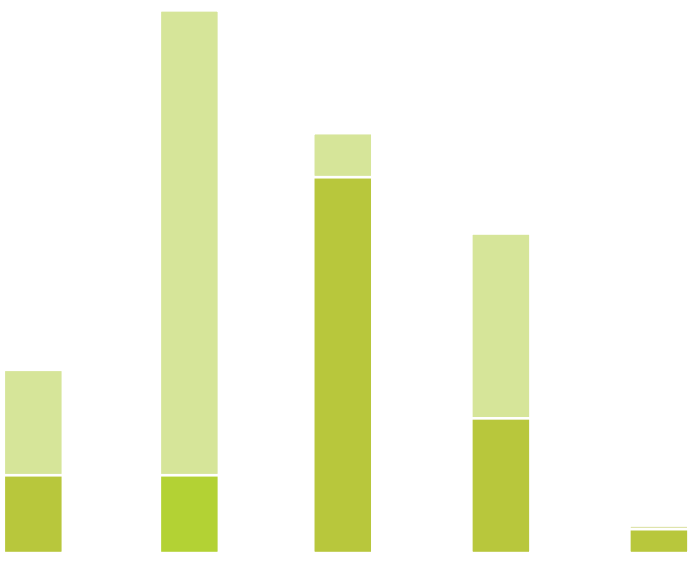
This announcement had the effect of lowering the Euro zone countries' 10-year yields from 15 to 20 basis points.
The US 10-year maturity rate declined slightly over the year 2014 from 2.86% to 2.17% while the OAT 10-year rate fell from 2.47% to 0.83%.
Peripheral countries' rates also experienced significant declines. For example, the Spanish 10-year dropped from 4.10% to 1.88%, while the Italian 10-year rate fell from 4.04% to 1.86%.
In this context, Cardif Assurance Vie's investment policy was active, whilst remaining cautious. The fixed-rate, floating rate and short-term securities accounted for 80.5% of the fund's assets in euros (at market value) at the end of 2014.
The investments were mainly carried out on French government bonds with long maturities.
In remaining very selective, investments in highly rated private bonds were continued so as to take advantage of the additional yield offered by these securities relative to government bonds. We have strengthened our positions in long-term bonds to benefit from the interest rate differential relative to risk free rates.
At the end of 2014, the bond portfolio is composed of 54% of government securities (government borrowing directly held and government assimilated) and 46% of non-government securities. These are mainly invested in industrial and financial sectors.
The bond portfolio rating remains of very high quality with an average rating of "A+".
Over the past six months, we have reduced the "short term" investments in favour of long-term bonds.
The sensitivity to interest rate risk of the portfolio increased over the year from 4.73 at the end of 2013 to 5.19 at the end of 2014.

Le risque crédit

In remaining very selective, we have continued to invest in highly rated corporate issued bonds in order to take advantage of the additional yield offered by these securities relative to government bonds. The credit market was active in 2014. We have strengthened our positions on senior and subordinated bank debts.

In terms of credit risk, the portfolio is composed of 12.3% AAA rated securities, 36.2% AA rated securities, 28.1% securities rated A, 21.3% securities rated BBB and 0.3% unrated. The portion of securities rated BBB below is only 1.9%.

Distribution per bond* portfolio rating at 31st December 2014



States and Assimilated parties Non State * excluding convertibles

Evolution of ratings between 2013 and 2014

States and Assimilated parties Non State

The distribution of exposure in different States is as follows, on 31st December 2014:

ISSUING COUNTRY GROUP In book value[1]	Rating[2]	State borrowing M€	State borrowing in % of portfolio of bonds
France	AA	16,555	23.9%
Italy	BBB	5,304	7,7%
Belgium	AA	3,606	5.2%
Spain	BBB	2,978	4.3%
Austria	AAA	1,517	2.2%
Netherlands	AAA	1,351	2.0%
Germany	AAA	1,122	1.6%
Ireland	A-	873	1.3%
Portugal	BB+	192	0.3%
Others		2,269	3.3%
State borrowing		35,767	51.7%
Total Bond Portfolio		69,224	
TOTAL PORTFOLIO		86,492	

(1) Including accrues coupons.
(2) Mid-range rating by 3 agencies: Standard and Poors, Fitch, Moody's.

State borrowing represents 51.7% of the bond portfolio and 41.4% of the total portfolio. On 31 December 2014, exposure to peripheral protected countries (Portugal, Greece and Cyprus) is very low and only consists of Portugal, 0.3% at most of the total portfolio (book value). Italy and Spain respectively represent 7.7% and 4.3% (balance sheet value).

The equity risk

In 2014, the CAC 40 and Eurostoxx 50 have appreciated by +1.73% and +4.01% respectively, taking into account the dividends.
Cardif Assurance Vie began 2014 with a positive view on equity markets, anticipating a return to growth especially in the Euro zone and continuing support for central banks. This positive view on equity markets early in the year has been questioned in September in light of the deteriorating growth prospects in the Euro zone coupled with fears of deflation.
Cardif Assurance Vie also took profits, reducing equity exposure funds in euros from 10.5% to 9.5%. On this occasion, the international diversification of the equity component was further strengthened, particularly towards the US zone, in order to enjoy better economic prospects.

PART 2 – BNP PARIBAS CARDIF FINANCIAL MANAGEMENT

Following the decline in European equity markets, large purchases of European equities were made in anticipation of the announcement of Quantitative Easing (QE) of the European Central Bank in early 2015, carrying the weight of equities in the General Fund to 11.1%.

Properties exposure

The share of real estate assets at the end of December 2014 was stable at 6.7% valued amount.

Asset typology including off balance sheet commitments is as follows:

In 2014, we continued our investment strategy and arbitration to:

• Increase the portion of directly owned immovable property to improve portfolio liquidity. Direct investment, including the 50/50 partnerships, represent 69% of the real estate allocation;

• Continue research on assets offering secure flows;

• Prioritize assets representing major investment volumes on which fewer competitors are involved;

• Organise a portfolio rotation identifying non-strategic assets to take advantage of a favourable market environment.

The new commitments in 2014 amounted to **1,076 billion euro.** The breakdown of these commitments by type is as follows: 64% in offices, 23% in trade, 7% in housing and 5% allocated to other asset classes (health, hotels). In addition, in 2014 we sold non-strategic office assets for an amount of €8.9 million.

Socially responsible investment

BNP Paribas Cardif has continued its socially responsible investment approach in the management of its financial assets. To this end, management also includes the conventional financial analysis criteria for Environmental, Social and Governance (ESG) in asset evaluation and selection.

02. CARDIF VITA'S GENERAL FUND

In Italy, most of the assets under management fall under the Cardif Vita-life insurance business amounting to 17.2 billion euro at market value.

2.1 STRUCTURE OF INVESTMENTS

Assets are divided into 8 general funds.

Asset allocation of Capital Vita, the principal general fund of the company, was as follows at 31st December 2014:

IN MILLIONS OF EURO	31/12/2014		
	Value Balance Sheet	Market Value (coupon included)	Portion of Balance Sheet
Fixed rates	10,938	12,891	81.2%
Variable and indexed to inflation rates	851	897	6.3%
Equity Shares (direct and indirect)	1,048	1,220	7.8%
Alternatives	10	10	0.1%
Property	5	6	0.0%
Short Term	623	623	4.6%
Total Bonds and Short Term	12,413	14,411	92.1%
Total Shares	1,058	1,230	7.9%
TOTAL	13,476	15,647	100.0%

2.2 PORTFOLIO MANAGEMENT

Equity markets

Equity markets in Europe have had very poor performance. The EuroStoxx 50 has appreciated little (about 4% including dividends) over 2014, and the Italian FTSE MIB index rose by only 3.2% (including dividends) over the same period. The S&P index, however, increased by approximately 11.5% (in USD); while the MSCI Emerging Markets fell by about 5%.

Management of the equity component has focused mainly on increasing geographic diversification. In particular the weight of US shares has increased from 6% to 13% and Emerging Markets increased from 1% to 4%. These movements have reduced the weight of European equities in the portfolio.

At the end of 2014, stocks accounted for 7.8% of the fund's assets (at book value), a sharp increase (+2.8%) over the year. Following the major new production by General Fund, there has been a significant increase (more than 500 million euro) in net purchases of stock. 24% of positions are held in the form of direct lines (especially Italian and French), 38% through ETF and the remaining 38% as active funds.

Rate markets

Over the financial year 2014, yields on Italian government bonds at 10 years (BTP) significantly decreased from 4.05% to 1.75%, with a fairly steady movement of relaxation of rates in almost all European countries, more marked for peripheral countries.

Cardif Vita's investment policy was, firstly, to acquire construction and corporate securities with long maturities of fixed rate thanks to a major new production by Fond General (overall for the portfolio rate 2.7 billion euro net purchases of which more than

2 billion euro were invested in fixed rate), and secondly to reduce the shorter-term maturities and reduce the share of lower-rated issuers and that of short-term referenced variable rate securities.
At the end of 2014, the bond portfolio was composed of 75.5% of loans to states and similar (almost 74% in Italy) and 24.5% of "non-State" shares. The portion of fixed rates has remained fairly stable from 81.3% to nearly 81.2%. Variable rates have increased from 7.3% to 6.3%. The portion due within one year has risen from 6.4% to 4.6% even with a positive and very strong net inflow throughout the year (+ 1,900 million euro, or approximately 15% of the portfolio).

Rate sensitivity of the overall assets increased from 5.35 to 5.79 during the year. The schedule applied has been a modest reduction on the short-term securities and strengthening of longer-term securities.
In terms of credit risk, the portfolio consists primarily (82%) of securities rated "BBB", because of the dominant role of Italy BTP, of 10.1% of "A" shares, 2.2% of "AA" and 0.6% of "AAA" and 1.8% of "BBB +", 1.3% of "BBB+" and only 0.8% of "BB" and 0.1% of "CCC". The average rating is slightly higher than "BBB".

PART 3 – BNP PARIBAS CARDIF RESULTS

01. BNP PARIBAS CARDIF'S COMPANY RESULT

The Company result in banking format of the holding company BNP Paribas Cardif is broken down as follows:

IN MILLIONS OF EURO	2013	2014	2014/2013
Net Banking Income	341	447	106
Dividends	482	601	118
Costs of financing on subsidiaries	-50	-61	-10
Currency Losses/Gains	-2	2	4
Financial margin on FP	-80	-83	-2
Of which:			
Income of interest on TS subscribed	*59*	*59*	*0*
Cost of interest on TS issued	*-140*	*-142*	*-2*
Other Net Banking Income	-8	-12	-3
General Costs	-146	-143	3
Risk Costs	14	-1	-15
Provision and Capital Gains and Losses on transfer of Equity Securities	-135	-73	62
Taxes	0	1	0
NET RESULT	75	232	157

Net banking income increased from 341 million euro in 2013 to 448 million euro in 2014.
This variation is explained by the following factors:
The increase in dividends received of 119 million euro, mainly explained by France, Italy and Brazil.

In Italy, the dividend increase at **Cardif Vita Assicurazioni** (+97 million euro) is due to the fact that the unrealized losses are accounted for in the result according to Italian standards, in previous years these losses led to a decrease in distributable earnings (unfavourable markets), in contrast to 2013, when bond markets were more favourable.
In France, the increase is justified by **Cardif Assurance Vie** (+13 million euro), and Brazil by the entity **Cardif Do Brazil Seguros e Previdencia** (+14 million euro).

The dividend growth is partially offset by an increase of 11 million euro in Borrowing Costs, primarily related to currency hedging and financing subsidiaries in Euros.

General Expenses, representative of the operating costs of the holding company BNP Paribas SA Cardif and cost of management and corporate operations, are slightly down of -3 million euro compared to 2013.

Provisions and profits or losses on the sale of Equity Securities cover the allocations and reversals in provisions on consolidated securities and profits or losses on disposals of consolidated or unconsolidated equity securities. In 2014, this item recorded an overall cost of 73 million euro down from 2013 (cost of 135 million euro at 31st December 2013) due to lower provisioning in 2014.

Thus, the **net income of BNP Paribas Cardif** at the end of December 2014 amounted to 232 million euro, against 75 million euro in 2013.

02. EQUITY AND EARNINGS ASSIGNMENT

2.1 EQUITY BEFORE APPROPRIATION OF PROFIT

The BNP Paribas Cardif capital totalled 3,737,863,429.40 euros at 31st December 2014. Note a share premium reduction was implemented at 473 million euro in the year 2014.

PART 3 – BNP PARIBAS CARDIF RESULTS

2.2 ALLOCATION OF RESULT

IN EUROS	
Result 2014	231,645,001.32
Result 2014	296,560.83
Distributable amount	231,941,562.15
Dividend (3.71 euros x 62,482,938 shares)	231,811,699.98
Balance carried forward	129,862.17

The Board of Directors proposes to distribute the sum of 231,811,699.98 euros in dividends, representing one dividend per 3.71 euro share, and to allocate the balance of 129,862.17 euros carried forward.

In accordance with Article 243 (ii) of the General Tax Code, it is stated that all the proposed dividends are eligible for the 40% tax rebate benefiting those resident in France, under Article 158-3 of the General Code Tax.

It is recalled that the net dividend per share for the last three years amounted to:
• 3.13 euros per share for the year 2011;
• 7.40 euros per share for the year 2012;
• 1.19 euro per share for the year 2013.

2.3 EQUITY BEFORE ALLOCATION OF RESULT

Equity after profit proposed to the shareholders' meeting would amount to 3,506,224,170.12 euros.

2.4 CONSOLIDATED INCOME

Equity after result allocation proposed at the Assembly would arise 3,506,224,170.12 euros.

2.4.1 CONTRIBUTION TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE BNP PARIBAS GROUP UNDER IFRS AND REGULATORY CAPITAL

(cf. table B)

The Net Banking Profit has risen by +86 million euro at constant scope and exchange rates compared to 2013 to reach a sum of 2,180 million euro:
• **Market effects:** -72 million euro or 80 million euro in 2014 (70 million euro in France and 10 million euro in International) against 152 million euro in 2013 (of which 122 million euro is for France and 30 million euro in International) related to less favourable market changes than in 2013;
• **France:** +91 million euro:
- **Euro Margin: +92 million euro** linked to the rise in the consolidated margin (+7 basic points) combined with a volume effect (+13 million euro) and bond capital gains on Cardif RD (25 million euro in 2014 vs 10 million euro in 2013, i.e. an increase of +15 million euro);
- **France other margin:** -1 million euro.
• **International:** +66 million euro i.e. +7% for the year 2013, in order to attain 954 million euro:
- **Exceptional factors: -19 million euro** mainly in Asia, due to the exceptional recovery of provisions for claims and equalization that occurred in 2013 and were not renewed;
- **Latin America: +41 million euro** i.e. 21% including Brazil (20 million euro), strong volume effect combined with higher financial income related to interest rates and growth in assets; Argentina (+11 million euro), positive volume effect on ADE products combined with the increase in financial expense due to rising interest rates and amounts outstanding; Chile (4 million euro) on financial income;
- **Asia: +17 million euro** or +10% including Taiwan (+7 million euro, volume effect) in South Korea (+7 million euro, mirror effect of a provision for matching liabilities in 2013) and Japan (+3 million euro, improvement in non-Life claims);
- **Italy: +4 million euro** or +2% linked to a strong inflow in Savings;
- **Other countries: +22 million euro,** including +7 million euro in Russia with the improvement in claims, a positive volume effect and the increase in amounts outstanding; +5 million euro in Germany, +4 million euro in Spain (investment income), +4 million euro on Luxembourg (increase in savings deposits) and +2 million euro in the UK.

General Costs have risen by 18 million euro (at constant perimeter and exchange rates) compared to 2013 to reach a sum of 1,079 million euro:
• **France/Corporate: overheads have fallen to 31 million euro** due to:
- Exceptional items not renewed in 2013 (44 million euro in 2013 of provisions for asset depreciation);
- Increased expenses to deal with activity (BP2S packages, Luso Ponte, staff costs) and regulatory requirements (France).
• **International: overheads have risen by 35 million euro**
- **LatAm: rise of 24 million euro** of which +26% are mainly related to Brazil (+11 million euro, PIS COFINS, personnel costs); to Argentina (+7 million euro, personnel costs related to operational costs and to inflation, marketing fees);
- **Asia: rise of 5 million euro** of which +7% relates to South Korea (+3 million euro, investments in protection) and to Taiwan (+2 million euro, logistic costs, HR and taxes);
- **Italy: rise of 1.5 million euro** or +2% related to the growth of ETP (+1 million euro) and fees (+1 million euro);
- **Other countries: rise of 4.5 million euro** mainly related to the UK with the Auto activity insurance tax (previously in less in Net Banking Profit).
• **Trusteeship Fees Group: increases in overheads by 14 million euro,** mostly related to our contribution to the group's systemic tax.

Consequently, the RBE has risen to 1,101 million euro an increase of 68 million euro (or +7% at constant scope and exchange rates).
The other factors of the result have risen by +13 million euro compared to 2013 and now amount to 115 million euro:
• **AG Insurance +13 million euro** including capital gains on asset transfers during the summer of 2014;
• **Italy:** Depreciation in UBI Assicurazioni shares (-19 million euro in 2013 and -9.5 million euro in 2014);
• **Other contributing factors:** price supplement paid on Klépierre (-3 million euro), Mexico (-4 million euro), UK (-3 million euro).

Pre-tax Net Profit (RNAI) at 1,216 million euro, a rise of 5% compared to 2013 (+8% at constant perimeter and exchange rates).

2.4.2 PASSAGE OF THE CONTRIBUTION FROM BNP PARIBAS GROUP CONSOLIDATED FINANCIAL STATEMENTS IN IFRS STANDARDS TO STATEMENTS CONSOLIDATED UNDER FRENCH STANDARDS.

(cf. table C)

2.4.3 CONSOLIDATED INCOME UNDER FRENCH GAAP

(cf. table D)

TABLE B

IFRS	Historical Perimeter and Exchange Rate			Constant Perimeter and Exchange Rate		
IN MILLIONS OF EURO	2013	2014	2014 / 2013	2013	2014	2014 / 2013
PNB	2,137	2,180	2%	2,094	2,180	4%
FG	-1,076	-1,079	0%	-1,061	-1,079	2%
RBE	1,060	1,101	4%	1,033	1,101	7%
Other factors of result	102	115	13%	102	124	21%
RNAI	1,162	1,216	5%	1,135	1,225	8%
Operational coefficient	50.4%	49.5%		50.7%	49.5%	
RONE	19.4%	19.3%		18.9%	19.5%	
PPE (Allocation - / Reversal +)	-173	-611		-173	-611	
Market effects	152	80		152	80	
BMS	5,993	6 292		5,993	6,292	

TABLE D

IN MILLIONS OF EURO	2013	2014		2014/2013
PNB	1,720	1,824	104	6%
General Costs	-1,056	-1,050	6	-1%
Gross Operating Income	664	774	110	17%
Other elements of results	45	2	-43	NA
Pre-Tax Net Result	709	776	67	9%
Tax	-321	-371	-50	16%
Minorities	-1	0	1	NA
Net Result – Group Share	387	405	18	5%

TABLE C

2014 IN MILLIONS OF EURO	Contribution consolidated by BNP Paribas in IFRS for owned capital normative capital	Remuneration Delta between owned capital (existing) and own capital normative capital	Companies managed by BNP Paribas Cardif but retained by BNP Paribas SA (1)	Difference in perimeter accountable by BNP P/Profession (2)	Accounts consolidated by BNPP Cardif in IFRS to the accounting perimeter	Adjustments of IFRS standards (3) and differentials of method (4)	Accounts consolidated by BNPP Cardif in French GAAP to banking format
Turnover	27,468		3,423	2,940			21,105
Net Banking Income	2,180	120	157	19	1,885	61	1,824
General Costs	-1,079	0	-50	22	-1,052	-2	-1,050
Gross Operational Income	1,101	120	107	41	833	59	774
Other factors of results	115	-15	132	-7	4	2	2
Pre-Tax Net Result	1,216	105	239	34	837	61	776
Tax							-371
Minorities							0
Net result group share							405
(1) Concerning income data: Darnell, Tutelle Groupe, AG Insurance, ERE, and so on.							
Data on turnover concerning analytically related companies:							
Cardif Luxembourg Vie (at 66.66%)			1,959				
AG Insurance (at 25%)			1,464				
(2) Data on turnover concerning equity affiliates or non-consolidated companies:							
Cardif Luxembourg Vie (at 33,33%)				979			
Taiwan Cooperative Bank (at 100%)				831			
SBI Life at 26%				390			
Natio Assurance				85			
Other Companies				655			
(3) Deviation related to IFRS standards							
a) Impact of revaluation of financial assets net of deferred PPE							
b) at the bottom of the income statement, this corresponds to amortisation of goodwill							
(4) Difference between accounting adjustments BNPP / Profession: GW amortisation, intra-group elimination							

PART 4 – CONSOLIDATED CAPITAL AND SOLVENCY

01. BNP PARIBAS CARDIF SOLVENCY

1.1 SOLVENCY MARGIN BNP PARIBAS CARDIF

On the regulatory front (Articles R334-17 and A334-1 of the Insurance Code), insurance companies must have a sufficient level of consolidated capital to cover a solvency margin defined according to their commitments.
The consolidated solvency margin of the BNP Paribas Cardif group amounted to 5,734 million euros at 31st December 2014, according to the application of Article R334-19 of the Insurance Code.
In Savings, it is based on the mathematical provisions for policies in Euros and in Unit-linked.
In Protection, it is based on the Sub-Risks Capitals (for Life business) and the Turnover (for Non-Life).
Compared to the solvency margin consolidated at the end of 2013, which amounted to 5,401 million euro, there is an increase of 332 million euro. This increase is linked to the growth of business in Savings on the Life perimeter.

IN MILLIONS OF EURO	2010	2011	2012	2013	2014	2014/2013
Euro Savings (with guaranteed cash values)	2,979	3,538	3,612	3,828	4,092	7%
Savings in Unit-linked	362	365	391	399	438	10%
Protection	930	1,022	1,038	1,175	1,204	2%
TOTAL	4,272	4,925	5,040	5,401	5,734	6%

1.2 HEDGING OF THE SOLVENCY MARGIN OF BNP PARIBAS CARDIF

In addition to the consolidated equity of 3,688 million euro, BNP Paribas Cardif has loans and subordinated debt in the amount of 2,867 million euro, and technical provisions accepted by regulation for an amount of 848 million euro.

Taking into account minority interests of 37 million euro, the hedging instruments amount to 7,440 million euro.

In addition, items are deducted from the hedging. These are intangible assets and goodwill discrepancies and the share of deferred acquisition costs not accepted to hedge regulated commitments for a total of -923,000,000 euro.

In all, the components of hedging of the solvency margin required, after allocation of the result as proposed at the General Meeting of shareholders, amount to 6,516 million euro, i.e. hedging at 114% (excluding more or unrealized losses) by regulatory method.

These hedge components after allocation of the result and prior to deduction of the capitalised acquisition costs not accepted as hedging for regulated liabilities amount to 6,889 million euro, i.e. hedging amounting to 120.1% (excluding unrealized losses) according to the economic method.

1.3 SOLVENCY II

The Solvency II Directive will enter into force on 1st January 2016 giving insurance companies in the European Union a new harmonized prudential framework, in an approach based on the risks taken.
In particular, new rules for assessing the solvency capital requirement – the so-called "standard formula" approach – have been the subject of instructions by the European authorities, beginning in 2005 with the first Quantitative Impact Study (QIS) on the subject, which should lead to the adoption of the latest Implementing Technical Standards (ITS) in the coming months.

During this period of instruction, different approaches or parameter values were tested so as to reflect the specificities of different insurance liabilities, including long-term commitments, in a framework for assessing "fair value" balance sheet postings.

Under Solvency II, two capital levels were introduced:
- **the Minimum Capital Requirement (MCR):** absolute minimum amount below which the company's financial resources should not fall in order to be able to continue its activity;
- **the Solvency Capital Requirement (CSR, or SCR in English):** economic capital to be held by insurance and reinsurance undertakings to limit the probability of ruin to one in two hundred, or alternatively, that those said undertakings will still be able, with a probability of at least 99.5%, to meet their obligations to policyholders and beneficiaries within the ensuing twelve months.

SCR coverage ratios are calculated since 2010 for BNP Paribas Cardif and, despite changes in formulas or changing economic and financial contexts, have always been well above 100%.
At December 31, 2013, the last figure currently available, the SCR coverage ratio is 176%, as shown in the following table:

IN MILLIONS OF EURO	2010	2011	2012	2013
Eligible Own Funds	8,079	6,802	8,624	9,108
SCR	5,046	4,671	4,514	5,161
SCR Hedging	160%	146%	191%	176%
MCR	2,271	2,102	2,031	2,322
MCR Hedging	356%	323%	331%	301%

The calculations were made on the basis of the interpretation BNP Paribas Cardif made of the texts available at the time; calculations based on the final choices made by regulators could lead to different results.
The SCR is obtained by applying the standard formula (shocks and between-risks correlation matrix) in its target vision. The transitional shock at 22% instead of 44% was not considered here to give the most unfavourable perspective on creditworthiness. The adjustment for deferred tax is chosen for its maximum absorption ability. Studies will be conducted in 2015 to verify its recoverability within a reasonable time frame.

The composition of the SCR illustrates the company's risk profile, mostly comprised of market risks:

IN MILLIONS OF EURO	2012		2013	
	SCR	%	SCR	%
Market Risk	5,436	67	6,131	68
Credit Risk	456	6	397	4
Life underwriting Risk	1,197	15	1,304	15
Health underwriting Risk	417	5	464	5
Non-Life underwriting Risk	554	7	681	8
SCR before diversification	8,059	100	8,977	100
Diversification between modules	-1,761		-1,922	
Operational risk	563		645	
Adjustment by I'deferred tax	-2,348		-2,540	
Total SCR	4,514		5,161	

The SCR S2 is of the same order of magnitude as the S1 solvency margin requirement. Equity S2 funds integrate future profits from in-force contracts which explains why the S2 coverage ratio is significantly higher in economic and financial conditions at the time of calculation.
Moreover, in the context of the Internal Evaluation of Solvency and Risks requested by Solvency II, a prospective evaluation of this ratio was carried out in the time frame of the Medium Term Plan, and its robustness was tested by the application of plausible adverse scenarios. In all cases studied, SCR's coverage ratio remains above 100%.

PART 5 – CORPORATE ACCOUNTS FOR BNP PARIBAS CARDIF

01. RESULTS AS OF 31 DECEMBER

1.1 ASSETS

IN EUROS	31/12/2014 Gross amounts	31/12/2014 Amortisation & depreciations	31/12/2014 Net amounts	31/12/2013 Net amounts
Fixed assets:	8,813,489,712	236,565,990	8,576,923,722	8,119,393,945
Intangible assets				
Software	-	-	-	-
Intangible assets in progress	-	-	-	-
Financial assets	-	-	-	-
Holdings	7,580,446,717	236,565,990,	7,343,880,727	6,624,775,552
Receivables attached to holdings	45,836,336	-	45,836,336	588,759,332
Loans and deposits	1,187,206,659	-	1,187,206,659	905,859,061
Current assets:	183,796,291	720,563	183,075,728	67,612,607
Sundry debts	2,211,563	720,563	1,491,000,	11,657,083
Short-term investments	179,661,576	-	179,661,576	41,455,573
Liquid assets	1,923,152,	-	1,923,152,	14,499,951
Deferred income:				
Prepaid expenses	-	-	-	-
Accruals	-	-	-	-
Exchange differences	563,042,190	-	563,042,190	409,481,166
TOTAL ASSETS	9,560,328,193	237,286,553	9,323,041,640	8,596,487,718
Commitments received			1,116,176,964	941,856,013

1.2 LIABILITIES

IN EUROS	31/12/2014	31/12/2013
Equity:	3,737,863,429	4,052,921,176
Capital	149,959,051	149,959,051
Premiums on shares and on conveyance	3,340,511,964	3,813,314,963
Legal reserve	14,995,905	14,995,905
Balance carried forward	296,561	75,608
Year-end results	231,645,001	74,575,649
Regulated provisions	454,947	-
Other reserve	-	-
Provisions for risks and charges	22,180,669	19,827,893
Provision for risks	16,431,772	15,971,368
Provision for charges	5,748,897	3,856,525
Debts:	4,987,063,473	4,027,546,885
Loans and miscellaneous financial debts	4,868,965,757	3,936,653,061
Trade payables	43,338,767	44,970,844
Tax and employee-related payables	30,886	32,192
Fixed-asset liabilities	117,893	117,893
Other liabilities	74,610,170	45,772,895
Deferred income:		
Deferred income	-	-
Exchange differences	575,934,069	496,191,764
TOTAL LIABILITIES	9,323,041,640	8,596,487,718
Contingent liabilities	1,234,163,112	1,091,857,507

PART 5 – CORPORATE ACCOUNTS FOR BNP PARIBAS CARDIF

02. INCOME STATEMENT FROM 1 JANUARY TO 31 DECEMBER

2.1 EXPENSES

IN EUROS	2014	2013
Operating expenses:	156,199,351	146,641,953
External services	151,158,379	143,383,623
Taxes and duties	222,342	110,340
Other costs arising from day-to-day management	247,030	191,978
Depreciation allowances on fixed assets	-	-
Allowances for expenses provisions	4,571,600	2,956,012
Financial expenses:	301,159,383	352,810,270
Interest payments	203,369,157	190,097,909
Other financial expenses	1,176,926	10,798,369
Capital losses on disposals of investment securities	-	-
Allowance on provisions for the impairment of shares	84,386,536	145,613,992
Allowance on provisions for risk and financial expenses	12,226,764,	6,300,000
Allowance on other provisions	-	-
Exceptional charges:	82,381,048	77,708,878
Book value of fixed assets sold		
Book value of financial assets sold	81,814,705	77,427,285
Sundry expenses	109,601	281,419
Allowances for provisions	456,742	174
Employee profit sharing schemes		
Taxes on profits	(621,863)	(132,343)
Total expenses	539,117,919	577,028,758
Earnings	231,645,001	74,575,649
OVERALL TOTAL	770,762,920	651,604,407

2.2 REVENUES

IN EUROS	2014	2013
Operating revenues:	7,521,336	339,672
Service provision	-	-
Capitalised production	-	-
Other revenues	7	9,603
Provisions to cover future costs	7,521,329	330,069
Financial products:	696,922,957	551,115,086
Revenues from shareholdings	600,812,128	482,112,102
Income from short-term investment securities	9,836	3,370
Other interest received and similar income	59,720,764	59,659,380
Capital gains on disposals of investment securities	238,230	51,289
Reversals on provisions for the impairment of shares	26,635,241	625,000
Reversals on provisions for the impairment of VMP	-	-
Reversals on provisions for risk	6,300,000	-
Other Financial products	3,206,758	8,663,945
Extraordinary revenues:	66,318,627	100,149,649
Proceeds from the disposal of assets	66,318,453	43,451,948
Other extraordinary revenues:	-	143
Reversal of provisions	174	56,697,558
Total revenues	770,762,920	651,604,407
OVERALL TOTAL	770,762,920	651,604,407

COUNTRIES

ZONES

LATIN AMERICA
Francisco Valenzuela
Vitacura 2670 Piso 14 - Las Condes
Santiago Del Chile
Chile
Tel.: + 56 2 3704801

ASIA
Xavier Guilmineau
23/F Three Exchange Square
8 Connaught Place, Central
Hong Kong
Tel.: + 852 2825 1190

CONTINENTAL EUROPE
Pierpaolo Dipaola
8 rue du Port
92728 Nanterre Cedex
France
Tel.: + 33 1 41 42 48 35

CENTRAL EUROPE
Zdenek Jaros
Rotenturmstrasse 16-18,
A-1010 Vienna,
Austria
Tel.: + 420 296 368 88

IBERIAN PENINSULA
Alexandre Boccia
26 Calle Ribeira Del Loira
28042 Madrid
Spain
Tel.: + 34 902 052 560

NORTHERN EUROPE
& EMERGING MARKETS
Alexandre Draznieks
8 rue du Port
92728 Nanterre Cedex
France
Tel.: + 33 1 41 42 41 36

BELGIUM, NETHERLANDS, ICARE
Nadège Gaspard
8 rue du Port
92728 Nanterre Cedex
France
Tel.: + 33 1 41 42 82 99

LATIN AMERICA

ARGENTINA
Gustavo Cicinelli
Av. Alicia Moreau de Justo, 170,
1107 Capital Federal Buenos Aires
Tel.: + 54 11 43 16 42 00
bnpparibascardif.com.ar

COLOMBIA
Jorge Hernandez
Carrera 7 No. 75 - 66
Piso 10 Bogota
Tel.: + 571 744 40 40
bnpparibascardif.com.co

BRAZIL
Adriano Romano
Rua Campos Bicudo 98 4° andar
04536 - 010 Sao Paulo - SP
Tel.: + 55 11 22 46 90 00
bnpparibascardif.com.br

MEXICO
Nicole Reich de Polignac
Paseo de las Palmas 425, Piso 5,
Lomas de Chapultepec, 11000 Mexico, D.F.
Tel.: + 52 55 22 82 20 00
bnpparibascardif.com.mx

CHILE
Alessandro Deodato
Vitacura 2670 Piso 13,
Las Condes, Santiago
Tel.: + 56 2 370 48 00
bnpparibascardif.cl

PERU
Daniel Weis
Avenida Canaval y Moreyra 380,
Piso 11, San Isidro, Lima 27
Tel.: + 511 - 615 1700
bnpparibascardif.com.pe

** Joint venture insurance companies*

ASIA

CHINA*
Elsa Lee
BCL
BOB-Cardif Life Insurance Co., Ltd
33/F Xiwang Tower, NO.136 Zhongshan Road,
Zhongshan District, Dalian, 116001, China
Tel.: +86 411 82531688
Fax: +86 411 82531800

SOUTH KOREA
Jean-Christophe Darbes
BNP Paribas Cardif Life Insurance *
4F, Seoul City Tower, 581, 5Ga
Namdaemun-Ro, Jung-Gu,
Seoul 100-741
Tel.: + 822 3788 8851
cardif.co.kr

INDIA
Arijit Basu (MD & CEO)
SBI Life *, Natraj Building, MV Road & Western
Express Highway Junction,
Mumbai 400069
Tel.: + 91 22 56 39 20 11
Tel.: + 91 22 61 91 00 60
sbilife.co.in

Vivien Berbigier (COO)
SBI Life *, Natraj Building, MV Road & Western
Express Highway Junction,
Mumbai 400069
Tel.: + 91 22 56 39 20 11
Tel.: + 91 22 61 91 00 60
sbilife.co.in

JAPAN
Yasunori Kume
9th Floor Infoss Tower,
20-1 Sakuragaoka-cho, Shibuya-ku,
Tokyo 150-0031
Tel.: + 81 3 64 15 63 40
cardif.co.jp

TAIWAN
Polly Wang
BNP Paribas Cardif TCB Life Insurance*
Taipei 101, Xinyi District,
Taiwan 110
Tel.: + 886 2 6636 3456
tcb-life.com.tw

VIETNAM
Lai Yin Yong
VCLI *
11th floor, Capital Tower,
109 Tran Hung Dao street,
Hoan Kiem district, Hanoi
Tel.: + 84 4 39 36 85 07
vcli.vn

EMEA

ALGERIA
Hervé Giraudon
57, rue Abri Arezki, Hydra,
16035 Alger
Tel.: + 213 21 48 26 23

AUSTRIA
Florian Wally
Rotenturmstrasse 16-18
A-1010 Vienna
Tel.: + 43 1 533 98 78 83
bnpparibascardif.at

BELGIUM
Christophe De Longueville
Chaussée de Mons, 1424, 1070
Anderlecht
Tel.: + 35 2 528 00 03
bnpparibascardif.be

BULGARIE
Mario Kostov
29 A Hristo Belchev str 1st, 3rd floor,
Sofia 1000
Tél.: + 359 249 15 970
bnpparibascardif.bg

CROATIA
Ana Ivancic
Ivana Lucica 2a 10000 Zagreb
Tel.: + 385 1 53 93 100
bnpparibascardif.hr

CZECH REPUBLIC
Tomas Kadlec
BNP Paribas Cardif Pojistovna
Plzenska 3217/16
Prague 150 00
Tel.: + 420 234 240 234
cardif.cz

DENMARK
Jorgen Seligmann
Bredgade 56, 2 - 1260
Copenhagen
Tel.: + 45 33 17 74 76
www.bnpparibascardif.dk

FRANCE
Virginie Korniloff
8, rue du Port
92728 Nanterre Cedex
Tel.: + 33 (0)1 41 42 83 00
cardif.fr

GERMANY
David Furtwängler
Friolzheimer Strasse 6D-70499
Stuttgart
Tel.: + 49 7 11 82055-0
bnpparibascardif.de

HUNGARY
Tamas Bernáth
Cardif Hungary - Cardif Biztosító Zrt.
/ Cardif Életbiztosító Zrt.
H-1033 BUDAPEST Kórház utca 6-12.
Tél.: +36-1-501-2308
bnpparibascardif.hu

ITALY
Isabella Fumagalli
Via Tolmezzo, 15 - D Palazzo -
20132 Milan
Tel.: + 39 02 77 22 41
bnpparibascardif.it

LUXEMBOURG
Jacques Faveyrol
23-25 avenue de la porte neuve
L-2227 Luxembourg
Tel.: + 352 26 214-1
cardifluxvie.lu

NETHERLANDS
Cees de Jong
Hoevestein 28, 4903 SC
Oosterhout
Tel.: + 31162486000
bnpparibascardif.nl

NORWAY
Dag Mevold
Munkedamsveien 35, 0250
Oslo
Tel.: + 479 34 80 621
bnpparibascardif.no

POLAND
Pascal Perrier
Pl. Pilsudskiego 2, 00-073
Varsovie
Tel.: + 48 22 529 01 20
cardif.pl

PORTUGAL
Miguel Ribeiro
Av. 5 de Outubro, N°206 - 6° Piso,
1050-065 Lisbonne
Tel.: + 351 21 382 55 40
bnpparibascardif.pt

ROMANIA
Carmen Bahrim
40-44 Banul Antonache street,
1st floor,
District 1, Bucarest 011665
Tel.: + 40 31-226 11 11
bnpparibascardif.ro

RUSSIA
Konstantin Kozlov
Ul. Timiryazevskaya 1,
127422 Moscou
Tel.: + 7 495 287 77 8
bnpparibascardif.ru

SLOVAKIA
Peter Dudak
Poist'ovna Cardif Slovakia,
a.s., Plynarenska 7/C,
821 09 Bratislava,
Tel.: + 421 2 5824 00 11
bnpparibascardif.sk

SPAIN
Alexandre Boccia
Calle Ribera Del Loira, 28 4a
Planta
28042 Madrid
Tel.: + 34 902 052 560
bnpparibascardif.es

SWEDEN
Jan De Geer
Mölndalsvägen 93, 2nd floor
40022 Goteborg
Tel.: + 46 0 31 70 798 70
cardif.se

TURKEY
Cemal Kismir
Meclis-i Mebusan Cadde,
No: 57 - 34427 Findikli-Beyoglu, Istanbul
Tel.: + 90 212 393 30 00
bnpparibascardif.com.tr

UNITED KINGDOM
Paul Glen
Pinnacle House A1, Barnet
Way - Borehamwood,
Herfordshire WD6 2XX
Tel.: + 44 208 207 90 00
cardifpinnacle.com

UKRAINE
Oleg Romanenko
8, Illinska Str, Kiev
Tel.: + 38 044 428 61 61
cardif.com.ua