INFORMATION STATEMENT

of BNP Paribas, a French incorporated company (*société anonyme*)
(the "Bank" or "BNP Paribas" and, together with its consolidated subsidiaries,
the "Group" or "BNP Paribas Group"),
for use in connection with the Bank's Warrant and Certificate Program, U.S. Medium-Term Note Program
and Programme for the Issuance of Debt Instruments

Dated as of June 7, 2011

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FORWARD-LOOKING STATEMENTS

This information statement contains forward-looking statements. The Group may also make forward-looking statements in its audited annual financial statements, in its interim financial statements, in its offering circulars, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about the Group's beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made, and the Group undertakes no obligation to update publicly any of them in light of new information or future events.

INCORPORATION BY REFERENCE

We have "incorporated by reference" in this information statement certain information that we have made publicly available, which means that we have disclosed important information to you by referring you to those documents. The information incorporated by reference is an important part of this information statement.

Our audited consolidated financial statements for the year ended December 31, 2010 included in the English-language version of our 2010 Registration Document (*Document de référence* filed with the AMF under the number D.11-0116), as well as Chapter 5 of such English-language Registration Document; Chapter 3 of the English-language version of the First Update to such Registration Document (*Actualisation du document de référence* filed with the AMF under the number D.11-0116-A01); and our consolidated financial statements for the year ended December 31, 2009 included in the English-language version of our 2009 Registration Document (*Document de référence* filed with the AMF under the number D.10-0102) are incorporated by reference in this information statement. Each *Document de référence* may also be consulted on our website at http://invest.bnpparibas.com. Other information contained on our website is not a part of this information statement.

EXCHANGE RATE AND CURRENCY INFORMATION

In this information statement, references to "euro", "EUR" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union and as amended by the Treaty of Amsterdam. Most of the financial data presented in this information statement are presented in euros. References to "USD", "$", "U.S.$" and "U.S. dollars" are to United States dollars. References to "cents" are to United States cents. On May 27, 2011, the exchange rate as published by Bloomberg at approximately 12:30 p.m. (New York time) was $1.43 per one euro.

The following table shows the period-end, average, high and low Noon Buying Rates for the euro, expressed in U.S. dollars per one euro, for the periods and dates indicated.

Month **U.S. dollar/Euro**	**Period End**	**Average Rate***	**High**	**Low**
May 2011 (through May 27, 2011)	1.43	1.43	1.49	1.40
April 2011	1.48	1.45	1.48	1.42
March 2011	1.41	1.40	1.42	1.38
February 2011	1.38	1.37	1.38	1.35
January 2011	1.37	1.34	1.37	1.29
December 2010	1.33	1.32	1.34	1.31
November 2010	1.30	1.37	1.42	1.30
October 2010	1.39	1.39	1.41	1.37

Year **U.S. dollar/Euro**				
2010	1.32	1.33	1.38	1.30
2009	1.43	1.39	1.51	1.25
2008	1.39	1.47	1.60	1.24
2007	1.47	1.38	1.49	1.29
2006	1.32	1.26	1.33	1.19

* The average of the Noon Buying Rates on the last business day of each month (or portion thereof) during the relevant period for year average; on each business day of the month (or portion thereof) for monthly average.

Fluctuations in exchange rates that have occurred in the past are not necessarily indicative of fluctuations in exchange rates that may occur at any time in the future. No representations are made herein that the euro or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or euros, as the case may be, at any particular rate.

PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements as of and for the years ended December 31, 2010, 2009 and 2008 have been prepared in accordance with international financial reporting standards ("IFRS") as adopted by the European Union.

The Group's fiscal year ends on December 31, and references in this information statement to any specific fiscal year are to the twelve-month period ended December 31 of such year.

Due to rounding, the numbers presented throughout this information statement may not add up precisely, and percentages may not reflect precisely absolute figures.

RISK FACTORS

Risks Related to the Bank and its Industry

Difficult market and economic conditions could in the future have a material adverse effect on the operating environment for financial institutions and hence on the Bank's financial condition, results of operations and cost of risk.

As a global financial institution, the Bank's businesses are highly sensitive to changes in financial markets and economic conditions generally in Europe, the United States and elsewhere around the world. The Bank could be confronted with a significant deterioration of market and economic conditions resulting, among other things, from crises affecting capital, credit or liquidity markets, regional or global recessions, sharp fluctuations in commodity prices (including oil), currency exchange rates or interest rates, inflation or deflation, sovereign debt rating downgrades, restructurings or defaults, or adverse geopolitical events (such as natural disasters, acts of terrorism and military conflicts). Market disruptions and sharp economic downturns, which may develop quickly and hence not be fully hedged, could affect the operating environment for financial institutions for short or extended periods and have a material adverse effect on the Bank's financial condition, results of operations or cost of risk.

European markets have recently experienced significant disruptions as a result of concerns regarding the ability of certain countries in the euro-zone to refinance their debt obligations and of the financial assistance provided to certain European Union member states. These disruptions have contributed to increased volatility in the exchange rate of the euro against other major currencies, affected the levels of stock market indices and created uncertainty regarding the near-term economic prospects of countries in the European Union as well as the quality of bank loans to sovereign debtors in the European Union. There has also been an indirect impact on financial markets worldwide. If economic conditions in the relevant European countries or in Europe more generally were to deteriorate or if further disruptions were to impair the capacity of the European or global markets to recover from the recent worldwide financial crisis, then the impact on the Bank could be significantly adverse.

The recent financial crisis has resulted, and is likely to continue to result, in more restrictive regulation of the financial services industry, which could have a material adverse effect on the Bank's business, financial condition and results of operations.

Legislators, governments, regulators, advisory groups, trade and professional associations and various committees at the national, European and international level have adopted or proposed an array of measures in response to the recent financial crisis, including the "Basel III" framework proposed by the Basel Committee in December 2009 and the Dodd-Frank Act enacted in the United States in July 2010. The analysis and interpretation of these measures, which are drawn from various and sometimes contradictory sources, may increase compliance risk. Implementation of these new measures and compliance with them will increase the Bank's costs and its regulatory capital and liquidity requirements and could limit its ability to conduct certain types of activities. Specifically, the Dodd-Frank Act increases the oversight powers of U.S. regulators over domestic and foreign financial institutions considered as systemically significant, and organizes an orderly liquidation process in the event of a failure of a systemically significant financial institution, thereby in principle ending the "too big to fail" doctrine. These measures could also substantially affect the Bank's competitiveness, its ability to attract and retain talent and its profitability, particularly with respect to its investment banking and financing businesses, which would in turn have an adverse effect on its business, financial condition, and results of operations. Finally, it is difficult to predict what impact these measures would have on financial market conditions and thus indirectly on the Bank and it is uncertain whether they would prevent or limit possible future financial crises.

A number of the exceptional measures taken by governments, central banks and regulators to remedy the financial crisis, stabilize financial markets and bolster financial institutions have recently been or will soon be completed or stopped, which, given the relatively fragile economic recovery, could adversely affect operating conditions for banks.

In response to the financial crisis, governments, central banks and regulators implemented measures intended to support financial institutions and thereby stabilize financial markets. Central banks took measures to facilitate financial institutions' access to credit and liquidity, in particular by lowering interest rates to historic lows for a prolonged period. Various central banks decided to substantially increase the amount and duration of liquidity provided to banks and, in some cases, implemented "non-conventional" measures to inject substantial liquidity into the financial system, including direct market purchases of treasury bonds, corporate commercial paper and mortgage-backed securities. Some of these measures remain in place and interest rates remain at historically low levels. These central banks may decide, acting alone or in coordination, to modify their monetary policies (and, in particular, raise interest rates) and tighten their policies regarding access to liquidity, which could substantially and abruptly decrease the flow of liquidity in the financial system. Given that the recovery remains relatively fragile, such changes could have an adverse effect on operating conditions for financial institutions and, hence, on the Bank's financial condition and results of operations.

A substantial increase in new provisions or a shortfall in the level of previously recorded provisions could adversely affect the Bank's results of operations and financial condition.

In connection with its lending activities, the Bank regularly establishes provisions for loan losses, which are recorded in its profit and loss account under "cost of risk". The Bank's overall level of provisions is based on its assessment of prior loss experience, the volume and type of lending being conducted, industry standards, past due loans, economic conditions and other factors related to the recoverability of various loans. Although the Bank uses its best efforts to establish an appropriate level of provisions, its lending businesses may have to increase their provisions for loan losses substantially in the future as a result of deteriorating economic conditions or other causes. Any significant increase in provisions for loan losses or a significant change in the Bank's estimate of the risk of loss inherent in its portfolio of non-impaired loans, as well as the occurrence of loan losses in excess of the related provisions, could have a material adverse effect on the Bank's results of operations and financial condition.

The Bank may incur significant losses on its trading and investment activities due to market fluctuations and volatility.

The Bank maintains trading and investment positions in the debt, currency, commodity and equity markets, and in unlisted securities, real estate and other asset classes. These positions could be adversely affected by volatility in financial and other markets, i.e., the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. The capital and credit markets experienced unprecedented volatility and disruption for an extended period from mid 2007 and particularly in the months following the bankruptcy filing of Lehman Brothers in mid September 2008; as a result, the Bank incurred significant losses on its capital market and investment activities in the fourth quarter of 2008. There can be no assurance that the extreme volatility and market disruptions experienced during the height of the recent financial crisis will not return in the future and that the Bank will not incur substantial losses on its capital market activities as a result. Moreover, volatility trends that prove substantially different from the Bank's expectations may lead to losses relating to a broad range of other products that the Bank uses, including swaps, forward and future contracts, options and structured products.

To the extent that the Bank owns assets, or has net long positions, in any of those markets, a market downturn could result in losses from a decline in the value of its positions. Conversely, to the extent that the Bank has sold assets that it does not own, or has net short positions in any of those markets, a market upturn could expose it to potentially unlimited losses as it attempts to cover its net short positions by acquiring assets in a rising market. The Bank may from time to time have a trading strategy of holding a long position in one asset and a short position in another, from which it expects to earn revenues based on changes in the relative value of the two assets. If, however, the relative value of the two assets changes in a direction or manner that the Bank did not anticipate or against which it is not hedged, the Bank might realize a loss on those paired positions. Such losses, if significant, could adversely affect the Bank's results of operations and financial condition.

The Bank may generate lower revenues from brokerage and other commission and fee-based businesses during market downturns.

During the market downturn in 2009 the Bank experienced a decline in the volume of transactions that it executed for its clients and, therefore, a decline in its revenues from this activity. There can be no assurance that it will not experience a similar trend in future market downturns, which may occur periodically and unexpectedly. In addition, because the fees that the Bank charges for managing its clients' portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of its clients' portfolios or increases the amount of withdrawals would reduce the revenues the Bank receives from its asset management, equity derivatives and private banking businesses.

Independently of market changes, below-market performance by the Bank's mutual funds may result in increased withdrawals and reduced inflows, which would reduce the revenues the Bank receives from its asset management business.

Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and possibly leading to material losses.

In some of the Bank's businesses, protracted market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the Bank cannot close out deteriorating positions in a timely way. This is particularly true for assets that are intrinsically illiquid. Assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may have values that the Bank calculates using models rather than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to losses that the Bank did not anticipate.

Significant interest rate changes could adversely affect the Bank's revenues or profitability.

The amount of net interest income earned by the Bank during any given period significantly affects its overall revenues and profitability for that period. Interest rates are affected by many factors beyond the Bank's control. Changes in market interest rates could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest-bearing liabilities. Any adverse change in the yield curve could cause a decline in the Bank's net interest income from its lending activities. In addition, maturity mismatches and increases in the interest rates relating to the Bank's short-term financing may adversely affect the Bank's profitability.

The soundness and conduct of other financial institutions and market participants could adversely affect the Bank.

The Bank's ability to engage in funding, investment and derivative transactions could be adversely affected by the soundness of other financial institutions or market participants. Financial services institutions are interrelated as a result of trading, clearing, counterparty, funding or other relationships. As a result, defaults, or even rumors or questions about, one or more financial services institutions, or the financial services industry generally, have led to market-wide liquidity problems and could lead to further losses or defaults. The Bank has exposure to many counterparties in the financial industry, directly and indirectly, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients with which it regularly executes transactions. Many of these transactions expose the Bank to credit risk in the event of default of a group of the Bank's counterparties or clients. In addition, the Bank's credit risk may be exacerbated when the collateral held by it cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to the Bank.

In addition, misconduct by financial market participants can have a material adverse effect on financial institutions due to the interrelated nature of the financial markets. A recent example is the fraud perpetrated by Bernard Madoff, as a result of which numerous financial institutions globally, including the Bank, have announced losses or exposure to losses in substantial amounts. Potentially significant additional potential exposure is also possible in the form of litigation, claims in the context of the bankruptcy proceedings of Bernard Madoff Investment Services (BMIS), and other potential claims relating to counterparty or client investments made, directly or indirectly, in BMIS or other entities controlled by Bernard Madoff, or to the receipt of investment proceeds from BMIS.

There can be no assurance that any losses resulting from the risks summarized above will not materially and adversely affect the Bank's results of operations.

The Bank's competitive position could be harmed if its reputation is damaged.

Considering the highly competitive environment in the financial services industry, a reputation for financial strength and integrity is critical to the Bank's ability to attract and retain customers. The Bank's reputation could be harmed if it fails to adequately promote and market its products and services. The Bank's reputation could also be damaged if, as it increases its client base and the scale of its businesses, the Bank's comprehensive procedures and controls dealing with conflicts of interest fail, or appear to fail, to address conflicts of interest properly. At the same time, the Bank's reputation could be damaged by employee misconduct, misconduct by market participants to which the Bank is exposed, a decline in, a restatement of, or corrections to its financial results, as well as any adverse legal or regulatory action. The loss of business that could result from damage to the Bank's reputation could have an adverse effect on its results of operations and financial position.

An interruption in or a breach of the Bank's information systems may result in lost business and other losses.

As with most other banks, BNP Paribas relies heavily on communications and information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in the Bank's customer relationship management, general ledger, deposit, servicing and/or loan organization systems. The Bank cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures or interruptions could have an adverse effect on the Bank's financial condition and results of operations.

Unforeseen external events can interrupt the Bank's operations and cause substantial losses and additional costs.

Unforeseen events such as severe natural disasters, terrorist attacks or other states of emergency could lead to an abrupt interruption of the Bank's operations and, to the extent not covered by insurance, could cause substantial losses. Such losses can relate to property, financial assets, trading positions and key employees. Such unforeseen events could also lead to additional costs (such as relocation of employees affected) and increase the Bank's costs (particularly insurance premiums).

The Bank is subject to extensive and evolving regulatory regimes in the countries and regions in which it operates.

The Bank is exposed to regulatory compliance risk, such as the inability to comply fully with the laws, regulations, codes of conduct, professional norms or recommendations applicable to the financial services industry. Besides damage to the Bank's reputation, non-compliance could lead to fines, public reprimand, enforced suspension of operations or, in extreme cases, withdrawal of operating licenses. This risk is exacerbated by continuously increasing regulatory oversight. This is the case in particular with respect to money laundering, the financing of terrorist activities or transactions with countries that are subject to economic sanctions. For example, U.S. laws require compliance with the rules administered by the Office of Foreign Assets Control relating to certain foreign countries, nationals or others that are subject to economic sanctions.

In addition to the measures described above, which were taken or proposed specifically in response to the financial crisis, the Bank is exposed to the risk of legislative or regulatory changes in all of the countries in which it operates, including, but not limited to, the following:

- monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy that may significantly influence investors' decisions, particularly in the markets in which the Group operates;
- general changes in regulatory requirements applicable to the financial industry, such as rules relating to applicable capital adequacy and liquidity frameworks;
- changes in tax legislation or the application thereof;
- changes in the competitive environment and prices;
- changes in accounting norms;
- changes in financial reporting requirements; and
- expropriation, nationalization, confiscation of assets and changes in legislation relating to foreign ownership.

These changes, the scope and implications of which are highly unpredictable, could substantially affect the Bank, and have an adverse effect on its business, financial condition and results of operations.

Notwithstanding the Bank's risk management policies, procedures and methods, it could still be exposed to unidentified or unanticipated risks, which could lead to material losses.

The Bank has devoted significant resources to developing its risk management policies, procedures and assessment methods and intends to continue to do so in the future. Nonetheless, the Bank's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risk, particularly risks that the Bank may have failed to identify or anticipate. The Bank's ability to assess the creditworthiness of its customers or to estimate the values of its assets may be impaired if, as a result of market turmoil such as that experienced during the recent financial crisis, the models and approaches it uses become less predictive of future behaviors, valuations, assumptions or estimates.

Some of the Bank's qualitative tools and metrics for managing risk are based on its use of observed historical market behavior. The Bank applies statistical and other tools to these observations to arrive at quantifications of its risk exposures. The process the Bank uses to estimate losses inherent in its credit exposure or estimate the value of certain assets requires difficult, subjective, and complex judgments, including forecasts of economic conditions and how these economic predictions might impair the ability of its borrowers to repay their loans or impact the value of assets, which may, during periods of market disruption, be incapable of accurate estimation and, in turn, impact the reliability of the process. These tools and metrics may fail to predict future risk exposures, e.g., if the Bank does not anticipate or correctly evaluate certain factors in its statistical models, or upon the occurrence of an event deemed extremely unlikely by the tools and metrics. This would limit the Bank's ability to manage its risks. The Bank's losses could therefore be significantly greater than the historical measures indicate. In addition, the Bank's quantified modeling does not take all risks into account. Its more qualitative approach to managing certain risks could prove insufficient, exposing it to material unanticipated losses.

The Bank's hedging strategies may not prevent losses.

If any of the variety of instruments and strategies that the Bank uses to hedge its exposure to various types of risk in its businesses is not effective, the Bank may incur losses. Many of its strategies are based on historical trading patterns and correlations. For example, if the Bank holds a long position in an asset, it may hedge that position by taking a short position in another asset where the short position has historically moved in a direction that would offset a change in the value of the long position. However, the hedge may only be partial, or the strategies used may not protect against all future risks or may not be fully effective in mitigating the Bank's risk exposure in all market environments or against all types of risk in the future. Unexpected market developments may also reduce the effectiveness of the Bank's hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in the Bank's reported earnings.

The Bank's external growth policy carries certain risks, particularly with respect to the integration of acquired entities, and the Bank may be unable to realize the benefits expected from its acquisitions.

Growth through acquisitions is a component of the Bank's strategy. This strategy exposes the Bank to a number of risks.

Integrating acquired businesses is a long and complex process. Successful integration and the realization of synergies require, among other things, proper coordination of business development and marketing efforts, retention of key members of management, policies for effective recruitment and training as well as the ability to adapt information and computer systems. Any difficulties encountered in combining operations could result in higher integration costs and lower savings or revenues than expected. There will accordingly be uncertainty as to the extent to which anticipated synergies will be achieved and the timing of their realization. Moreover, the integration of the Bank's existing operations with those of the acquired operations could interfere with the respective businesses and divert management's attention from other aspects of the Bank's business, which could have a negative impact on the business and results of the Bank. In some cases, moreover, disputes relating to acquisitions may have an adverse impact on the integration process or have other adverse consequences, including financial ones.

Although the Bank undertakes an in-depth analysis of the companies it plans to acquire, such analyses often cannot be complete or exhaustive. As a result, the Bank may increase its exposure to doubtful or troubled assets and incur greater risks as a result of its acquisitions, particularly in cases in which it was unable to conduct comprehensive due diligence prior to the acquisition.

Intense competition, especially in France where it has the largest single concentration of its businesses, could adversely affect the Bank's revenues and profitability.

Competition is intense in all of the Bank's primary business areas in France and the other countries in which it conducts a substantial portion of its business, including other European countries and the United States. Competition in the Bank's industry could intensify as a result of the ongoing consolidation of financial services that accelerated during the recent financial crisis. If the Bank is unable to respond to the competitive environment in France or in its other major markets by offering attractive and profitable product and service solutions, it may lose market share in key areas of its business or incur losses on some or all of its activities. In addition, downturns in the economies of its principal markets could add to the competitive pressure, through, for example, increased price pressure and lower business volumes for the Bank and its competitors. In addition, new lower-cost competitors may enter the market, which may not be subject to the same capital or regulatory requirements or may have other inherent regulatory advantages and, therefore, may be able to offer their products and services on more favorable terms. It is also possible that the increased presence in the global marketplace of nationalized financial institutions, or financial institutions benefiting from State guarantees or other similar advantages, following the recent financial crisis could lead to distortions in competition in a manner adverse to private-sector institutions such as the Bank.

SELECTED FINANCIAL DATA

The following tables present selected financial data concerning the Group as of December 31, 2010, 2009, 2008, 2007 and 2006 and for the years ended December 31, 2010, 2009, 2008, 2007 and 2006.

The selected financial data for the Group as of December 31, 2010, 2009 and 2008 and for the years ended December 31, 2010, 2009 and 2008 have been derived from, and should be read in conjunction with, the audited consolidated financial statements of the Group as of December 31, 2010 and for the year ended December 31, 2010, and as of December 31, 2009 and for the year ended December 31, 2009, including comparative columns for the year ended December 31, 2008, incorporated by reference herein.

BNP Paribas Group	**Year ended December 31, (in millions of euros)**				
Income Statement (EU-IFRS)	**2010**	**2009**	**2008**	**2007**	**2006**
Net interest income	24,060	21,021	13,498	9,708	9,124
Net commission income	8,486	7,467	5,859	6,322	6,104
Net gain on financial instruments at fair value through profit or loss	5,109	6,085	2,693	7,843	7,573
Net gain on available-for-sale financial assets	452	436	464	2,507	1,367
Net income from other activities	5,773	5,182	4,862	4,657	3,775
Revenues	**43,880**	**40,191**	**27,376**	**31,037**	**27,943**
Operating expense and depreciation	(26,517)	(23,340)	(18,400)	(18,764)	(17,065)
Gross operating income	**17,363**	**16,851**	**8,976**	**12,273**	**10,878**
Cost of risk	(4,802)	(8,369)	(5,752)	(1,725)	(783)
Operating income	**12,561**	**8,482**	**3,224**	**10,548**	**10,095**
Share of earnings of associates	268	178	217	358	293
Net gain on non-current assets	269	87	481	153	195
Change in value of goodwill	(78)	253	2	(1)	(13)
Income taxes	(3,856)	(2,526)	(472)	(2,747)	(2,762)
Minority interests	1,321	642	431	(489)	(500)
Net income attributable to equity holders	**7,843**	**5,832**	**3,021**	**7,822**	**7,308**

BNP Paribas Group Balance Sheet (EU-IFRS)	**At December 31, 2010**	**At December 31, 2009**	**At December 31, 2008**	**At December 31, 2007**	**At December 31, 2006**
			(in millions of euros)		
Assets					
Cash and amounts due from central banks and post office banks	33,568	56,076	39,219	18,542	9,642
Financial assets at fair value through profit or loss	832,945	828,784	1,192,271	931,706	744,858
Derivatives used for hedging purposes	5,440	4,952	4,555	2,154	2,803
Available-for-sale financial assets	219,958	221,425	130,725	112,594	96,739
Loans and receivables due from credit institutions	62,718	88,920	69,153	71,116	75,170
Loans and receivables due from customers	684,686	678,766	494,401	445,103	393,133
Remeasurement adjustment on interest-rate risk hedged portfolios	2,317	2,407	2,541	(264)	(295)
Held-to-maturity financial assets	13,773	14,023	14,076	14,808	15,149
Current and deferred tax assets	11,557	12,117	6,055	2,965	3,443
Accrued income and other assets	83,124	103,361	82,457	60,608	66,915
Policyholders' surplus reserve		-	531	-	-
Investments in associates	4,798	4,761	2,643	3,333	2,772
Investment property	12,327	11,872	9,920	6,693	5,813
Property, plant and equipment	17,125	17,056	14,807	13,165	12,470
Intangible assets	2,498	2,199	1,810	1,687	1,569
Goodwill	11,324	10,979	10,918	10,244	10,162
Total Assets	1,998,158	2,057,698	2,075,551	1,694,454	1,440,343
Liabilities and Shareholders' Equity					
Due to central banks and post office banks	2,123	5,510	1,047	1,724	939
Financial liabilities at fair value through profit or loss	725,105	709,337	1,054,802	796,125	653,328
Derivatives used for hedging purposes	8,480	8,108	6,172	1,261	1,335
Due to credit institutions	167,985	220,696	186,187	170,182	143,650
Due to customers	580,913	604,903	413,955	346,704	298,652
Debt securities	208,669	211,029	157,508	141,056	121,559
Remeasurement adjustment on interest-rate risk hedged portfolios	301	356	282	20	367
Current and deferred tax liabilities	3,745	4,762	3,971	2,475	2,306
Accrued expenses and other liabilities	65,229	72,425	83,434	58,815	53,661
Technical reserves of insurance companies	114,918	101,555	86,514	93,320	87,044
Provisions for contingencies and charges	10,311	10,464	4,388	4,738	4,718
Subordinated debt	24,750	28,209	18,323	18,641	17,960
Minority interests in consolidated subsidiaries	10,997	10,843	5,740	5,594	5,312
Shareholders' equity (group share)	74,632	69,501	53,228	53,799	49,512
Total Liabilities and Shareholders' Equity	1,998,158	2,057,698	2,075,551	1,694,454	1,440,343

BNP Paribas Group Capital Ratios (EU-IFRS)	**At December 31,**			
	2010	**2009**	**2008**	**2007**
Total ratio	14.5%	14.2%	11.1%	10.2%
Tier 1 ratio	11.4%	10.1%	7.8%	7.1%
Risk-weighted assets (in billions of euros)	601	621	535	533

CAPITALIZATION OF THE GROUP

Except as set forth in this section, there has been no material change in the capitalization of the Group since March 31, 2011.

The following table sets forth the consolidated capitalization of the Group as of March 31, 2011 and December 31, 2010.

(in millions of euros)	**As of March 31, 2011**	**As of December 31, 2010**
Medium- and Long-Term Debt (of which the unexpired term to maturity is more than one year)[(1)]		
Debt securities at fair value through profit or loss	33,419	37,878
Other debt securities	62,425	64,265
Subordinated debt	18,995	20,922
Total Medium- and Long-Term Debt	**114,839**	**123,065**
Shareholders' Equity		
Issued capital[(2)]	2,400	2,397
Additional paid-in capital	23,566	23,314
Preferred shares and equivalent instruments[(3)]	8,041	8,029
Retained earnings[(4)]	39,961	38,213
Unrealized or deferred gains and losses attributable to Shareholders	(555)	169
Undated participating subordinated notes[(5)]	227	227
Undated subordinated FRNs[(6)]	4,930	4,592
Total Shareholders' Equity	**78,570**	**76,941**
Minority interests[(7)]	10,340	10,390
Total Capitalization	**203,749**	**210,396**

Notes:

1) Medium- and long-term debt does not include the following items: interbank items and customer term deposits. All medium- and long-term senior debt of BNP Paribas ranks equally with deposits. The subordinated debt of BNP Paribas is subordinated to all other debt with the exception of undated participating subordinated notes (titres participatifs).

   The Bank and its subsidiaries issue medium- to long-term debt on a continuous basis, particularly through private placements in France and abroad.

   Euro against foreign currency as of December 31, 2010, CAD = 1.3316, GBP = 0.8576, CHF = 1.2486, HKD = 10.3946, JPY = 108.5926, USD = 1.3371

   Euro against foreign currency as 31 March 31, 2011, CAD = 1.3754, GBP = 0.8838, CHF = 1.3011, HKD = 11.0536, JPY = 117.9724, USD = 1.4199

2) At December 31, 2010, the Bank's share capital stood at €2,396,307,068 divided into 1,198,153,534 shares with a par value of €2 each. Since the end of 2010, at January 17, 2011, 506,622 shares have been created following the exercise of options. As a result, at June 7, 2011, the Bank's share capital stood at €2,397,320,312 divided into 1,198,660,156 shares with a par value of €2 each.

3) In June 2005, BNP Paribas SA issued $1,350 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 5.186% semi-annually for a period of ten years. Thereafter, BNP Paribas

SA may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month USD LIBOR plus a margin equal to 1.68% per annum.

In October 2005, BNP Paribas SA issued $400 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 6.25% per annum. As from October 17, 2011, BNP Paribas SA may redeem the notes at par on each interest payment date.

In October 2005, BNP Paribas SA issued €1 billion of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 4.875% per annum. As from October 17, 2011, BNP Paribas SA may redeem the notes at par on each interest payment date.

In April 2006, BNP Paribas SA issued €750 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 4.73% per annum from and including April 12, 2006 to but excluding April 12, 2016, payable annually in arrears on a non-cumulative basis on April 12 of each year, commencing on April 12, 2007, and thereafter at a floating rate equal to three-month Euribor plus a margin equal to 1.69% per annum, payable quarterly in arrears on January 12, April 12, July 12 and October 12 of each year commencing on July 12, 2016. As from April 12, 2016, BNP Paribas SA may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month USD LIBOR plus a margin equal to 1.68% per annum.

In April 2006, BNP Paribas SA issued £450 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 5.945% per annum from and including April 19, 2006 to but excluding April 19, 2016, payable annually in arrears on a non-cumulative basis on April 19 of each year, commencing on April 19, 2007, and thereafter at a floating rate equal to three-month GBP LIBOR plus a margin equal to 1.13% per annum, payable quarterly in arrears on January 19, April 19, July 19 and October 19 of each year commencing on July 19, 2016. As from July 19, 2016, BNP Paribas SA may redeem the notes at par on each interest payment date.

In July 2006, BNP Paribas SA issued €150 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 5.45% per annum from and including July 13, 2006 to but excluding July 13, 2026, payable annually in arrears on a non-cumulative basis on July 13, 2007, and thereafter at a floating rate equal to three-month Euribor plus a margin equal to 1.92% per annum, payable quarterly in arrears on January 13, April 13, July 13 and October 13 of each year commencing on October 13, 2026.

Also in July 2006, BNP Paribas SA issued £325 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 5.945% per annum from and including July 13, 2006 to but excluding July 13, 2016, payable annually in arrears on a non-cumulative basis on July 13 of each year, commencing on July 13, 2007, and thereafter at a floating rate equal to three-month GBP LIBOR plus a margin equal to 1.81% per annum, payable quarterly in arrears on January 13, April 13, July 13 and October 13 of each year commencing on October 13, 2016.

In April 2007, BNP Paribas SA issued €750 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 5.019% per annum from and including April 13, 2007 to but excluding April 13, 2017, payable annually in arrears on a non-cumulative basis on April 13 of each year, commencing on April 13, 2008, and thereafter at a floating rate equal to three-month Euribor plus a margin equal to 1.72% per annum, payable quarterly in arrears on January 13, April 13, July 13 and October 13 of each year commencing on July 13, 2017.

In June 2007, BNP Paribas SA issued $600 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 6.500% per annum for a period of five years. As from June 2012, BNP Paribas SA may redeem the notes at par on each interest payment date.

In June 2007, BNP Paribas SA issued $1,100 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 7.195% per annum for a period of thirty years. Thereafter, BNP Paribas SA may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month USD LIBOR plus a margin equal to 1.29% per annum.

In October 2007, BNP Paribas SA issued £200 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 7.436% per annum for a period of ten years. Thereafter, BNP Paribas SA may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month GBP LIBOR plus a margin equal to 1.85% per annum.

In December 2007, Fortis Banque France (merged into the Bank as of May 12, 2010) issued €60 million of undated deeply subordinated non-cumulative notes. They bear interest at a floating rate equal to three-month EURIBOR plus a margin of 2.880% per annum payable quarterly in arrears for a period of ten years.

Thereafter, BNP Paribas SA may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month EURIBOR plus a margin equal to 3.88% per annum.

In June 2008, BNP Paribas SA issued €500 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 7.781% per annum for a period of ten years. Thereafter, BNP Paribas SA may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month Euribor plus a margin equal to 3.75% per annum.

In September 2008, BNP Paribas SA issued €650 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 8.667% per annum for a period of five years. Thereafter, BNP Paribas SA may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month Euribor plus a margin equal to 4.05% per annum.

In September 2008, BNP Paribas SA issued €100 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 7.57% per annum for a period of ten years. Thereafter, BNP Paribas SA may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month Euribor plus a margin equal to 3.925% per annum.

In December 2009, BNP Paribas SA issued €2 million of undated deeply subordinated non-cumulative notes. They bear interest at a floating rate equal to three-month Euribor plus a margin equal to 3.75% per annum, payable quarterly in arrears for a period of ten years. As from December 2019, BNP Paribas SA may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month EURIBOR plus a margin equal to 4.75% per annum.

In December 2009, BNP Paribas SA issued €17 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 7.028% per annum for a period of ten years. As from December 2019, BNP Paribas SA may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month EURIBOR plus a margin equal to 4.75% per annum.

In December 2009, BNP Paribas SA issued $70 million of undated deeply subordinated non-cumulative notes. They bear interest at a floating rate equal to three-month USD LIBOR plus a margin equal to 3.750% per annum, payable quarterly in arrears for a period of ten years. As from December 2019, BNP Paribas SA may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month USD LIBOR plus a margin equal to 4.75% per annum.

In December 2009, BNP Paribas SA issued $0.5 million of undated deeply subordinated non-cumulative notes. They bear interest at a fixed rate of 7.384% per annum for a period of ten years. As from December 2019, BNP Paribas SA may redeem the notes at par on each interest payment date and until redeemed the notes will pay interest indexed to three-month USD LIBOR plus a margin equal to 4.75% per annum.

4) After estimated distribution and deduction at cost of 3,998,016 BNP Paribas shares held by BNP Paribas as at December 31, 2008 and 2,345,072 BNP Paribas shares held by BNP Paribas as at March 31, 2009.

5) Undated participating subordinated notes issued by BNP SA between 1984 and 1988 for a total amount of €337 million are redeemable only in the event of the liquidation of the Bank, but may be redeemed in accordance with the terms specified in the law of January 3, 1983. Under this option, 434,267 of the 2,212,761 notes initially issued were redeemed between 2004 and 2007 and subsequently cancelled. Payment of interest is obligatory, but the Board of Directors may postpone interest payments if the Ordinary General Meeting of shareholders held to approve the financial statements states that there is no income available for distribution.

6) Subordinated debt mainly comprises an issue of Convertible And Subordinated Hybrid Equity-linked Securities (CASHES) made by Fortis Banque (now BNP Paribas Fortis) in December 2007, for a nominal amount of €3 billion and a market value of €1,500 million at December 31, 2010. They bear interest at a floating rate equal to three-month Euribor plus a margin equal to 2% paid quarterly in arrears. The CASHES are undated but may be exchanged for Fortis SA/NV shares at the holder's sole discretion at a price of €23.94. However, as of December 19, 2014, the CASHES will be automatically exchanged into Fortis SA/NV shares if the price is equal to €35.91 for twenty consecutive trading days. The principal amount will never be redeemed in cash. The rights of the CASHES holders are limited to the 125,313,283 Fortis SA/NV shares that Fortis Banque acquired on the date of issuance of the CASHES and pledged to them: they are recognized as financial assets and measured at fair value through profit or loss, which amounted to €214 million at December 31, 2010. Fortis SA/NV and Fortis Banque have entered into a Relative Performance Note (RPN) contract, the value of which varies contractually so as to offset the impact on Fortis Banque of the relative difference between changes in the value of the CASHES and changes in the value of the Fortis SA/NV shares. At December 31, 2010, the value of the RPN was €635 million

recognized on the balance sheet under "Derivative instruments held for trading" (Financial assets at fair value through profit or loss). On the basis of this RPN value, the debtor pays the creditor interest at three-month Euribor plus 20 basis points, for which BNP Paribas has a guarantee from the Belgian government.

The remaining subordinated debt includes €459 million of undated floating-rate subordinated notes (TSDIs), €1,813 million of other undated subordinated notes and €820 million of undated subordinated debt.

7) In October 2000, BNP Paribas Capital Preferred LLC, a wholly-owned subsidiary of BNP Paribas, issued $500 million of noncumulative preferred securities, via BNP Paribas Capital Trust. They pay a contractual dividend of 9.003% for a period of ten years. Thereafter, the issuer may redeem the securities at par on each dividend payment date and until redeemed the securities will pay a dividend indexed to three-month LIBOR plus a margin equal to 3.26%.

In October 2001, BNP Paribas Capital Preferred III LLC, a wholly-owned subsidiary of BNP Paribas, issued €500 million of noncumulative preferred securities, via BNP Paribas Capital Trust III. They pay a contractual dividend of 6.625% for a period of ten years. Thereafter, the issuer may redeem the securities at par on each dividend payment date and until redeemed the securities will pay a dividend indexed to three-month EURIBOR plus a margin equal to 2.6%.

In January 2002, BNP Paribas Capital Preferred IV LLC, a wholly owned subsidiary of BNP Paribas, issued €660 million of noncumulative preferred securities, via BNP Paribas Capital Trust IV. They pay a contractual dividend of 6.342% for a period of ten years. Thereafter, the issuer may redeem the securities at par on each dividend payment date and until redeemed the securities will pay a dividend indexed to three-month EURIBOR plus a margin equal to 2.33%.

In January 2003, BNP Paribas Capital Preferred VI LLC, a wholly owned subsidiary of BNP Paribas, issued €700 million of noncumulative preferred securities, via BNP Paribas Capital Trust VI. They pay a contractual dividend of 5.868% for a period of 10 years. Thereafter, the issuer may redeem the securities at par on each dividend payment date and until redeemed the securities will pay a dividend indexed to three-month EURIBOR plus a margin equal to 2.48%.

In March 2003, the LaSer-Cofinoga sub-group, which is partially consolidated into the Group, issued €100 million (before application of the proportionate consolidation rate) of noncumulative preferred securities, via Cofinoga Funding Trust I. They pay a non-cumulative preferred dividend of 6.82% for a period of 10 years. Thereafter, the issuer may redeem the securities at par on each dividend payment date and until redeemed the securities will pay a dividend indexed to three-month EURIBOR plus a margin equal to 3.75%.

In January and May 2004, the LaSer-Cofinoga sub-group, which is partially consolidated into the Group, issued €80 million (before application of the proportionate consolidation rate) of noncumulative preferred securities, via Cofinoga Funding Trust II. They pay a non-cumulative preferred dividend of TEC 10[1] plus a margin equal to 1.35% for a period of 10 years. As from January and May 2014, respectively, the issuer may redeem the securities at par on each dividend payment date.

[1] TEC 10 is the daily long-term government bond index, corresponding to the yield-to-maturity of a fictitious 10-year Treasury note.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and analysis relates to the results of operations and financial condition of the Group for the year ended and as of December 31, 2009 as compared to the year ended and as of December 31, 2008, and for the year ended and as of December 31, 2008 as compared to the year ended December 31, 2007. It should be read in conjunction with "Selected Financial Data" and the audited consolidated financial statements of the Group as of and for the years ended December 31, 2009 and 2008 and as of and for the years ended December 31, 2008 and 2007.

Economic Conditions

The first half of 2007 was marked by continued overall growth against the backdrop of continued depreciation of the U.S. dollar against the euro. The main stock market indices reached record highs in October 2007, followed by a sustained drop in response to the credit crisis, with an overall result for 2007 being generally small gains.

Beginning in the summer of 2007, the global economy was negatively affected by the housing market downturn in the United States, which led to reduced demand for securitized assets and for credit instruments. This in turn led to a broad-based increase in the premiums expected by investors to cover the risk from non-sovereign issuers. With spreads becoming too expensive for certain issuers, the long-term fixed income market contracted sharply, while structured products with a concentrated issuer risk fell in value. The discount on debt products affected debt syndications that were in the process of being arranged when the crisis erupted. In particular, banks that were lead-managing leveraged buy-outs experienced a fall in value of the instruments they were planning to sell to other banks, due to the sharp deterioration in market conditions since they made their initial commitment to the borrower. The liquidity crisis triggered by the risk-averse climate also affected the rollover of short-term issues by securitization conduits. Certain banks that manage their own conduits had to provide replacement financing, thereby increasing their own positions in the asset classes held by the conduits. Lastly, money market funds significantly reduced their investments in short-term assets and focused on overnight investments. This created an imbalance on the money markets and an unusually broad spread between overnight rates and short-term rates, leading to an increase in banks' financing costs. Overall growth for 2007 was lower than in previous years as a result of these factors, particularly in the United States.

The U.S. housing market slowdown that started in the second half of 2007 extended into 2008, making investors wary of structured financial instruments derived from securitization transactions. This in turn affected the market prices of these instruments and the parameters used to value them, and these factors continue to deteriorate. The prolonged U.S. housing market collapse also highlighted the fragile financial health of monoline insurers, or the companies that had guaranteed securitized mortgage assets – especially in the case of subprime mortgages. Rating agencies cut the credit ratings of some monolines, increasing the risk premium on the securities issued by these insurers and consequently impairing their value. Two monoline insurers were able to negotiate commutation agreements with their counterparties for their riskiest commitments, but based on heavily discounted prices.

The financial crisis intensified dramatically on September 15, 2008 when Lehman Brothers declared bankruptcy. The decision by the U.S. government not to bail out Lehman Brothers – even though public backing had already been given to many financial institutions weakened by the crisis – crystallized the systemic risk inherent in the failure of a bank Lehman's size and the web of ties that Lehman had with other players across the financial sector. These other market participants suffered direct losses from their exposure to "Lehman risk", which weighed significantly on their second half 2008 earnings.

The U.S. government's decision had considerable ramifications. Financial institutions lost faith in one another, making it more difficult for them to access liquidity. Central banks had to step in for the interbank market and expanded their balance sheets by relaxing the criteria on financial or banking assets they accepted as collateral. These measures helped ease interbank lending rates, after interbank spreads had peaked at 400 basis points for the dollar and 150 basis points for the euro. Spreads on medium-term debt also widened sharply, but to markedly different degrees depending on the market's assessment of the issuer's ability to weather the financial crisis on solid footing.

Banks were forced to recognize sizable write-downs, thus weakening their balance sheets and resulting in a need for fresh equity – at a time when investors had become averse to banking risk. As a result, the governments of the main countries affected by the crisis adopted exceptional measures involving huge sums of money, which were deployed to recapitalize troubled financial institutions and provide guarantees. Entire swathes of the financial sector fell under state control. Companies with less exposure to the crisis still had to shore up their equity to some extent, in order to meet prudential requirements amid the unprecedented uncertainty.

The crisis soon spread beyond the financial sector and into the broader economy. Business activity began slowing in developed countries during the first half of the year, and the slowdown spread to all corners of the globe with alarming speed. Every major developed region plunged into a recession. As companies' financial health deteriorated, more and more of them were unable to meet their payment obligations or found themselves facing bankruptcy. Banks' provisions escalated in the fourth quarter of 2008 – particularly noteworthy since their provisions had been exceptionally low in the years preceding the crisis.

The Lehman Brothers bankruptcy announcement sent the already bearish equity markets reeling. Stock market indices tumbled an average of 20% in the fourth quarter of 2008, after falling by approximately 30% in the first three quarters. Banks, along with all market participants, were compelled to recognize hefty write-downs on their equity holdings.

However, beyond the impact to the equity markets, the Lehman Brothers collapse triggered an unparalleled dislocation across all financial markets that was reflected in extreme shocks due to high volatility and an unprecedented level of correlation. These factors weighed heavily on the performance of financial market players, most notably hedge funds that suffered large losses. Hedge fund managers had no choice but to slash their funds' investments in order to restore debt-to-equity ratios, and this large-scale unwinding of positions drove the markets even lower. Hedge fund managers also had to cope with substantial redemption requests from investors. The ensuing pressure on hedge funds helped reveal instances of fraud such as that perpetrated by Bernard Madoff, a fraud of unparalleled scale.

In response to such developments, legislators and financial regulators in many jurisdictions, including France, implemented a number of policy measures designed to bring stability to the financial markets, including the provision of direct and indirect assistance to distressed financial institutions. In the United States, the federal government took equity stakes in several financial institutions, implemented a program to guarantee the short-term and certain medium-term debt of financial institutions, increased consumer deposit guarantees, and brokered the acquisitions of certain struggling financial institutions, among other measures. In the United Kingdom, the government effectively nationalized some of the country's largest banks, provided a preferred equity program open to all financial institutions and a program to guarantee short-term and certain medium-term debt of financial institutions, among other measures. In France, the government created a liquidity facility for financial institutions through a French State-guaranteed special purpose company, and purchased, through another French State-guaranteed special purpose company, preferred shares or hybrid super-subordinated securities issued by financial institutions. Central banks around the world also coordinated efforts to increase liquidity in the financial markets by taking measures such as increasing the amounts they lend directly to financial institutions and lowering interest rates. Certain central banks publicly committed to keeping interest rates low for an extended period of time or outrightly purchased long-term government bonds to reduce longer-term yields.

This governmental intervention helped temper the consequences of the crisis in 2009. The financial markets remained volatile during the first half of 2009 and then stabilized during the second half of the year. Likewise, after experiencing a sharp decline, the commodities markets rose more than 40% from their low point, largely due to increased petroleum and metal prices.[2] Financial conditions in advanced economies significantly improved over the course of 2009, reflected in declining interbank, credit default swap (CDS) and corporate spreads.

Growth gradually returned to the global economy in 2010, although not uniformly. While the equity markets strengthened and bank lending conditions became more favorable, concerns over unemployment and sovereign risk weighed on the financial and foreign exchange markets.[3] The European markets, in particular,

2 Source: IMF World Economic Outlook, April 2010.

3 Source: IMF World Economic Outlook Update, January 2011.

experienced significant downside as a result of concerns regarding the ability of certain countries in the eurozone to refinance their debt obligations as well as the inability of certain European banks to withstand stress tests. A "two-speed recovery" has been used to describe the current economic context, with advanced economies demonstrating a slower return to growth than emerging and developing economies, where growth has remained strong during the last year.[4]

The Group's revenues are influenced by exchange rate trends due to the international scope of its operations and in particular its significant dollar-based revenues from its operations in the United States. The effect on net income is mitigated, however, by the fact that the U.S. cost base is largely in dollars. The dollar weakened during the first half of 2008, eventually regaining some growth, and ending the year at the rate of 1.39 dollars per one euro. The dollar demonstrated additional growth during the first quarter of 2009, but weakened during the course of the year, ending at 1.43 dollars per one euro. The dollar strengthened during 2010, ending at 1.34 dollars per one euro, then weakened in the first quarter of 2011.

Basis of Presentation

General

Results of operations for each of the periods under review have been presented both by division and by income statement line item. It should be noted that the divisional analysis is analytic in nature. The Group's business divisions are not fully accounted for as segments in its consolidated financial statements. Rather, only selected line items have been prepared on a divisional basis. See Note 3 of the audited consolidated financial statements as of and for the year ended December 31, 2010 for further segment information.

The divisional analysis is prepared on a basis that ensures the comparability of results across the Group's divisions by assuming a consistent allocation of Group capital across those divisions. Imputed revenue from the capital allocated to each division is included in the division's profit and loss account. The capital allocated to each division generally corresponds to the amount required to comply with the European Solvency Ratio requirements under Basel II, and is based on 6% of risk-weighted assets. The risk-weighted assets are calculated as the sum of:

- the risk-weighted assets for credit and counterparty risk, calculated using the standardized approach or the internal ratings based approach (IRBA) depending on the particular entity; and

- the regulatory capital requirement for market and operational risks, multiplied by 12.5. The capital requirement for operational risk is calculated using the basic indicator approach, standardized approach, or advanced measurement approach (AMA), depending on the particular entity.

Each division is allocated the share of capital deducted prudentially from Tier 1 capital, which corresponds to 50% of the net asset value of investments in credit and financial institutions. The capital allocated to the Insurance business is equal to the solvency requirement calculated according to insurance regulations.

Although the divisional revenues presented for French Retail Banking includes 100% of the income of the Private Bank in France (the business of which is conducted through the French branch network), the results for Retail Banking as a whole include only two-thirds of the French Private Bank's income, with the remaining third being allocated to Investment Solutions.

In the discussion below, percent changes from period to period have been calculated based on figures in millions of euros, where appropriate, although some of these figures are presented here in billions of euros.

Reclassification of Financial Instruments Held for Trading and Initially Recognized at Fair Value through Profit or Loss

The exceptional circumstances of late 2007 and 2008 prompted the Group to change its accounting treatment of financial instruments initially held for trading or available for sale. While the Group originally intended to sell these assets, they were reclassified in late 2008 within customer loan portfolios or as securities

[4] Source: IMF World Economic Outlook Update, January 2011.

available for sale as allowed by the amendments to IAS 39 and IFRS 7 adopted by the European Union on October 15, 2008. For a discussion of the amendment to IAS 39, relating to the "fair value option," see Note 1.c.11 to the consolidated financial statements for the year ended December 31, 2008, incorporated by reference herein. For a discussion of the assets that were reclassified in the fourth quarter of 2008, see Notes 1.c.6 and 5.a to the consolidated financial statements for the year ended December 31, 2008, incorporated by reference herein.

Year ended December 31, 2010 as compared with year ended December 31, 2009

The following discussion presents the financial condition of the Group as of December 31, 2010 as compared to December 31, 2009, as well as the results of operations for the Group for the year ended December 31, 2010 as compared to the year ended December 31, 2009. Results of operations are presented and analyzed by division and then on a consolidated basis by income statement line items.

Overview

(in millions of euros)	**2010**	**2009**	**Change (2010/2009)**
Revenues	**43,880**	**40,191**	**+9.2%**
Operating expenses and depreciation	(26,517)	(23,340)	+13.6%
Gross operating income	**17,363**	**16,851**	**+3.0%**
Cost of risk	(4,802)	(8,369)	-42.6%
Operating income	**12,561**	**8,482**	**+48.1%**
Share of earnings of associates	268	178	+50.6%
Other non-operating items	191	340	-43.8%
Non-operating items	**459**	**518**	**-11.4%**
Pre-tax income	**13,020**	**9,000**	**+44.7%**
Corporate income tax	(3,856)	(2,526)	+52.7%
Net income attributable to minority interests	(1,321)	(642)	n.s.
Net income attributable to equity holders	**7,843**	**5,832**	**+34.5%**
Cost/income ratio	60.4%	58.1%	+2.3pt

Robust Model

Thanks to its active role in financing the economy and the successful integration of Fortis which takes the Group to a new dimension, the Bank posted in 2010 net income (attributable to equity holders) of €7,843 million, up 34.5% compared to 2009.

In 2010, the first full year in its new scope, the Group generated €43,880 million in revenues, up 9.2% compared to 2009 (-0.1% at constant scope and exchange rates). Operating expenses totaled €26,517 million (+13.6%; +3.3% at constant scope and exchange rates). Gross operating income was therefore virtually stable at €17,363 million (+3.0%; -5.1% at constant scope and exchange rates). Thanks to the sharp decline in the cost of risk (-42.6% at €4,802 million; -50.0% at constant scope and exchange rates) due to the improved economic environment, pre-tax income soared to €13,020 million, up 44.7% (+36.5% at constant scope and exchange rates). Each of the operating divisions grew its pre-tax income and strong rebound in Retail Banking helped rebalance their respective contributions.

The successful merger of BNP Paribas Fortis' and BGL BNP Paribas' entities with those of the Group thanks to the dedication of teams in all the territories and business units resulted in an increase in the synergies estimated for 2012 from €900 million to €1,200 million with the associated restructuring costs revised up from €1.3 billion to €1.65 billion.

Return on equity was 12.3%, compared to 10.8% in 2009.

Net earnings per share was €6.3, up 21.7% compared to 2009. The net book value per share, at €55.5, was up 9.0% compared to 2009. It was up 29.4% since 2006, the last year before the global economic crisis: the Bank's model has generated robust growth in the book value throughout the cycle.

The Board of Directors will propose to Shareholders to pay a dividend of €2.10 per share in cash, a 33.4% payout ratio. This allocation of earnings makes it possible to reinvest two-thirds of earnings back into the company.

Results of Operations by Division

As part of the integration plan for the Fortis Group entities acquired, the business activities of BNP Paribas Fortis and BGL BNP Paribas have been transferred to the corresponding business lines and divisions of the Group. To make such data comparable to the 2010 figures, the 2009 data has been restated as if these transfers had taken place on the acquisition date.

Retail Banking

French Retail Banking (FRB)

In 2010, 56% of the divisions' revenues came from the Retail Banking's banking networks and specialized financial services business units.

(in millions of euros)	**2010**	**2009**	**Change (2010/2009)**
Revenues	**6,877**	**6,541**	**+5.1%**
Incl. net interest income	*4,004*	*3,816*	*+4.9%*
Incl. commissions	*2,873*	*2,725*	*+5.4%*
Operating expenses and depreciation	(4,541)	(4,367)	+4.0%
Gross operating income	**2,336**	**2,174**	**+7.5%**
Cost of risk	(484)	(518)	-6.6%
Operating income	**1,852**	**1,656**	**+11.8%**
Non-operating items	1	1	+0.0%
Pre-tax income	**1,853**	**1,657**	**+11.8%**
Income attributable to Investment Solutions	(118)	(102)	+15.7%
Pre-tax income of FRB	**1,735**	**1,555**	**+11.6%**
Cost/income ratio	66.0%	66.8%	-0.8pt
Allocated equity (in billions of euros)	5.8	5.6	+2.6%
Including 100% of French Private Banking for Revenues to Pre-Tax Income line items			

For the whole of 2010, the FRB teams were fully dedicated to enhancing the service offering and making full use of the expertise of all the Group's business units in supporting their clients—individuals, small businesses and companies—in their projects. This dedication is illustrated by growth in outstanding loans (+3.6%* vs. 2009), driven by strong growth in mortgages (+8.1%*) against a backdrop of very low interest rates. Although corporate demand remained very low on the whole (outstandings: -1.5%* vs. 2009), the success of initiatives targeting small businesses, VSEs and SMEs helped jumpstart their demand for loans at the end of the year (+3.5% vs. December 31, 2009).

Deposits rose 1.9%* on average compared to 2009 benefiting from a favorable structural effect with strong sight deposit growth (+9.5%*). The end of the year was marked by the beginning of a re-intermediation of money market mutual funds to savings accounts and term deposits.

Asset inflows into life insurance rose a further 8.5% compared to December 31, 2009 despite extremely low interest rates.

* At constant scope and exchange rates.

Thanks to a good sales and marketing drive, revenues[5] reached €6,877 million. At constant scope, it rose 3.6%: net interest income growth (+3.3%) was driven by the increase in volumes and a favorable trend in the structure of deposits; fees were up (+4.0%) due to gains of individuals customers with a total of 190,000 net new current accounts opened and despite households' continued aversion to financial markets.

A moderate rise in operating expenses[5] (+2.2%*) to €4,541 million helped the division generate a 1.4 point* jaws effect, outperforming the target set for 2010. The cost/income ratio improved a further 0.9 point* at 66.0%. This solid operating performance helped push up gross operating income[5] 6.3%* to €2,336 million. The cost of risk[5], at 35 basis points of outstanding customer loans, started to decline compared to 2009 (41 basis points).

After allocating one-third of French Private Banking's net income to the Investment Solutions division, FRB's pre-tax income came to €1,735 million, up sharply by 11.6% over 2009.

BNL Banca Commerciale (BNL bc)

(in millions of euros)	**2010**	**2009**	**Change (2010/2009)**
Revenues	**3,060**	**3,003**	**+1.9%**
Operating expenses and depreciation	(1,798)	(1,801)	-0.2%
Gross operating income	**1,262**	**1,202**	**+5.0%**
Cost of risk	(817)	(671)	+21.8%
Operating income	**445**	**531**	**-16.2%**
Non-operating items	(2)	0	n.s.
Pre-tax income	**443**	**531**	**-16.6%**
Income attributable to Investment Solutions	(11)	(7)	+57.1%
Pre-tax income of BNL bc	**432**	**524**	**-17.6%**
Cost/income ratio	58.8%	60.0%	-1.2pt
Allocated equity (in billions of euros)	4.8	4.6	+4.2%
Including 100% of Italian private banking for revenues to pre-tax income line items			

For the whole of 2010, amidst a slow recovery of the Italian economy, BNL bc continued to implement its action plan to improve the product offering and to expand cross-selling with Investment Solutions (financial savings) and CIB (cash management, international trade finance and structured finance). Weak growth in loans (+0.3%*) was due to an increase in investment loans to companies (+1.0%*) while the trend in lending to individuals (-0.5%*) was affected by steadfast efforts to maintain margins in a context of demand for mortgage terms renegotiation. Deposits rose 2.7%*. Financial saving continued to grow thanks to the renewal of the offering, both in life insurance and mutual funds.

At €3,060 million, revenues[6] edged up 1.9% compared to 2009 (+1.5% at constant scope). They held up well due to strong growth in fees (+8.5%*) thanks to the significant expansion of cross-selling both in terms of financial savings and flow products. However, net interest income fell (-2.0%*) due to eroding loan margins and a moderate rise in volumes.

While 54 new branches were opened in 2010 and the branch renovation and network restructuring program was almost completed, operating expenses[6] dipped 0.7%* thanks, in particular, to the impact of synergies derived from the integration of Banca UCB and Fortis. This good operating performance translated into a further 1.3pt* improvement of the cost/income ratio at 58.8% and helped BNL bc produce a positive 2.2pt* jaws effect. Gross operating income[6], which totaled €1,262 million, was up 4.8%* compared to 2009.

5 Excluding PEL/CEL effects, with 100% of of French Private Banking.

6 With 100% of of Italian Private Banking.

The Italian economic environment again weighed on the cost of risk[6], which, at €817 million, was up 21.1% at 107 basis points compared to 91 basis points in 2009. It nevertheless stabilized around this level for the whole of 2010.

Thus, after allocating one-third of Italian Private Banking's net income to the Investment Solutions division, BNL bc's pre-tax income came to €432 million, down 17.2%* compared to 2009.

BeLux Retail Banking (BeLux RB)

(in millions of euros)	**2010**	**2009[7]**	**Change (2010/2009)[8]**
Revenues	**3,377**	**3,174**	**+6.6%**
Operating expenses and depreciation	(2,409)	(2,352)	+2.5%
Gross operating income	**968**	**822**	**+18.1%**
Cost of risk	(219)	(451)	-51.4%
Operating income	**749**	**371**	**n.s.**
Non-operating items	3	(3)	n.s.
Pre-tax income	**752**	**368**	**n.s.**
Income attributable to Investment Solutions	(64)	(53)	+22.0%
Pre-tax income of BeLux Retail Banking	**688**	**315**	**n.s.**
Cost/income ratio	71.3%	74.1%	-2.8pt
Allocated equity (in billions of euros)	2.8	3.1	-11.8%
Including 100% of Belgian private banking for Revenues to Pre-tax Income line items			

For the whole of 2010, BeLux Retail Banking, the new retail banking entity in Belgium and Luxembourg, pursued its sales and marketing drive and reaped the benefits of its restored franchise. It also continued on-going efforts to improve customer satisfaction and to increase cross-selling with CIB to companies and the public sector, in particular with respect to syndicated loans, bond issues and acquisition finance.

Outstanding loans grew by 2.2%* compared to 2009, driven by fast-paced growth in mortgages in Belgium and Luxembourg and the upswing in demand from small businesses while demand from companies, who prefer financing on capital markets, remained limited. Outstanding deposits, at €97.8 billion, jumped (+11.4%*) with good asset inflows into sight deposits (+7.5%*) and into savings accounts and out of term deposits. Belgian Private Banking's assets under management rose 13.2% compared to 2009.

Revenues[9] totaled €3,377 million, up 6.6%* compared to 2009, driven by growth in volumes and margins holding up well.

Thanks to the optimization of costs as a result of the implementation of the business plan, the rise in operating expenses[9] was limited to 2.5%* compared to 2009 and helped BeLux Retail Banking generate €968 million in gross operating income[9], up 18.1%* for the period. The positive 4.1pt jaws effect was better than the target set for the 2010. The 71.3% cost/income ratio improved 2.8pts* during the period.

The €219 million cost of risk[9], or 27 basis points of outstanding customer loans, was cut in half* compared to 2009 reaching a moderate level.

After allocating one-third of Belgian Private Banking's net income to the Investment Solutions division, BeLux Retail Banking's pre-tax income came to €688 million. It was double* the 2009 level.

7 Pro forma.

8 At constant scope.

9 With 100% of of Belgian Private Banking.

Europe Mediterranean

(in millions of euros)	**2010**	**2009**	**Change (2010/2009)**
Revenues	**1,878**	**1,847**	**+1.7%**
Operating expenses and depreciation	(1,401)	(1,194)	+17.3%
Gross operating income	**477**	**653**	**-27.0%**
Cost of risk	(392)	(869)	-54.9%
Operating income	**85**	**(216)**	**n.s.**
Share of earnings of associates	20	12	+66.7%
Other non operating items	(1)	0	n.s.
Pre-tax income	**104**	**(204)**	**n.s.**
Cost/income ratio	74.6%	64.6%	+10.0pt
Allocated equity (in billions of euros)	2.8	2.9	-1.1%

For the whole of 2010, Europe Mediterranean continued to reengineer the business operations in Ukraine and to gain new customers in other countries (+600,000 in total). Outstanding loans grew on average 2.6%* excluding Ukraine compared to 2009. The international trade finance and corporate cash management businesses are growing successfully.

Revenues totaled €1,878 million. The slight drop (-2.9%*) compared to 2009 is due to the combination of significant contraction in Ukraine (-24.8%*) and 1.8%* growth excluding Ukraine.

Operating expenses rose 3.3%* to €1,401 million.

The cost of risk was down sharply to 149 basis points compared to 355 basis points in 2009 with an improvement in all the leading countries, especially in Ukraine. Thus, in keeping with its target, Europe-Mediterranean returned to a break-even point: pre-tax income totaled €104 million compared to a pre-tax loss of -€204 million in 2009.

BancWest

(in millions of euros)	**2010**	**2009**	**Change (2010/2009)**
Revenues	**2,284**	**2,162**	**+5.6%**
Operating expenses and depreciation	(1,250)	(1,167)	+7.1%
Gross operating income	**1,034**	**995**	**+3.9%**
Cost of risk	(465)	(1,195)	-61.1%
Operating income	**569**	**(200)**	**n.s.**
Share of earnings of associates	0	0	n.s.
Other non operating items	4	3	+33.3%
Pre-tax income	**573**	**(197)**	**n.s.**
Cost/income ratio	54.7%	54.0%	+0.7pt
Allocated equity (in billions of euros)	3.2	3.2	-1.2%

For the whole of 2010, BancWest managed to grow its core deposits significantly and on a regular basis, on average 9.7% compared to 2009. If one adds to that less frequent and more costly jumbo CDs, deposits grew on aggregate by 2.9%*. Loans were down 4.4%* on average compared to 2009 but at the end of the year the improved economy and an upswing in marketing spending resulted in a pickup in consumer loans and corporate loans. Net interest margin expanded on average 15 basis points.

Against this backdrop, revenues were up 5.6% compared to 2009 to €2,284 million (+1.0% at constant scope; the dollar appreciated in value relative to the euro by an average 5%).

Operating expenses were up 7.1% (+2.4% at constant exchange rates). The cost/income ratio edged up from 54.0% to 54.7% and remained very competitive.

Gross operating income therefore came to €1,034 million (+3.9%; -0.7% at constant exchange rates).

The cost of risk benefited from a more favorable economic environment and the improved quality of the portfolios. It fell from 310 basis points in 2009 to 119 basis points in 2010. The property related Asset Backed Securities portfolio was brought down to a very small amount (€78 million as at December 31, 2010 compared to €759 million as at December 31, 2009). The average non-accruing loan ratio was fairly stable since the last quarter 2009 (3.01%) and even started to fall in the fourth quarter 2010 (2.96%).

Thus, the pre-tax income came to €573 million compared to a loss of €197 million in 2009.

Personal Finance

(in millions of euros)	**2010**	**2009**	**Change (2010/2009)**
Revenues	**5,050**	**4,340**	**+16.4%**
Operating expenses and depreciation	(2,324)	(2,068)	+12.4%
Gross operating income	**2,726**	**2,272**	**+20.0%**
Cost of risk	(1,921)	(1,938)	-0.9%
Operating income	**805**	**334**	**n.s.**
Share of earnings of associates	77	61	+26.2%
Other non operating items	11	31	-64.5%
Pre-tax income	**893**	**426**	**n.s.**
Cost/income ratio	46.0%	47.6%	-1.6pt
Allocated equity (in billions of euros)	3.9	3.5	+10.0%

For the whole of 2010, in a changing business and regulatory environment, Personal Finance continued its efforts initiated in 2009 to adapt its business model as well as its growth and industrialization strategy: it formed a partnership with Commerzbank giving it access to a network of 1,200 branches and 11 million customers in Germany; in France, it forged a partnership with BPCE to create a common consumer loan management IT platform; it implemented the Findomestic integration plan in Italy.

Personal Finance's revenues, which totaled €5,050 million, were up 16.4% compared to 2009. At constant scope and exchange rates, they grew 5.1% due to the rise in outstandings (+4.0%*) driven by origination growth, in particular in France, Italy, Germany, Brazil and Turkey with a low risk profile and good profitability.

Operating expenses rose 3.0%* and helped generate gross operating income up 7.1%* at €2,726 million as well as a positive 2.1pt* jaws effect in line with the target set for 2010. The cost/income ratio, at 46.0%, improved a further 1pt*.

The cost of risk, at €1,921 million (or 232 basis points of outstandings), started to drop in most countries and was down 11.3%* overall.

The pre-tax income totaled €893 million, nearly twice the 2009 level.

Equipment Solutions

(in millions of euros)	**2010**	**2009**	**Change (2010/2009)**
Revenues	**1,506**	**1,200**	**+25.5%**
Operating expenses and depreciation	(807)	(740)	+9.1%
Gross operating income	**699**	**460**	**+52.0%**
Cost of risk	(283)	(307)	-7.8%
Operating income	**416**	**153**	**n.s.**
Share of earnings of associates	(10)	(3)	n.s.
Other non operating items	1	(2)	n.s.
Pre-tax income	**407**	**148**	**n.s.**
Cost/income ratio	53.6%	61.7%	-8.1pt
Allocated equity (in billions of euros)	2.1	2.0	+4.0%

For the whole of 2010, Equipment Solutions' revenues, at €1,506 million, soared compared to 2009 (+25.5%). At constant scope and exchange rates, they grew 16.9% thanks to a rebound in used vehicle prices and the expansion of the financed automobile fleet (+4.0%) and the fact that the leasing businesses held up well. This good boost to business combined with control of operating expenses (+3.8%*) helped the business unit generate major gross operating income growth (+36.8%*). This operating performance combined with a sharp drop in the cost of risk (-22.0%*) helped Equipment Solutions generate €407 million in pre-tax income, more than three times* the 2009 level.

Investment Solutions

(in millions of euros)	**2010**	**2009**	**Change (2010/2009)**
Revenues	**6,163**	**5,363**	**+14.9%**
Operating expenses and depreciation	(4,365)	(3,835)	+13.8%
Gross operating income	**1,798**	**1,528**	**+17.7%**
Cost of risk	16	(41)	n.s.
Operating income	**1,814**	**1,487**	**+22.0%**
Share of earnings of associates	106	11	n.s.
Other non operating items	62	(35)	n.s.
Pre-tax income	**1,982**	**1,463**	**+35.5%**
Cost/income ratio	70.8%	71.5%	-0.7pt
Allocated equity (in billions of euros)	6.4	5.9	+8.9%

For the whole of 2010, Investment Solutions' net asset outflows totaled €3.3 billion: good asset inflows in Insurance (+€8.4 billion), Private Banking (+€3.2 billion despite a challenging environment) and Personal Investors (+€1.4 billion) only partly offset the €17.6 billion in asset outflows in asset management, primarily due to money market funds (-€12.7 billion). Combined with positive performance and foreign exchange effects, this asset movement nevertheless pushed managed assets[10] up 7.5%, compared to December 31, 2009, to €901 billion.

At €6,163 million, revenues were up 14.9% compared to 2009. At constant scope and exchange rates, they grew 6.8% driven by a rise in assets under management, by the fact that the private banking and asset management businesses held up well despite individual customers' aversion to risk, by a sharp rise in gross written premiums in Insurance in France (+8.4%) and outside of France (+13.5%) and by Securities Services' good business drive in the second half of the year, the growth in assets under custody and under administration more than offsetting the decline in the volume of transactions.

[10] Assets under management and advisory for external clients.

Operating expenses, at €4,365 million, were up 3.7%* due to continued investments to support business development, in particular in the Insurance and Securities Services business units.

After receiving one-third of the income from private banking in the domestic markets, pre-tax income, which was €1,982 million, soared 28.5%*. The good operating performance of all the business units was supplemented by a significant contribution from the equity affiliates in insurance and by the sell-off of certain businesses as part of an effort to streamline the organization.

Wealth and Asset Management

(in millions of euros)	**2010**	**2009**	**Change (2010/2009)**
Revenues	**3,384**	**2,935**	**+15.3%**
Operating expenses and depreciation	(2,477)	(2,155)	+14.9%
Gross operating income	**907**	**780**	**+16.3%**
Cost of risk	19	(52)	n.s.
Operating income	**926**	**728**	**+27.2%**
Share of earnings of associates	29	(4)	n.s.
Other non operating items	41	(10)	n.s.
Pre-tax income	**996**	**714**	**+39.5%**
Cost/income ratio	73.2%	73.4%	-0.2pt
Allocated equity (in billions of euros)	1.5	1.5	-4.0%

Insurance

(in millions of euros)	**2010**	**2009**	**Change (2010/2009)**
Revenues	**1,571**	**1,282**	**+22.5%**
Operating expenses and depreciation	(855)	(725)	+17.9%
Gross operating income	**716**	**557**	**+28.5%**
Cost of risk	(3)	8	n.s.
Operating income	**713**	**565**	**+26.2%**
Share of earnings of associates	80	13	n.s.
Other non operating items	21	(25)	n.s.
Pre-tax income	**814**	**553**	**+47.2%**
Cost/income ratio	54.4%	56.6%	-2.2pt
Allocated equity (in billions of euros)	4.6	4.0	+15.1%

Securities Services

(in millions of euros)	**2010**	**2009**	**Change (2010/2009)**
Revenues	**1,208**	**1,146**	**+5.4%**
Operating expenses and depreciation	(1,033)	(955)	+8.2%
Gross operating income	**175**	**191**	**-8.4%**
Cost of risk	0	3	n.s.
Operating income	**175**	**194**	**-9.8%**
Other non operating items	(3)	2	n.s.
Pre-tax income	**172**	**196**	**-12.2%**
Cost/income ratio	85.5%	83.3%	+2.2pt
Allocated equity (in billions of euros)	0.3	0.3	-6.8%

Corporate and Investment Banking (CIB)

(in millions of euros)	**2010**	**2009**	**Change (2010/2009)**
Revenues	**11,998**	**13,497**	**-11.1%**
Operating expenses and depreciation	(6,442)	(6,174)	+4.3%
Gross operating income	**5,556**	**7,323**	**-24.1%**
Cost of risk	(314)	(2,473)	-87.3%
Operating income	**5,242**	**4,850**	**+8.1%**
Share of earnings of associates	44	21	n.s.
Other non operating items	19	(5)	n.s.
Pre-tax income	**5,305**	**4,866**	**+9.0%**
Cost/income ratio	53.7%	45.7%	+8.0pt
Allocated equity (in billions of euros)	13.9	15.1	-8.2%

For the whole of 2010, CIB's revenues totaled €11,998 million, down 11.1% compared to 2009. At constant scope and exchange rates, they fell 18.8% compared to the exceptionally high base in 2009 and were the result of a balanced contribution between the business units.

The division's operating expenses, at €6,442 million, were down 4.5%* compared to 2009, despite the bolstering of the organizations in Asia and in the United States, in particular for Fixed Income and Structured Finance.

The cost/income ratio was 53.7%, still the best in the banking industry.

The division's cost of risk, at €314 million, was down sharply compared to 2009 (€2,473 million). The decline was particularly significant for the financing businesses, the cost of risk of which, 98 basis points in 2009, was down to zero in 2010, new provisions being offset by write-backs due to the improving economy.

CIB's pre-tax income was €5,305 million, up 2.5%* despite a less favorable market than in 2009.

This performance showed again this year the superior quality of the CIB franchise, the robustness of a diversified customer-driven model as well as its ability to withstand major market shocks such as the sovereign debt crisis. The level of market risks remained low relative to peers and the operating efficiency is the best in the industry. The financing businesses contributed 50% to pre-tax income, comparable to pre-crisis levels.

This performance was achieved all the while reducing allocated equity by 8.2% compared to 2009, in particular for Capital Market businesses (14.7% reduction).

Advisory and Capital Markets

(in millions of euros)	**2010**	**2009**	**Change (2010/2009)**
Revenues	**7,630**	**9,921**	**-23.1%**
Incl. Equity and Advisory	*2,222*	*1,920*	*+15.7%*
Incl. Fixed Income	*5,408*	*8,001*	*-32.4%*
Operating expenses and depreciation	(4,760)	(4,747)	+0.3%
Gross operating income	**2,870**	**5,174**	**-44.5%**
Cost of risk	(307)	(940)	-67.3%
Operating income	**2,563**	**4,234**	**-39.5%**
Share of earnings of associates	1	1	+0.0%
Other non operating items	13	(3)	n.s.
Pre-tax income	**2,577**	**4,232**	**-39.1%**
Cost/income ratio	62.4%	47.8%	+14.6pt
Allocated equity (in billions of euros)	5.8	6.8	-14.7%

Capital Markets' revenues, which totaled €7,630 million, were down 30.7%* compared to the especially high level in 2009, the first half of which was exceptional for Fixed Income businesses.

Fixed Income's revenues stood at €5,408 million compared to €8,001 million in 2009. Despite a challenging market environment due to investors' concerns over the sovereign debt of certain European countries, which resulted in the contraction of primary markets twice, the customer business was sustained and the business unit strengthened its positions in all segments, in particular with institutional clients. It thereby consolidated its number one position in euro-denominated bond issues, enabling clients to finance their projects by raising funds on capital markets. Corporations substantial needs to hedge risks in a volatile market environment also favored sustained business in forex and fixed income derivative products.

Equities and Advisory's revenues, which totaled €2,222 million, were up 15.7% compared to 2009 despite the high cost of hedging customer positions in the second quarter of the year against a backdrop of feverish markets. Business gradually rebounded, thanks in particular to tailor-made solutions for major European clients, the success of structured products designed to limit volatility risks for institutional investors and the successful launch of capital-guaranteed structured products indexed to proprietary indices marketed through banking and insurance networks inside or outside the Group.

Financing Businesses

(in millions of euros)	**2010**	**2009**	**Change (2010/2009)**
Revenues	**4,368**	**3,576**	**+22.1%**
Operating expenses and depreciation	(1,682)	(1,427)	+17.9%
Gross operating income	**2,686**	**2,149**	**+25.0%**
Cost of risk	(7)	(1,533)	-99.5%
Operating income	**2,679**	**616**	**n.s.**
Non-operating items	49	18	n.s.
Pre-tax income	**2,728**	**634**	**n.s.**
Cost/income ratio	38.5%	39.9%	-1.4pt
Allocated equity (in billions of euros)	8.1	8.3	-2.9%

Revenues from the financing businesses came to €4,368 million, up sharply compared to 2009 (+16.3%*), driven by good business in structured finance, especially energy and commodities finance. Its positions as a global leader in certain of its businesses helped the Group make a significant contribution to financing the economy on all the continents.

Corporate Center

(in millions of euros)	**2010**	**2009**
Revenues	**2,116**	**629**
Operating expenses and depreciation	(1,391)	(689)
Incl. Restructuring costs	*(780)*	*(173)*
Gross operating income	**725**	**(60)**
Cost of risk	78	(8)
Operating income	**803**	**(68)**
Share of earnings of associates	31	74
Non-operating items	92	353
Pre-tax income	**926**	**359**

For the whole of 2010, the Corporate Center's revenues totaled €2,116 million compared to €629 million in 2009—a year marked by a total of -€1,050 million in exceptional negative items (own debt, impairment charges on investments). In 2010, the exceptional impairment charge to the AXA investment (-€534 million) was more than offset by exceptional PPA (Purchase Price Accounting) fair value adjustments associated with the acquisition of Fortis (+€630 million for the whole year) while the revaluation of the own debt had a net positive result (+€95 million) against a general backdrop of widening spreads.

Operating expenses came to €611 million, excluding restructuring costs, compared to €516 million in 2009. The variation comes primarily from new one-off contributions to deposit insurance funds that French and Belgian banks are required to pay.

Restructuring costs grew by €173 million to €780 million between 2009 and 2010. They are expected to be approximately €600 million in 2011.

Corporate Center's pre-tax income totaled €926 million compared to €359 million in 2009.

Results of Operations by Nature of Income and Expense

Revenues

(in millions of euros)	**2010**	**2009**	**Change (2010/2009)**
Net interest income	24,060	21,021	+14%
Net commission income	8,486	7,467	+14%
Net gain on financial instruments at fair value through profit or loss	5,109	6,085	-16%
Net gain on available-for-sale financial assets and other financial assets not measured at fair value	452	436	+4%
Net income from other activities	5,773	5,182	+11%
Total revenues	**43,880**	**40,191**	**+9%**

General. The 9% growth in the Group's 2010 revenue mainly reflects a 14% increase in net interest and commission income and an 11% increase in net income from other activities, partially offset by a 16% decrease in the net gain on financial instruments at fair value through profit or loss.

Net interest income. The "Net interest income" line item includes net income and expenses related to customer items, interbank items, bonds issued by the Group, cash flow hedging instruments, interest rate portfolio hedging instruments, the trading book (fixed-income securities, repurchase agreements, loans and borrowings, and debt securities), available-for-sale financial assets, and held-to-maturity financial assets.

More specifically, under IFRS, the "Net interest income" line item includes:

- net interest income from the Group's loans and receivables, representing interest plus transaction costs and fees and commissions included in the initial value of the loan; these items are calculated using the effective interest method and recorded in the profit and loss account over the life of the loan;

- net interest income from fixed-income securities held by the Group which are classified as "Financial assets at fair value through profit or loss" (for the contractual accrued interest) and "Available-for-sale financial assets" (in the latter case, calculated using the effective interest method);

- interest income from held-to-maturity assets, which are investments with fixed or determinable payments and fixed maturity that the Group has the intention and ability to hold until maturity; and

- net interest income from cash flow hedges, which are used in particular to hedge interest rate risk on variable-rate assets and liabilities. Changes in the fair value of cash flow hedges are recorded in shareholders' equity. The amounts recorded in shareholders' equity over the life of the hedge are transferred to "Net interest income" as and when the cash flows from the hedged item are recognized as profit or loss in the income statement.

Interest income and expenses on hedging derivatives at fair value are included with the interest generated by the hedged item. Similarly, interest income and expenses arising from hedging derivatives used for transactions designated as at fair value through profit or loss are allocated to the same line items as the interest income and expenses relating to the underlying transactions. For more information on the breakdown of net interest income, see note 2.a to the Group's consolidated financial statements.

Net interest income grew 14% in 2010 to €24,060 million. This increase is mainly due to a 6% increase in interest income on customer transactions, from €19,236 million in 2009 to €20,418 million in 2010, reflecting a €1,070 million increase in income from loans and borrowings as a result of higher interest rates and a 1% growth in loans to customers to €684.7 billion.

Interest income on available-for-sale financial assets increased 22% to €6,258 million, primarily as a result of higher interest rates, as the volume of these assets remained relatively unchanged over the year (down 1%). Interest expenses on the Group's borrowings fell 21% to €3,320 million, from €4,215 million a year earlier.

Expenses (net of interest) on interbank transactions decreased 17%, from €774 million in 2009 to €644 million in 2010, mainly as a result of a 36% decrease in expenses (net of interest) related to loans and borrowings.

The growth in interest income was partially offset by an €849 million decrease in the net gain on the trading book, which fell from €2,666 million in 2009 to €1,817 million in 2010, mainly as a result of a 26% reduction in interest income from fixed-income securities to €2,586 million and a 61% decrease in interest income from repurchase agreements to €1,081 million. These declines were partially offset by a 50% decrease in interest expenses on repurchase agreements to €1,210 million.

The principal factors affecting the level of net interest income are the relative volumes of interest-earning assets and interest-bearing liabilities and the spread between lending and funding rates. Net interest income is also affected by the impact of hedging transactions, and, to a lesser extent, exchange rate fluctuations.

Interest-earning assets primarily include loans and receivables due from customers, loans and receivables due from credit institutions, and fixed-income securities classified as "Financial assets at fair value through profit or loss" and "Available-for sale financial assets". The change in these assets between December 31, 2009 and December 31, 2010 is described in the following discussion of the Group's balance sheet.

Volumes of interest-earning assets and interest-bearing liabilities can be affected by several factors in addition to general economic conditions and growth of the Group's lending activities, either organically or through acquisitions. One such factor is the Group's business mix, such as the relative proportion of capital allocated to interest-generating as opposed to fee-generating businesses. In addition, the ratio of interest-earning assets to interest-bearing liabilities is affected by the funding of non-interest income by way of interest-bearing loans (i.e., the cost of carry of the Group's trading portfolio), which increases the interest-bearing liabilities without a corresponding increase in the interest-earning assets.

The other principal factor affecting net interest income is the spread between lending and funding rates, which is also influenced by several factors. These include central bank funding rates (which affect both the yield on interest-earning assets and the rates paid on sources of funding, although not always in a linear and simultaneous manner), the proportion of funding sources represented by non-interest bearing customer deposits, government decisions to raise or lower rates on regulated savings accounts, the competitive environment, the relative weights of the Group's various interest-bearing products, which have differing typical margins as a result of different competitive environments, and the Bank's hedging strategy and accounting treatment of hedging transactions.

Net commission income. Net commission income includes commissions on interbank and money market transactions, customer transactions, securities transactions, foreign exchange and arbitrage transactions, securities commitments, forward financial instruments, and financial services. Net commission income rose 14% to €8,486 million in 2010, from €7,467 million in 2009. This is primarily due to a €236 million increase in commissions from trusts and similar activities, which grew from €2,215 million in 2009 to €2,451 million in 2010, as well as a €233 million increase in commissions from financial assets and liabilities that are not measured at fair value through profit or loss, which rose from €2,650 million in 2009 to €2,884 million in 2010.

Net gain on financial instruments at fair value through profit or loss. This line item includes all profit and loss items (other than interest income and expenses, which are recognized under "Net interest income" as discussed above) relating to financial instruments managed in the trading book and to financial instruments designated as fair value through profit or loss by the Group under the fair value option of IAS 39. This includes both capital gains and losses on sales and marking-to-market of these instruments, along with dividends from variable-income securities.

This line item also includes gains and losses due to the ineffectiveness of fair value hedges, cash flow hedges, and net foreign currency investment hedges.

The net gain on financial instruments at fair value through profit or loss fell 16% to €5,109 million in 2010, from €6,085 million in 2009. The gains and losses resulting from cash flows and the remeasurement of financial instruments, either cash or derivatives, must be appreciated as a whole in order to give a fair representation of the profit or loss resulting from trading activities. The decrease in this line item is primarily due to a 52% decline in the net gain on the trading book to €3,670 million and a 37% decrease in the net gain on the remeasurement of foreign exchange positions to €888 million, partially offset by an increase in the net gain on financial instruments at fair value through profit or loss under the IAS 39 option, which increased from a loss of €3,058 million in 2009 to a gain of €524 million in 2010. The decrease in the net gain on the trading book mainly reflects a 39% decrease in income from debt instruments to €1,657 million and a 71% reduction in income from capital instruments to €1,303 million.

Net gain on available-for-sale financial assets. This line item includes assets classified as available-for-sale. Changes in fair value (excluding interest due) of these assets are initially recognized under "Change in assets and liabilities recognized directly in shareholders' equity". Upon the sale of such assets or upon recognition of an impairment loss, these unrealized gains or losses are recognized in the profit and loss account under "Net gain on available-for-sale financial assets and other financial assets not measured at fair value".

This line item also includes gains and losses on the sale of other financial assets not measured at fair value.

The net gain on available-for-sale financial assets and other financial assets not measured at fair value grew 4%, or €16 million, in 2010. This increase results from a €106 million increase in the net gain on fixed-income financial assets, partially offset by a €90 million decline in the net gain on variable-income financial assets.

Net income from other activities. This line item consists of net income from insurance activities, investment property, assets leased under operating leases, property development activities, and other products. Net income from other activities grew 11% to €5,773 million in 2010, from €5,182 million in 2009. This increase is attributable primarily to a €412 million increase in net income from assets leased under operating leases and a €328 million increase in net income from insurance assets, partially offset by a €107 million decrease in income from other products.

The principal components of net income from insurance activities are gross premiums written, movements in technical reserves, claims and benefit expenses, and changes in the value of admissible investments related to unit-linked contracts. Claims and benefits expenses include expenses arising from surrenders, maturities, and claims relating to insurance contracts, as well as changes in the value of financial contracts (in particular unit-linked contracts). Interest paid on such contracts is recognized under "Interest expense".

The increase in income from insurance activities reflects a decrease in the charge for technical reserves from €10,075 million in 2009 to €7,608 million in 2010, which is due to a reduction in the value of investments related to unit-linked contracts from a net gain of €3,864 million in 2009 to a net gain of €1,412 million in 2010. Gross premiums written grew from €16,876 million in 2009 to €18,691 million in 2010, while claims and benefit expenses rose from €7,516 million in 2009 to €8,996 million in 2010.

Operating Expenses and Depreciation

(in millions of euros)	**2010**	**2009**	**Change (2010/2009)**
Operating expenses	(24,924)	(21,958)	+14%
Depreciation, amortization, and impairment of property, plant, and equipment and intangible assets	(1,593)	(1,382)	+15%
Total operating expenses, depreciation and amortization	**(26,517)**	**(23,340)**	**+14%**

Operating expenses, depreciation, and amortization rose 14% to €26,517 million in 2010 from €23,340 million in 2009.

Gross Operating Income

The Group's gross operating income grew 3% to €17,363 million in 2010 from €16,851 million in 2009 on the back of a 14% increase in operating expenses together with a smaller 9% increase in revenues.

Cost of Risk

(in millions of euros)	**2010**	**2009**	**Change (2010/2009)**
Net additions to impairment provisions	(4,594)	(8,161)	-44%
Recoveries on loans and receivables previously written off	393	420	-6%
Irrecoverable loans and receivables not covered by impairment provisions	(601)	(628)	-4%
Total net additions to provisions	**(4,802)**	**(8,369)**	**-43%**

This line item represents the net amount of impairment losses recognized for credit risks inherent in the Group's intermediation activities, plus any impairment losses relating to counterparty risks on over-the-counter derivative instruments.

The cost of risk fell in 2010 on the back of a sharp reduction in impairment provisions due to an 87% decrease in provisions at the Corporate and Investment Banking business to €314 million (compared to €2,473 million in 2009), which includes a 99% decrease in the provision for financing activities to €7 million in 2010 (compared to a provision of €1,533 million in 2009). The provision at the Retail Banking business fell 22% to €4,582 million (compared to €5,847 million in 2009), including a 61% decline in the provision for BancWest to €465 million in 2010 (compared to €1,195 million in 2009).

Total doubtful loans and commitments net of guarantees amounted to €36 billion at year-end 2010, up from €31 billion a year earlier, and provisions totaled €29 billion, up from €28 billion a year earlier. The Group's coverage ratio was 81% at December 31, 2010, down from 88% at December 31, 2009, in an overall improved risk environment.

For a more detailed discussion of the net additions to provisions for each division, see the section of this chapter titled "Core business results".

Net Income Group Share

(in millions of euros)	**2010**	**2009**	**Change (2010/2009)**
Operating income	**12,561**	**8,482**	**+48%**
Share of earnings of associates	268	178	+51%
Net gain on non-current assets	269	87	3.1x
Change in value of goodwill	(78)	253	n/a
Income tax expense	(3,856)	(2,526)	+53%
Minority interests	(1,321)	(642)	2.1x
Net income attributable to the Group	**7,843**	**5,832**	**+34%**

General. Net income attributable to the Group grew a sharp 34% in 2010.

Share of earnings of associates. The Group's share of earnings of associates (i.e., companies accounted for under the equity method) rose from €178 million in 2009 to €268 million in 2010 as a result of broadly higher net income at these companies.

Net gain on non-current assets. This line item includes net realized gains and losses on sales of property, plant, equipment, and intangible assets used in operations, and on sales of investments in consolidated undertakings still included in the scope of consolidation at the time of sale. The net gain on non-current assets rose from €87 million in 2009 to €269 million in 2010.

Change in value of goodwill. The change in the value of goodwill shifted from a positive €253 million in 2009 to a negative €78 million in 2010. This reflects negative goodwill of €835 million on the 2009 acquisitions of BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries, partially offset by a €582 million impairment charge on the goodwill from the acquisitions of Personal Finance, Arval, UkrSibBank, and Banque du Sahara.

Income tax. The Group's income tax expense totaled €3,856 million in 2010, up from €2,526 million in 2009 as a result of higher net income before tax.

Minority interests. The share of earnings attributable to minority interests in consolidated companies grew to €1,321 million in 2010, from €642 million in 2009, in particular due to the integration of BNP Paribas Fortis with a full-year effect (compared to seven and a half months in 2009) against a backdrop of profitability recovery of this sub-group after implementation of the integration plan.

Financial Condition

The following discussion analyzes the financial condition of the Group as of December 31, 2010, as compared to its financial condition as of December 31, 2009.

Assets

General. The Group's consolidated assets amounted to €1,998.2 billion at December 31, 2010, down 3% from €2,057.7 billion at December 31, 2009. The main components of the Group's assets were financial assets at fair value through profit or loss, loans and receivables due from customers, available-for-sale financial assets, loans and receivables due from credit institutions, and accrued income and other assets, which together accounted for 94% of total assets at December 31, 2010 (vs. 93% at December 31, 2009). The 3% decrease in total assets reflects: a 29%, or €26.2 billion, reduction in loans and receivables due from credit institutions to €62.7 billion; a 20%, or €20.2 billion, decline in accrued income and other assets to €83.1 billion; and a 40%, or €22.5 billion, decrease in cash accounts to €33.6 billion, partially offset by growth in other assets including a 1% increase in loans and receivables due from customers and a 0.5% increase in financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss. Financial assets at fair or model value through profit or loss consist of trading account transactions (including derivatives) and certain assets designated by the Group as at fair or model value through profit or loss at the time of acquisition. Financial assets carried in the trading book include mainly securities, repurchase agreements, and derivatives. Assets designated by the Group as at fair or model value through profit or loss include admissible investments related to unit-linked insurance contracts, and to a lesser extent assets with embedded derivatives that have not been separated from the host contract. Specifically, financial assets at fair value through profit or loss are divided into the following categories on the balance sheet: negotiable certificates of deposit; bonds; equities and other variable-income securities; repurchase agreements; loans to credit institutions, individuals, and corporate customers; and trading book derivatives. These assets are remeasured at fair value at each balance sheet date.

Total financial assets at fair value through profit or loss amounted to €832.9 billion at December 31, 2010, up 0.5% from €828.8 billion at December 31, 2009. This increase reflects a 15%, or €14.4 billion, rise in bonds to €109.4 billion and a 14%, or €13.9 billion, jump in equities and other variable-income securities to €111.2 billion, partially offset by a 4%, or €16 billion, decline in trading book derivatives to €347.8 billion and a 13%, or €7.9 billion, decrease in negotiable certificates of deposit to €51.8 billion.

The decrease in trading book derivatives is primarily attributable to a 44% reduction in equity derivatives to €39.4 billion and a 15% decline in credit derivatives to €30.3 billion. Conversely, interest rate derivatives rose 10% to €240 billion.

Financial assets at fair value through profit or loss accounted for 42% of the Group's total assets at December 31, 2010, compared with 40% at December 31, 2009.

Loans and receivables due from credit institutions. Loans and receivables due from credit institutions consist of demand accounts, interbank loans, and repurchase agreements.

Loans and receivables due from credit institutions (net of impairment provisions) amounted to €62.7 billion at December 31, 2010, down 29% from €88.9 billion at December 31, 2009. Most of this decrease is due to repurchase agreements, which fell 75% to €7 billion at year-end 2010, from €28.5 billion at year-end 2009. Demand accounts also decreased 31% to €11.3 billion, from €16.4 billion a year earlier. Impairment provisions declined slightly, from €1 billion at December 31, 2009 to €0.9 billion at December 31, 2010.

Loans and receivables due from customers. Loans and receivables due from customers consist of demand accounts, loans to customers, repurchase agreements, and finance leases.

Loans and receivables due from customers (net of impairment provisions) amounted to €684.7 billion at December 31, 2010, up 1% from €678.8 billion at December 31, 2009. This growth is due to a 3% increase in loans to customers, from €616.9 billion at year-end 2009 to €633.6 billion at year-end 2010, together with a 36% decrease in repurchase agreements, from €25.9 billion at year-end 2009 to €16.5 billion at year-end 2010. Demand accounts rose 6% to €28.2 billion while finance leases declined 5% to €33 billion. Impairment provisions rose 5% to €26.7 billion, up from €25.4 billion a year earlier.

Available-for-sale assets. Available-for-sale financial assets are fixed- and variable-income securities that cannot be classified as financial assets at fair value through profit or loss or held-to-maturity financial assets. These assets are remeasured at market or similar value at each balance sheet date.

Available-for-sale financial assets (net of impairment provisions) amounted to €219.9 billion at December 31, 2010, down 1% from €221.4 billion at December 31, 2009. This decrease is attributable to a 2% decline in bonds, from €173.4 billion at year-end 2009 to €170.1 billion at year-end 2010, and 8% decrease in equities and other variable-income securities, from €22.5 billion at year-end 2009 to €20.7 billion at year-end 2010, partially offset by a 15% increase in negotiable certificates of deposit from €28.3 billion at year-end 2009 to €32.5 billion at year-end 2010.

The Group recognized an additional €0.5 billion of impairment provisions on available-for-sale financial assets in 2010, bringing the total from €3.2 billion at December 31, 2009 to €3.7 billion at December 31, 2010. Impairment provisions for available-for-sale financial assets are calculated at each balance sheet date. The unrealized gain on available-for-sale financial assets totaled €0.4 billion at December 31, 2010, compared with €4.4 billion a year earlier. The €4 billion decrease reflects a €4.7 billion decline in the unrealized gain on fixed-income securities and a €0.7 billion increase in the unrealized gain on variable-income securities.

Held-to-maturity financial assets. Held-to-maturity financial assets are investments with fixed or determinable payments and a fixed maturity that the Group has the intention and the ability to hold until maturity. They are recognized in the balance sheet at amortized cost using the effective interest method, and are divided into two categories: negotiable certificates of deposit and bonds.

Held-to-maturity financial assets totaled €13.8 billion at December 31, 2010, down 2% from €14 billion at December 31, 2009.

Accrued income and other assets. Accrued income and other assets consist of the following: guarantee deposits and guarantees paid; settlement accounts related to securities transactions; collection accounts; reinsurers' share of technical reserves; accrued income and prepaid expenses; and other debtors and miscellaneous assets.

Accrued income and other assets decreased 20% to €83.1 billion at December 31, 2010, from €103.4 billion at December 31, 2009. This decrease is primarily due to a 53%, or €24.9 billion, decline in settlement accounts related to securities transactions.

Cash and amounts due from central banks and post office banks. Cash and amounts due from central banks and post office banks decreased 40% to €33.6 billion at year-end 2010, from €56.1 billion at year-end 2009. This decline reflects a €22.5 billion decrease in loans to central banks.

Liabilities (excluding shareholders' equity)

General. The Group's consolidated liabilities totaled €1,912.5 billion at December 31, 2010, down 3% from €1,977.4 billion at December 31, 2009. The main components of the Group's liabilities are financial liabilities at fair value through profit or loss, amounts due to credit institutions, amounts due to customers, debt securities, accrued expenses and other liabilities, and technical reserves of insurance companies. These items together accounted for 97.4% of total liabilities at December 31, 2010 (vs. 97.1% a year earlier). The 3% decrease reflects a 24%, or €52.7 billion, decline in amounts due to credit institutions to €168 billion and a 4%, or €23.9 billion, decline in amounts due to customers to €580.9 billion. This was partially offset by a 2%, or €15.8 billion, increase in financial liabilities at fair value through profit or loss to €725.1 billion.

Financial liabilities at fair value through profit or loss. The trading book primarily includes securities borrowing and short-selling transactions, repurchase agreements, and derivatives. Financial liabilities at fair or model value through profit or loss consist mainly of originated and structured issues, where the risk exposure is managed in combination with the hedging strategy. These types of issues contain significant embedded derivatives, whose changes in value are set off by changes in the value of the hedging instrument.

Total financial liabilities at fair value through profit or loss rose 2% to €725.1 billion at year-end 2010, from €709.3 billion at year-end 2009. This increase is due to a 23%, or €18.8 billion, growth in securities borrowing and short-selling transactions to €102 billion and a 7%, or €14 billion, increase in repurchase agreements to €223.4 billion, together with a 3%, or €10.7 billion, decrease in trading book derivatives to €345.5 billion.

The decline in trading book derivatives primarily reflects a 40% reduction in equity derivatives to €40.9 billion, a 15% decline in credit derivatives to €30.3 billion, and a 39% decrease in other derivatives to €7.6 billion. On the other hand, interest rate derivatives rose 12% to €236.4 billion at December 31, 2010, from €210.8 billion a year earlier.

Amounts due to credit institutions. Amounts due to credit institutions consist primarily of borrowings, but also include demand deposits and repurchase agreements.

Amounts due to credit institutions fell 24% to €168 billion at December 31, 2010. This is due to the combined effect of a 62%, or €30.8 billion, decrease in repurchase agreements to €18.5 billion and a 17%, or €27 billion, reduction in borrowings to €131.9 billion.

Amounts due to customers. Amounts due to customers consist primarily of demand deposits, term accounts, regulated savings accounts, and repurchase agreements.

Amounts due to customers totaled €580.9 billion at December 31, 2010, down €24 billion from €604.9 billion at December 31, 2009. This decline is attributable to a 56%, or €35.6 billion, decrease in repurchase agreements to €27.5 billion, partially offset by a 3%, or €6.9 billion, increase in term and related accounts to €241.4 billion.

Debt securities. Debt securities consist of negotiable certificates of deposit and bond issues. They do not include debt securities classified as "Financial liabilities at fair value through profit or loss" (see note 5.a to the Group's consolidated financial statements).

Debt securities decreased 1% to €208.7 billion at December 31, 2010, from €211 billion at December 31, 2009. This decrease is due to a 2% reduction in negotiable certificates of deposit to €186.7 billion together with a 12% increase in bond issues to €22 billion.

Subordinated debt. Subordinated debt decreased 12% to €24.7 billion at December 31, 2010, from €28.2 billion the prior year.

Technical reserves of insurance companies. Technical reserves of insurance companies grew 13% to €114.9 billion at December 31, 2010, up from €101.6 billion at December 31, 2009. This increase is primarily due to higher technical reserves at the life insurance business.

Accrued expenses and other liabilities. Accrued expenses and other liabilities consist of guarantee deposits received, settlement accounts related to securities transactions, collection accounts, accrued expenses and deferred income, and other creditors and miscellaneous liabilities.

Accrued expenses and other liabilities fell 10% to €65.2 billion at December 31, 2010, from €72.4 billion at December 31, 2009. This decrease reflects a 34% decrease in settlement accounts related to securities transactions to €19.5 billion, partially offset by a 14% increase in guarantee deposits received to €25.8 billion.

Minority interests. Minority interests edged up to €11 billion at December 31, 2010, from €10.8 billion at December 31, 2009. This increase is primarily due to a €1.3 billion contribution to net income, less €0.5 billion of dividend payouts and a €0.4 billion redemption of preferred shares.

Consolidated Shareholders' Equity Attributable to the Group

Consolidated shareholders' equity attributable to the Group before the 2010 dividend payout amounted to €74.6 billion at December 31, 2010, up from €69.5 billion a year earlier. This €5.2 billion increase is attributable to net income for the year of €7.8 billion and Share issuance amounting to €0.6 billion, partially offset by a dividend payment of €1.8 billion for the 2009 financial year.

Assets and liabilities recognized directly in equity changed by €1 billion, mainly as a result of lower unrealized gains on available-for-sale financial assets.

Off-balance Sheet Items

Financing Commitments

Financing commitments given to customers consist mostly of documentary credits, other confirmed letters of credit, and commitments relating to repurchase agreements. These commitments grew 13% to €269.3 billion at December 31, 2010. Commitments to credit institutions rose 30% to €45.4 billion.

Financing commitments received consist primarily of stand-by letters of credit and commitments relating to repurchase agreements. Financing commitments received increased 50% to €129.5 billion at

December 31, 2010, up from €86.1 billion the prior year. This growth is due to a 32% increase in commitments received from credit institutions to €104.8 billion and a 3.8x increase in commitments received from customers to €24.7 billion.

Guarantee Commitments

Guarantee commitments include guarantees given to credit institutions and customers (including property guarantees, sureties provided to tax and other authorities and other guarantees and sureties).

Guarantee commitments fell 2% to €102.6 billion at December 31, 2010, down from €104.7 billion a year earlier. This decline reflects a 2% reduction in commitments to customers to €92 billion, partially offset by a 2% increase in commitments to credit institutions to €10.6 billion.

For further information concerning the Group's financing and guarantee commitments, see note 6 to the Group's consolidated financial statements.

Year ended December 31, 2009 as compared with year ended December 31, 2008

The following discussion presents the financial condition of the BNP Paribas Group as of December 31, 2009 as compared to December 31, 2008, as well as the results of operations for the BNP Paribas Group for the year ended December 31, 2009 as compared to the year ended December 31, 2008. Results of operations are presented and analyzed by division and then on a consolidated basis by income statement line items.

Overview

(in millions of euros)	**2009**	**2008**	***Change (2009/2008)***
Revenues	**40,191**	**27,376**	**+46.8%**
Operating expenses and depreciation	(23,340)	(18,400)	+26.8%
Gross operating income	**16,851**	**8,976**	**+87.7%**
Cost of risk	(8,369)	(5,752)	+45.5%
Operating income	**8,482**	**3,224**	**x2.6**
Share of earnings of associates	178	217	-18.0%
Other non-operating items	340	483	-29.6%
Non-operating items	**518**	**700**	**-26.0%**
Pre-tax income	**9,000**	**3,924**	**x2.3**
Corporate income tax	(2,526)	(472)	n.s.
Net income attributable to minority interests	(642)	(431)	+49.0%
Net income attributable to equity holders	**5,832**	**3,021**	**+93.0%**
Cost/income ratio	**58.1%**	**67.2%**	-9.1 pts

In an environment characterized by a downturn in the economy, but also by customers' return to the capital markets, the BNP Paribas Group performed well in 2009, posting €5,832 million in net income (Group share), a significant rebound (+93%) compared to 2008, but well below pre-crisis levels (€7,822 million in 2007).

The Group generated €40,191 million in revenues (including a negative impact of €753[11] million revaluation of the Group's own debt compared to a positive €593 million impact in 2008), or +46.8% compared to 2008. Thanks to operating expenses increasing much less, at €23,340 million (+26.8% compared to 2008), gross operating income, at €16,851 million, is 87.7% higher than the amount in 2008. This solid operating performance enabled the Group to offset the new rise in the cost of risk (+45.5% to €8,369 million).

Return on equity was 10.8%, compared to 6.6% in 2008 and 19.6% in 2007.

11 Of which €512 million relating to debt issued by BNP Paribas and €241 million relating to debt issued by BNP Paribas Fortis.

Net earnings per share was €5.2 compared to €3.0[12] in 2008 +74%, the capital increases having resulted in limited dilution. After the noteworthy positive result in 2008 at the height of the financial crisis, this increase illustrates the Group's capacity to generate growth and create value throughout the cycle.

The Board of Directors will propose to shareholders to pay a €1.50 dividend, a 32.3% payout ratio, with the option to have the dividend paid in shares. This option will mean that, in addition to the two-thirds retained earnings, a further share of profits will go to reinforcing the Group's capital and therefore its ability to continue to grant new loans.

Reinforced Solvency

The Group's powerful capacity to generate capital organically was combined with a reduction in risk-weighted assets, which, at €621 billion, were down €73 billion for the whole year, primarily in CIB and BNP Paribas Fortis' Merchant Banking, while they continued to grow in retail banking.

Thus, as at December 31, 2009, the Tier 1 Ratio was 10.1%, up 230 basis points compared to December 31, 2008. The Equity Tier 1 ratio was 8% compared to 5.4% as at December 31, 2008, or a substantial 260 basis points rise as a result of the organic capital generation (+85 basis points), the decline in risk-weighted assets (+75 basis points) and capital increases carried out in 2009, including the dividend paid in shares (+100 basis points).

The Group's capacity to reinforce its solvency organically during the years of the crisis, during which it did not have a single year of losses, confirmed that this level of solvency was appropriate to its diversified business model and its risk profile.

At the dawn of the year 2010 that will be marked by the exit strategies of central banks, the Group is in a favorable liquidity situation due to its limited dependence on the interbank money market due to its position as the leading bank in the eurozone by deposits, proactive liquidity management centralized at the Group's corporate headquarters and a competitive refinancing cost thanks to its CDS spread, which is among the lowest of comparable banks. Furthermore, the Group's medium- and long-term issue needs are less than that of 2009.

The Group's balance sheet total at €2,058 billion as at December 31, 2009, was below the level at December 31, 2008 (€2,076 billion) despite the addition of €518 billion due to the acquisition of Fortis: the increase of the banking book was more than offset by the decline in the trading book.

[12] Adjusted to factor in the capital increase made by the Bank in 2009.

Results of Operations by Division

Retail Banking

French Retail Banking

(in millions of euros)	**2009**	**2008**	***Change (2009/2008)***
Revenues	**6,091**	**5,943**	**+2.5%**
of which Net Interest Income	*3,485*	*3,292*	*+5.9%*
of which Commissions	*2,606*	*2,651*	*-1.7%*
Operating expenses and depreciation	(4,036)	(3,983)	+1.3%
Gross operating income	**2,055**	**1,960**	**+4.8%**
Cost of risk	(452)	(203)	nm
Operating income	**1,603**	**1,757**	**-8.8%**
Non-operating items	0	1	nm
Pre-tax income	**1,604**	**1,758**	**-8.8%**
Income attributable to IS	(103)	(117)	-12.0%
Pre-tax income of French Retail Banking	**1,501**	**1,641**	**-8.5%**
Cost/income ratio	66.3%	67.0%	-0.7 pt
Allocated equity *(in billions of euros)*	4.0	3.9	+2.0%

Including 100% of French Private Banking for revenues to pre-tax income line items

For the whole of 2009, in a challenging economic environment, French Retail Banking devoted an unrelenting effort to serving all its customers—individual customers, entrepreneurs and corporate customers—to help them carry out their projects. This effort is illustrated by the growth in outstanding loans to individual customers (+5.1%/2008) as well as corporate customers (+3%/2008). This effort, combined with the efforts of the Group's other business units operating in France, enabled BNP Paribas to grow its outstanding loans in France by 3.7% between January 1 and December 31, 2009, in line with the commitment made to the French government.

Deposits rose by €2.9 billion in 2009 (+3.1%/2008), showing a positive structural effect, with stronger growth for sight deposits (+7.5%).

FRB's good sales and marketing drive is also illustrated by the addition of individual customers with the opening of a net total of 145,000 check and deposit accounts and gross asset inflows in life insurance up 12.4% as compared to 2008.

Thanks to this good sales and marketing drive, revenues totaled €6,091 million, up 2.5%[13] compared to 2008. This positive trend is due to the significant growth in net interest income (+5.9%) driven by the rise in volumes and the favorable trend of the deposit mix with a limited drop in fees (-1.7%).

The moderate rise in operating expenses (+1.3%)[5], at €4,036 million, helped the division achieve a 1.2-point positive jaws effect, surpassing the target set for 2009, as well as a further 0.7-point improvement of the cost/income ratio, to 66.3%. The cost of risk, at 44 basis points of risk-weighted assets under Basel 1, was up compared to a low 20 basis points in 2008, but still less than comparable banks.

Gross operating income growth (+€95 million) to €2,055 million only partly offset the rise in the cost of risk (+€249 million), and FRB's pre-tax income, which totaled €1,501 million, was down 8.5%[14] compared to 2008, after allocating one-third of French Private Banking's net income to the Investment Solutions Division.

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13 Excluding PEL/CEL effects, with 100% of of French Private Banking.

14 Excluding PEL/CEL effects.

BNL banca commerciale (BNL bc)

(in millions of euros)	**2009**	**2008**	***Change (2009/2008)***
Revenues	**2,923**	**2,800**	**+4.4%**
Operating expenses and depreciation	(1,746)	(1,757)	-0.6%
Gross operating income	**1,177**	**1,043**	**+12.8%**
Cost of risk	(629)	(411)	+53.0%
Operating income	**548**	**632**	**-13.3%**
Non-operating items	0	1	nm
Pre-tax income	**548**	**633**	**-13.4%**
Income attributable to IS	(8)	(5)	+60.0%
Pre-tax income of BNL bc	**540**	**628**	**-14.0%**
Cost/income ratio	59.7%	62.8%	-3.1 pts
Allocated equity *(in billions of euros)*	3.7	3.6	+5.0%

Including 100% of Italian private banking for revenues to pre-tax Income line items

The process of integrating BNL has been very satisfactory. The objectives of the 2006-2009 industrial plan were achieved or surpassed, thereby confirming the Group's expertise in successfully executing corporate mergers.

For the whole of 2009, the drive to expand the business continued in Italy, as illustrated by the opening of a net total of over 60,800 check and deposit accounts (+47,000 accounts in 2008, +6,100 in 2007 and -86,000 in 2006 when BNL was merged into the BNP Paribas Group), good growth in loans (+5.0%) both to individual customers (+4.2%) and to corporate customers (+5.7%), as well as market share gains in financial savings, life insurance and mutual funds.

Revenues, which totaled €2,923 million, were up 4.4%[15] compared to 2008. This rise was driven by growth in outstanding loans, financial fees holding up well due, in particular, to the limited share of the more volatile upfront fees in revenues and market share gains.

Even though 51 new branches were opened in 2009, operating expenses were flat[7] (-0.6%) and enabled BNL bc to generate a 5-point positive jaws effect, in line with the 2009 target. This good operating performance is reflected in a further 3.1-point improvement of the cost/income ratio during the same period, at 59.7%, bringing the improvement to close to 11 points in three years. At €1,177 million, gross operating income was up 12.8%[7] compared to 2008.

The downturn in the Italian economy weighed on the cost of risk, which was up €218 million during the period, and came to 106 basis points compared to 73 basis points in 2008.

After allocating one-third of Italian Private Banking's net income to the Investment Solutions Division, BNL bc's pre-tax income came to €540 million, down 14% compared to 2008, the rise in the cost of risk being only partly offset by the good operating performance.

[15] With 100% of Italian Private Banking.

BancWest

(in millions of euros)	**2009**	**2008**	***Change (2009/2008)***
Revenues	**2,138**	**2,027**	**+5.5%**
Operating expenses and depreciation	(1,169)	(1,070)	+9.3%
Gross operating income	**969**	**957**	**+1.3%**
Cost of risk	(1,195)	(628)	+90.3%
Operating income	**(226)**	**329**	**nm**
Share of earnings of associates	0	0	nm
Other non-operating items	3	4	-25.0%
Pre-tax income	**(223)**	**333**	**nm**
Cost/income ratio	54.7%	52.8%	+1.9 pts
Allocated equity *(in billions of euros)*	2.8	2.3	+19.4%

For the whole of 2009, BancWest's revenues totaled €2,138 million, which was stable (+0.6%) at constant exchange rates compared to 2008, the good core deposits growth (+17.5% compared to the fourth quarter 2008) being offset by the limited growth in outstanding loans (+2.3%/2008 but down at the end of the year) and a decline in net interest margin (13 basis points/2008, or -4%) due to falling interest rates.

Thanks to the effects of the cost-cutting program introduced in early 2009, operating expenses (€1,169 million) were up only 3.9% at constant exchange rates compared to 2008. This rise is due only to the sharp rise in FDIC assessment. Excluding this effect, operating expenses were down 1.5% at constant exchange rates.

The cost of risk, which came to €1,195 million compared to €628 million in 2008, was up sharply. This variation is associated with the loan portfolio, especially loan loss provisions on residential mortgages as well as continued impairment charges from the investment portfolio. Again this year, this deterioration is less marked than for most of BancWest's competitors.

Thus, the pre-tax income came to -€223 million compared to €333 million in 2008.

Emerging Market Retail Banking

(in millions of euros)	**2009**	**2008**	***Change (2009/2008)***
Revenues	**1,735**	**1,896**	**-8.5%**
Operating expenses and depreciation	(1,105)	(1,146)	-3.6%
Gross operating income	**630**	**750**	**-16.0%**
Cost of risk	(788)	(377)	nm
Operating income	**(158)**	**373**	**nm**
Share of earnings of associates	9	14	-35.7%
Other non-operating items	1	147	-99.3%
Pre-tax income	**(148)**	**534**	**nm**
Cost/income ratio	63.7%	60.4%	+3.3 pts
Allocated equity *(in billions of euros)*	2.2	2.2	+0.2%

Emerging Market Retail Banking continued its business development as evidenced by its surpassing the threshold of five million customers in 2009 and continued hiring in the Mediterranean.

For the whole of 2009, revenues, affected by the devaluation of a number of currencies in relation to the euro, were down 8.5% compared to 2008, at €1,735 million. At constant scope and exchange rates, they were up 2.2% thanks to the selective growth in outstandings and despite the negative effects of the falling interest rates on deposit margins in all countries. With the growth in deposits (+4.7%) greater than the growth in loans (+4.2%), the loan/deposit ratio, at 89%, improved by one point compared to 2008 with, notably, a decline in outstandings in Ukraine.

At constant scope and exchange rates, operating expenses rose 7.8% compared to 2008 due to continued expansion in the Mediterranean. They were down in Ukraine.

The cost of risk soared compared to last year (+€411 million). This rise is due to the even higher level of provisions in Ukraine (€450 million in 2009 compared to €319 million in 2008) as well as loan loss provisions on a few loans in the Gulf region (+€162 million). The rise in the cost of risk remain moderate in the other countries.

As a result, pre-tax income was -€148 million in 2009 compared to €534 million in 2008, a year in which there were €145 million in capital gains from disposals.

Personal Finance

(in millions of euros)	**2009**	**2008**	***Change (2009/2008)***
Revenues	**4,302**	**3,792**	**+13.4%**
Operating expenses and depreciation	(2,071)	(2,101)	-1.4%
Gross operating income	**2,231**	**1,691**	**+31.9%**
Cost of risk	(1,902)	(1,218)	+56.2%
Operating income	**329**	**473**	**-30.4%**
Share of earnings of associates	52	84	-38.1%
Other non-operating items	31	109	-71.6%
Pre-tax income	**412**	**666**	**-38.1%**
Cost/income ratio	48.1%	55.4%	-7.3 pts
Allocated equity *(in billions of euros)*	2.9	2.7	+7.8%

For the whole of 2009, Personal Finance's revenues, which totaled €4,302 million, was up 13.4% compared to 2008 due to the continued growth in outstandings (+5.2%), especially mortgages at the end of the year.

Thanks to the effects of the cost-cutting program, operating expenses edged down 1.4% compared to 2008. This strict cost control, combined with good revenue drive, enabled Personal Finance to post strong growth in its gross operating income (+31.9%) at €2,231 million, as well as a 14.8-point positive jaws effect.

The cost of risk, which was €1,902 million, was up sharply (+56.2%) due to the economic slowdown and rising unemployment. It amounted to 321 basis points compared to 222 basis points in 2008. The good operating performance made it nevertheless possible to offset over three-quarters of this increase.

Pre-tax income totaled €412 million compared to €666 million in 2008, a year during which there were €123 million in capital gains from the disposal of Group's equity stake in Cofidis.

Equipment Solutions

(in millions of euros)	**2009**	**2008**	***Change (2009/2008)***
Revenues	**1,087**	**1,067**	**+1.9%**
Operating expenses and depreciation	(707)	(716)	-1.3%
Gross operating income	**380**	**351**	**+8.3%**
Cost of risk	(204)	(155)	+31.6%
Operating income	**176**	**196**	**-10.2%**
Share of earnings of associates	(3)	(15)	-80.0%
Other non-operating items	(1)	(1)	+0.0%

Pre-tax income	**172**	**180**	**-4.4%**
Cost/income ratio	65.0%	67.1%	-2.1 pts
Allocated equity *(in billions of euros)*	1.5	1.6	-4.6%

For the whole of 2009, Equipment Solutions' revenues, at €1,087 million, edged up slightly compared to 2008 (+1.9%), despite the drop in outstandings, thanks to a rebound in used car prices in the second half of the year. Revenues holding up well combined with control of operating expenses (-1.3%) helped the business unit generate a gross operating income up 8.3%. Thus, pre-tax income, at €172 million, slid down only 4.4% compared to 2008, despite the rise in the cost of risk (+€49 million /2008).

Investment Solutions

(in millions of euros)	**2009**	**2008**	***Change (2009/2008)***
Revenues	**4,768**	**4,935**	**-3.4%**
Operating expenses and depreciation	(3,400)	(3,423)	-0.7%
Gross operating income	**1,368**	**1,512**	**-9.5%**
Cost of risk	(27)	(207)	-87.0%
Operating income	**1,341**	**1,305**	**+2.8%**
Share of earnings of associates	(13)	8	nm
Other non-operating items	(38)	(3)	nm
Pre-tax income	**1,290**	**1,310**	**-1.5%**
Cost/income ratio	71.3%	69.4%	+1.9 pts
Allocated equity *(in billions of euros)*	4.8	4.7	+2.4%

For the whole of 2009, the net asset inflows of all Investment Solutions' business units totaled €25.5 billion, bringing the annualized asset inflow rate to 5.1% of assets under management. This very solid level of asset inflows, better than that of 2007 and close to two and a half times the amount in 2008 when BNP Paribas was one of the very few banks to report positive asset inflows, illustrate the powerful appeal of the franchise throughout of the financial crisis. Combined with a positive performance effect as a result of rising stock market indices, this asset inflow pushed assets under management 17% compared to December 31, 2008, reaching €588 billion, returning to their end of 2007 levels.

At €4,768 million, revenues edged down slightly compared to 2008 (-3.4%), as the significant rebound in assets under management made it possible to offset the drop in margins in asset management, the reinforcement of general fund reserves in insurance, as well as the fall in the volume of transactions and the contraction of the net interest margin on float in the Securities Services business unit.

Thanks to the cost-cutting program introduced in all the business units at the end of 2008, operating expenses, which totaled €3,400 million, were practically unchanged (-0.7%).

The division remained highly profitable with pre-tax income totaling €1,290 million, a level comparable to 2008 (-1.5%), after receiving one-third of the income from French and Italian private banking.

Wealth & Asset Management (WAM)

(in millions of euros)	**2009**	**2008**	***Change (2009/2008)***
Revenues	**2,384**	**2,373**	**+0.5%**
Operating expenses and depreciation	(1,745)	(1,755)	-0.6%
Gross operating income	**639**	**618**	**+3.4%**
Cost of risk	(38)	(24)	+58.3%
Operating income	**601**	**594**	**+1.2%**
Share of earnings of associates	(19)	4	nm

Other non-operating items	(13)	1	nm
Pre-tax income	**569**	**599**	**-5.0%**
Cost/income ratio	73.2%	74.0%	-0.8 pt
Allocated equity *(in billions of euros)*	0.9	1.0	-10.9%

Insurance

(in millions of euros)	**2009**	**2008**	***Change (2009/2008)***
Revenues	**1,283**	**1,318**	**-2.7%**
Operating expenses and depreciation	(725)	(711)	+2.0%
Gross operating income	**558**	**607**	**-8.1%**
Cost of risk	8	(45)	nm
Operating income	**566**	**562**	**+0.7%**
Share of earnings of associates	5	3	+66.7%
Other non-operating items	(25)	(3)	nm
Pre-tax income	**546**	**562**	**-2.8%**
Cost/income ratio	56.5%	53.9%	+2.6 pts
Allocated equity *(in billions of euros)*	3.6	3.3	+9.1%

Securities Services

(in millions of euros)	**2009**	**2008**	***Change (2009/2008)***
Revenues	**1,101**	**1,244**	**-11.5%**
Operating expenses and depreciation	(930)	(957)	-2.8%
Gross operating income	**171**	**287**	**-40.4%**
Cost of risk	3	(138)	nm
Operating income	**174**	**149**	**+16.8%**
Non-operating items	1	0	nm
Pre-tax income	**175**	**149**	**+17.4%**
Cost/income ratio	84.5%	76.9%	+7.6 pts
Allocated equity *(in billions of euros)*	0.2	0.3	-26.8%

Corporate and Investment Banking (CIB)

(in millions of euros)	**2009**	**2008**	***Change (2009/2008)***
Revenues	**12,194**	**4,973**	**nm**
Operating expenses and depreciation	(5,453)	(3,711)	+46.9%
Gross operating income	**6,741**	**1,262**	**nm**
Cost of risk	(2,295)	(2,477)	-7.3%
Operating income	**4,446**	**(1,215)**	**nm**
Share of earnings of associates	0	1	nm
Other non-operating items	(2)	25	nm
Pre-tax income	**4,444**	**(1,189)**	**nm**
Cost/income ratio	44.7%	74.6%	-29.9 pts
Allocated equity *(in billions of euros)*	9.8	10.3	-5.2%

For the whole of 2009, CIB's revenues totaled €12,194 million compared to €4,973 million in 2008, year marked by an unprecedented financial crisis, especially in the fourth quarter after the failure of Lehman Brothers.

The division's operating expenses totaled €5,453 million compared to €3,711 million in 2008. They include the total amount of variable compensation, including the deferred and conditional part as well as one-off taxes in France and in the United Kingdom. The cost/income ratio, at 44.7%, remains the industry's best.

The division's cost of risk was €2,295 million compared to €2,477 million in 2008. It is characterized by the sharp decline in the cost of risk on capital markets (-€1,188 million) after 2008, which was marked by the impact of the financial crisis and a very sharp rise in the financing businesses (+€1,006 million) to 96 basis points compared to 25 basis points in 2008, due to the severity of the global economic slowdown.

Thus, CIB's pre-tax income totaled €4,444 million compared to -€1,189 million in 2008 in a context of crisis. This very solid performance demonstrates the quality and diversity of the CIB franchise, the robustness of its customer-driven business model and its proactive ability to adjust to a new market environment. It comes amidst a substantial reduction in market risks as illustrated by the 43.2% decline in the average value-at-risk ("ValRisk") in one year, thereby confirming a business model focused on customers. Thus, market risks amount to only 3.8% of the Group's risk-weighted assets, one of the industry's lowest.

Advisory and Capital Markets

(in millions of euros)	**2009**	**2008**	***Change (2009/2008)***
Revenues	**9,086**	**2,066**	**nm**
of which equity and advisory	*1,831*	*(341)*	*nm*
of which fixed income	*7,255*	*2,407*	*nm*
Operating expenses and depreciation	(4,338)	(2,607)	+66.4%
Gross operating income	**4,748**	**(541)**	**nm**
Cost of risk	(934)	(2,122)	-56.0%
Operating income	**3,814**	**(2,663)**	**nm**
Share of earnings of associates	0	1	nm
Other non-operating items	(2)	25	nm
Pre-tax income	**3,812**	**(2,637)**	**nm**
Cost/income ratio	47.7%	126.2%	-78.5 pts
Allocated equity *(in billions of euros)*	4.3	3.8	+15.0%

In a year that saw the gradual normalization of markets and very significant volumes of customer business, Advisory and Capital Markets' revenues reached €9,086 million compared to €2,066 million in 2008. Very substantial volumes of securities issuances—be it corporate bonds, capital increases or convertible securities—were accompanied by a significant widening of the bid-offer spreads, especially at the beginning of the year, as well as by notable market share gains.

Revenues from Fixed Income totaled €7,255 million compared to €2,407 million in 2008. They were driven by record customer business, especially for bond issues where the business unit ranked first in euro-denominated issues, supporting its clients in their financing plans. The business in interest rate and foreign exchange derivative products was very significant to meet companies and investors' needs to hedge interest rate and foreign exchange risks.

Equity and Advisory posted revenues of €1,831 million, compared to a loss of €341 million in 2008 due to the sudden drying up of liquidity and the market dislocation that followed the failure of Lehman Brothers. After a first quarter devoted to pursuing reduced exposures, the business unit returned to satisfactory business and revenue levels. Numerous issuances of equities and convertible securities were carried out as well as IPOs to meet corporate customers' capital requirements. Institutional clients' demand for index-based flow products remained strong. There was a gradual return to structured products business in the second half of the year with customer demand for more simple, less volatile guaranteed capital products.

Financing Businesses

(in millions of euros)	**2009**	**2008**	***Change (2009/2008)***
Revenues	**3,108**	**2,907**	**+6.9%**
Operating expenses and depreciation	(1,115)	(1,104)	+1.0%
Gross operating income	**1,993**	**1,803**	**+10.5%**
Cost of risk	(1,361)	(355)	nm
Operating income	**632**	**1,448**	**-56.4%**
Non operating items	0	0	nm
Pre-tax income	**632**	**1,448**	**-56.4%**
Cost/income	35.9%	38.0%	-2.1 pts
Allocated equity *(in billions of euros)*	5.5	6.6	-16.8%

At €3,108 million, the Financing businesses' revenues rose 6.9% compared to 2008, driven by brisk business, especially in structured, commodity and export finance, which illustrates this business unit's active contribution to financing businesses.

BNP Paribas Fortis

In millions of euros	**2009 (*)**
Revenues	**5,292**
Operating expenses and depreciation	(3,147)
Gross operating income	**2,145**
Cost of risk	(853)
Operating income	**1,292**
Share of earnings of associates	59
Other non-operating items	9
Pre-tax income	**1,360**
Corporate income tax	(378)
Minority interests	**(274)**
Net income attributable to equity holders	**708**

(*) For reference purpose: 2009 represents the period post acquisition from May 12 to December 31.

BNP Paribas Fortis contributed to the Group's 2009 results over seven and a half months, from the date of the first consolidation on May 12. There is no basis for comparison for 2008. This contribution takes into account the balance sheet adjustments according to the purchase price accounting rules.

During this period, revenues, which totaled €5,292 million, benefited from the upturn in business in the retail networks and very good volumes in the market businesses in the second and third quarters of the year. Operating expenses were €3,147 million; they include the initial impact of cost synergies for a total of €120 million, ahead of the initial schedule, which provided for only €110 million in synergies in 2009[16]. Gross operating income totaled €2,145 million. The cost of risk remained high at €853 million (78 basis points). Pre-tax income came to €1,360 million, of which €847 million came from the scheduled amortization of Purchase Price Accounting adjustments. After tax and minority interests, BNP Paribas Fortis contributed a total of €708 million to the Group's net income.

This first substantial contribution came amidst a renewed drive in all the businesses.

Since the Belgian Retail Banking network entered the BNP Paribas Group, its customers have started replenishing their deposits and assets. Outstanding deposits totaled €67.2 billion at the end of 2009 compared to

[16] Restructuring costs, which totaled €168 million before tax, were booked in the "Corporate Center".

€59.8 billion in the first quarter 2009. Outstanding loans remained stable. The new sales and marketing campaigns launched last May were warmly received by customers and generated substantial sales. The network in Luxembourg enjoyed moderate growth in outstanding loans and stable deposits.

Assets under management rose slightly since the date of the integration to €161 billion, thanks to a positive performance effect. The trends were the same for Private Banking whose assets under management reached €44 billion at the end of 2009.

Merchant Banking's various business units enjoyed a good revenue drive, despite the drop in its risk profile since the beginning of the integration, which is reflected by a decline in risk-weighted assets and a substantial reduction in market risks during the period.

Results of Operations by Nature of Income and Expense

Revenues

(in millions of euros)	**2009**	**2008**	***Change (2009/2008)***
Net interest income	21,021	13,498	+56%
Net commission income	7,467	5,859	+27%
Net gain on financial instruments at fair value through profit or loss	6,085	2,693	+126%
Net gain on available-for-sale financial assets	436	464	-6%
Net income from other activities	5,182	4,862	+7%
REVENUES	**40,191**	**27,376**	**+47%**

General. Group revenues grew 47% in 2009, reflecting a 56% climb in net interest income, a 126% jump in the net gain on financial instruments at fair value through profit or loss, and a 27% rise in net commission income.

Net interest income. The "Net interest income" line item includes net income and expenses related to customer items, interbank items, bonds issued by the Group, cash flow hedge instruments, interest rate portfolio hedge instruments, the trading book (fixed-income securities, repurchase agreements, loans and borrowings and debt securities), available-for-sale financial assets and held-to-maturity financial assets.

More specifically, under IFRS, the "Net interest income" line item includes:

- net interest income from the Group's loans and receivables, representing interest plus transaction costs and fees and commissions included in the initial value of the loan, which is calculated using the effective interest method and recorded in the profit and loss account over the life of the loan;

- net interest income from fixed-income securities held by the Group which are classified as "Financial assets at fair value through profit or loss" and "Available-for-sale financial assets" (in the latter case, calculated using the effective interest method);

- net interest income (as opposed to changes in fair value, which are recognized in the line item "Net gain on financial instruments at fair value through profit or loss", as discussed in further detail below) from the Group's financial instruments at fair value through profit or loss that do not meet the definition of derivative instruments, calculated using the effective interest method (including interest, fees and commissions and transaction costs);

- interest income from held-to-maturity assets, which are investments with fixed or determinable payments and fixed maturity that the Group has the intention and ability to hold until maturity; and

- net interest income from cash flow hedges, which are used in particular to hedge interest rate risk on fixed-rate assets and liabilities. Changes in fair value of the cash flow hedge are recorded in shareholders' equity. The amounts recorded in shareholders' equity over the life of the hedge are transferred to “Net interest income” as and when the cash flows from the hedged item are required to be recorded as profit or loss in the income statement.

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

Net interest income grew 56% in 2009 to €21,021 million. This growth was primarily driven by a 47% drop in interest expenses on debt securities issued by the Group, which fell from €7,935 million in 2008 to €4,215 million in 2009. This drop in interest expenses came despite a 34% increase in the amount of debt securities outstanding, thanks to lower interest rates.

Interest expenses on interbank items plunged 50%, from €7,848 million in 2008 to €3,894 million in 2009, due to a 50% reduction in net interest expenses paid on demand accounts and loans on borrowings.

Net interest income on customer items rose 12%, from €17,232 million in 2008 to €19,236 million in 2009. This growth reflects a €2,499 million decrease in expenses on deposits, loans, and borrowings. BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries generated €3,451 million of net interest income on customer items for the Group.

Interest and related income from available-for-sale financial assets rose 4% in 2009 to €5,142 million.

Net interest income on the trading book totaled €2,666 million in 2009, compared with €1,707 million in 2008. This increase is due primarily to a €1,293 million growth in revenues from repurchase agreements, as well as a €1,285 decline in interest expenses on debt securities.

These gains were partially offset by a €1,784 million increase in the net expense on interest rate portfolio hedge instruments, which rose from €77 million in 2008 to €1,861 million in 2009.

The principal factors affecting the level of net interest income are the relative volumes of interest-earning assets and interest-bearing liabilities and the spread between lending and funding rates. Net interest income is also affected by the impact of hedging transactions, and, to a lesser extent, exchange rate fluctuations.

Interest-earning assets primarily include outstanding loans and receivables due from customers, outstanding loans and receivables due from credit institutions and fixed income securities classified as “Financial assets at fair value through profit or loss” and “Available-for-sale financial assets.” The change in these assets between December 31, 2008 and December 31, 2009 is described in the following discussion of the Group’s balance sheet:

Volumes of interest-earning assets and interest-bearing liabilities can be affected by several factors in addition to general economic conditions and growth of the Group’s lending businesses, either organically or through acquisitions. One such factor is the Group’s mix of businesses, such as the relative proportions of capital allocated to interest-generating as opposed to fee-generating businesses. In addition, the ratio of interest-earning assets to interest-bearing liabilities is affected by the funding of non-interest income by way of interest-bearing loans (*i.e.,* the cost of carry of the Group’s trading portfolio), thereby increasing interest-bearing liabilities without a corresponding increase in interest-earning assets.

The other principal factor affecting net interest income is the spread between lending and funding rates, which is itself influenced by several factors. These include central bank funding rates (which affect both the yield on interest-earning assets and the rates paid on sources of funding, although not always in a linear and simultaneous manner), the proportion of funding sources represented by non-interest bearing customer deposits, government decisions to raise or lower rates on regulated savings accounts, the competitive environment, the relative weights of the Group’s various interest-bearing products, which have differing typical margins as a result of different competitive environments, and the Bank’s hedging strategy and accounting treatment of hedging transactions.

For a further discussion of the factors affecting trends in total customer loans outstanding and total customer deposits during the period under review, see the sections entitled “Division results – Retail Banking” and “Division results – Corporate and Investment Banking.” For more information on changes in interest rate spreads in Retail Banking during the year, see the sections entitled "Core business results – Retail Banking – French Retail Banking," "Core business results -- BancWest," "Core business results -- Emerging Markets," and "Core business results – Personal Finance."

Net commission income. Net commission income includes commissions on interbank and money market transactions, customer transactions, securities transactions, foreign exchange and arbitrage transactions, securities commitments, forward financial instruments and financial services. Net commission income rose 27%, from €5,859 million in 2008 to €7,467 million in 2009. This can be attributed mainly to higher commissions from trusts and similar activities, which grew from €1,777 million in 2008 to €2,215 million in 2009, as well as a €240 million increase in commissions from financial assets and liabilities that are not measured at fair value through profit or loss.

Net gain on financial instruments at fair value through profit or loss. This line item includes all profit and loss items (other than interest income and expense, which are recorded under "Net interest income", as discussed above) relating to financial instruments managed in the trading book and, to financial instruments designated as fair value through profit or loss by the Group under the fair value option of IAS 39. This in turn includes both capital gains and losses on sales and marking to market gains and losses, along with dividends from variable-income securities. Net gains on the trading book also include gains and losses due to the ineffectiveness of fair value hedges, cash flow hedges, and net foreign investment hedges.

The net gain on financial instruments at fair value through profit or loss surged 126%, from €2,693 million in 2008 to €6,085 million in 2009. The gains and losses resulting from cash flows and remeasurement of financial instruments, either cash or derivatives, must be appreciated as a whole, in order to give the fair representation of the profit and loss resulting from trading activities. Profit and loss items related to derivatives and transactions on variable- and fixed-rate securities totaled €5,397 million in 2009, against a negative €128 million in 2008. This increase was partially offset by a decline in income from loans and repurchase agreements, which fell €1,236 million and €1,036 million, respectively, in 2009.

Net gain on available-for-sale financial assets. Under IFRS, this line item includes net gains and losses on non-derivative financial assets not classified as either loans and receivables or held-to-maturity investments. Changes in fair value (excluding accrued interest) of the assets included within the available-for-sale category are initially recorded under "Unrealized or deferred gains or losses" in shareholders' equity. Upon the sale of such assets or upon recognition of an impairment loss, these previously unrealized gains or losses are credited or charged to the income statement, as the case may be, under the "Net gain on available-for-sale financial assets" line item.

The net gain on available-for-sale financial assets fell 6%, or €28 million, in 2009. This decline reflects a €311 million drop in the net gain on variable-income assets, partially offset by a €283 million rise in the net gain on fixed-income assets.

Net income from other activities. This line item consists of net income from insurance activities, investment property, assets leased under operating leases, property development activities and other products. Net income from other activities grew 7%, from €4,682 million in 2008 to €5,182 million in 2009. This increase is due primarily to a €238 million climb in net income from investment property, and a €101 million rise in net income from assets held under operating leases.

In the insurance business, the principal components of net income from insurance activities are gross premiums written, movement in technical reserves, claims and benefit expenses and change in value of admissible investments related to unit-linked businesses. Claims and benefits expenses includes expenses arising from surrenders, maturities and claims relating to insurance contracts, and changes in the value of financial contracts (in particular unit-linked funds). Interest paid on such contracts is recorded under "Interest expense."

The decline in net income from the insurance business stems from a €10,075 million net allocation to technical reserves made during the year, compared with a net withdrawal of €5,284 million from these reserves in 2008. This was due to an increase in the value of admissible investments related to unit-linked businesses, which switched from a €7,996 million loss at December 31, 2008 to a €3,864 million gain at December 31, 2009. Gross premiums written increased from €13,473 million in 2008 to €16,876 million in 2009.

Operating Expenses and Depreciation

(in millions of euros)	**2009**	**2008**	**Change (2009/2008)**
Operating expenses	(21,958)	(17,324)	+27%
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	(1,382)	(1,076)	+28%
Operating expense and depreciation	**(23,340)**	**(18,400)**	**+27%**

Operating expenses and depreciation rose 27%, from €18,400 million in 2008 to €23,340 million in 2009. €3,199 million of this growth is due to the acquisitions of BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries (including restructuring costs). The rest of the growth can be attributed to a 47% climb in operating expenses and depreciation at CIB, triggered by a 2.5-fold increase in this business' revenues in 2009.

Gross Operating Income

The Group's gross operating income leapt 88%, from €8,976 million in 2008 to €16,851 million in 2009, as revenues growth outstripped a slower climb in operating expenses.

Cost of Risk

(in millions of euros)	**2009**	**2008**	***Change (2009/2008)***
Net additions to impairment provisions	(8,161)	(5,786)	+41%
Recoveries on loans and receivables previously written-off	420	348	+21%
Irrecoverable loans and receivables not covered by impairment provisions	(628)	(314)	x2
Total net additions to provisions	**(8,369)**	**(5,752)**	**+45%**

This line item represents the net amount of impairment losses recognized in respect of credit risks inherent in the Group's banking intermediation activities, plus any impairment losses relating to counterparty risks on over-the-counter derivative instruments.

Cost of risk grew in 2009 as a result of a significant increase in impairment provisions, which itself reflects a 73% jump in provisions at Retail Banking to €5,169 million. This includes a 56% rise in provisions at Personal Finance to €1,902 million. The acquisitions of BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries lifted the Group's cost of risk by €853 million.

Total doubtful loans and commitments net of guarantees amounted to €31 billion at December 31, 2009, up from €16 billion a year earlier, and provisions totaled €28 billion, up from €15 billion a year earlier. The acquisitions of BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries increased the Group's doubtful commitments net of guarantees by €6 billion, and provisions by €7 billion. The Group's coverage ratio was 88% at December 31, 2009, down from 91% the prior year.

For a more detailed discussion of net additions to provisions for each division, see the section entitled "2009 Review of operations – Core business results".

Net Income Group Share

(in millions of euros)	**2009**	**2008**	***Change (2009/2008)***
Operating income	**8,482**	**3,224**	**X2.6**
Share of earnings of associates	178	217	-18%
Net gain on non-current assets	87	481	-82%
Change in value of goodwill	253	2	nm
Income taxes	(2,526)	(472)	x5.4
Minority interests	642	431	+49%
Net income	**5,832**	**3,021**	**+93%**

General. Net income Group share rose 93% in 2009.

Share of earnings of associates. The Group's share of earnings of associates (*i.e.,* companies accounted for under the equity method) decreased from €217 million at December 31, 2008 to €178 million at December 31, 2009 as a result of the generally lower net income generated by these companies.

Net gain on non-current assets. This item includes net realized gains and losses on sales of property, plant and equipment, and intangible assets used in operations, and on sales of investments in consolidated undertakings still included in the scope of consolidation at the time of sale. The net gain on non-current assets fell from €481 million at December 31, 2008 to €87 million at December 31, 2009.

Change in value of goodwill. Change in value of goodwill rose significantly during the year, climbing from €2 million at December 31, 2008 to €253 million at December 31, 2009, reflecting badwill of €835 million on the acquisitions of BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries, offset by goodwill impairment losses of €582 million on the acquisitions of Personal Finance, Arval, UkrSibBank and Sahara Bank.

Income tax. The Group's income tax expense in 2009 was €2,526 million, up sharply from €472 million in 2008 as a result of higher pre-tax net income. The 2009 income tax expense for BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries was €363 million on €1,308 million of pre-tax income.

Minority interests. The share of earnings attributable to minority interests in companies consolidated by the Group grew to €642 million in 2009, up from €431 million in 2008. The acquisitions of BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries added €263 million to minority interests.

Financial Condition

The following discussion analyzes the financial condition of the BNP Paribas Group as of December 31, 2009, as compared to its financial condition as of December 31, 2008.

Assets

General. At December 31, 2009, the Group's consolidated assets amounted to €2,057.7 billion, down 1% from €2,075.6 billion at December 31, 2008. The main components of the Group's assets were financial assets at fair value through profit or loss, loans and receivables due from customers, available-for-sale financial assets, loans and receivables due from credit institutions, and accrued income and other assets, which together accounted for 93% of total assets at December 31, 2009 (94.9% at December 31, 2008). The 1% decrease in total assets reflects a 30% drop in financial assets at fair value through profit or loss, partially offset by a rise in most of the Group's other assets, including a 69% jump in available-for-sale financial assets and a 37% climb in loans and receivables due from customers.

At April 30, 2009, the last consolidated balance sheet date for BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries (before the two groups were taken over by BNP Paribas), total assets, after restatements in accordance with the accounting rules for business acquisitions[17], amounted to €519.1 billion. These assets accounted for €410.9 billion, or 20%, of BNP Paribas' total consolidated assets at December 31, 2009.

Financial assets at fair value through profit or loss. Financial assets at fair or model value through profit or loss consist of trading account transactions (including derivatives) and certain assets designated by the Group as at fair or model value through profit or loss at the time of acquisition. Financial assets carried in the trading book include mainly securities, repurchase agreements, and derivatives. Assets designated by the Group as at fair value through profit or loss include admissible investments related to unit-linked insurance businesses, and to a lesser extent assets with embedded derivatives that have not been separated from the host contract. Specifically, financial assets at fair value through profit or loss break down into the following categories within the balance sheet: negotiable debt instruments; bonds; equities and other variable-income securities; repurchase agreements; loans to credit institutions, individuals and corporate customers; and trading book financial instruments. These assets are remeasured at fair value at each balance sheet date.

Total financial assets at fair value through profit or loss amounted to €828.8 billion at December 31, 2009, down 30% from €1,192.3 billion at December 31, 2008. This decrease reflects a 36% decline in trading book derivatives to €363.7 billion, and a 40% fall in repurchase agreements to €208.9 billion.

The decline in trading book derivatives is due primarily to a 27% drop in interest rate derivatives to €218 billion, a 58% reduction in credit derivatives to €35.5 billion, and a 40% decrease in equity derivatives to €70.2 billion.

Financial assets at fair value through profit or loss accounted for 40.3% of the Group's total assets at December 31, 2009, compared with 57% at December 31, 2008.

The financial assets at fair value through profit or loss of BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries at December 31, 2009 accounted for €55 billion, or 7%, of the Group's consolidated total, and were comprised mainly of trading book derivatives (€43.1 billion).

Loans and receivables due from credit institutions. Loans and receivables due from credit institutions consist of demand accounts, interbank loans, and repurchase agreements.

Loans and receivables due from credit institutions (net of impairment provisions) amounted to €88.9 billion at December 31, 2009, up 29% from €69.2 billion at December 31, 2008. The majority of this increase can be attributed to a 370% surge in repurchase agreements to €28.5 billion. Impairment provisions rose to €1 billion at December 31, 2009, up from €0.1 billion at December 31, 2008.

The loans and receivables due from credit institutions of BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries at December 31, 2009 accounted for €39.6 billion, or 45% of the Group's consolidated total, and were comprised mainly of repurchase agreements (€19.6 billion) and demand accounts and loans (€14.3 billion).

Loans and receivables due from customers. Loans and receivables due from customers consist of demand accounts, loans to customers, repurchase agreements and finance leases.

Loans and receivables due from customers (net of impairment provisions) amounted to €678.8 billion at December 31, 2009, up 37% from €494.4 billion at December 31, 2008. Loans to customers account for the bulk of this increase, as they grew 36% to €616.9 billion. Demand accounts shrank 7.2% to €26.5 billion. Finance leases totaled €34.9 billion at December 31, 2009, up 39% from the prior year, and repurchase agreements totaled €25.9 billion, up from €0.9 billion the prior year. Impairment provisions rose 77% to €25.4 billion at December 31, 2009, up from €14.3 billion at December 31, 2008.

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[17] As described in Note 8.c, "Business combinations," to the BNP Paribas financial statements at December 31, 2009, the consolidated balance sheet at April 30, 2009 for BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries was prepared under IFRS, including the restatements required by IFRS for business acquisitions, and under BNP Paribas' own Group accounting methods.

The loans and receivables due from customers of BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries at December 31, 2009 accounted for €197.0 billion, or 29% of the Group's total, and were comprised mainly of loans to customers (€161.0 billion).

Available-for-sale financial assets. Available-for-sale financial assets are fixed- and variable-income securities that cannot be classified as financial assets at fair value through profit or loss or held-to-maturity financial assets. These assets are remeasured at market or similar value at each balance sheet date.

Available-for-sale financial assets (net of impairment provisions) amounted to €221.4 billion at December 31, 2009, up 69% from €130.7 billion at December 31, 2008. This increase is due primarily to an 83.1% increase in bonds to €173.8 billion, a 45% rise in negotiable debt securities to €28.3 billion, and a 19% climb in other variable income securities to €22.5 billion.

In terms of provisions on available-for-sale financial assets, an additional €0.6 billion of impairment provisions were recognized to bring the total from €2.6 billion at December 31, 2008 to €3.2 billion at December 31, 2009. Impairment provisions for available-for-sale financial assets are calculated at each balance sheet date. Unrealized gains on available-for-sale financial assets totaled €4.4 billion at December 31, 2009, compared with an unrealized loss of €1.7 billion the prior year. Of these unrealized gains, €4 billion came from negotiable debt securities and bonds and €2.1 billion from equities and other variable-income securities.

The available-for-sale financial assets of BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries at December 31, 2009 accounted for €69.1 billion, or 31% of the Group's total, and were comprised of €67.7 billion of fixed-income securities and €1.3 billion of equities and other variable-income securities.

Held-to-maturity financial assets. Held-to-maturity financial assets are investments with fixed or determinable payments and a fixed maturity that the Group has the intention and the ability to hold until maturity. They are recorded in the balance sheet at amortized cost using the effective interest method. Held-to-maturity financial assets break down into two categories within the balance sheet: bonds and negotiable certificates of deposit.

Total held-to-maturity financial assets remained stable over the year, edging down from €14.1 billion at December 31, 2008 to €14 billion at December 31, 2009.

BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries had no held-to-maturity financial assets at December 31, 2009.

Accrued income and other assets. Accrued income and other assets consist of the following: guarantee deposits and guarantees paid; settlement accounts related to securities transactions; collection accounts; reinsurers' share of technical reserves; accrued income and prepaid expenses; and other debtors and miscellaneous assets.

Accrued income and other assets grew 26% to €103.4 billion at December 31, 2009, up from €81.9 billion at December 31, 2008. This increase is primarily due to a €21.2 billion or 82% rise in settlement accounts related to securities transactions.

The accrued income and other assets of BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries at December 31, 2009 accounted for €33.5 billion, or 32% of the Group's total, and were comprised mainly of €24.6 billion of settlement accounts related to securities transactions.

Cash and amounts due from central banks and post office banks. Cash and amounts due from central banks and post office banks rose 43% to €56.1 billion at December 31, 2009, up from €39.2 billion at December 31, 2008. This growth is attributed to a €16.9 billion increase in loans to central banks.

The cash and amounts due from central banks and post office banks of BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries at December 31, 2009 accounted for €4.6 billion, or 8% of the Group's total.

Liabilities (excluding shareholders' equity)

Overview. The Group's consolidated liabilities (excluding shareholders' equity) totaled €1,977.4 billion at December 31, 2009, down 2% from €2,016.6 billion at December 31, 2008. The main components of the Group's liabilities are financial liabilities at fair value through profit or loss, amounts due to credit institutions, amounts due to customers, debt securities, accrued expenses and other liabilities, and technical reserves of insurance companies. These items together accounted for 97.1% of total liabilities (excluding shareholders' equity) at December 31, 2009. The 2% year-on-year decrease was fuelled by a 33% drop in financial liabilities at fair value through profit or loss, partially offset by a 46% increase in amounts due to customers, a 19% rise in amounts due to credit institutions, and a 34% climb in debt securities.

Financial liabilities at fair value through profit or loss. The trading book primarily includes securities borrowing transactions, short-selling transactions, repurchase agreements, and derivatives. Financial liabilities at fair or model value through profit or loss consist mainly of originated and structured issues, where the risk exposure is managed in combination with the hedging strategy. These types of issues contain significant embedded derivatives, whose changes in value are offset by changes in the value of the hedging instrument.

Total financial liabilities at fair value through profit or loss shrank 33% to €709.3 billion at December 31, 2009, down from €1,054.8 billion at December 31, 2008. This decrease stems from a 35% decline in trading book derivatives to €356.2 billion, and a 43% fall in repurchase agreements to €209.3 billion.

The decline in trading book derivatives is due primarily to a 28% decrease in interest rate derivatives to €210.8 billion, a 57% drop in credit derivatives to €35.5 billion, and a 35% reduction in equity derivatives to €67.8 billion.

The financial liabilities at fair or model value through profit or loss of BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries at December 31, 2009 accounted for €60 billion, or 8%, of the Group's total, and were comprised of €43.4 billion of trading book derivatives, €5.2 billion of debt securities, and €3.5 billion of subordinated debt.

Amounts due to credit institutions. Amounts due to credit institutions consist primarily of borrowings, but also include demand deposits and repurchase agreements.

Amounts due to credit institutions grew 19% to €220.7 billion in 2009. This rise mainly reflects a 113% jump in repurchase agreements to €49.4 billion at December 31, 2009.

The amounts due to credit institutions of BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries at December 31, 2009 accounted for €53.4 billion, or 24%, of the Group's total, and included €32.4 billion of repurchase agreements.

Amounts due to customers. Amounts due to customers consist primarily of demand deposits, term accounts, regulated savings accounts, and repurchase agreements.

Amounts due to customers totaled €604.9 billion at December 31, 2009, up 46.1% from €414 billion at December 31, 2008. This reflects the combined impact of a 45% increase in term accounts and saving deposits to €234.5 billion, and a 31% climb in demand deposits to €261 billion.

The amounts due to customers of BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries at December 31, 2009 accounted for €191.4 billion, or 32% of the Group's total, and were comprised mostly of €88.1 billion of term accounts and saving deposits, €52.3 billion of demand deposits, and €50.9 billion of repurchase agreements.

Debt securities. Debt securities consist of negotiable certificates of deposit and bond issues. They do not include debt securities classified as "financial liabilities at fair value through profit or loss" (see Note 5a to the consolidated financial statements).

Debt securities grew 34% to €211 billion at December 31, 2009, up from €157.5 billion at December 31, 2008. This increase was driven by a 47.8% rise in negotiable certificates of deposits to €191.4 billion, partially offset by a 30% decrease in bond issues to €19.6 billion.

The debt securities of BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries at December 31, 2009 accounted for €54.1 billion, or 26% of the Group's total, and were comprised of €51.4 billion of certificates of deposit and negotiable debt securities.

Subordinated debt. Subordinated debt grew 54% to €28.2 billion at December 31, 2009, from €18.3 billion the prior year.

The subordinated debt of BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries at December 31, 2009 accounted for €11.6 billion, or 41% of the Group's total, and were comprised of €9.1 billion of redeemable subordinated debt and €2.4 billion of undated subordinated debt.

Technical reserves of insurance companies. Technical reserves of insurance companies rose 17% to €101.6 billion at December 31, 2009, up from €86.5 billion the prior year. This increase is due primarily to higher technical reserves in the life insurance business.

BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries had negligible technical reserves of insurance companies at December 31, 2009.

Accrued expenses and other liabilities. Accrued expenses and other liabilities consist of guarantee deposits received, settlement accounts related to securities transactions, collection accounts, accrued expenses and deferred income, and other creditors and miscellaneous liabilities.

Accrued expenses and other liabilities fell 13% to €72.4 billion at December 31, 2009, down from €83.4 billion at December 31, 2008. This decrease was driven by a 28% drop in guarantee deposits received to €22.7 billion and a 35% reduction in other creditors and miscellaneous liabilities to €12.9 billion, partially offset by a 39.9% rise in settlement accounts related to securities transactions to €29.4 billion.

The accrued expenses and other liabilities of BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries at December 31, 2009 accounted for €18.7 billion, or 26%, of the Group's total, and included €12.3 billion of other creditors and miscellaneous liabilities.

Minority interests. Minority interests grew to €10.8 billion at December 31, 2009, up from €5.7 billion at December 31, 2008. This increase reflects €4.7 billion of capital transactions carried out in 2009, including the acquisitions of BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries for €4.1 billion. These entities contributed €0.6 billion to the Group's net income and €0.2 billion to the Group's unrealized or deferred gains or losses, and received €0.3 billion of dividends and interim dividends.

Consolidated Shareholders' Equity Attributable to the Group

Consolidated shareholders' equity attributable to the Group before dividend payouts amounted to €69.5 billion at December 31, 2009, up from €53.2 billion a year earlier.

This increase can be attributed to net income for the year of €5.8 billion and share issues totaling €11.7 billion, partially offset by the repayment of €2.5 billion of undated super-subordinated notes and a €1 billion dividend payout for 2008.

Unrealized or deferred gains or losses grew by €2.7 billion as a result of higher unrealized gains on available-for-sale financial assets.

Off-balance Sheet Items

Financing Commitments

Financing commitments given to customers consist mostly of documentary credits, other confirmed letters of credit and commitments relating to repurchase agreements. These commitments shrank 23% to €238.9 billion at December 31, 2009.

Commitments to credit institutions grew 26% to €34.9 billion at December 31, 2009.

Financing commitments received consist primarily of stand-by letters of credit and commitments relating to repurchase agreements. The financing commitments received fell 36% to €86.1 billion at December 31, 2009, from €134.2 billion the prior year. This decrease reflects the combined effect of a 36% reduction in commitments received from credit institutions to €79.5 billion and a 33% fall in commitments received from customers to €6.6 billion.

The financing commitments given and received by BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries at December 31, 2009 accounted for €61.2 billion and €1.6 billion, respectively, of the Group's total.

Guarantee Commitments

The amount of guarantee commitments rose 23% to €104.7 billion at December 31, 2009, up from €85 billion a year earlier. This increase can be attributed to a 22% jump in commitments given to customers to €94.3 billion, and a 35% rise in commitments given to credit institutions to €10.4 billion.

For further information concerning the Group's financing and guarantee commitments, see Note 6 to the consolidated financial statements.

The guarantee commitments given and received by BNP Paribas Fortis, BGL BNP Paribas, and their subsidiaries at December 31, 2009 accounted for €22.2 billion and €54.8 billion, respectively, of the Group's total.

Selected Exposures based on Financial Stability Board Recommendations

Exposure to conduits and SIVs

At December 31, 2010, exposures declined to €9.5 billion, down €1.5 billion compared to December 31, 2009, owing principally to repayments of facilities.

As at December 31, 2010	Entity data		BNP Paribas exposure				
			Liquidity lines				
(in billions of euros)	Assets funded	Securities issued	Line outstanding	o/w cash drawn	Credit enhancement (1)	ABCP held and others	Maximum commitment (2)
BNP Paribas sponsored entities							
ABCP conduits	6.6	6.7	6.7	–	0.4	0.4	9.5
Structured Investment Vehicles	–	–	–	–	–	–	–
Third party sponsored entities (BNP Paribas share)							
ABCP conduits	0.5	0.5	0.5	–	–	–	0.5
Structured Investment Vehicles	–	–	–	–	–	–	–

(1) Provided by the Bank. In addition, each program benefits from other types of credit enhancement.

(2) Represents the cumulative exposure across all types of commitments in a worst-case scenario.

The Group does not have any exposure to SIVs.

Sponsored ABCP Conduits

Breakdown by Maturity and Geography

Sponsored ABCP conduits As at December 31, 2010 (in billions of euros)	Starbird United States	Matchpoint Europe	Eliopee Europe	Thesee Europe	J Bird 1 & 2 Japan	Total
Ratings	A1/P1	A1+/P1	P1	A1/P1/F1	A1/P1	
BNP Paribas commitments	4.3	3.8	0.9	0.4	0.2	9.5
Assets funded	**2.2**	**3.2**	**0.7**	**0.3**	**0.2**	**6.6**
Breakdown by maturity						
0-1 year	40%	22%	8%	77%	30%	32%
1 year – 3 years	40%	45%	67%	–	46%	43%
3 years – 5 years	14%	17%	25%	23%	22%	17%
> 5 years	6%	16%	0%	0%	2%	8%
Total	100%	100%	100%	100%	100%	100%
Breakdown by geography*						
United States	91%	2%	–	–	–	31%
France	–	20%	93%	100%	–	25%
Spain	–	10%	–	–	–	5%
Italy	–	7%	–	–	–	4%
United Kingdom	–	9%	–	–	–	4%
Asia	–	17%	–	–	100%	11%
Diversified and Others	9%	35%	7%	–	–	20%
Total	100%	100%	100%	100%	100%	100%

* Convention used is: when a pool contains more than 50% country exposure, this country is considered to be the one of the entire pool. Any pool where one country does not reach this level is considered to be diversified.

Breakdown by Asset Type

Sponsored ABCP conduits as at December 31, 2010	Starbird United States	Matchpoint Europe	Eliopee Europe	Thesee Europe	J Bird 1 & 2 Japan	Total by asset type	Total o/w AA and above
Breakdown by asset type							
Auto Loans, Leases & Dealer Floorplans	37%	21%	–	–	–	25%	
Trade Receivables	27%	30%	100%	100%	–	37%	
Consumer Loans & Credit Cards	4%	9%	–	–	100%	8%	
Equipment Finance	8%	–	–	–	–	4%	
Student Loans			–	–			
RMBS	–	4%	–	–	–	1%	100%
o/w US (0% subprime)	–	1%	–	–	–	0%	100%
o/w United Kingdom							
o/w Spain	–	2%	–	–	–	1%	100%
CMBS	–	15%	–	–	–	6%	36%

o/w United States, United Kingdom, Spain							
CDOs of RMBS (non US)	–	7%	–	–	–	3%	–
CLOs	16%	8%	–	–	–	10%	47%
CDOs of corporate bonds							
Insurance							
Others	8%	6%	–	–	–	6%	34%
Total	100%	100%	100%	100%	100%	100%	

Funding through proprietary securitization

Cash securitization as at December 31, 2010 (in billions of euros)	Amount of securitized assets	Amount of notes	Securitized positions held	
			First losses	Others
Personal Finance	**3.5**	**3.9**	**0.1**	**1.7**
o/w Residential loans	3.0	3.4	0.1	1.6
o/w Consumer loans	0.1	0.0	0.0	–
o/w Lease receivables	0.4	0.4	0.0	0.1
BNL	**3.2**	**3.1**	**0.1**	**0.2**
o/w Residential loans	3.2	3.1	0.1	0.2
o/w Consumer loans	–	–	–	–
o/w Lease receivables	–	–	–	–
o/w Public sector	–	–	–	–
Total	**6.7**	**7.0**	**0.2**	**1.9**

€6.7 billion of loans had been refinanced through securitization at December 31, 2010, compared to €8.0 billion at December 31, 2009.

€1.9 billion of senior securitized positions were held at the end of 2010, including €0.4 billion of senior notes repurchased in 2010 from certain UCI funds (securitization of mortgage loans).

Following the transition to IFRS in 2005, SPVs are consolidated in the Bank's balance sheet whenever the Bank holds the majority of the corresponding risks and returns.

Sensitive Loan Portfolios

Personal Loans

Personal loans as at December 31, 2010 (in billions of euros)	Gross outstanding					Allowances		Net exposure
	Consumer	First Mortgage: Full Doc	First Mortgage: Alt A	Home Equity Loans	Total	Portfolio	Specific	
United States	8.6	7.4	0.3	3.0	19.2	(0.3)	(0.1)	18.8
Super Prime FICO*>730	5.6	4.7	0.2	1.9	12.4			12.4
Prime 600<FICO*<730	2.4	2.2	0.1	0.9	5.7			5.7
Subprime FICO*<600	0.5	0.4	0.0	0.2	1.1			1.1
United Kingdom	0.6	0.4	–	–	1.0	(0.0)	(0.1)	0.9
Spain	3.8	6.0	–	–	9.9	(0.1)	(0.9)	8.8

(*) At origination

The Group's personal loans classified as sensitive included the following at December 31, 2010:

- the good quality of the U.S. portfolio, which represented gross exposure of €19.2 billion, up €0.8 billion compared with December 31, 2009. The consumer loan portfolio quality is improving;

- moderate exposure to the U.K. market (€1.0 billion);

- well-secured exposure to risks in Spain through guarantees in the mortgage portfolio and a sizeable percentage of auto loans in the consumer lending portfolio.

Commercial Real Estate

	Gross exposure					Allowances		
	Home Builders	Non residential developers	Property companies	Others(1)	Total	Portfolio	Specific	Net exposure
United States	0.6	0.9	0.5	4.7	6.7	(0.1)	(0.1)	6.6
BancWest	0.6	0.8	–	4.7	6.1	(0.1)	(0.0)	6.0
CIB	0.0	0.1	0.5	–	0.6	(0.0)	(0.0)	0.6
United Kingdom	0.1	0.3	1.8	0.4	2.7	(0.0)	(0.1)	2.6
Spain	–	0.0	0.5	0.6	1.1	(0.0)	(0.0)	1.1

(1) Excluding owner-occupied and real estate-backed loans to companies.

The Group's commercial real estate loan portfolio included the following at December 31, 2010:

- diversified and granular exposure to the United States, including exposure to the construction industry which has been significantly reduced (down €0.7 billion compared with December 31, 2009) and exposure of €4.7 billion to other commercial real estate sectors (up €0.7 billion compared with December 31, 2009) corresponding to very granular and well-diversified financing of smaller property companies on a secured basis (mainly office, retail and residential multifamily property type);

- exposure to the United Kingdom concentrated on the major property companies and down €0.4 billion compared with December 31, 2009; limited exposure to commercial real estate risk in Spain due to the good quality of the commercial mortgage loan portfolio.

Real-estate Related ABS and CDO Exposure

Banking Book and Trading Portfolio

	As at December 31, 2010			As at December 31, 2009
Net exposure (in billions of euros)	Gross exposure*	Allowances	Net exposure	Net exposure
TOTAL RMBS	**10.6**	**(0.1)**	**10.4**	**11.8**
United States	**0.4**	**(0.1)**	**0.3**	**1.4**
Subprime	0.1	(0.0)	0.1	0.1
Mid-prime	0.0	(0.0)	0.0	0.1
Alt-A	0.0	(0.0)	0.0	0.1
Prime**	0.2	(0.0)	0.2	1.1
United Kingdom	**0.9**	**(0.1)**	**0.8**	**1.0**
Conforming	0.2	-	0.2	0.2
Non conforming	0.7	(0.1)	0.6	0.8
Spain	**0.8**	**(0.0)**	**0.8**	**0.9**
The Netherlands	**8.2**	**(0.0)**	**8.2**	**8.2**
Other countries	**0.4**	**-**	**0.4**	**0.4**
	2.3	**(0.0)**	**2.3**	**2.2**

TOTAL CMBS				
US	1.3	(0.0)	1.3	1.2
Non-U.S.	1.0	(0.0)	1.0	1.0
TOTAL CDOs (cash and synthetic)	**0.8**	**(0.0)**	**0.8**	**0.7**
RMBS	**0.7**	**(0.0)**	**0.7**	**0.6**
United States	0.2	(0.0)	0.2	0.0
Non-U.S.	0.6	(0.0)	0.6	0.6
CMBS	**0.0**	**(0.0)**	**0.0**	**0.0**
CDO of TRUPs	**0.1**	**-**	**0.1**	**0.1**
Total	**13.7**	**(0.2)**	**13.5**	**14.8**
o/w Trading Book	**-**	**-**	**0.2**	**0.0**
TOTAL Subprime, Alt-A, US CMBS and related CDOs	**1.6**	**(0.1)**	**1.5**	**1.5**

* Entry price + accrued interest – amortization

** Excluding government-sponsored entity backed securities

The banking book's exposure to real estate related ABSs and CDOs decreased by €1.5 billion due to sales of Prime U.S. RMBS. The quality of the portfolio remains high, with 74% of assets rated AAA.

The assets are booked at amortized cost with the appropriate provision whenever there is a permanent impairment.

The trading book's exposure to real estate ABSs and CDOs was negligible.

Monoline Counterparty Exposure

	As at December 31, 2010		As at December 31, 2009	
(in billions of euros)	Notional	Gross counterparty exposure	Notional	Gross counterparty exposure
CDOs of U.S. RMBS subprime	0.68	0.58	1.56	1.30
CDOs of European RMBS	0.26	0.04	0.27	0.14
CDOs of CMBS	1.12	0.26	1.04	0.24
CDOs of corporate bonds	7.81	0.18	7.32	0.21
CLOs	5.05	0.17	5.07	0.17
Non credit related	n.s	0.00	n.s	0.00
Total gross counterparty exposure	**n.s**	**1.23**	**n.s**	**2.06**

(in billions of euros)	As at December 31, 2010	As at December 31, 2009
Total gross counterparty exposure	**1.23**	**2.06**
Credit derivatives bought from banks or other collateralized third parties	(0.22)	(0.38)
Total unhedged gross counterparty exposure	**1.01**	**1.68**
Credit adjustments and allowances(1)	(0.86)	(1.39)
Net counterparty exposure	**0.16**	**0.30**

(1) Including specific allowances as at December 31, 2010 of €0.4 billion related to monolines classified as doubtful.

At December 31, 2010, gross exposure to counterparty risk stood at €1.23 billion, down €0.83 billion compared with December 31, 2009, as a result of commutations during 2010 with no significant impact on the profit and loss.

LBO

	Final take by region
Asia	4%
United States	13%
Other Europe	25%
United Kingdom	5%
Italy	8%
France	45%
TOTAL	**100%**

	Final take by sector
Business services	21%
Materials & ores	10%
Communication	8%
Media	8%
Retail trade	6%
Agriculture, food, etc.	6%
Healthcare & pharma	6%
Building & public works	5%
Others (<5%)	30%
TOTAL	**100%**

The Group's LBO final-take portfolio totaled €9.4 billion at December 31, 2010, down €1.3 billion compared with December 31, 2009. This portfolio is highly diversified (over 450 transactions), 93% of which consists of senior debt. This portfolio is booked as loans and receivables at amortized cost. Allowances total €0.9 billion.

The trading book's exposure is negligible.

BNP Paribas Fortis "IN" portfolio[18]

Net exposure (in billions of euros)	As at December 31, 2009	As at December 31, 2010		
	Net exposure	Gross exposure[(1)]	Allowances	Net exposure
TOTAL RMBS	**4.8**	**3.4**	**(0.1)**	**3.3**
United States	**1.4**	**0.9**	**(0.1)**	**0.8**
Subprime	0.0	0.0	-	0.0
Mid-prime	-	-	-	-
Alt-A	0.4	0.2	(0.0)	0.2
Prime[(2)]	0.8	0.6	(0.1)	0.5
Agency	0.2	0.1		0.1
UK	**1.1**	**1.0**	**-**	**1.0**
Conforming	0.2	0.3	-	0.3
Non conforming	0.8	0.8	-	0.8
Spain	**0.3**	**0.3**	**-**	**0.3**
The Netherlands	**1.0**	**0.2**	**-**	**0.2**
Other countries	**1.1**	**0.9**	**(0.0)**	**0.9**
CDO of RMBS	**-**	**-**	**-**	**-**
TOTAL CMBS	**0.8**	**0.8**	**(0.0)**	**0.8**

18 Including Scaldis, ABCP refinancing conduit consolidated by BNP Paribas Fortis.

US	0.0	0.1	(0.0)	0.0
Non US	0.8	0.8	(0.0)	0.8
TOTAL Consumer Related ABS	**5.6**	**4.7**	**(0.0)**	**4.6**
Auto Loans/Leases	**1.3**	**0.4**	**(0.0)**	**0.4**
US	0.2	-	-	-
Non US	1.1	0.4	(0.0)	0.4
Student Loans	**3.0**	**3.0**	**(0.0)**	**3.0**
Credit cards	**0.9**	**0.9**	**-**	**0.9**
Consumer Loans/Leases	**0.1**	**0.1**	**-**	**0.1**
Other ABS (equipment, leases, etc.)	**0.3**	**0.3**	**-**	**0.3**
CLOs and Corporate CDOs	**3.6**	**3.2**	**(0.0)**	**3.2**
US	2.4	2.3	(0.0)	2.3
Non US	1.2	0.9	(0.0)	0.8
Sectorial Provision			**(0.1)**	
TOTAL	**14.6**	**12.1**	**(0.3)**	**11.8**

(1) Entry price + accrued interest – amortization.

(2) Excluding government-sponsored entity backed securities.

The IN portfolio was included for the first time in the Bank's balance sheet upon the consolidation of Fortis' assets from May 12, 2009. At December 31, 2010, the net exposure of the IN portfolio stood at €11.8 billion, down €2.8 billion compared with December 31, 2009, owing principally to amortization and sales of assets.

This portfolio carries a €1.5 billion guarantee from the Belgian government covering the second-loss tranche. Auto loan-related ABS decreased by €0.9 billion compared with December 31, 2009.

The portfolio of RMBS and CMBS is of good quality: 70% are rated AA or higher[19].

The consumer credit related ABS comprises student loans, 96% of which are AAA-rated[19], auto loans of which 100% are rated AA or higher[19] and credit card outstandings of which 96% are AAA-rated[19].

The portfolio of CLOs and corporate CDOs is diversified. It comprises bonds and corporate loans. 81% of the U.S. assets are rated AA or higher[19]. 42% of the assets in other countries are rated AA or higher[19].

[19] Based on the lowest S&P, Moody's & Fitch rating.

RECENT DEVELOPMENTS

First Quarter 2011 Results (unaudited)

Strong Profit-generation Capacity Across all the Operating Divisions

Thanks to its active role in the financing of the economy and to a lower cost of risk, the BNP Paribas Group achieved very good performance in the first quarter of 2011.

Revenues, driven by sustained business across all the operating divisions, totaled €11,685 million, up 1.3% compared to the high level in the first quarter of 2010, which was marked by the exceptional performance of the Capital Markets businesses.

At €6,728 million, operating expenses edged up 2.0% compared to the first quarter of 2010. Excluding the impact of taxes introduced in 2011, which were passed on to all the business units (€45 million in the first quarter of 2011), they would have been up only 1.3%.

Gross operating income rose 0.5% for the period to €4,957 million. The Group's cost/income ratio was 57.6%, up only 0.4 point compared to the first quarter of 2010, which benefited from CIB's exceptionally low cost/income ratio. The ratio improved in Retail Banking (-0.4 point at 58.3%) and in all of the Investment Solutions business units (in total: -1.4 points at 69.3%). CIB's cost/income ratio, at 52.7% (+3.3 points), remained among the best in the industry.

As part of the continuing process of integrating the entities of BNP Paribas Fortis and BGL BNP Paribas, €135 million in synergies were achieved this quarter, bringing total aggregate synergies to €733 million out of the €1.2 billion revised target set for 2012. This performance is in line with the new plan announced at the end of 2010.

At €919 million or 54 basis points of outstanding customer loans, the Group's cost of risk continued its decline in an improved global economic environment. It was down by €418 million and €243 million, respectively, compared to the first and fourth quarters 2010. At €34.1 billion, doubtful loans[20] declined by €1.5 billion since December 31, 2010.

The operating performance of all of the Group's business units, combined with the effects of the integration of BNP Paribas Fortis and the decrease in the cost of risk, drove pre-tax income up by 7.0% compared to the first quarter of 2010 to €4,109 million, including the negative impact of the impairment charge on equity investments in Libya and Ivory Coast (-€41 million), booked in other non-operating items.

BNP Paribas posted net profits (attributable to equity holders) of €2,616 million, up 14.6% compared to the first quarter of 2010. The annualized return on equity was 15.1% compared to 14.4% in the first quarter of 2010.

Net earnings per share for the first quarter was €2.12, up 13.6% compared to the first quarter of 2010. The net asset value per share, €57.7, was up 9.1% for the period and 4.0% compared to December 31, 2010.

[20] On and off balance sheet gross doubtful outstandings, net of guarantees.

A Positive Contribution from all the Business Units

All the Group's business units continued their business development and made a positive contribution to the Group's results.

Retail Banking

French Retail Banking (FRB)

FRB continued to enhance its organization in order to keep improving relations with its customers: 70% of the network's branch offices have now moved to the Welcome & Services format; 37 Small Business Centers are already open; over 2.2 million customers use online banking; Net Agence, the all online banking branch, has over 10,000 customers just a year after it was launched. Again this quarter, thanks to the network's dedication to supporting its customers with respect to their financing needs, outstanding loans grew 3.5% compared to the first quarter of 2010, driven by mortgages sold to households (+9.3%), where demand remained sustained, and loans to VSEs and SMEs (+4.2%). Deposit outstandings jumped 10.8% thanks to an across-the-board increase, especially sight deposits (+9.1%).

Revenues[21] totaled €1,791 million, up 2.5% compared to the first quarter of 2010 with balanced growth between net interest income (+2.6%), which benefited from the positive trend in deposit and loan growth, and fees (+2.5%), driven by banking fees (+3.2%) thanks to the development of transaction flow in an improving economic environment.

The moderate increase in operating expenses[21] compared to the first quarter of 2010 (+1.3%) helped FRB generate gross operating income[21] up 4.5% and further improve its cost/income ratio by 0.7 point (at 61.4%) for the period.

The cost of risk[21] was down compared to the first quarter of 2010 (-13 basis points) and reached 23 basis points of outstanding consumer loans, a particularly moderate level as a result of the seasonal effect. After allocating one-third of French Private Banking's net income to the Investment Solutions division, FRB posted €579 million in pre-tax income, up 14.2% compared to the same quarter a year earlier.

BNL banca commerciale (BNL bc)

Thanks to the gradual strengthening of its commercial network, BNL bc now has 920 branches (compared to 739 in 2007) with a target of 1,000 branch offices in 2013. In this context, 13 Small Business Centers opened this quarter and 26 new branches will open in 2011.

At €782 million, revenues[22] were up 3.0% compared to the first quarter of 2010. The growth in net interest income (+2.7%), driven in part by good growth in outstanding loans (+4.0%), is comparable to fee growth (+3.7%) which benefited from the success of cross-selling with CIB, especially in cash management and structured finance and good growth in insurance products.

Thanks to the generation of new synergies, operating expenses[22] were up only 2.5%, which includes the spending to strengthen the commercial network. This good operating performance[21] helped BNL bc post gross operating income[22] that was 3.7% higher and improve the cost/income ratio a further 0.2 point to 56.8%.

Given the considerable weight of small and medium sized businesses in Italy's manufacturing sector as well as on BNL bc's loan book, the cost of risk[22], which was €198 million, remained high. It amounted to 100 basis points of outstanding consumer loans, which is slightly lower than in the first and fourth quarters 2010.

After allocating one-third of Italian Private Banking's net income to the Investment Solutions division, BNL bc posted €136 million in pre-tax income, up 10.6% compared to the first quarter of 2010.

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21 Excluding PEL/CEL effects with 100% of French Private Banking.

22 With 100% of Italian Private Banking.

BeLux Retail Banking

BeLux Retail Banking continued to deploy a sustained sales and marketing drive. Asset inflows into savings remained very good as illustrated by the growth in deposits (+10.9%) the mix of which was favorable and away from term deposits, and the growth in Private Banking's assets under management (+8.5%) thanks to the effects of the partnership model introduced late in 2009. Outstanding loans (+4.6% compared to the first quarter of 2010) were driven by a sharp increase in mortgages (+14.7%), especially in Belgium.

At €895 million, revenues[23] edged up 3.2% compared to the first quarter of 2010 thanks to the increase in net interest income due to the growth in deposits and loans while fees remained fairly stable.

The limited growth in operating expenses[23] compared to the first quarter of 2010 (+2.2%) helped BeLux Retail Banking generate 5.6% more gross operating income for the period and lower the cost/income ratio 0.7 point to 68.6%.

At 17 basis points of outstanding consumer loans, the cost of risk[23] remained low, further reduced by the seasonal effect. It was, however, higher than the exceptionally low base of the first quarter of 2010 (7 basis points), such that, after allocating one-third of Belgian Private Banking's net income to the Investment Solutions division, BeLux Retail Banking posted €227 million in pre-tax income, down slightly (-3.8%) compared to the first quarter of 2010.

Europe-Mediterranean

The merger of the banks in Turkey is being carried out according to the business plan. All the branches have switched to the TEB brand and €17 million in synergies were achieved in the first quarter of the year out of a total of €86 million expected by 2013. Thanks to the good sales and marketing drive, loans grew by 19.9%[24] and deposits 8.6%[24] for the period.

With its new scope[25] and at constant exchange rates, Europe-Mediterranean's revenues, which totaled €404 million, were up 1.6% compared to the first quarter of 2010, contraction in Ukraine (-14.7%) being more than offset by growth in Turkey and the Mediterranean.

At €308 million, operating expenses were up 3.0% at constant scope and exchange rates.

The cost of risk, which totaled €103 million, was 180 basis points of outstanding consumer loans. It was up 63 basis points compared to the first quarter of 2010 due to a €28 million provision on a portfolio basis set aside for Tunisia and Egypt.

Despite the situations in these countries, Europe-Mediterranean's pre-tax income was close to break-even at €3 million compared to €51 million in the first quarter of 2010.

BancWest

With an improving economy in the United States, BancWest's revenues were €555 million, up 3.2% at constant exchange rates compared to the first quarter of 2010. The net interest margin rose 12 basis points thanks in part to sharp growth in the core deposits (+7.3%[24]). The confirmed rebound of outstanding loans to corporate customers (+4.3%[24]) combined with the growth in consumer loans (+2.7%[24]) enabled to limit the decrease in outstanding loans for the period to 1.7%[24] whereas consumer demand for mortgages remained weak (outstanding amount -6.6%[24]).

The pickup of business development efforts, especially in the corporate and small business segments, combined with the cost of implementing new regulations resulted in an 8.0% increase in operating expenses at

23 With 100% of Belgian Private Banking.

24 At constant exchange rates.

25 As announced on April 21, 2011, commercial banking activities in the Gulf are now part of CIB and, as a result of events in Ivory Coast and Libya in the first quarter of the year, the BICICI and the Sahara Bank were deconsolidated effective as of 1st January 2011.

constant exchange rates compared to a low base in the first quarter of 2010 after the cost-cutting program carried out in 2009.

The cost of risk was 78 basis points of outstanding consumer loans. It was down sharply compared to the first quarter of 2010 (-85 basis points) and comparable to its fourth quarter 2010 level.

BancWest thus posted €167 million in pre-tax income, which skyrocketed (+74.0%) compared to the first quarter of 2010 and confirmed its sharp return to profitability.

Personal Finance

Personal Finance continued its good growth drive in all the markets in which it operates, either through its own network (France, Italy, Central Europe), thanks to the success of banking partnerships, especially in Germany with Commerzbank or through entities that embedded in the Group's local networks (PF Inside) in Poland, Ukraine and China in particular.

Thanks to the growth in consolidated outstanding loans (+7.4%) and despite the impact of rising interest rates and new restrictive legislation in France and Italy, revenues came to €1,297 million, up 3.3% compared to the first quarter of 2010.

This revenue growth, combined with a 3.1% increase in operating expenses compared to the first quarter of 2010, helped the business unit push up its gross operating income 3.5% for the period and achieve a 45.6% cost/income ratio.

The cost of risk, down in most countries, totaled €431 million. It was €91 million lower than in the first quarter of 2010 and €7 million lower than in the fourth quarter 2010 and totaled 196 basis points of outstanding consumer loans.

Thus, at €297 million, pre-tax income again soared (+62.3%) compared to the first quarter of 2010.

Equipment Solutions

Equipment Solutions' revenues, which totaled €401 million, were up 15.9% compared to the first quarter of 2010 thanks to a rebound in used vehicle prices and the growth in Leasing Solutions' revenues. This vigorous revenue growth combined with a lesser rise in operating expenses during the period (+6.9%) helped generate €199 million in gross operating income, up 26.8% compared to the first quarter of 2010.

This good operating performance combined with a sharp decline in the cost of risk (-78.5% compared to the first quarter of 2010) produced €195 million in pre-tax income, close to 2.3 times what it was in the first quarter of 2010. Equipment Solutions has again become a major contributor to retail banking income.

Investment Solutions

During the first quarter of 2011, Investment Solutions' net asset inflows totaled €8.3 billion. All the business units made a positive contribution: Private Banking delivered +€4.7 billion (or annualized asset inflow rate of 7.3%), illustrating the effectiveness of the partnership model introduced with the Group's networks and good performance in Asia; Insurance contributed +€2.3 billion; Asset Management contributed €0.9 billion thanks to winning new mandates for diversified and bond funds and less outflows from money market funds; Personal Investors delivered a contribution of +€0.4 billion. Despite the unfavorable foreign exchange effect due to the appreciation of the euro, these asset inflows pushed assets under management[26] to €904 billion, up 3.5% compared to March 31, 2010.

Investment Solutions' revenues, which totaled €1,605 million, were up 12.2% compared to the first quarter of 2010. Revenues from Wealth & Asset Management (+7.6%) were driven by the very good performance of Private Banking and Personal Investors, especially in Germany. Insurance revenues jumped 20.7% thanks to sales growth both in and outside of France. An increase in the asset base combined with a significant rebound in transaction volumes, pushed Securites Services' revenues up 14.4%.

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26 Including assets managed on behalf of external clients.

At €1,113 million, operating expenses were up 10.0% compared to the first quarter of 2010 due to continued investments, particularly in Asia. All the business units generated positive jaws effects. These good business and operating performances helped the division increase its gross operating income 17.4% compared to the same period a year earlier.

Pre-tax income, including one third of income from Private Banking in the domestic markets, came to a total of €546 million, up 17.7% compared to the first quarter of 2010.

The Investment Solutions division thereby confirmed that it is a major driver of growth for the Group.

Corporate and Investment Banking (CIB)

CIB's revenues, which came to €3,462 million, were down only 8.6% compared to the first quarter of 2010. Business held up well in the financing businesses (+6.8%), partly offsetting the decline in Capital Market revenues (-14.5%) compared to the exceptionally high level in the first quarter of 2010.

The revenues of Fixed Income came to €1,634 million. Although they did not attain the exceptional level of the first quarter of 2010 (€1,877 million), they benefited from sustained volumes in interest rate and credit markets' flow products, especially in bond markets where there was a broad diversity of issuers. The business unit confirmed its number one position in euro-denominated bond issues and made a breakthrough in the Yankee bond market in U.S. dollars such that it moved into fourth place for all international bond issues all currencies. Energy and commodity derivatives were driven by clients' hedging requirements given the rise in oil prices.

At €692 million, the Equities and Advisory business unit's revenues were down 18.1% compared to the best quarterly performance in history (€845 million) in the first quarter of 2010. They were driven both by the flow business and by structured products, in particular thanks to the substantial sales of capital guaranteed structured products through retail and insurance networks.

The Financing Businesses' revenues totaled €1,136 million, up 6.8% compared to the first quarter of 2010. They benefited from strong business in Energy and Commodity Finance in a context of high prices as well as regular growth in the trade finance and cash management businesses.

The division's operating expenses totaled €1,824 million, down 2.6% compared to the last quarter 2010, including the impact of new hirings in 2010, especially in Fixed Income and Structured Finance. The cost/income ratio, still among the best in the industry, was 52.7%.

The division's cost of risk totaled €16 million, down €204 million compared to the first quarter of 2010. In the financing businesses, it was nine basis points of outstanding customer loans compared to 24 basis points in the first quarter of 2010, the new provisions–notably €92 million for some countries in crisis–being offset again this quarter by further write-backs.

CIB posted €1,635 million in pre-tax income, down only 4.6% compared to the first quarter of 2010.

This good performance, which illustrates the diversity and superior quality of the CIB franchise, comes with a drop in the average value at risk to €43 million, and a reduction in allocated equity (-7.4% for the period), especially for the Capital Market businesses (-13.2%).

Other Activities

Revenues from "Other Activities" totaled €604 million, up €103 million compared to the first quarter of 2010. This quarter, they include capital gains from the disposal of various equity investments (+€134 million) and also a €203 million (compared to €147 million in the first quarter of 2010) amortization of the banking book fair value adjustments (Fortis' purchase accounting). The impact of the revaluation of own debt is negligible this quarter as in the first quarter of 2010.

Operating expenses totaled €269 million and include €124 million in restructuring costs.

After the depreciation of the equity investments in the Group's subsidiaries in Libya and Ivory Coast (-€41 million in Other Non-Operating Items), pre-tax income thus came to €326 million compared to €385 million during the same period a year earlier.

Broad and Diversified Access to Liquidity and High Solvency

The Group enjoys a favorable liquidity situation thanks to its deposit base, its reserve of eligible assets in central banks, its high credit quality, its capacity to issue bonds collateralized by prime mortgages and its diversified investor base. Nearly 60% of the Group's long- and medium-term issue program for 2011 is already completed on competitive terms with an average maturity of over six years.

Thanks to the Group's strong profit generation capacity, the Tier 1 ratio was 11.7% as at March 31, 2011. At 9.5%, the Common Equity Tier 1 ratio was up 0.3 point compared to December 31, 2010. This high level of solvency is the result of this quarter's organic equity generation and a slight decline in risk-weighted assets to €595 billion compared to €601 billion as at December 31, 2010, due in part to continued efforts to optimize the allocated capital as part of the move to adapt to future regulations.

Consolidated Profit and Loss Account

€m	1Q11	1Q10	1Q11 / 1Q10	4Q10	1Q11/ 4Q10
Revenues	11,685	11,530	+1.3%	10,320	+13.2%
Operating Expenses and Dep.	-6,728	-6,596	+2.0%	-6,887	-2.3%
Gross Operating Income	4,957	4,934	+0.5%	3,433	+44.4%
Cost of Risk	-919	-1,337	-31.3%	-1,162	-20.9%
Operating Income	4,038	3,597	+12.3%	2,271	+77.8%
Share of Earnings of Associates	95	68	+39.7%	89	+6.7%
Other Non Operating Items	-24	175	n.s.	-7	n.s.
Non Operating Items	71	243	-70.8%	82	-13.4%
Pre-Tax Income	4,109	3,840	+7.0%	2,353	+74.6%
Corporate Income Tax	-1,175	-1,188	-1.1%	-469	n.s.
Net Income Attributable to Minority Interests	-318	-369	-13.8%	-334	-4.8%
Net Income Attributable to Equity Holders	2,616	2,283	+14.6%	1,550	+68.8%
Cost/Income	57.6%	57.2%	+0.4 pt	66.7%	-9.1 pt

First Quarter 2011 – Results by Core Businesses

€m		Retail Banking	Investment Solutions	CIB	Operating Divisions	Other Activities	Group
Revenues		6,014	1,605	3,462	11,081	604	11,685
	%Change/1Q10	+3.5%	+12.2%	-8.6%	+0.5%	+20.6%	+1.3%
	%Change/4Q10	+2.9%	-1.7%	+27.0%	+8.6%	n.s.	+13.2%
Operating Expenses and Dep.		-3,522	-1,113	-1,824	-6,459	-269	-6,728
	%Change/1Q10	+2.8%	+10.0%	-2.6%	+2.4%	-5.9%	+2.0%
	%Change/4Q10	-4.7%	-2.5%	+16.1%	+0.8%	-43.8%	-2.3%
Gross Operating Income		2,492	492	1,638	4,622	335	4,957
	%Change/1Q10	+4.4%	+17.4%	-14.4%	-2.1%	+55.8%	+0.5%
	%Change/4Q10	+16.1%	+0.2%	+41.9%	+21.9%	n.s.	+44.4%
Cost of Risk		-936	5	-16	-947	28	-919
	%Change/1Q10	-18.2%	n.s.	-92.7%	-30.6%	+0.0%	-31.3%
	%Change/4Q10	-14.8%	n.s.	-82.6%	-20.6%	-6.7%	-20.9%
Operating Income		1,556	497	1,622	3,675	363	4,038
	%Change/1Q10	+25.3%	+18.9%	-4.3%	+9.6%	+49.4%	+12.3%
	%Change/4Q10	+48.5%	+1.4%	+52.7%	+41.3%	n.s.	+77.8%
Share of Earnings of Associates		48	35	10	93	2	95
Other Non Operating Items		-2	14	3	15	-39	-24
Pre-Tax Income		1,602	546	1,635	3,783	326	4,109
	%Change/1Q10	+25.5%	+17.7%	-4.6%	+9.5%	-15.3%	+7.0%
	%Change/4Q10	+50.3%	-0.2%	+49.9%	+39.9%	n.s.	+74.6%

€m		Retail Banking	Investment Solutions	CIB	Operating Divisions	Other Activities	Group
Revenues		6,014	1,605	3,462	11,081	604	11,685
	1Q10	5,812	1,431	3,786	11,029	501	11,530
	4Q10	5,843	1,632	2,725	10,200	120	10,320
Operating Expenses and Dep.		-3,522	-1,113	-1,824	-6,459	-269	-6,728
	1Q10	-3,426	-1,012	-1,872	-6,310	-286	-6,596
	4Q10	-3,696	-1,141	-1,571	-6,408	-479	-6,887
Gross Operating Income		2,492	492	1,638	4,622	335	4,957
	1Q10	2,386	419	1,914	4,719	215	4,934
	4Q10	2,147	491	1,154	3,792	-359	3,433
Cost of Risk		-936	5	-16	-947	28	-919
	1Q10	-1,144	-1	-220	-1,365	28	-1,337
	4Q10	-1,099	-1	-92	-1,192	30	-1,162
Operating Income		1,556	497	1,622	3,675	363	4,038
	1Q10	1,242	418	1,694	3,354	243	3,597
	4Q10	1,048	490	1,062	2,600	-329	2,271
Share of Earnings of Associates		48	35	10	93	2	95
	1Q10	23	24	14	61	7	68
	4Q10	21	50	26	97	-8	89
Other Non Operating Items		-2	14	3	15	-39	-24
	1Q10	12	22	6	40	135	175
	4Q10	-3	7	3	7	-14	-7
Pre-Tax Income		1,602	546	1,635	3,783	326	4,109
	1Q10	1,277	464	1,714	3,455	385	3,840
	4Q10	1,066	547	1,091	2,704	-351	2,353
Corporate Income Tax							-1,175
Net Income Attributable to Minority Interests							-318
Net Income Attributable to Equity Holders							2,616

Quarterly Series

€m	1Q10	2Q10	3Q10	4Q10	1Q11
GROUP					
Revenues	11,530	11,174	10,856	10,320	11,685
Operating Expenses and Dep.	-6,596	-6,414	-6,620	-6,887	-6,728
Gross Operating Income	4,934	4,760	4,236	3,433	4,957
Cost of Risk	-1,337	-1,081	-1,222	-1,162	-919
Operating Income	3,597	3,679	3,014	2,271	4,038
Share of Earnings of Associates	68	26	85	89	95
Other Non Operating Items	175	-29	52	-7	-24
Pre-Tax Income	3,840	3,676	3,151	2,353	4,109
Corporate Income Tax	-1,188	-1,248	-951	-469	-1,175
Net Income Attributable to Minority Interests	-369	-323	-295	-334	-318
Net Income Attributable to Equity Holders	2,283	2,105	1,905	1,550	2,616
Cost/Income	57.2%	57.4%	61.0%	66.7%	57.6%

€m	1Q10	2Q10	3Q10	4Q10	1Q11
FRENCH RETAIL BANKING (including 100% of Private Banking in France*)					
Revenues	1,743	1,718	1,689	1,674	1,789
Incl. Net Interest Income	*1,015*	*1,006*	*986*	*971*	*1,043*
Incl. Commissions	*728*	*712*	*703*	*703*	*746*
Operating Expenses and Dep.	-1,085	-1,102	-1,156	-1,171	-1,099
Gross Operating Income	658	616	533	503	690
Cost of Risk	-122	-111	-107	-142	-80
Operating Income	536	505	426	361	610
Non Operating Items	0	1	2	1	1
Pre-Tax Income	536	506	428	362	611
Income Attributable to Investment Solutions	-33	-27	-28	-28	-34
Pre-Tax Income of French Retail Bkg	503	479	400	334	577
Allocated Equity (€bn, year to date)	5.9	5.8	5.8	5.8	5.8

€m	1Q10	2Q10	3Q10	4Q10	1Q11
FRENCH RETAIL BANKING (including 100% of Private Banking in France*) Excluding PEL/CEL Effects					
Revenues	1,747	1,724	1,702	1,676	1,791
Incl. Net Interest Income	*1,019*	*1,012*	*999*	*973*	*1,045*
Incl. Commissions	*728*	*712*	*703*	*703*	*746*
Operating Expenses and Dep.	-1,085	-1,102	-1,156	-1,171	-1,099
Gross Operating Income	662	622	546	505	692
Cost of Risk	-122	-111	-107	-142	-80
Operating Income	540	511	439	363	612
Non Operating Items	0	1	2	1	1
Pre-Tax Income	540	512	441	364	613
Income Attributable to Investment Solutions	-33	-27	-28	-28	-34
Pre-Tax Income of French Retail Bkg	507	485	413	336	579
Allocated Equity (€bn, year to date)	5.9	5.8	5.8	5.8	5.8

€m	1Q10	2Q10	3Q10	4Q10	1Q11
French Retail Banking (including 2/3 of Private Banking in France)					
Revenues	1,683	1,663	1,634	1,620	1,728
Operating Expenses and Dep.	-1,057	-1,075	-1,130	-1,144	-1,072
Gross Operating Income	626	588	504	476	656
Cost of Risk	-123	-109	-106	-143	-80
Operating Income	503	479	398	333	576
Non Operating Items	0	0	2	1	1
Pre-Tax Income	503	479	400	334	577
Allocated Equity (€bn, year to date)	5.9	5.8	5.8	5.8	5.8

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

€m	1Q10	2Q10	3Q10	4Q10	1Q11
BNL banca commerciale (Including 100% of Private Banking in Italy*)					
Revenues	759	755	765	781	782
Operating Expenses and Dep.	-433	-443	-438	-484	-444
Gross Operating Income	326	312	327	297	338
Cost of Risk	-200	-205	-209	-203	-198
Operating Income	126	107	118	94	140
Non Operating Items	0	-2	-1	1	0
Pre-Tax Income	126	105	117	95	140
Income Attributable to IS	-3	-2	-3	-3	-4
Pre-Tax Income of BNL bc	123	103	114	92	136
Allocated Equity (€bn, year to date)	4.7	4.8	4.8	4.8	4.9

€m	1Q10	2Q10	3Q10	4Q10	1Q11
BNL banca commerciale (Including 2/3 of Private Banking in Italy)					
Revenues	751	746	757	772	773
Operating Expenses and Dep.	-428	-436	-434	-478	-439
Gross Operating Income	323	310	323	294	334
Cost of Risk	-200	-205	-208	-204	-198
Operating Income	123	105	115	90	136
Non Operating Items	0	-2	-1	2	0
Pre-Tax Income	123	103	114	92	136
Allocated Equity (€bn, year to date)	4.7	4.8	4.8	4.8	4.9

€m	1Q10	2Q10	3Q10	4Q10	1Q11
BELUX RETAIL BANKING (Including 100% of Private Banking in Belgium*)					
Revenues	867	839	840	842	895
Operating Expenses and Dep.	-601	-602	-583	-634	-614
Gross Operating Income	266	237	257	208	281
Cost of Risk	-15	-66	-71	-67	-35
Operating Income	251	171	186	141	246
Associated Companies	1	3	2	-6	2
Other Non Operating Items	2	0	3	-1	0
Pre-Tax Income	254	174	191	134	248
Income Attributable to IS	-18	-18	-12	-16	-21
Pre-Tax Income of BeLux	236	156	179	118	227
Allocated Equity (€bn, year to date)	2.9	2.9	2.9	2.9	3.1

€m	1Q10	2Q10	3Q10	4Q10	1Q11
BELUX RETAIL BANKING (Including 2/3 of Private Banking in Belgium)					
Revenues	834	807	810	810	856
Operating Expenses and Dep.	-585	-588	-566	-615	-596
Gross Operating Income	249	219	244	195	260
Cost of Risk	-16	-66	-70	-70	-35
Operating Income	233	153	174	125	225
Associated Companies	1	3	2	-6	2
Other Non Operating Items	2	0	3	-1	0
Pre-Tax Income	236	156	179	118	227
Allocated Equity (€bn, year to date)	2.9	2.9	2.9	2.9	3.1

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

€m	1Q10	2Q10	3Q10	4Q10	1Q11
EUROPE-MEDITERRANEAN					
Revenues	410	412	409	451	404
Operating Expenses and Dep.	-306	-325	-329	-343	-308
Gross Operating Income	104	87	80	108	96
Cost of Risk	-68	-76	-93	-109	-103
Operating Income	36	11	-13	-1	-7
Associated Companies	15	9	17	10	11
Other Non Operating Items	0	0	4	-2	-1
Pre-Tax Income	51	20	8	7	3
Allocated Equity (€bn, year to date)	2.3	2.3	2.4	2.5	2.7

€m	1Q10	2Q10	3Q10	4Q10	1Q11
BANCWEST					
Revenues	533	601	599	551	555
Operating Expenses and Dep.	-288	-322	-320	-320	-314
Gross Operating Income	245	279	279	231	241
Cost of Risk	-150	-127	-113	-75	-75
Operating Income	95	152	166	156	166
Non Operating Items	1	1	2	0	1
Pre-Tax Income	96	153	168	156	167
Allocated Equity (€bn, year to date)	3.1	3.2	3.3	3.2	3.0

€m	1Q10	2Q10	3Q10	4Q10	1Q11
PERSONAL FINANCE					
Revenues	1,255	1,245	1,247	1,274	1,297
Operating Expenses and Dep.	-573	-589	-560	-589	-591
Gross Operating Income	682	656	687	685	706
Cost of Risk	-522	-486	-467	-438	-431
Operating Income	160	170	220	247	275
Associated Companies	16	21	22	24	21
Other Non Operating Items	7	5	-1	0	1
Pre-Tax Income	183	196	241	271	297
Allocated Equity (€bn, year to date)	3.8	3.8	3.9	3.9	4.0

€m	1Q10	2Q10	3Q10	4Q10	1Q11
EQUIPMENT SOLUTIONS					
Revenues	346	385	369	365	401
Operating Expenses and Dep.	-189	-189	-198	-207	-202
Gross Operating Income	157	196	171	158	199
Cost of Risk	-65	-70	-60	-60	-14
Operating Income	92	126	111	98	185
Associated Companies	-9	-7	-6	-9	13
Other Non Operating Items	2	-2	2	-1	-3
Pre-Tax Income	85	117	107	88	195
Allocated Equity (€bn, year to date)	2.1	2.1	2.1	2.1	2.2

€m	1Q10	2Q10	3Q10	4Q10	1Q11
INVESTMENT SOLUTIONS					
Revenues	1,431	1,520	1,513	1,632	1,605
Operating Expenses and Dep.	-1,012	-1,071	-1,073	-1,141	-1,113
Gross Operating Income	419	449	440	491	492
Cost of Risk	-1	5	18	-1	5
Operating Income	418	454	458	490	497
Associated Companies	24	19	8	50	35
Other Non Operating Items	22	2	30	7	14
Pre-Tax Income	464	475	496	547	546
Allocated Equity (€bn, year to date)	6.3	6.4	6.5	6.5	6.9

€m	1Q10	2Q10	3Q10	4Q10	1Q11
WEALTH AND ASSET MANAGEMENT					
Revenues	801	822	825	892	862
Operating Expenses and Dep.	-578	-605	-603	-649	-617
Gross Operating Income	223	217	222	243	245
Cost of Risk	2	7	21	-6	8
Operating Income	225	224	243	237	253
Associated Companies	4	4	3	17	8
Other Non Operating Items	23	7	4	6	17
Pre-Tax Income	252	235	250	260	278
Allocated Equity (€bn, year to date)	1.7	1.7	1.6	1.6	1.5

€m	1Q10	2Q10	3Q10	4Q10	1Q11
INSURANCE					
Revenues	352	371	398	432	425
Operating Expenses and Dep.	-188	-210	-216	-221	-221
Gross Operating Income	164	161	182	211	204
Cost of Risk	-3	-2	-3	5	-3
Operating Income	161	159	179	216	201
Associated Companies	19	15	5	34	27
Other Non Operating Items	-1	-5	26	1	-3
Pre-Tax Income	179	169	210	251	225
Allocated Equity (€bn, year to date)	4.3	4.5	4.5	4.6	5.0

€m	1Q10	2Q10	3Q10	4Q10	1Q11
SECURITIES SERVICES					
Revenues	278	327	290	308	318
Operating Expenses and Dep.	-246	-256	-254	-271	-275
Gross Operating Income	32	71	36	37	43
Cost of Risk	0	0	0	0	0
Operating Income	32	71	36	37	43
Non Operating Items	1	0	0	-1	0
Pre-Tax Income	33	71	36	36	43
Allocated Equity (€bn, year to date)	0.3	0.3	0.3	0.3	0.4

€m	1Q10	2Q10	3Q10	4Q10	1Q11
CORPORATE AND INVESTMENT BANKING					
Revenues	3,786	2,724	2,901	2,725	3,462
Operating Expenses and Dep.	-1,872	-1,499	-1,558	-1,571	-1,824
Gross Operating Income	1,914	1,225	1,343	1,154	1,638
Cost of Risk	-220	41	-79	-92	-16
Operating Income	1,694	1,266	1,264	1,062	1,622
Associated Companies	14	18	17	26	10
Other Non Operating Items	6	13	-3	3	3
Pre-Tax Income	1,714	1,297	1,278	1,091	1,635
Allocated Equity (€bn, year to date)	14.9	14.7	14.8	14.5	13.8

€m	1Q10	2Q10	3Q10	4Q10	1Q11
ADVISORY AND CAPITAL MARKETS					
Revenues	2,722	1,530	1,731	1,658	2,326
Operating Expenses and Dep.	-1,461	-1,055	-1,129	-1,125	-1,389
Gross Operating Income	1,261	475	602	533	937
Cost of Risk	-127	-57	-77	-41	21
Operating Income	1,134	418	525	492	958
Associated Companies	11	15	4	2	0
Other Non Operating Items	7	12	-8	2	0
Pre-Tax Income	1,152	445	521	496	958
Allocated Equity (€bn, year to date)	6.2	6.1	6.1	5.9	5.4

€m	1Q10	2Q10	3Q10	4Q10	1Q11
FINANCING BUSINESSES					
Revenues	1,064	1,194	1,170	1,067	1,136
Operating Expenses and Dep.	-411	-444	-429	-446	-435
Gross Operating Income	653	750	741	621	701
Cost of Risk	-93	98	-2	-51	-37
Operating Income	560	848	739	570	664
Non Operating Items	2	4	18	25	13
Pre-Tax Income	562	852	757	595	677
Allocated Equity (€bn, year to date)	8.7	8.7	8.7	8.6	8.4

€m	1Q10	2Q10	3Q10	4Q10	1Q11
CORPORATE CENTRE (Including Klepierre)					
Revenues	501	1,071	617	120	604
Operating Expenses and Dep.	-286	-320	-452	-479	-269
Incl. Restructuring Costs	*-143*	*-180*	*-176*	*-281*	*-124*
Gross Operating Income	215	751	165	-359	335
Cost of Risk	28	12	-44	30	28
Operating Income	243	763	121	-329	363
Associated Companies	7	-37	24	-8	2
Other Non Operating Items	135	-46	15	-14	-39
Pre-Tax Income	385	680	160	-351	326

BUSINESS OF THE GROUP

Legal Status and Form of BNP Paribas

BNP Paribas is a French *société anonyme* registered with the *Registre du Commerce et des Sociétés* in Paris under number 662 042 449 (APE business identifier code: 651 C), licensed to conduct banking operations under the Monetary and Financial Code (*Code Monétaire et Financier, Livre V, Titre 1er*). BNP Paribas is domiciled in France; its registered office is located at 16, boulevard des Italiens - 75009 Paris, France (telephone number: +33 1 40 14 45 46). BNP Paribas is governed by banking regulations, the provisions of the Commercial Code applicable to trading companies and by its Articles of Association. The Bank's purpose (Article 3 of the Articles of Association) is to provide and conduct the following services with any legal entity or individual, in France and abroad, subject to compliance with the laws and regulations applicable to credit institutions licensed by the *Comité des Établissements de Crédit et des Entreprises d'Investissement*: any investment services, any services related to investment activities, any banking activities, any transactions related to banking activities, any purchase of an ownership interest, within the meaning of Book III, Title 1 relating to bank transactions, and Title II relating to investment services and their ancillary services, of the Monetary and Financial Code. The Bank was founded pursuant to a decree dated May 26, 1966, its duration has been extended to a period of 99 years as from September 17, 1993. Each financial year begins on January 1 and ends on December 31.

Business Overview

The BNP Paribas Group (of which BNP Paribas is the parent company), Europe's leading provider of banking and financial services, has four domestic retail banking markets in Europe, namely in Belgium, France, Italy and Luxembourg.

It is present in over 80 countries and has more than 200,000 employees, including over 160,000 in Europe. BNP Paribas holds key positions in its three activities:

- Retail Banking, which includes the following operating entities:
  - French Retail Banking (FRB),
  - BNL banca commerciale (BNL bc), Italian retail banking,
  - BeLux Retail Banking,
  - Europe-Mediterranean,
  - BancWest,
  - Personal Finance,
  - Equipment Solutions;
- Investment Solutions; and
- Corporate and Investment Banking (CIB).

The acquisition of Fortis Bank and BGL has strengthened the Retail Banking businesses in Belgium and Luxembourg, as well as Investment Solutions and Corporate and Investment Banking.

As at December 31, 2010, the Group had consolidated assets of €1,998.2 billion (compared to €2,057.7 billion at December 31, 2009), consolidated loans and receivables due from customers of €684.7 billion (compared to €678.8 billion at December 31, 2009), consolidated items due to customers of €580.9 billion (compared to €604.9 billion at December 31, 2009) and shareholders' equity (Group share including income for 2010) of €74.6 billion (compared to €69.5 billion at December 31, 2009). Pre-tax income for the year ended December 31, 2010 was €13.0 billion (compared to €9.0 billion for the year ended December 31, 2009). Net income, Group share, for the year ended December 31, 2010 was €7.8 billion (compared to €5.8 billion for the year ended December 31, 2009).

Except where otherwise specified, all financial information and operating statistics included herein are presented as of December 31, 2010.

Retail Banking

The Group generated 54% of its 2010 revenues from retail banking and specialized financial services. Its retail banking networks have 22 million individual, professional and small business customers and 200,000 corporate clients, while its specialist credit activities have 13 million active customers. Retail banking activities employ more than 148,000 staff in 52 countries, representing 72% of the Group’s headcount.

Retail Banking operates branch networks, with a total of 7,300 branches including 6,500 in Europe and the Mediterranean Basin, together with specialized financial services.

Investment Solutions

Investment Solutions provides a unique range of solutions to meet all the needs of institutional, corporate and retail investors:

- Asset Management (BNP Paribas Investment Partners);
- Insurance (BNP Paribas Assurance);
- Wealth management (BNP Paribas Wealth Management);
- Savings and online brokerage (BNP Paribas Personal Investors);
- Securities services (BNP Paribas Securities Services); and
- Real estate services (BNP Paribas Real Estate).

During 2010, the Investment Solutions businesses all held prominent positions in their market.

Investment Solutions operates in 68 countries and employs almost 30,000 people representing more than 70 different nationalities. It continues to expand its international reach, mainly in Europe, Asia, Latin America and the Middle East, through new operations, acquisitions, joint ventures and partnership agreements.

Investment Solutions’ experts always endeavor to offer the products and services that are best suited to client expectations in terms of transparency, performance and security, while meeting the strictest sustainable development standards.

Corporate and Investment Banking

BNP Paribas Corporate and Investment Banking (CIB) employs 19,800 people across more than 50 countries. CIB provides its clients with financing, advisory and capital markets services. During 2010, CIB made a significant contribution to the Group’s revenues (27% of total revenues) and earnings (41% of pre-tax net income).

BNP Paribas CIB has 14,000 clients, consisting of companies, financial institutions and investment funds, which are central to BNP Paribas CIB’s strategy and business model. Staff’s main aim is to develop and maintain long-term relationships with clients, to support them in their expansion or investment strategy and provide global solutions to meet their financing, advisory and risk management needs.

As an integral part of a robust, well-known group and drawing on its client-focused business model, BNP Paribas CIB continued to demonstrate its ability to adapt to the new economic and financial challenges facing the banking industry and its clients. In 2010, BNP Paribas CIB strengthened its European leadership and further developed its international activities, consolidating its role as European partner of choice for many companies and financial institutions worldwide.

Strategy

The Bank's strategy for 2011 is summarized below according to its three principal activities.

Retail Banking

In its four domestic networks (France, Italy, Belgium and Luxembourg), the Group will continue its dedication to serve the economy and support households and businesses in their financing needs. Thus, for individual customers, the networks will maintain the technological innovation drive, will pursue the rolling out of the Private Banking model, especially in Belgium, and will grow the fourth quarter 2010 results distribution of insurance products. In Italy, BNL bc will complete efforts to renovate its network and will upgrade its product offering targeting companies.

For companies and small businesses, the networks will endeavor to expand the product offering and grow cross-selling with Investment Solutions and CIB (Structured Finance, forex and fixed income products), continue to develop cash management services, open close to 30 new Small Business Centers in France and develop closer relationships with midcaps in Italy.

In the other retail banking networks, the emphasis will be placed on introducing targeted business development plans designed to improve the profitability of franchises.

After a year marked by a return to profits, BancWest will implement a business development plan with technology investments in its product offering and the distribution channels in order to increase cross-selling and boost customer acquisition.

In addition to continuing to roll out the integrated model throughout the entire network, Europe-Mediterranean will focus on pursuing business development efforts in Poland and making the operating cost base more flexible in Ukraine after a year 2010 spent restructuring the business.

In Turkey, the legal merger of TEB and Fortis Bank Turkey (600 branches, €5.6 billion in deposits and €7.4 billion in loans) was completed on February 14, 2011, creating the country's 9th largest bank. BNP Paribas maintains joint control of the merged entity and there was virtually no impact on the Group's solvency. Due to the Group's direct equity investments, the New TEB entity is consolidated on a 67% proportional basis. The business plan based on rolling out BNP Paribas's integrated model, provides for €86 million in net synergies by 2013, primarily in Retail Banking (75%) and in CIB (22%). Restructuring costs are expected to total €123 million over three years.

Lastly, Personal Finance will take advantage in 2011 of strong growth potential in developed and emerging countries.

In France, the launch of Cetelem Bank will make it possible to develop savings solutions sold via a new multi-channel marketing model geared directly to customers. In Italy, the business unit will continue to market Findomestic's Carte Nova deferred debit or credit card, at the customer's choice. In Belgium, it will speed up the pace of distributing AlphaCrédit's products through the BNP Paribas Fortis network. In Germany, Personal Finance will benefit from strong growth in volumes in connection with its partnership alliance with Commerzbank.

Outside of the markets of Western Europe, growth potential will be exploited by expanding PF Inside, a model for deploying consumer loans in the Group's networks, especially in Poland, Ukraine, North Africa and China. The taking of control of TEB CTLM in Turkey as part of the recent agreements and new partnerships in the car loan business will also contribute to growth.

Investment Solutions

In 2011, the division will endeavor to take full advantage of its partnership with Retail Banking by continuing to roll out Private Banking's intragroup partnership model and capitalize on its working relationship with CIB in order to expand the product offering.

The division will continue its efforts to win new private banking and institutional clients.

Lastly, the division will continue expanding businesses in the Asia Pacific: it will capitalize on the existing organization in Asset Management, improve its position in the top five private banks in Hong Kong and Singapore, maintain its drive in Insurance in India, Japan, Korea and Taiwan and keep expanding the presence of the Securities Services business unit in the region.

Corporate and Investment Banking

In Europe, CIB will continue to provide financing to large corporations and cover their market risks and will be providing more strategic advisory services on mergers and acquisitions and rights issues. The unmatched pan-European flow product offering (the Corporate and Transaction Banking Europe, or CTBE, organization) will be aggressively marketed to customers.

In the United States, CIB will make selected improvements to its organization, especially its debt platform to better serve the needs of large corporate issuers and financial institutions and will develop its M&A services, drawing on the Energy & Commodities franchise.

In Asia, CIB will enhance its ability to deliver solutions to a broad range of clients in order to take advantage of the fast-growing region drawing on the Group's global franchises. CIB will expand its customer base and bring in new talent in China, India and Korea.

High Solvency, Access to a Wide Variety of Liquidity Sources

BNP Paribas has broad access to a variety of liquidity sources:

- its large stable deposit base (€553 billion) thanks to its position in Retail Banking at the heart of the euro zone, its reserve of central bank eligible collateral (€160 billion available), as well as the quality of its collateral enabling it to issue covered bonds are all structural strengths;

- it also has, compared to its peers, capacity to issue medium and long term debt in leading financial markets (EUR, USD, AUD, JPY) on very favorable spread and maturity terms. It thus managed to raise €7 billion in January 2011 with an average maturity extended to eight years for a total program of €35 billion planned in 2011.

The substantial amount of retained earnings and the optimal management of risk weighted assets, which, at €601 billion, were down €20 billion compared to December 31, 2009 despite the rise in the dollar, enabled the Group to further strengthen its solvency considerably. As at December 31, 2010, the common equity Tier 1 ratio was 9.2% compared to 8.0% as at December 31, 2009 or a year-on-year increase of 120 basis points due essentially to the organic generation of equity (+80 basis points) and the decrease in risk weighted assets (+30 basis points).

The Group's balance sheet, which totalled €1,998 billion as at December 31, 2010, was down slightly compared to December 31, 2009 (€2,058 billion) despite the rise in the dollar relative to the euro during the period. This drop is due in part to the reduction in trading assets and repos (-€30 billion) and loans to central banks (-€22 billion). Available-for-sale assets were stable at €220 billion. Their valuation at the market price (-€0.014 billion) had virtually no impact on the book value.

History

BNP was formed in 1966 through the merger of Comptoir National d'Escompte de Paris ("CNEP") and Banque Nationale pour le Commerce et l'Industrie ("BNCI"). CNEP, which was organized in 1848 and was initially involved primarily in business financing in Paris, grew its French network over the years and actively participated in the industrial development of France, financing such projects as railroad and industrial construction. BNCI, which succeeded Banque Nationale du Commerce in 1932, focused on a dual strategy of expansion within France by acquiring several regional banks and establishing operations abroad. At the time of their nationalization in 1945, BNCI and CNEP were, respectively, the third and fourth largest French banks in terms of assets.

The French government owned over 80% of the voting stock of BNP and its predecessor banks until 1982 and owned 100% of the voting stock of BNP from 1982 until 1993. In October 1993, BNP was privatized through the offering of shares to the public in France and internationally. During the 1990s, BNP launched new banking products and services and expanded its presence in France and internationally, while positioning itself to benefit fully from the introduction of the euro. Privatization also significantly boosted BNP's profitability – in 1998, it led the French banking industry in terms of return on equity.

Banque Paribas was founded in 1872 under the name of Banque de Paris et des Pays-Bas, as a result of a merger between a Dutch bank, Banque de Crédit et de Dépôts des Pays-Bas, and a French bank, Banque de Paris. In 1968, a holding company called Compagnie Financière de Paris et des Pays-Bas was created and all banking activities were transferred to a subsidiary also called Banque de Paris et des Pays-Bas. In June 1982, when it was nationalized, the name of the holding company was changed to Compagnie Financière de Paribas and the name of the bank was changed to Banque Paribas.

Compagnie Financière de Paribas was privatized in 1987, resulting in the effective privatization of Banque Paribas. In 1998, Banque Paribas was merged with the holding company and certain of the holding company's subsidiaries, and the surviving entity was renamed Paribas.

In 1999, following a public tender offer without precedent in the French banking industry and a six-month stock market battle, BNP and Paribas effected a merger of equals. 2000 was the first full year of operation of the BNP Paribas Group in its new configuration, following approval of the merger at the extraordinary general meeting on May 23, 2000.

In the first half of 2006, BNP Paribas acquired BNL, Italy's sixth largest bank. This acquisition transformed BNP Paribas, providing it with access to a second domestic market in Europe. All of the Group's businesses have since been able to draw on a national banking network in both Italy and France to develop their business.

In 2009, BNP Paribas acquired Fortis Bank and BGL (Banque Générale du Luxembourg), thereby creating a European leader in retail banking, with four domestic markets.

Retail Banking

The Group generated 54% of its 2010 revenues from retail banking and specialized financial services. Its retail banking networks have 22 million individual, professional and small business customers and 200,000 corporate clients, while its specialist credit activities have 13 million active customers. Retail banking activities employ more than 148,000 staff in 52 countries, representing 72% of the Group's headcount.

Retail Banking operates branch networks, with a total of 7,300 branches including 6,500 in Europe and the Mediterranean Basin, together with specialized financial services. It is divided into seven operating entities:

- French Retail Banking;
- BNL bc, Italian retail banking;
- BeLux Retail Banking, covering retail banking activities in Belgium and Luxembourg, a new entity created following the integration of Fortis;
- Europe-Mediterranean, covering retail banking activities in Central and Eastern Europe, the Mediterranean Basin and West Africa;
- BancWest, the retail banking network in the United States;
- Personal Finance, comprising the specialist personal loan, consumer credit and mortgage financing businesses; and
- Equipment Solutions, dedicated to financing equipment for corporate clients.

Retail Banking's creative structure is designed to encourage cross-functionality between operating entities. Eight central support departments – Distribution, Markets & Solutions (DMS), Retail Banking IT, US Operations, Business Development, Wealth Management, Platforms, Operations & Process (POP), HR, Brand

& Communications – provide the business lines with their expertise and work on shared cross-functional projects.

The effectiveness of this structure and the integrated distribution and origination business model was demonstrated during 2010. Through Retail Banking, BNP Paribas is the euro zone's leader in wealth management[27] and the European leader in consumer credit[28], cash management[29] and equipment financing for businesses[30]. Integration of the Retail Banking networks and CIB has also made BNP Paribas one of the leading banks serving companies seeking to expand in Europe.

French Retail Banking

French Retail Banking (FRB) supports all of its clients with their projects. It has a client base made up of 6.7 million individual and private banking clients, 600,000 entrepreneurs and small business clients, and 22,000 corporate and institutional clients. The division offers a broad line-up of products and services, ranging from current account services to the most complex financial engineering services in the areas of corporate financing and asset management.

The French Retail Banking Division network is strengthened every year with a view to enhancing local coverage and client service. At December 31, 2010, it consisted of 2,255 branches, of which over 1,460 had been refurbished with the "Welcome & Services" concept, and 5,620 cash dispensers. As such, the network is now more compatible with a multi-channel organizational structure. FRB focuses on regions with strong economic potential, notably with an 18% market share among adults living in the Paris region.[31] FRB is characterized by a strong presence in the upper affluent segments of the retail market and a prominent position among businesses with market share of 38% among companies with 50 or more employees.[32]

The French Retail Banking Division employs 32,000 people working chiefly in the BNP Paribas branded branch network, as well as at Banque de Bretagne, BNP Paribas Factor, BNP Paribas Développement, a provider of capital, and Protection 24, a remote surveillance firm.

The role of the branch advisors has been strengthened in order to meet client expectations.

The network is segmented by client category:

- branches dedicated to individual, professional and business clients;
- 221 private banking centers, representing the most extensive private banking coverage in France;[33]
- a unique network of 28 business centers dedicated to business customers across the length and breadth of the country, as well as a professional assistance service - "Service Assistance Enterprise (SAE)" - and Cash Customer Services (CCS);
- 32 small business centers which help entrepreneurs and small businesses to manage their wealth planning projects or projects related to their company's lifecycle.

This organization is complemented by a Client Relations Center (CRC) and back-offices handling the processing of transactions. The Client Relations Center's three platforms in Paris, Orléans and Lille deal with calls made to the branches and process client e-mails. As for back-offices, the integrated information technology system is completed by production and sales support units. Specialized by customer type, they span the whole of France. At year-end 2010, 61 production units were responsible for transaction processing.

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[27] Source: In-house study based on information published by competitors as at September 30, 2010.

[28] Source: Annual reports of personal finance companies.

[29] Source: TMI, 2010.

[30] Source: Leaseurope 2009 league tables reported in September 2010.

[31] BNP Paribas French Retail Banking 2010 marketing research, percentage of adults living in the Paris region who are BNP Paribas clients.

[32] BNP Paribas French Retail Banking 2010 marketing research.

[33] Source: Internal data.

Complementing the NetÉpargne area of the bnpparibas.net website, which informs customers and enables them to apply for savings accounts and life insurance products, the "Net Crédit Immo" contact center handles mortgage requests in less than 48 hours.

French Retail Banking is also pursuing growth in personal banking through its multi-channel approach encompassing automated banking systems in branches, mobile internet account management, SMS text alerts, new online services and loans, and "Net Agence", an online bank.

BNL Banca Commerciale

BNL banca commerciale (BNL bc) is one of the major players in the Italian banking and financial system, ranking sixth in terms of both total assets and loans to customers.[34]

BNL bc provides a comprehensive range of banking, financial and insurance products and services to meet the needs of its large and diversified client base consisting of:

- approximately 2.5 million individuals and more than 16,000 private clients (households);
- over 157,000 business clients (with turnover under €5 million);
- 27,000 medium and large companies, with a particular focus on Large Relationships ("*Grandes Relations*"), a sub-segment consisting of approximately 450 groups with 1,500 operating companies;
- 16,000 local authorities and non-profit organizations.

In retail and private banking, BNL bc has a strong position in lending (especially residential mortgages, with a market share of nearly 7%), and a good deposits base (market share of approximately 3.5%) well ahead of its network presence (2.6% in terms of branch numbers).[35]

BNL bc also has a long-standing tradition in supporting large companies and local authorities, boasting market shares of approximately 5% and 6% respectively,[10] with a well-established reputation in cross-border payments, project financing and structured finance, as well as factoring (its specialized subsidiary Ifitalia ranks third in Italy in terms of credit outstanding and second for turnover[36]).

BNL bc has adopted a multi-channel distribution approach, organized into five regions ("direzioni territoriali") with the Retail & Private Banking and Corporate Banking activities being run as separate structures:

- 104 retail districts ("*distretti*") with over 860 branches;
- 29 private banking centers;
- 20 business centers with 52 branches dealing with small and medium enterprises, large companies, local authorities and public sector organizations.

In addition, five Trade Centers provide companies with a range of products, services and solutions for cross-border activities, complementing the Bank's international network. At the same time, the network of Italian desks that assist Italian companies abroad as well as multinational companies with direct investments in Italy now covers 10 countries, mainly in the Mediterranean area.

The multi-channel offering is complemented by more than 1,900 automated teller machines and over 25,000 points of sale with retailers, as well as telephone and online banking for both retail and business clients.

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[34] Source: Internal estimates based on published financial information as at September 30, 2010

[35] Source: Internal data and Bank of Italy statistics as at September 30, 2010

[36] Source: Internal data and Assifact as at December 31, 2010

This organization is supported by specialized local back-office units, which work closely with the distribution network to improve the satisfaction of both internal and external clients by delivering high-quality, effective services and better management of operational risk.

BeLux Retail Banking

According to the integration plan, the activities of BNP Paribas Fortis and BGL BNP Paribas were split into the different business lines of Group and a new business line was created: BeLux Retail Banking, which comprises the activities of retail and corporate banking in Belgium and Luxembourg, the new domestic markets of the Group.

Retail & Private Banking (RPB)

BNP Paribas Fortis is number one in personal banking in Belgium,[37] with 3.7 million customers and high-ranking positions in all banking products. Retail customers are reached through a multichannel distribution strategy. The branch network comprises 1,014 branches plus 650 customer service points under the partnership with Banque de la Poste and 311 Fintro franchise outlets.[38]

RPB's Client Relationship Management (CRM) centre manages a network of 2,300 cash dispensers, as well as online banking services (1.3 million users), mobile banking and phone banking.

With 36 Private Banking centers, BNP Paribas Fortis is a major player in the Belgian private banking market. Its services are aimed at individual customers with assets of more than €250,000. Wealth Management caters to approximately 1,500 clients with assets of more than €4 million.

Corporate & Public Bank, Belgium (CPBB)

CPBB offers a comprehensive range of local and international financial services to Belgian enterprises, public entities and local authorities. With more than 450 corporate clients and 34,100 midcap clients, it is the market leader in both those categories,[39] and a challenger in public banking with 1,300 clients. CPBB keeps very close to the market through its team of more than 60 corporate bankers and 200 relationship managers operating out of 22 Business Centers, supported by specialists in specific areas.

Retail and Corporate Banking Luxembourg (BDEL)

BDEL provides a broad range of financial products and services to its private and professional clients, as well as companies through a network of 37 branches.

BGL BNP Paribas is the second retail bank in Luxembourg in terms of services for retail customers, with a total of 223,000 resident customers representing a market share of 16%.[40] It is the leading commercial bank with 36,000 corporate clients representing a market share of 38%.[41]

Wealth Management Luxembourg

Wealth Management provides high-net-worth clients with integrated, customized financial planning and wealth management solutions. These high-potential clients enjoy a multilingual offering covering a broad international array of tailored wealth management products and solutions, including discretionary portfolio management and insurance. BGL BNP Paribas is the leading private bank in Luxembourg.[42]

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[37] Source: Paribas Fortis research.

[38] In December 2010, Fintro had 1,060 employees, over 336,257 customers and more than €10.9 billion of deposits.

[39] Source: TNS survey.

[40] Source: ILRES survey, October 2010

[41] Source: ILRES survey, November 2010

[42] Euromoney 2010 league tables

Europe Mediterranean

Europe Mediterranean operates a network of 2,220 branches in some ten countries. It is present in Turkey, Central and Eastern Europe (Poland and Ukraine) and the southern Mediterranean Basin (Morocco, Algeria, Tunisia, Egypt) and in sub-Saharan Africa. Europe Mediterranean is gradually rolling out the integrated retail banking model of the Group which has proved so successful in its domestic markets by providing local customers with the expertise for which the Group has a strong competitive position in the market (dynamic customer segmentation, cash management, trade finance, multichannel distribution, specialized financing, wealth management, etc.).

In June 2010, BNP Paribas, the Colakoğlu group (co-shareholders of TEB - Türk Ekonomi Bankasi A.Ş. - since 2005) and BNP Paribas Fortis entered into a memorandum of understanding regarding the merger of TEB and Fortis Bank Turkey. The merger was approved by the shareholders of the two banks on January 25, 2011 and was legally completed on February 14, 2011.

BancWest

In the United States, the retail banking business is conducted through BancWest Corporation, a company formed out of the 1998 merger between Bank of the West and First Hawaiian Bank, that has been wholly-owned by BNP Paribas since the end of 2001. Until 2006, BancWest pursued a policy of acquisitions to develop its franchise in western America.

Bank of the West markets a very broad range of retail banking products and services to individuals, small businesses and corporate clients in 19 states in western and mid-western America. It also has strong positions across the United States in certain niche lending markets, such as marine, recreational vehicles, church lending, small business and agribusiness.

With a market share of more than 40% in deposits[43], First Hawaiian Bank is Hawaii’s leading bank, offering banking services to a local clientele of private individuals and businesses.

In total, with 11,300 employees, 769 branches and total assets of more than $73 billion at December 31, 2010, BancWest currently serves some five million client accounts. It ranks as the seventh largest commercial bank in the western United States by deposits.[43]

Personal Finance

BNP Paribas Personal Finance: Europe’s Number One in Personal Finance[44]

Within the Group, BNP Paribas Personal Finance specializes in personal loans through its consumer finance and mortgage lending activities. With nearly 29,000 employees in more than 30 countries and on four continents, BNP Paribas Personal Finance ranks as the leading player in France and Europe.[44]

BNP Paribas Personal Finance markets a comprehensive range of solutions available at the point of sale (stores, car dealerships), through authorized business providers (brokers, estate agents, property developers) or directly via its customer relations centers and over the internet.

Furthermore, BNP Paribas Personal Finance has made partnerships an area of specialization in its own right underpinned by its expertise in providing all types of financing and services geared to the activities and commercial strategy of its partners. As a result, BNP Paribas Personal Finance has become a key partner for retail chains, service providers, banks and insurance companies.

Core Commitment to Responsible Lending

BNP Paribas Personal Finance is committed to responsible lending, in particular through Cetelem and Findomestic, both in practice and in its communications. Its vision of personal finance consists of making a

[43] Source: SNL Financial, June 30, 2010.

[44] Source: Annual reports of personal finance companies.

sustained contribution to improving the personal and social quality of consumers' lives, through four major priorities:

- developing a product and service offering tailored to customer expectations;
- improving access to lending for as many people as possible;
- supporting customers with individual solutions that meet their specific needs; and
- combating overindebtedness.

In France, BNP Paribas Personal Finance provides the general public with information about personal loans on its non-commercial web site: www.moncreditresponsable.com.

Since 2007, BNP Paribas Personal Finance has supported the development of personal microfinance guaranteed by the Fonds de Cohésion Sociale. At the end of 2010, it had granted more than 200 micro loans totaling €428,111.

Equipment Solutions

Equipment Solutions, through a multi-channel approach (direct sales, sales via referrals or via partnerships), offers corporate and business clients a range of rental solutions, ranging from equipment financing to fleet outsourcing.

Equipment Solutions consists of five international business lines organized by assets and specially designed rental solutions:

- Arval for cars and light commercial vehicles;
- Equipment & Logistics Solutions for public works, farm and transport equipment;
- Technology Solutions for office equipment, hardware and software, telecoms, medical and retail trade equipment;
- Specialized Assets Solutions provides centers of expertise in specialized high-value asset markets (real estate for investors, flight simulators, business jets, port infrastructure, etc.);
- Bank Leasing Services provides leasing solutions to BNP Paribas bank customers.

Despite the still fragile economic recovery, Equipment Solutions continues to enjoy strong business momentum and has become European leader in equipment financing both in terms of outstandings and new business.[45]

In 2010, Arval posted strong 10% growth in its leased fleet, with a 27% increase in the number of vehicles purchased to 180,557. At year-end 2010, it had a total leased fleet of 667,458 vehicles. Arval is a major European player in vehicle full service leasing and number one in France[46] and Italy[47] in terms of leased vehicles.

BNP Paribas Lease Group has changed its name to BNP Paribas Leasing Solutions to better reflect the shift in its offering towards services and solutions that create value for its customers and partners.

[45] Source: Leaseurope 2009 league tables published in September 2010

[46] Source: Syndicat National des Loueurs Véhicules Longue Durée (SNLVLD) data, third quarter 2010.

[47] FISE ANIASA (Federazione Imprese di Servizi - Associazione Nazionale Industria dell'Autonoleggio e Servizi Automobilistici), Italy, third quarter 2010.

It arranged over 267,000 financing deals in 2010, bringing its total outstandings up to €25.6 billion at the year-end.[48]

Investment Solutions

BNP Paribas Investment Solutions provides a unique range of solutions to meet all the present and future needs of institutional, corporate and retail investors:

- Asset management (BNP Paribas Investment Partners)
- Insurance (BNP Paribas Assurance)
- Wealth management (BNP Paribas Wealth Management)
- Savings and online brokerage (BNP Paribas Personal Investors)
- Securities services (BNP Paribas Securities Services)
- Real estate services (BNP Paribas Real Estate).

In 2010, the Investment Solutions businesses all held leading positions in their markets.

Investment Solutions operates in 68 countries and employs almost 30,000 people representing more than 70 different nationalities. It continues to expand its international reach, mainly in Europe, Asia, Latin America and the Middle East, through new operations, acquisitions, joint ventures and partnership agreements.

Investment Solutions' experts always endeavor to offer the products and services that are best suited to client expectations in terms of transparency, performance and security, while meeting the strictest sustainable development standards.

BNP Paribas Investment Partners

BNP Paribas Investment Partners (BNPP IP) is the asset management arm of the Group and is comprised of a unique network of 26 specialized partners worldwide.

As a global investment solution provider, BNPP IP has three distinct groups of investment expertise:

- *Multi-expertise investment capabilities*: BNP Paribas Asset Management, the largest partner, encompasses the major asset classes with investment teams operating in all the major markets.
- *Specialist investment partners:* specialists in a particular asset class or field (mainly alternative and multi-management), operating as boutique-like structures.
- *Local and regional solution providers*: local asset managers covering a specific geographical region and/or clientele, the majority in emerging markets.

With over €546 billion in assets under management[49] ($730 billion) and 4,000 staff operating in 45 countries, BNPP IP offers a full range of investment management services to both institutional clients and distributors wherever they are located.

BNPP IP has offices in the world's major financial centers, including Hong Kong, London, New York, Paris and Tokyo. It has a strong presence in a large number of emerging markets with local teams– in China, Russia, Brazil, Indonesia, India and Turkey – enabling it to adapt its offering to the needs of each market. Accordingly, BNPP IP can be considered both a global investor and a local partner.

[48] Amounts after servicing transfer.

[49] Including assets under advisory.

The 2010 merger with Fortis Investment also had a positive effect on BNPP IP's position in the league tables. Based on assets under management as at December 31, 2010, BNPP IP ranks fifth in Europe.[50]

BNP Paribas Investment Partners combines the financial strength, distribution network and the rigorous management of BNP Paribas with the reactivity, specialization and entrepreneurial spirit of investment boutiques.

Insurance

BNP Paribas Assurance insures people, their families and their goods. It designs and markets its savings and protection products and services under two brand names: BNP Paribas and Cardif.

Its distribution partners include 35 of the world's top 100 banks, major retailers and many financial institutions.

Products:

- the savings business includes capitalization as well as individual and group pension contracts.
- the protection business covers a broad range of products including loan protection insurance, extended warranties, credit card and cheque book protection, invoice protection, gap insurance[51], individual and group personal risk insurance, property and casualty insurance and health insurance.

BNP Paribas Assurance has three major distribution channels:

- BNP Paribas retail branch networks (in France, Italy, Belgium, Luxembourg, Turkey, Ukraine, etc.);
- banks, financial institutions and major retailers;
- digital & brokers: networks of independent financial advisors and distance networks such as telemarketing and Internet.

BNP Paribas Assurance holds strong positions on three continents: Europe, Asia and Latin America. It is a world leader in loan protection insurance[52] and among the top 15 insurers in Europe[52].

Strong Culture of Partnerships

BNP Paribas Assurance's strength and distinguishing features are predicated primarily on its ability to:

- offer customized products to meet the needs of its various partners;
- build a major profit centre for its partners;
- satisfy its clients' demand for high standards of service and transparency through its Customer Centric Program.

Wealth Management

BNP Paribas Wealth Management encompasses BNP Paribas' private banking activities. As part of an integrated approach to client relationships, Wealth Management offers its clients security coupled with innovative product and service capability.

[50] Source: Internal data.
[51] Insurance covering the difference between the vehicle's value and the loan outstanding in the event of theft or damage.
[52] Source: In-house study based on information published by competitors.

BNP Paribas Wealth Management provides high value-added products and services designed to meet the needs of a sophisticated clientele. The wealth management offering includes:

- wealth management services: estate planning and advice on asset structures;
- financial services: advise on asset allocation, investment products and securities, in particular discretionary portfolio management; and
- expert advice in specific areas, such as art, real estate and philanthropy.

In an environment strongly affected by new regulations, the business is now organized according to four regions: Domestic Markets (excluding Luxembourg), Luxembourg, Europe International (including the Middle East and Latin America) and Asia-Pacific.

The new organizational structure is designed to meet the following objectives:

- support the development of the wealth management business in countries where the Group has a retail banking clientele;
- gain or strengthen positions through close cooperation with Corporate and Investment Banking and through partnerships or acquisitions;
- increase cross-functionality between geographies and support functions.

The four geographies draw on the expertise of the business line's support teams in terms of financial planning and asset management as well as diversification. It sources solutions from the Group's other businesses (Investment Partners, Securities Services, Insurance, Corporate Finance, Fixed Income and Equity Derivatives), as well as from selected external product and service providers. In addition, to strengthen its ability to attract and advise the world's largest fortunes, BNP Paribas Wealth Management has set up a specialized UHNWI (ultra high net worth individuals) team responsible for global coverage of this segment.

BNP Paribas Wealth Management ranks as sixth worldwide and fourth in Western Europe in private banking with almost €254 billion in assets under management at year-end 2010 and over 6,100 professionals in almost 30 countries.[53] In France, it ranks number one with €69 billion in assets under management.[54]

Personal Investors

BNP Paribas Personal Investors provides independent financial advice and a wide range of investment services to individual clients. This business line brings together three players:

- Cortal Consors, Europe's leading online savings and brokerage player for individuals,[55] provides personalized investment advice and online trading services to over one million clients in Germany, France and Spain. Cortal Consors offers clients its investment advisory experience through several channels – online, telephone and face to face. Its broad range of independent products and services includes short-term investment solutions, mutual funds and life insurance.
- B*capital, an investment firm, specializes in personalized advice on listed securities and derivatives as well as portfolio advisory and discretionary portfolio management for affluent clients. It provides clients with direct access to all markets, financial analysis, personalized portfolio advisory and portfolio management services. B*capital is the majority shareholder in investment firm Portzamparc, which specializes in small- and mid-cap companies.

[53] Source: In-house study based on information published by competitors at September 30, 2010.

[54] Source: BNP Paribas Securities Services' figures for assets under custody, December 31, 2010; globalcustody.net competitors' assets under custody tables, February 2, 2011.

[55] Source: in-house study based on information published by competitors.

- Geojit BNP Paribas is one of the leading retail brokers in India. It provides brokerage services for equities, derivatives and financial savings products (funds and life insurance) by phone, online and via a network of more than 500 branches. Geojit BNP Paribas also operates in the United Arab Emirates, Saudi Arabia, Oman, Bahrain and Kuwait, where it targets mainly a non-resident Indian clientele.

In Luxembourg and Singapore, BNP Paribas Personal Investors provides products and services to an international and expatriate clientele.

At December 31, 2010, BNP Paribas Personal Investors[56] had 1.3 million customers and €33 billion in assets under management, of which 39% was invested in equity assets, 38% in savings products or mutual funds and 23% in cash. BNP Paribas Personal Investors employs over 4,100 staff.

BNP Paribas Personal Investors' goal is to strengthen its leading position in Europe and in emerging markets that enjoy strong potential for savings.

BNP Paribas Securities Services

BNP Paribas Securities Services is a top five global provider of securities services.[57] Assets under custody increased in 2010 by +12.9% over 2009 to €4,641 billion. Assets under administration grew by +5.8% to €771 billion and the number of funds rose by +0.7% to 6,329. The number of transactions settled declined by 5.1% to 47 million, against a background of very low activity in the financial markets.

BNP Paribas Securities Services provides integrated solutions for all operators involved in the investment cycle: sell side, buy side and issuers.

- investment banks, broker-dealers, banks and market organizations are offered customized solutions in execution services, derivatives clearing, local and global clearing, settlement/delivery and custody for all onshore and offshore asset classes worldwide. Outsourcing solutions for middle and back-office activities are also provided;

- institutional investors (asset managers, alternative fund managers, sovereign wealth funds, insurance companies, pension funds, fund distributors and fund sponsors) have access to an array of services. These include global custody, depository bank and trustee services, transfer agency and fund distribution support, fund administration and middle-office outsourcing, investment reporting and risk and performance measurement; and

- issuers (originators, arrangers and corporations) are provided with a wide range of corporate trust solutions: securitization and structured finance services, debt agency services, issuer advisory, stock option and employee stock plans, shareholder services and management of annual general meetings.

- market and financing services are provided across all client types. These include securities lending and borrowing, foreign exchange, credit and collateral management, and cash financing.

BNP Paribas Real Estate

With 3,300 employees, BNP Paribas Real Estate is ranked second as continental Europe's provider of real estate services to companies[58] and one of France's major players in residential property.[59]

Its offering is unique in terms of its geographical reach and the diversity of its business lines. Its client base encompasses corporate occupiers, investors, local authorities, property developers and individuals.

[56] With Geojit included at a rate of 34.33%.

[57] Source: BNP Paribas Securities Services' figures for assets under custody, December 31, 2010; globalcustody.net competitors' assets under custody tables, February 2, 2011.

[58] Source: Property Week, June 2010.

[59] Source: Innovapresse property developer league tables, September 2010.

International network

- In commercial real estate, BNP Paribas Real Estate supports its customers in 30 countries worldwide:
- 15 countries with direct operations:
  - Europe: Germany, Belgium, Spain, France, Hungary, Ireland, Italy, Jersey, Luxembourg, Poland, Czech Republic, United Kingdom, Romania,
  - India and the Gulf countries;
- 15 other countries through alliances with local partners.
- In residential real estate, BNP Paribas Real Estate's is mainly active in France.

Six complementary real estate business lines

- Property development
- 50,000 square meters of commercial property and 3,200 housing units started in 2010.
- ranked among the top French real estate developers.
- Transactions
  - commercial property: approximately 7.7 million square meters of commercial property let in 2010 (office, light industrial, retail space, etc.). First in France, Germany and Luxembourg;[60]
  - residential property: more than 3,950 new housing units marketed in 2010.
- Consulting
  - advising clients on their real estate projects and optimizing their asset portfolios.
- Valuation
  - 84,000 appraisals in 2010 on all types of real estate assets (offices, retail, hotels, warehouses, land, etc.).
  - number one in France.
- Property Management
  - commercial property: 30 million square meters managed. First in France, Belgium and Luxembourg;
  - residential property: over 6,000 housing units managed in student residences and serviced apartments for business users.
- Investment Management
  - almost €11 billion of real estate assets managed in France, Italy, Luxembourg, United Kingdom and Belgium. One of the leading managers of non-trading property investment trusts in France.

[60] Source: Internal data.

Corporate and Investment Banking

BNP Paribas Corporate and Investment Banking (CIB) employs 19,800 people across more than 50 countries. CIB provides its clients with financing, advisory and capital markets services. During 2010, CIB made a significant contribution to the Group's revenues (27% of total revenues) and earnings (41% of pre-tax net income).

BNP Paribas CIB has 14,000 clients, consisting of companies, financial institutions and investment funds, which are central to BNP Paribas CIB's strategy and business model. Staff's main aim is to develop and maintain long-term relationships with clients, to support them in their expansion or investment strategy and provide global solutions to meet their financing, advisory and risk management needs.

As an integral part of a robust, well-known group and drawing on its client-focused business model, BNP Paribas CIB continued to demonstrate its ability to adapt to the new economic and financial challenges facing the banking industry and its clients. In 2010, BNP Paribas CIB strengthened its European leadership and further developed its international activities, consolidating its role as European partner of choice for many companies and financial institutions worldwide.

Structured Finance

Structured Finance (SF) operates at the crossroads of the lending and capital markets activities. It designs customized financing solutions for a global clientele. With a presence in almost 40 countries and over 2,000 experts, SF offers a full range of financing solutions, from the origination, structuring and execution of structured debt through syndication. Structured Finance also includes CIB's flow banking activities.

In 2010, in a continuously difficult market, SF closed a large number of deals that contributed to financing the economy. It finances its clients' investment and expansion projects by providing customized integrated solutions geared to their specific needs. Clients therefore benefit from a comprehensive offering combining product expertise with dedicated sales teams.

SF plays a prominent role in energy and commodities financing, asset financing (aircraft, maritime, real estate), export financing, leveraged financing, project financing, corporate acquisition financing, trade financing, cash management and loan syndication.

Once again in 2010, SF won a number of awards reflecting the excellence of its teams and the quality of its achievements:

- Aircraft Finance Innovator of the Year (*Jane's Transport Finance* 2011);
- EMEA (Europe, Middle East and Africa) & Latin American Loan House (*IFR* 2010);
- Best Commodity Finance Bank (*GTR* 2010);
- Excellence in Energy Markets (*Commodities Now/Energy Business* 2010);
- Excellence in Corporate Social Responsibility (*Commodities Now/Energy Business* 2010);
- Best Global Infrastructure & Project Finance House (*Euromoney* 2010);
- Number 1 MLA (Mandated Lead Arranger) for all ECA Backed Loans (*Dealogic* 2010);
- Number 1 Bookrunner and MLA for Syndicated Loans in EMEA by Volume and Number of Deals (*Thomson Reuters* 2010);
- Number 1 Bookrunner and MLA in EMEA in Acquisition/Demerger Finance by Volume and Number of Deals (*Dealogic* 2010);
- Number 1 Bookrunner and MLA for Media & Telecom in EMEA by Volume and Number of Deals (*Dealogic* 2010).

Corporate and Transaction Banking Europe

Corporate and Transaction Banking Europe (CTBE), created in February 2010, is the cornerstone for the Bank's strategy of becoming "THE bank for companies in Europe". CTBE provides its corporate clients with both day-to-day corporate banking services in liaison with the competence centers Global Cash Management, Global Trade Solutions and Global Factoring, and a full range of investment banking services from CIB's other business lines.

CTBE targets a local clientele of large and mid caps and the local subsidiaries of the Bank's customers from all regions. Clients are served equally whether they come from CIB, a domestic retail market or another retail banking entity.

With its corporate banking focus, CTBE offers to all its clients financing, cash management and trade solutions. It works hand in hand with BNP Paribas Factor and Arval to distribute a range of leasing and factoring solutions. It also joins with the other CIB business lines to offer their products and services to its clients, and particularly the Fixed Income business line for simple interest rate and exchange rate hedging solutions.

CTBE operates in 18 counties (Germany, Austria, Bulgaria, Denmark, Spain, Greece, Hungary, Ireland, Israel, Norway, The Netherlands, Portugal, Czech Republic, Romania, United Kingdom, Russia, Sweden and Switzerland) and has 32 business centers. A team of 200 relationship managers, 40 cash management specialists and 25 trade solutions specialists serve 8,000 clients. CTBE works in cooperation with the relevant branch networks to provide corporate banking services in the Group's four domestic markets.

Corporate Finance

Corporate Finance offers its clients advisory services for mergers and acquisitions, primary equity capital market transactions and financial restructuring. The mergers & acquisitions (M&A) teams advise both buyers and targets and also offer advice on strategic financial issues and privatizations. Primary capital market services include initial public offerings (IPOs), equity issues, secondary placements, and convertible/exchangeable bond issues. It employs 400 professionals in a global network based on two main platforms (one in Europe and one in Asia) and a growing presence in the Middle East, Africa and the Americas.

In M&A, BNP Paribas has consolidated its European expansion, ranking number one in France (Thomson Reuters and Dealogic, announced and completed deals) and number six in the United Kingdom (Bloomberg, announced deals) in 2010. In Asia (excluding Japan), the Bank ranks fifth (Thomson Reuters, completed deals) and was awarded "Best Domestic M&A/Best Privatization: Guangzhou Automotive Group $3.2 billion Privatization of Denway Motors and H-Share IPO", by The Asset. It has also gained a strong foothold in Africa and the Middle-East where it now ranks number two (Bloomberg, announced deals); this strength is underlined by the following awards:

- "Cross Border Deal of the Year - Zain-Bharti Airtel" (*Acquisitions Monthly)*
- "MENA Advisor of the Year" (Acquisitions Monthly)
- "Best M&A House in Kuwait" (*emeafinance)*

In the primary equity markets, BNP Paribas has consolidated its European leadership, winning the number one spot in 2010 as bookrunner for equity-linked deals (Dealogic) and named "EMEA Structured Equity House" by IFR. BNP Paribas also ranks number ten in EMEA as bookrunner for "All Equity Capital Markets" deals (Dealogic) and won the following awards:

- "Europe Equity Deal of the Year 2010" awarded by *The Banker* for the "Cable & Wireless – £230 million Convertible Bond" deal, for which BNP Paribas acted as bookrunner;
- "Best Equity House in France" (*Euromoney)*.

In Asia, BNP Paribas won the following awards:

- “Best Small-Cap Equity: Huiyin Household Appliances $69.3 million IPO” BNP Paribas global coordinator, awarded by *The Asset* in the “Triple A Regional Awards 2010”;

- “Asia Pacific Financial Institutions Group Capital Raising Deal of the Year 2010” awarded by *The Banker* for the “Shinhan Financial Group – $1 billion Rights Issue”, for which BNP Paribas acted as joint lead manager and underwriter.

Global Equities & Commodity Derivatives

The activities of BNP Paribas CIB’s Global Equities & Commodity Derivatives (GECD) division span equity derivatives, commodity derivatives, index and fund derivatives, and Asian equity research and brokerage services. It employs 1,400 front-office professionals operating in three major regions (Europe, America, Asia-Pacific).

GECD is organized into three business lines:

- Structured Equity provides structured solutions to a broad clientele comprising personal and business customers, banking networks, insurance companies and pension funds. It provides customized or exchange-traded structured products to meet their needs in capital protection, yield and diversification.

- Flow and Financing covers products and services required by institutional investors to implement their investment, hedging and portfolio optimization needs in a multitude of markets and underlyings. These products and services encompass flow derivatives, stock lending, prime brokerage and execution, as well as Asian equities research and brokerage.

- Commodity Derivatives provides a range of hedging solutions to corporate clients whose business is highly correlated with commodity prices (producers, refineries and transport companies). It also provides investors with access to commodities through various investment strategies and structured solutions.

An entity dedicated to the Emerging Markets completes the structure to meet the growing interest in investing in this area, as well as the specific needs of emerging and growth market clients.

2010 Awards

GECD’s expertise and know-how was recognized in 2010 by the following awards:

- Best Global Equity Derivatives House (*Euromoney* 2010);

- Best Equity Structured Products for *Super Sprinter* (*Finance Asia* 2010);

- Structured Products House of the Year (*Risk* 2011);

- Derivatives House of the Year (The Asset Triple A Investment Awards 2010);

- Emissions Europe - House of the Year (*Energy Risk* 2010);

- Excellence in Corporate and Social Responsibility (*Commodity Business Awards* 2010).

Fixed Income

BNP Paribas CIB’s Fixed Income division is a global provider of solutions in the interest rate, foreign exchange (FX) and credit markets. With headquarters in London, six other trading floors in Paris, New York, São Paulo, Hong Kong, Singapore and Tokyo, and additional regional offices throughout Europe, the Americas, the Middle East and Asia-Pacific, the business has approximately 2,000 staff globally.

The business line covers a broad range of products and services, including origination, syndication, trading, distribution, e-commerce, structuring and research. The division’s global network of fixed income experts has built a large and diverse client base of asset managers, insurance companies, banks, companies, governments and supranational organizations.

Teams of dedicated experts in each region help to finance the economy by meeting client needs with financing solutions such as bond issues. Fixed Income also offers its institutional client base new investment opportunities, liquidity sources and solutions to manage various types of risk, such as interest rate, inflation, foreign exchange and credit risk. In 2010, Fixed Income brought its clients real added-value, as illustrated by its rankings in the official league tables and awards won:

2010 Rankings

- number one bookrunner for euro bond issues, among the top 10 bookrunners for global bond issues in all currencies (*Thomson Reuters Bookrunner Rankings* 2010);
- number five in all interest rate products all currencies combined and number three in euro inflation products (*Total Derivatives/Euromoney Interest Rate Derivatives* Survey 2010);
- number three in global credit derivatives (*Risk Institutional Investor Survey* 2010);
- number two in forex services for financial institutions (*Asiamoney FX Poll* 2010);
- number two in credit research in the "banks", " non-bank financial institutions" and "consumer products" sectors, and number 5 in credit strategy and trading ideas (*Euromoney Fixed Income Research Poll* 2010);
- number one derivatives dealer in Asia, no 1 currency derivatives in Asia, number two credit derivatives in Asia, number two interest rate derivatives in Asia (*AsiaRisk Interdealer Rankings* 2010).

2010 Awards

- Structured Products House of the Year (*Risk* 2010);
- Euro Bond House of the Year (*IFR* 2010);
- EMEA Investment-Grade Corporate Bond House of the Year (*IFR* 2010);
- Covered Bond House of the Year (*IFR* 2010);
- FX House & Interest Rates House (*Structured Products Europe Awards* 2010);
- Most Innovative in FX (*The Banker* 2010);
- Derivatives House of the Year in Asia-Pacific, Best Derivatives House-Institutional & Best Credit Derivatives House (*The Asset Asian Awards* 2010).

BNP Paribas Principal Investments

BNP Paribas Principal Investments manages the Group's portfolio of listed and unlisted investments and emerging market sovereign debt.

Listed Investment Management

The Listed Investment Management unit acquires and manages minority interests in listed companies on behalf of the Group. Investments are generally made in large caps and the portfolio comprises mostly French companies. The unit's mission is to extract the greatest possible value from its assets over the medium term.

Unlisted Investment Management

The Unlisted Investment Management unit manages the Group's portfolio of interests in unlisted companies (direct and indirect through funds). It identifies and analyzes investment opportunities, structures transactions, manages investments with a view to extracting value in the medium-term and organizes the disposal of mature investments.

Emerging Market Sovereign Debt Management

The Sovereign Debt Management unit's role is to:

- monitor, on the Group's behalf, restructurings of emerging market sovereign debt in default or in difficulties and taking part in or chairing specially-created credit committees (London Club Committees).

- manage the portfolio of emerging market sovereign debt housed in Principal Investments, with a view to extracting value in the medium-term.

Klépierre

Klépierre is an owner, manager and developer of shopping centers, providing major international retailers with a unique platform for their expansion in continental Europe through its portfolio of 356 managed shopping centers, 273 of which are also owned by Klépierre. The Group operates in 13 European countries, including France, Belgium, Norway, Sweden, Denmark, Italy and Spain. Ségécé and Steen & Strøm, subsidiaries of Klépierre, are the leading shopping centre managers in continental Europe and Scandinavia respectively.[61]

Klépierre also offers sale & lease back solutions in out-of-town and city-centre locations in France through its subsidiary Klémurs.

Furthermore, Klépierre owns and manages a portfolio of office buildings concentrated in the main business districts of Paris and inner suburbs (3.6% of the portfolio at December 31, 2010).

At December 31, 2010, Klépierre's portfolio was valued at €15.1 billion (excluding transfer duties) and the company employed 1,500 people.

Klépierre and Klémurs, both of which are SIICs (French REITs), are listed on compartment A and compartment C, respectively, of NYSE Euronext Paris.

Legal proceedings

Legal action has been taken against several Algerian and international banks, including BNP Paribas El Djazair, a subsidiary of the Bank, for administrative errors in processing international trade financing applications. BNP Paribas El Djazair has been accused of non-compliance with foreign exchange regulations in seven cases before Algerian courts. BNP Paribas El Djazair was ordered by a lower court to pay fines of approximately €200 million. Three of these cases were subsequently overturned on appeal, including the case involving the most significant amount (€150 million). Two other appeals rulings have upheld fines totaling €52 million. All of these rulings have been appealed before the Cassation Court, and execution has been suspended pending the outcome of these appeals pursuant to Algerian law. BNP Paribas El Djazair will continue to vigorously defend itself before the Algerian courts with a view to obtaining recognition of its good faith towards the authorities, which suffered no actual damage.

On 27 June 2008, the Republic of Iraq filed a lawsuit in New York against 92 international companies having participated in the oil-for-food program, among them BNP Paribas. The complaint alleges, notably, that the defendants conspired to defraud the oil-for-food program, thereby depriving the Iraqi people of more than $10 billion in food, medicine and other humanitarian goods. The complaint also contends that BNP Paribas breached purported fiduciary duties and contractual obligations created by the banking agreement binding BNP

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61 Source: Internal data.

Paribas and the United Nations Organization. The complaint is pleaded under the U.S. Racketeer Influenced and Corrupt Organizations Act which allows treble damages for successful plaintiffs if damages are awarded. The proceedings are currently in a jurisdictional phase. The court is expected to rule on its jurisdiction in 2011. There is no basis to sustain any accusation or allegation concerning any purported breach by the Bank in relation to any payments made by other persons in connection with the export of humanitarian goods to Iraq under the oil-for-food program. The Bank intends to vigorously defend itself against this complaint.

There is no other pending government, legal or arbitration proceeding of which the Company is aware that is likely to have or has had within the last 12 months a significant impact on the financial position or profitability of the Company and/or Group.

Main Shareholders of BNP Paribas

As of December 31, 2010, the SFPI (*Société Fédérale de Participation et d'Investissement*) a public-interest *société anonyme* (public limited company) acting on behalf of the Belgian government held 10.7% of the Bank's share capital and the Grand Duchy of Luxembourg held 1.1% of the Bank's share capital.

At December 31, 2010, AXA held 5.1% of the share capital, or approximately 61.65 million shares, of BNP Paribas (5.2% of voting rights).

The Bank has also long been a shareholder of AXA, a French *société anonyme* (corporation). At December 31, 2010, the Bank held 5.21% of the share capital and 8.16% of the voting rights, or approximately 120.8 million shares, of AXA.

On August 5, 2010, and after authorization by the AXA Board of Directors on August 3, 2010, the AXA Group and the BNP Paribas Group entered into an agreement that replaces a prior agreement between them dated December 15, 2005. The 2010 agreement maintains the option for each party to repurchase its shares in the event of a hostile change of control of the other party. In force for a period of three years starting from August 5, 2010, this agreement is renewable automatically for successive periods of one year thereafter, unless one of the two parties decides to terminate the agreement earlier, in which case the terminating party is required to give three months notice prior to the next renewal date. The agreement was made public by the AMF on August 9, 2010.

As of December 31, 2010, to the knowledge of the Board of Directors of BNP Paribas, no shareholder other than SFPI or AXA owns more than 5% of the Bank's share capital or voting rights.

RISK MANAGEMENT

Risk management is key in the business of banking. At BNP Paribas, operating methods and procedures throughout the organization are geared towards effectively addressing this matter. The entire process is supervised primarily by the Group Risk Management Department (GRM), which is responsible for measuring and controlling risks at Group level. GRM is independent from the divisions, business lines and territories and reports directly to Group Executive Management. The Group Compliance department (GC) monitors operational and reputation risk as part of its responsibility for permanent controls.

The Role and Organization of GRM

While front-line responsibility for managing risks lies with the divisions and business lines that propose the underlying transactions, GRM is responsible for providing assurance that the risks taken by the Bank comply and are compatible with its risk policies and its profitability and rating objectives. GRM, and GC for operational and reputation risk, perform continuous, generally ex-ante controls that are fundamentally different from the periodic, ex-post examinations of the Internal Auditors. GRM reports regularly to the Internal Control and Risk Management Committee of the Board on its main findings, as well as on the methods used by GRM to measure these risks and consolidate them on a Group-wide basis. GC reports to the Committee on issues relevant to its remit, particularly those concerning operational risk, financial security, reputation risk and permanent controls.

GRM covers risks resulting from the Group's business operations. It intervenes at all levels in the risk taking and monitoring process. Its remit includes formulating recommendations concerning risk policies, analyzing the loan portfolio on a forward-looking basis, approving corporate loans and trading limits, guaranteeing the quality and effectiveness of monitoring procedures, defining and/or approving risk measurement methods, and producing comprehensive and reliable risk reporting data for Group management. GRM is also responsible for ensuring that all the risk implications of new businesses or products have been adequately evaluated. These evaluations are performed jointly by the sponsoring business line and all the functions concerned (Group Tax Department, Group Legal Department, Group Development and Finance, Group Compliance and Information Technology and Processes). The quality of the approval process is overseen by GRM which reviews identified risks and the resources deployed to mitigate them, as well as defining the minimum criteria to be met to ensure that growth is based on sound business practices. GC has identical responsibilities as regards operational and reputation risk. It plays an important oversight and reporting role in the process of approving new products, new business activities and exceptional transactions.

Risk Categories

The risk categories reported by BNP Paribas evolve in line with methodological developments and regulatory requirements.

All the risk categories discussed below are managed by BNP Paribas. However, no specific capital requirement is identified for reputation and strategy risk as these are risks that may lead to a change in share price that is borne directly by the shareholders and cannot be protected by the Bank's capital.

Reputation risk is thus contingent on other risks and, apart from market rumors leading to a change in share price, its impacts are included in estimated losses incurred for other risk categories.

Similarly, strategy risk arising from the strategic decisions published by the Bank, which could give rise to a change in share price, is a matter for the highest level of governance and is the shareholder's responsibility.

Credit and Counterparty Risk

Credit risk is the risk of incurring a loss on loans and receivables (existing or potential due to commitments given) resulting from a change in the credit quality of the Bank's debtors, which can ultimately result in default. The probability of default and the expected recovery on the loan or receivable in the event of default are key components of the credit quality assessment.

Credit risk is measured at the portfolio level, taking into account correlations between the values of the loans and receivables that comprise the relevant portfolio.

Counterparty risk is the manifestation of credit risk in market, investment and/or payment transactions that potentially expose the Bank to the risk of default by the counterparty. It is a bilateral risk on a counterparty with whom one or more market transactions have been concluded. The amount of this risk may vary over time in line with market parameters that impact the value of the relevant market instrument.

Market Risk

Market risk is the risk of incurring a loss of value due to adverse trends in market prices or parameters, whether directly observable or not.

Observable market parameters include, but are not limited to, exchange rates, interest rates, prices of securities and commodities (whether listed or obtained by reference to a similar asset), prices of derivatives, prices of other goods, and other parameters that can be directly inferred from them, such as credit spreads, volatilities and implied correlations or other similar parameters.

Non-observable factors are those based on working assumptions such as parameters contained in models or based on statistical or economic analysis, non confirmed by market information.

Liquidity is an important component of market risk. In times of limited or no liquidity, instruments or goods may not be tradable or may not be tradable at their estimated value. This may arise, for example, due to low transaction volumes, legal restrictions or a strong imbalance between demand and supply for certain assets.

Operational Risk

Operational risk is the risk of incurring a loss due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Management of operational risk is based on an analysis of the "cause – event – effect" chain.

Internal processes giving rise to operational risk may involve employees and/or IT systems. External events include, but are not limited to floods, fire, earthquakes and terrorist attacks. Credit or market events such as default or fluctuations in value do not fall within the scope of operational risk.

Operational risk encompasses human resources risks, legal risks, tax risks, information system risks, misprocessing risks, risks related to published financial information and the financial implications resulting from reputation and compliance risks.

Compliance and Reputation Risk

According to French regulations, compliance risk is the risk of legal, administrative or disciplinary sanctions, together with the significant financial loss that a bank may suffer as a result of its failure to comply with all the laws, regulations, codes of conduct and standards of good practice applicable to banking and financial activities (including instructions given by an executive body, particularly in application of guidelines issued by a supervisory body).

By definition, this risk is a sub-category of operational risk. However, as certain implications of compliance risk involve more than a purely financial loss and may actually damage the institution's reputation, the Bank treats compliance risk separately.

Reputation risk is the risk of damaging the trust placed in a company by its customers, counterparties, suppliers, employees, shareholders, regulators and any other stakeholder whose trust is an essential condition for the company to carry out its day-to-day operations.

Reputation risk is primarily contingent on all the other risks faced by the Bank.

Asset-liability Management Risk

Asset-liability management risk is the risk of incurring a loss as a result of mismatches in interest rates, maturities or nature between assets and liabilities. For banking activities, asset-liability management risk arises in non-trading portfolios and primarily relates to global interest rate risk. For insurance activities, it also includes the risk of mismatches arising from changes in the value of shares and other assets (particularly property) held by the general insurance fund.

Liquidity and Refinancing Risk

Liquidity and refinancing risk is the risk of the Bank being unable to fulfill its obligations at an acceptable price in a given place and currency.

Insurance Subscription Risk

Insurance subscription risk corresponds to the risk of a financial loss caused by an adverse trend in insurance claims. Depending on the type of insurance business (life, personal risk or annuities), this risk may be statistical, macro-economic or behavioral, or may be related to public health issues or natural disasters. It is not the main risk factor arising in the life insurance business, where financial risks are predominant.

Breakeven Risk

Breakeven risk is the risk of incurring an operating loss due to a change in the economic environment leading to a decline in revenue coupled with insufficient cost-elasticity.

Strategy Risk

Strategy risk is the risk that the Bank's share price may fall because of its strategic decisions.

Concentration risk

Concentration risk and its corollary, diversification effects, are embedded within each risk, especially for credit, market and operational risks using the correlation parameters taken into account by the corresponding risk models.

It is assessed at consolidated Group level and at financial conglomerate level.

Credit and Counterparty Risk

The following table shows all of the BNP Paribas Group's financial assets, including fixed-income securities, which are exposed to credit risk. Credit risk exposure does not include collateral and other security taken by the Group in its lending business or purchases of credit protection. It is based on the carrying value of financial assets recognized on the balance sheet.

In millions of euros	31 December 2010				31 December 2009			
	IRBA	Standardised Approach	Total	Average exposure	IRBA	Standardised Approach	Total	Average exposure(***)
Central governments and central banks	174,362	19,618	193,980	203,515	181,691	31,359	213,050	156,019
Corporates	446,141	154,683	600,824	584,582	419,000	149,341	568,341	507,994
Institutions (*)	100,104	27,217	127,321	132,842	109,701	28,661	138,362	134,093
Retail	198,304	176,009	374,313	363,328	184,382	167,960	352,342	308,891
Securitisation positions	53,332	3,784	57,116	57,498	52,621	5,260	57,881	44,396
Other non credit-obligation assets (**)		89,455	89,455	84,805	261	79,894	80,155	78,461
Total exposure	972,243	470,766	1,443,009	1,426,570	947,656	462,475	1,410,131	1,229,854

(*) The Basel II Institutions asset class comprises credit institutions and investment firms, including those recognized in other countries. It also includes some exposures to regional and local authorities, public sector agencies and multilateral development banks that are not treated as central government authorities.

(**) Other non credit-obligation assets include tangible assets and accrued income and other assets.

(***) For the record, BNP Paribas Fortis and BGL BNP Paribas have been consolidated only since June 30, 2009.

The table above shows the entire prudential scope based on the asset classes defined in Article 40-1 of the decree of February 20, 2007 on capital requirements for credit institutions and investment firms.

The credit risk exposure shown in the table above at December 31, 2010 represents the gross amount before impairment of deposit accounts with central banks and post office banks (€34 billion), loans granted to customers (€711 billion), and credit institutions (€64 billion), loans and fixed-income securities classified as "available-for-sale financial assets", "held-to-maturity financial assets" or designated as at fair value through profit or loss (€227 billion), remeasurement adjustment on interest-rate risk hedged portfolios (€2 billion), property, plant and equipment, and investment property (€29 billion), accrued income and other assets (€83 billion), and financing and guarantee commitments given (€418 billion). Exposure to repo transactions, which is included in the counterparty risk exposures below (-€24 billion) and exposure not included in the prudential covered scope (-€101 billion) have been deducted from these amounts.

The table below shows exposure to counterparty risk (measured as exposure at the time of default) by Basel asset class on derivatives contracts and securities lending/borrowing transactions, after the impact of any netting agreements.

In millions of euros	31 December 2010				31 December 2009			
	IRBA	Standardised Approach	Total	Average exposure	IRBA	Standardised Approach	Total	Average exposure(**)
Central governments and central banks	8,997	6	9,003	8,293	7,582	1	7,583	9,469
Corporates	42,212	2,555	44,767	47,525	46,414	3,869	50,283	53,907
Institutions (*)	37,635	898	38,533	40,307	41,042	1,039	42,081	40,035
Retail	-	12	12	13	-	14	14	7
Total exposure	88,844	3,471	92,315	96,138	95,038	4,923	99,961	103,418

(*) The Basel II Institutions asset class comprises credit institutions and investment firms, including those recognized in other countries. It also includes some exposures to regional and local authorities, public sector agencies and multilateral development banks that are not treated as central government authorities.

(**) For the record, BNP Paribas Fortis and BGL BNP Paribas have been consolidated only since June 30, 2009.

Credit Risk

Management of Credit Risk - Lending Activities

General Credit Policy and Control and Provisioning Procedures

The Bank's lending activities are governed by the Global Credit Policy approved by the Risk Committee, chaired by the Chief Executive Officer. The purpose of the Committee is to determine the Group's risk management strategy. The policy is underpinned by core principles related to compliance with the Group's ethical standards, clear definition of responsibilities, the existence and implementation of procedures and thorough analysis of risks. It is rolled down in the form of specific policies tailored to each type of business or counterparty.

Decision-making Procedures

A system of discretionary lending limits has been established, under which all lending decisions must be approved by a formally designated member of GRM. Approvals are systematically evidenced in writing, either by means of a signed approval form or in the minutes of formal meetings of a Credit Committee. Discretionary lending limits correspond to aggregate commitments by business group and vary according to internal credit ratings and the specific nature of the business concerned. Certain types of lending commitments, such as loans to banks, sovereign loans and loans to customers operating in certain industries are subject to specific authorization procedures and require the sign-off of an industry expert or designated specialist. In retail banking, simplified procedures are applied, based on statistical decision-making aids.

Loan applications must comply with the Bank's Global Credit Policy and with any specific policies, and must in all cases comply with the applicable laws and regulations. In particular, before making any commitments BNP Paribas carries out an in-depth review of any known development plans of the borrower, and ensures that it has thorough knowledge of all the structural aspects of the borrower's operations and that adequate monitoring will be possible.

The Group Credit Committee, chaired by one of the Chief Operating Officers or the head of GRM, has ultimate decision-making authority for all credit and counterparty risks.

Monitoring Procedures

A comprehensive risk monitoring and reporting system applies to all Group entities. The system is organized around Credit Risk Control units which are responsible for ensuring that lending commitments comply with the loan approval decision, that credit risk reporting data are reliable and that risks accepted by the Bank are effectively monitored. Daily exception reports are produced and various forecasting tools are used to provide early warnings of potential escalations of credit risks. Monitoring is carried out at different levels, generally reflecting the organization of discretionary lending limits. Depending on the level, the monitoring teams report to GRM or to the Group Debtor Committee. This Committee meets at monthly intervals to examine all loans in excess of a given threshold, for which it decides on the amount of impairment losses to be recognized or reversed, based on a recommendation from the business lines, with GRM's approval. In addition, a quarterly Committee reviews sensitive or non-performing loans.

Impairment Procedures

GRM reviews all corporate, bank and sovereign loans in default at monthly intervals to determine the amount of any impairment loss to be recognized, either by reducing the carrying amount or by recording a provision for impairment, depending on the applicable accounting standards. The amount of the impairment loss is based on the present value of probable net recoveries, including from the possible realization of collateral.

In addition, a collective impairment is established for each core business on a statistical basis. A committee comprising the Core Business Director, the Group Chief Financial Officer or his representative and the head of GRM meets quarterly to determine the amount of the impairment. This is based on simulations of losses to maturity on portfolios of loans whose credit quality is considered as impaired, but where the customers in question have not been identified as in default (i.e. loans not covered by specific impairment). The simulations carried out by GRM use the parameters of the internal rating system described below.

Internal Rating System

The BNP Paribas Group uses an advanced internal ratings-based approach (IRBA) to credit risk for the retail, sovereign, institutions, corporate and equity asset classes to calculate the regulatory capital requirements for Corporate and Investment Banking, French Retail Banking, part of Personal Finance, BNP Paribas Fortis and BNP Paribas Securities Services (BP2S). For other businesses, the Basel II standardized approach is used to calculate regulatory capital based on external ratings. Each counterparty is rated internally by the Group using the same methods, regardless of the approach used to calculate regulatory capital requirements.

The Bank has a comprehensive internal rating system in accordance with regulatory requirements regarding capital adequacy. A periodic assessment and control process has been deployed within the Bank to ensure that the system is appropriate and correctly implemented. The system was formally approved by the French banking supervisor (Autorité de Contrôle Prudentiel) in December 2007. BNP Paribas' rating system was rolled out at BNP Paribas Fortis in May 2010.

For corporate loans, the system is based on three parameters: the counterparty's probability of default expressed via a rating, global recovery rate (or loss given default), which depends on the structure of the transaction, and the credit conversion factor (CCF), which estimates the portion of off-balance sheet exposure at risk.

There are twelve counterparty ratings. Ten cover performing clients with credit assessments ranging from "excellent" to "very concerning", and two relate to clients classified as in default, as per the definition by the banking supervisor.

Ratings are determined at least once a year, in connection with the loan approval process, drawing on the combined expertise of business line staff and GRM credit risk managers, who conduct a second review.

High quality tools have been developed to support the rating process, including analysis aids and credit scoring systems. The decision to use these tools and the choice of technique depends on the nature of the risk.

Where external ratings exist, they are taken into account by credit risk analysts, relying on an indicative mapping of the internal rating scale against the external ratings based on the one-year default probability for each rating. The Bank's internal rating for an exposure is not necessarily the same as the external rating, and there is no strict correspondence between an external "investment grade" rating[62] and an internal rating equal to or higher than 5. Counterparties with a BBB- external rating may be rated 6 internally, even though an external BBB- theoretically equates to an internal 5. Annual benchmarking studies are carried out to compare internal and external ratings.

Various quantitative and other methods are used to check rating consistency and the rating system's robustness. Loans to private customers and very small businesses are rated using statistical analyses of groups of risks with the same characteristics. GRM has overall responsibility for the quality of the entire system. This responsibility is fulfilled by either defining the system directly, approving it or verifying its performance.

Loss given default is determined either using statistical models for books with the highest degree of granularity or using expert judgment based on comparative values, in line with a process similar to the one used to determine the counterparty rating for corporate books.[63] Basel II defines loss given default as the loss that the Bank would suffer in the event of the counterparty's default in times of economic crisis.

For each transaction, it is measured using the recovery rate for a senior unsecured exposure to the counterparty concerned, adjusted for any effects related to the transaction structure (e.g. subordination) and for the effects of any risk mitigation techniques (collateral and other security). Amounts recoverable against collateral and other security are estimated each year on a conservative basis and discounts are applied for realizing security in a stressed environment.

Various credit conversion factors have been modeled by the Bank where permitted (i.e. excluding high-risk transactions where the conversion factor is 100%), either using historical internal default data or other techniques when there is insufficient historical data. Conversion factors are used to measure the off-balance sheet exposure at risk in the event of borrower default. Unlike rating and recovery rate, this parameter is assigned automatically depending on the transaction type and is not determined by the Credit Committee.

Each of the three credit risk parameters are backtested and benchmarked annually to check the system's performance for each of the Bank's business segments. Backtesting consists of comparing estimated and actual results for each parameter. Benchmarking consists of comparing the parameters estimated internally with those of external organizations.

For backtesting ratings, the default rate of populations in each rating category, or each group of risks with similar characteristics for retail banking operations, is compared with the actual default rate observed on a year by year basis. An analysis by rating policy, rating, geographical area and rating method is carried out to identify any areas where the models might be underperforming. The stability of the rating and its population is also verified. The Group has also developed backtesting techniques for default probabilities tailored to low default portfolios to assess the appropriateness of the system, even where the number of actual defaults is very low, such as sovereigns and banks, for example. The impacts of economic cycles are also taken into account. This backtesting work has proved that the ratings assigned by the Group are consistent with "through the cycle" ratings and that, the estimated default rate is conservative.

For benchmarking work on non retail exposures, internal ratings are compared with the external ratings of several agencies based on the mapping between internal and external rating scales. Some 10% to 15% of the Group's corporate clients have an external rating and the benchmarking studies reveal a conservative approach to internal ratings.

Backtesting of global recovery rates is based mainly on analyzing recovery flows on exposures in default. When an exposure has been written off, each amount recovered is discounted back to the default date

62 Defined as an external rating from AAA to BBB-.

63 Within the Group, the "Corporate" book includes institutions, companies, specialised financing and sovereign states.

and calculated as a percentage of the exposure. When an exposure has not yet been written off, the amount of provisions taken is used as a proxy for future recoveries. The recovery rate determined in this way is then compared with the initially forecasted rate. As with ratings, recovery rates are analyzed on an overall basis and by rating policy and geographical area. Variances on an item by item and average basis are analyzed taking into account the bimodal distribution of recovery rates. The results of these tests show that the Group's estimates are relevant in economic downturns and are conservative on an average basis. Benchmarking of recovery rates is based on data pooling initiatives in which the Group takes part.

The result of all backtesting and benchmarking work is presented annually to the Chief Risk Officer and to the bodies responsible for overseeing the rating system and risk practitioners worldwide. These results and ensuing discussions are used to help set priorities in terms of developing methodology and deploying tools.

Internal estimates of risk parameters are used in the Bank's day-to-day management in line with Basel II recommendations. Thus apart from calculating capital requirements, they are used for example when granting new loans or reviewing existing loans to measure profitability, determine collective impairment and for internal and external reporting purposes.

Prior to its acquisition, the Fortis Group had obtained approval from its supervisor, the Commission Bancaire, Financière et des Assurances (CBFA) in Belgium, to use the advanced IRB approach to calculate its capital requirements under Basel II, pillar 1. The ratings policies and systems of BNP Paribas Fortis and BGL BNP Paribas are due to converge with those of BNP Paribas, leading to a consistent methodology being used across the entire Group. The review being conducted for this purpose has shown that the concepts employed by the two banks are compatible and has enabled the Group to harmonize ratings of key counterparties. However, this work has not yet been completed. A hybrid approach has therefore been used at December 31, 2010, depending on the relevant businesses, based on the respective methods approved by the supervisors in France, Belgium and Luxembourg.

Portfolio Policy

In addition to carefully selecting and evaluating individual risks, BNP Paribas follows a portfolio-based policy, including the management of portfolio concentration by borrower, industry and country. The results of this policy are regularly reviewed by the various risk units, including the Risk Policy Committee and its various bodies, which may modify or fine-tune the general priorities as appropriate, based on GRM's analysis framework and recommendations. As part of this policy, BNP Paribas may use credit risk transfer instruments (such as securitization programs or credit derivatives) to hedge individual risks, reduce portfolio concentration or cap potential losses arising from crisis scenarios.

Scope and Nature of Risk Reporting and Measurement Systems

All the processes and information systems used by the credit risk reporting function were submitted for review to the French banking supervisor (Autorité de Contrôle Prudentiel). For BNP Paribas Fortis and BGL BNP Paribas, where the convergence work has not yet been completed, the processes and information systems used are those approved by the banking supervisory authorities of Belgium and Luxembourg.

The current credit risk measurement system is based on a two-tier architecture:

- a central tier mainly comprising the credit risk exposure consolidation system, central databases and the engine for computing regulatory capital, developed in-house;

- a local tier comprising credit risk monitoring and reporting systems owned by GRM.

Diversification of Exposure to Credit Risk

The Group's gross exposure to credit risk (prudential scope) was €1,296 billion at December 31, 2010, compared with €1,272 million at December 31, 2009. This portfolio, which is analyzed below in terms of its diversification, comprises all exposures to credit risk shown in the table at the beginning of this chapter, excluding securitization positions and other non credit-obligation assets[64].

No single counterparty gives rise to an excessive concentration of credit risk, due to the size of the business and the high level industrial and geographical diversification of the client base. The breakdown of credit risks by industry and by region is presented in the charts below.

Diversification by Counterparty

Diversification is a key component of the Bank's policy and is assessed by taking account of all exposure to a single business group. BNP Paribas achieves diversification largely through the extent and variety of its business activities and the widespread system of discretionary lending authorities.

Diversification of the portfolio by counterparty is monitored on a regular basis under the Group's individual risk concentration policy. The risk concentration ratio also ensures that the aggregate risk on each beneficiary[65] does not exceed 25% of the Group's net consolidated shareholders' equity. BNP Paribas remains well below the concentration limits set out in the European Directive on Large Exposures.

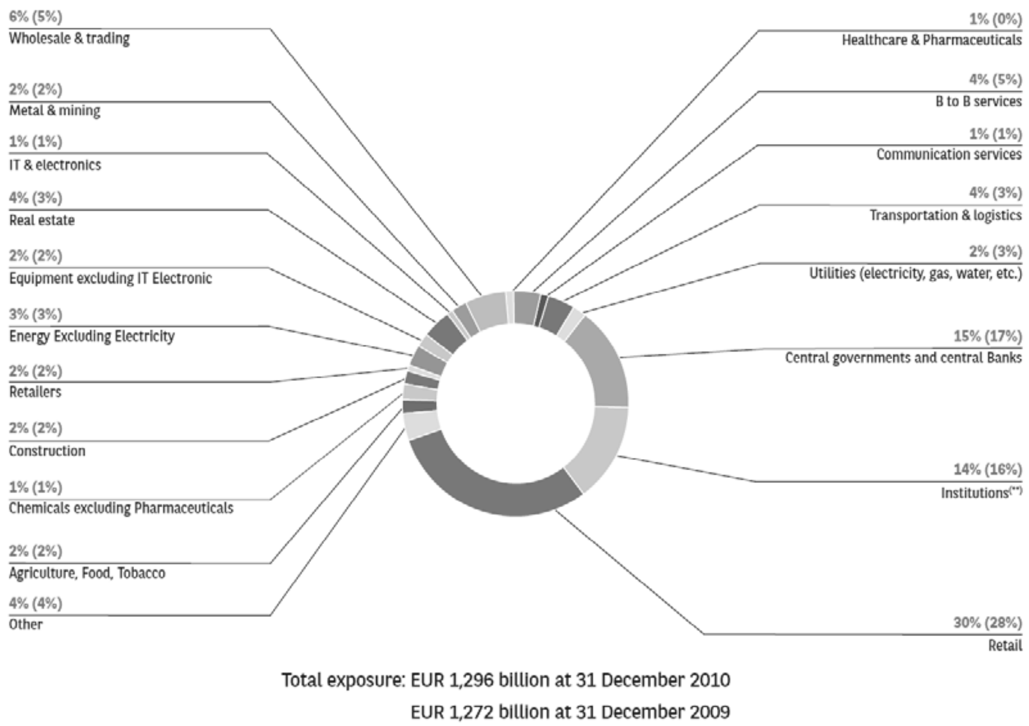
In addition, gross commitments to the top 20 counterparties in the corporate asset class accounted for 4% of this asset class total gross exposure at December 31, 2010, which represents a similar proportion to that recorded at December 31, 2009.

Industry Diversification

The breakdown of exposure by business sector is monitored carefully and supported by a forward-looking analysis for dynamic management of the Bank's exposure. This analysis is based on the in-depth knowledge of independent sector experts who express an opinion on trends in the sectors they follow and identify the factors underlying the risks faced by the main companies in the sector. This process is adjusted by sector according to its weighting in the Group's exposure, the technical knowledge required to understand the sector, its cyclicality and degree of globalization and the existence of any particular risk issues.

[64] The scope covered includes loans and receivables due from customers, amounts due from credit institutions and central banks, the Group's credit accounts with other credit institutions and central banks, financing and guarantee commitments given (excluding repos) and fixed-income securities in the banking book.

[65] Beneficiaries whose individual risks each exceed 10% of shareholders' equity, with a disclosure threshold set by the ACP at €300 million in exposure, are considered as Large Exposures.



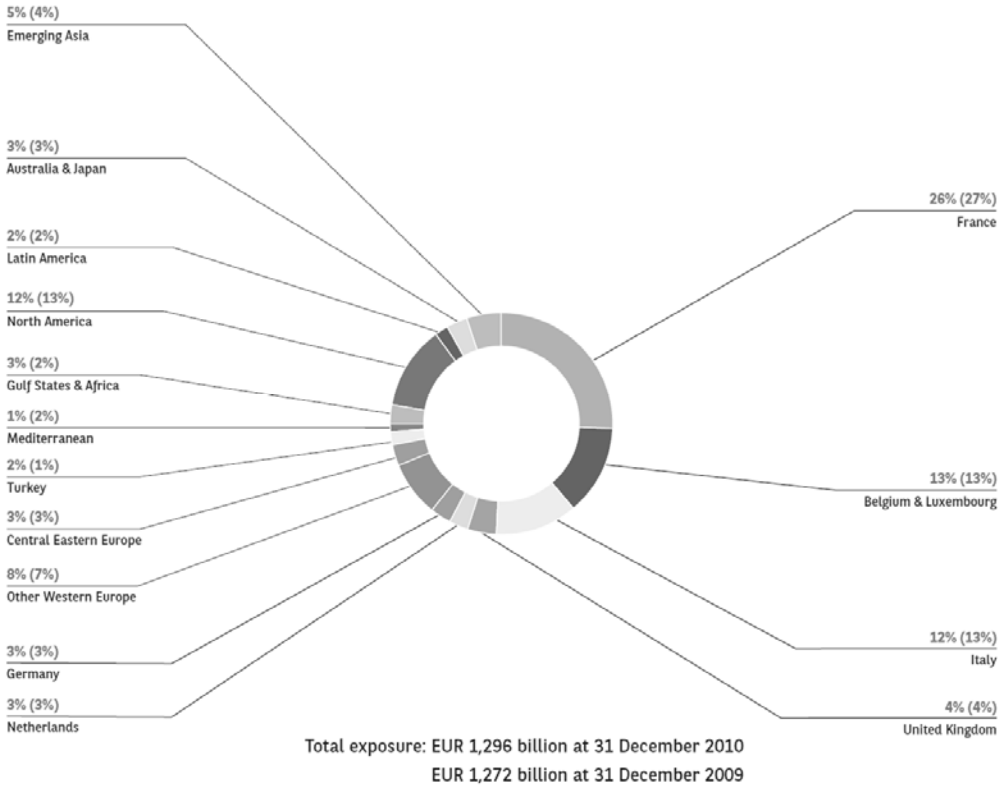
Prudential scope: exposure excluding counterparty risk, other non credit obligation assets and securitization positions.

The percentages in parentheses reflect the breakdown at December 31, 2009.
(**) The Institutions asset class comprises credit institutions and investment firms, including those recognized in other countries. It also includes some exposures to regional and local authorities, public sector agencies and multilateral development banks that are not treated as central government authorities.

Geographic Diversification

Country risk is the sum of all exposures to obligors in the country concerned. It is not the same as sovereign risk, which is the sum of all exposures to the central government and its various offshoots. Country risk reflects the Bank's exposure to a given economic and political environment, which are taken into consideration when assessing counterparty quality.

The geographic breakdown below is based on the country where the counterparty conducts its principal business activities, without taking into account the location of its head office. Accordingly, a French company's exposure arising from a subsidiary or branch located in the United Kingdom is classified in the United Kingdom.



Prudential scope: exposure excluding counterparty risk, other non credit obligation assets and securitization positions

(*) The percentages in parentheses reflect the breakdown at December 31, 2009

The geographic breakdown of the portfolio's exposure has remained balanced and stable. The group has retained its predominantly European dimension (72% at December 31, 2010 compared with 73% at December 31, 2009).

The Group, which is naturally present in most economically active areas, strives to avoid excessive concentrations of risk in countries whose political and economic infrastructure is acknowledged to be weak.

Quality of the Portfolio Exposed to Credit Risk

Advanced Internal Ratings Based Approach (IRBA)

The internal rating system developed by the Group covers the entire Bank. The IRBA, approved in December 2007, covers the Corporate and Investment Banking (CIB) portfolio, the French Retail Banking (FRB) portfolio, as well as BP2S and part of Personal Finance. Convergence projects are continuing with a view towards harmonizing methods, processes and systems, particularly in the scope resulting from the acquisition of BNP Paribas Fortis and BGL BNP Paribas. Common methods have already been introduced for institutions and sovereigns. Proposals for most of the other portfolios will be made to the relevant banking supervisors during 2011.

Corporate Model

The IRBA for the Corporate book (i.e. institutions, companies, specialized financing and sovereigns) is based on a consistent rating procedure in which GRM has the final say regarding the rating assigned to the counterparty and the recovery rate assigned to transactions. Credit conversion factors (CCF) are assigned according to counterparty and transaction type.

The generic process for assigning a rating to each segment of the Corporate book is as follows:

- for companies and structured financing, an analysis is carried out by the unit proposing the rating and a global recovery rate to the Credit Committee, using the rating models and tools developed by GRM. The rating and global recovery rate are approved or revised by the GRM representative during the Credit Committee meeting. The Committee decides whether or not to grant or renew a loan and, if applicable, reviews the counterparty rating at least once a year;

- for banks, the analysis is carried out by analysts in the risk management function. Counterparty ratings and global recovery rates are determined during review committees by geographical area to ensure comparability between similar banks;

- for sovereigns, the ratings are proposed by the Economic Research Department and approved at Country Committee meetings which take place several times a year. The committee comprises members of Executive Management, the Risk Management Department and the business lines;

- for medium-sized companies, a score is assigned by the business line's credit analysts and GRM has the final say;

- for each of these sub-portfolios, the risk parameters are measured using a model certified and approved by the GRM teams, based mainly on an analysis of the Bank's historical data. The model is supported as far as possible by tools available through a network to ensure consistent use. However, expert judgment is also a fundamental factor. Each rating and recovery rate is subject to an opinion which may differ from the results of the model, provided it can be justified.

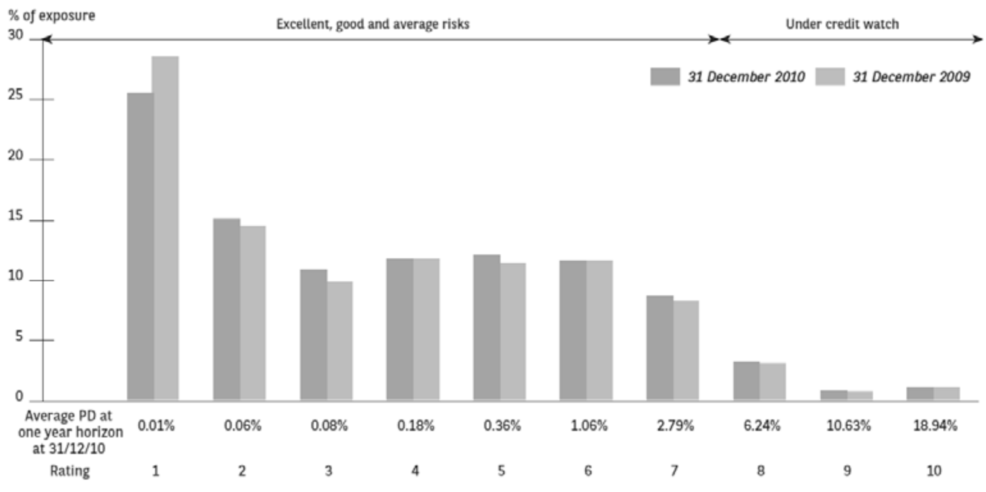
The method of measuring risk parameters is based on a set of common principles, and particularly the "two pairs of eyes" principle which requires at least two people, one of whom has no commercial involvement, to give their opinion on each counterparty rating and each transaction global recovery rate (GRR).

The same definition of default is used consistently throughout the Group.

The chart below shows a breakdown by credit rating of performing loans and commitments in the Corporate book (asset classes: companies, central governments and central banks, institutions) for all the Group's business lines, measured using the internal ratings-based approach.

This exposure represented €707 billion of the gross credit risk at December 31, 2010 compared with €696 billion at December 31, 2009.

The majority of commitments are towards borrowers rated as good even excellent quality, reflecting the heavy weighting of large multinational groups and financial institutions in the Bank's client base. A significant proportion of commitments to non-investment grade borrowers are highly structured or secured by high quality guarantees implying a high recovery rate in the event of default. They include export financing covered by export credit insurance written by international agencies, project finance, structured finance and transaction financing.



*The Corporate book shown in the chart above includes companies, central governments and central banks, and institutions.

The breakdown of Corporate exposures in the IRBA scope remained broadly steady, with the exception of exposures rated 1. These exposures recorded a significant decline during 2010 owing to the high base of comparison set in 2009 as a result of the unconventional policy established by central banks, which prompted the Bank to place its surplus cash with them.

Retail Banking Operations:

Retail banking operations are carried out either by the BNP Paribas network of branches in France, Italy, Belgium and Luxembourg or by a number of subsidiaries and Personal Finance.

The Standard Ratings Policy for Retail Operations (SRPRO) provides a framework allowing Group core businesses and risk management departments to assess, prioritize and monitor credit risks consistently. This policy is used for transactions presenting a high degree of granularity, small unit volumes and a standard risk profile. Borrowers are assigned scores in accordance with the policy, which sets out:

- standard internal ratings based principles, underlining the importance of a watertight process and its ability to adapt to changes in the credit environment;

- principles for defining homogeneous pools of credit risk exposures;

- principles relative to credit models, particularly the need to develop discriminating and understandable models, and to model or observe risk indicators downstream in order to calibrate exposures. Risk indicators must be quantified based on historical data covering a minimum period of five years, and in-depth, representative sampling. All models must be documented in detail.

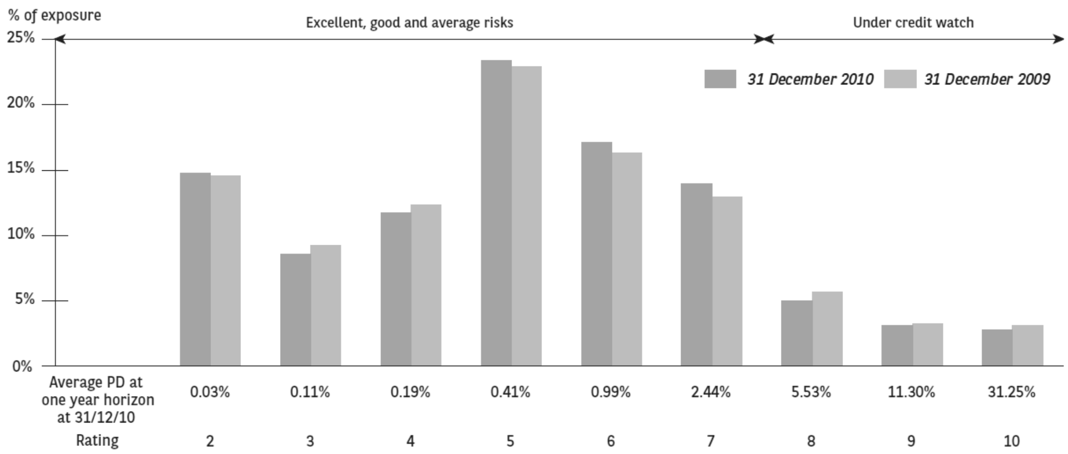
The majority of FRB's retail borrowers are assigned a behavioral score which serves as a basis to determine the probability of default and, for each transaction, the global recovery rate (GRR) and exposure at default (EAD). These parameters are calculated monthly on the basis of the latest available information. They are drilled down into different scores and made available to the commercial function, which has no involvement in determining risk parameters. These methods are used consistently for all retail banking customers.

For the portion of the Personal Finance book eligible for the IRBA, the risk parameters are determined by the Risk Management Department on a statistical basis according to customer type and relationship history.

Scoring techniques are used to assign retail customers to risk groups presenting the same default risk characteristics. This also applies to the other credit risk inputs: Exposure at Default (EAD) and Loss Given Default (LGD).

The chart below shows a breakdown by credit rating of performing loans and commitments in the retail book for all the Group's business lines, measured using the internal ratings based approach.

This exposure represented €191 billion of the gross credit risk at December 31, 2010 compared with €177 billion at December 31, 2009.



Compared with at December 31, 2009, the distribution of retail exposures by rating is broadly stable.

Standardized Approach

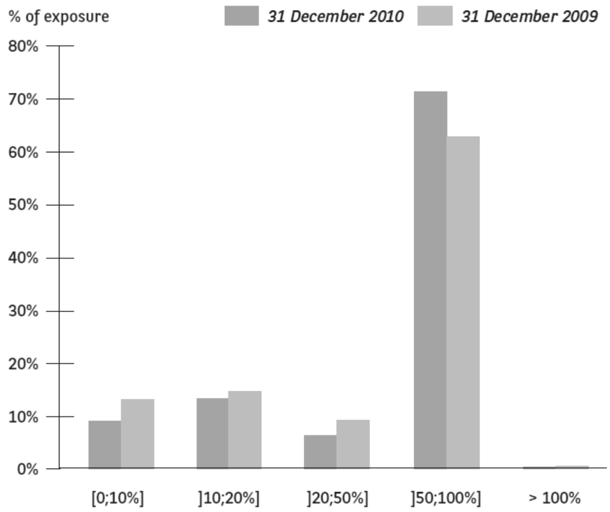
For exposures in the standardized approach, BNP Paribas uses the external ratings assigned by Standard & Poor's, Moody's and Fitch Ratings. These ratings are mapped into equivalent credit quality levels as required by the Basel II framework in accordance with the instructions issued by the French banking supervisor (Autorité de Contrôle Prudentiel).

When there is no directly applicable external rating, the issuer's senior unsecured rating may, if available, be obtained from external databases and used for risk-weighting purposes in some cases.

Standardized approach exposure represents 29% of the BNP Paribas Group's total gross exposures, compared with 30% at December 31, 2009. The main entities using the standardized approach at December 31, 2010 are BNL, BancWest, Personal Finance (consumer finance outside western Europe and all mortgage lending), BNP Paribas Leasing Solutions (BPLS), UkrSibbank, private banking entities, emerging country subsidiaries and Banque de la Poste in Belgium.

The chart below shows a breakdown by credit rating of performing loans and commitments in the Corporate book (exposure classes: companies, central governments and central banks, institutions) for all the Group's business lines, measured using the standardized approach.

This exposure represented €192 billion of the gross credit risk at December 31, 2010 compared with €203 billion at December 31, 2009.



* The Corporate book shown in the chart above includes companies, central governments and central banks, and institutions

The increase in the proportion of exposure with a weighting of between 50% and 100% at December 31, 2010 compared with at December 31, 2009 was chiefly attributable to stronger currency effects due in particular to movements in the euro/dollar exchange rate over the period.

Loans with Past-due Installments, Whether Impaired or not, and Related Collateral or Other Security

The following table presents, for the accounting scope, the carrying amounts of financial assets that are past due but not impaired (by age of past due), impaired assets and related collateral or other security. The amounts shown are stated before any provision on a portfolio basis.

In millions of euros	31 December 2010								
	Maturities of unimpaired past-due loans					Impaired assets and commitments covered by provisions	Total loans and commitments	Collateral received in respect of unimpaired past-due loans	Collateral received in respect of impaired assets
	Total	Up to 90 days	Between 90 days and 180 days	Between 180 days and 1 year	More than 1 year				
Financial assets at fair value through profit or loss (excl. variable-income securities)	7	7	-	-	-	-	7	-	-
Available-for-sale financial assets (excl. variable-income securities)	3	3	-	-	-	348	351	-	3
Loans and receivables due from credit institutions	371	351	3	1	16	491	862	173	278
Loans and receivables due from customers	15,212	14,380	519	84	229	20,746	35,958	8,818	10,042
Past-due assets, net of individual impairment provisions	15,593	14,741	522	85	245	21,585	37,178	8,991	10,323
Financing commitments given						802	802		303
Guarantee commitments given						1,153	1,153		441
Off-balance sheet non-performing commitments, net of provisions						1,955	1,955	-	744
Total	15,593	14,741	522	85	245	23,540	39,133	8,991	11,067

In millions of euros	31 December 2009								
	Maturities of unimpaired past-due loans					Impaired assets and commitments covered by provisions	Total loans and commitments	Collateral received in respect of unimpaired past-due loans	Collateral received in respect of impaired assets
	Total	Up to 90 days	Between 90 days and 180 days	Between 180 days and 1 year	More than 1 year				
Financial assets at fair value through profit or loss (excl. variable-income securities)	4				4		4		
Available-for-sale financial assets (excl. variable-income securities)	18	18				143	161		
Loans and receivables due from credit institutions	358	330	5	8	15	973	1,331	52	291
Loans and receivables due from customers	15,122	14,362	573	107	80	18,983	34,105	9,425	10,652
Past-due assets, net of individual impairment provisions	15,502	14,710	578	115	99	20,099	35,601	9,477	10,943
Financing commitments given						1,129	1,129		790
Guarantee commitments given						461	461		85
Off-balance sheet non-performing commitments, net of provisions						1,590	1,590	-	875
Total	15,502	14,710	578	115	99	21,689	37,191	9,477	11,818

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

Counterparty Risk

BNP Paribas is exposed to counterparty risk on its capital markets transactions. This risk is managed through the widespread use of standard close-out netting and collateral agreements and through a dynamic hedging policy. Changes in the value of the Bank's exposure are taken into account in the measurement of over-the-counter financial instruments through a credit adjustment process.

Netting Agreements

Netting is a technique used by the Bank to mitigate counterparty risks on derivatives transactions. The Bank primarily uses close-out netting, which enables it to close out all positions at current market value in the event of default by the counterparty. All amounts due to and from the counterparty are then netted, to arrive at the net amount payable or receivable. The net amount may be secured by collateral in the form of cash, securities or deposits.

The Bank also uses bilateral payment flow netting to mitigate counterparty risk on foreign currency payments. Bilateral payment flow netting consists of replacing payment streams in a given currency by a cumulative balance due to or from each party, representing a single net sum in each currency to be settled on a given day between the Bank and the counterparty.

The transactions are executed according to the terms of bilateral or multilateral master agreements that comply with the general provisions of national or international master agreements. The main bilateral agreement models used are those of the Fédération Bancaire Française (FBF), or those of the International Swaps and Derivatives Association (ISDA) for international agreements.

Measurement of Exposure

Exposure at Default (EAD) for counterparty risk is measured using an internal assessment procedure which is subsequently integrated within the credit risk assessment tool. This tool has been used by the Group for the past ten years and is updated on an ongoing basis. It is based on Monte Carlo simulations which allow analysts to identify likely movements in exposure amounts. The stochastic processes used are sensitive to parameters (including volatility and correlation) calibrated on historical market data. Potential future exposure to counterparty risk is captured using ValRisk, an internal model that simulates several thousand possible market trend scenarios and revalue transactions carried out with each counterparty at several hundred future points in time (from 1 day to more than 30 years for very long-term transactions). Changes in exposure amounts are calculated up to the maturity of the corresponding transactions. To aggregate transactions on each counterparty, ValRisk takes into account the legal jurisdiction in which each counterparty operates, and any netting or margin call agreements.

Counterparty risk exposures fluctuate significantly over time due to constant changes in the market parameters affecting the value of the underlying transactions. Accordingly, any assessment of counterparty risk must consider possible future changes in the value of these transactions as well as their present value.

For counterparty risk exposures in the BNP Paribas Fortis and BGL BNP Paribas books that have not migrated to BNP Paribas systems, the ValRisk is not calculated on the basis of an internal model.

Monitoring and Control of Counterparty Risk

Every day, potential future exposures calculated by ValRisk are checked against the approved limits per counterparty. ValRisk allows analysts to simulate new transactions and measure their impact on the counterparty portfolio, making it an essential tool in the risk approval process. Limits are set by the following committees (in increasing order of authority) : Regional Credit Committee, Global Credit Committee and General Management Credit Committee, according to their level of delegated authority.

Credit Adjustments to over-the-Counter Financial Instruments

The fair values of financial instruments traded over-the-counter by the Fixed Income and Global Equity & Commodity Derivatives units include credit value adjustments. A credit value adjustment (CVA) is an adjustment to the value of the trading book to take account of counterparty risk. It reflects the expected fair value loss on the existing exposure to a counterparty due to the potential positive value of the contract, the probability of default, migration of credit quality and the estimated global recovery rate.

Dynamic Counterparty Risk Management

The CVA varies according to changes in the existing exposure and in the prices quoted for the counterparty's credit risk, which may be reflected in particular in the credit default swap (CDS) spread variations used to calculate the probability of default.
To reduce the risk resulting from a deterioration in the inherent credit quality of a portfolio of financial instruments, BNP Paribas may use a dynamic hedging strategy based on the purchase of market instruments such as credit derivatives.

Securitization

The BNP Paribas Group is involved in securitization transactions as originator, sponsor and investor as defined by Basel II.

The securitization transactions described below are those defined in the CRD and described in Title V of the decree of February 20, 2007. They are transactions in which the credit risk inherent in a pool of exposures is divided into tranches. The main features of these securitization transactions are:

- there is a significant transfer of risk;
- payments made depend upon the performance of the underlying exposure; and
- subordination of the tranches as defined by the transaction determines the distribution of losses during the risk transfer period.

As required by the CRD, assets securitized as part of proprietary securitization transactions that meet Basel II eligibility criteria, particularly in terms of significant risk transfer, are excluded from the regulatory capital calculation. Only BNP Paribas' positions in the securitization vehicle, and any commitment subsequently granted to the securitization vehicle, are included in the capital requirement calculation using the external ratings based approach.

Proprietary securitization exposures that do not meet the Basel II eligibility criteria remain in the portfolio to which they were initially assigned. The capital requirement is calculated as if they had not been securitized and is included in the section on credit risk.

Consequently, the securitization transactions discussed below only cover those originated by the Group deemed to be efficient under Basel II, those arranged by the Group in which it has retained positions, and those originated by other parties in which the Group has invested.

The Group's activities in each of these roles are described below:

In millions of euros	31 December 2010		31 December 2009	
BNP Paribas role	Securitised exposures originated by BNP Paribas (1)	Securitisation positions held or acquired (EAD) (2)	Securitised exposures originated by BNP Paribas (1)	Securitisation positions held or acquired (EAD) (2)
Originator	15,985	4,351	18,219	5,433
Sponsor	217	17,440	548	18,289
Investor	0	30,140	0	28,354
Total	16,202	51,931	18,767	52,076

(1) Securitized exposures originated by the Group correspond to the underlying exposures recognized on the Group's balance sheet which have been securitized.

(2) Securitization positions correspond to tranches retained in securitization transactions originated or arranged by the Group, tranches acquired by the Group in securitization transactions arranged by other parties, and facilities granted to securitization transactions originated by other parties.

Proprietary Securitization (originator under Basel II)

As part of the day-to-day management of liquidity, the Group's least liquid assets may be swiftly transformed into liquid assets by securitizing loans (mortgages and consumer loans) granted to retail banking customers, as well as loans granted to corporate customers.

Several securitization transactions were carried out in 2010 by BNP Paribas subsidiaries, Personal Finance in the Netherlands and BNP Paribas Fortis in Belgium. The total amount securitized was €9 billion. All these transactions have been retained by the subsidiaries concerned. Given the weak market appetite for securitization products since August 2007, the Group's strategy regarding securitizing its retail loans has been to carry out proprietary transactions that may serve as collateral for refinancing operations. These transactions are not considered to be securitizations for the purposes of Basel II regulatory capital because they do not give rise to any significant risk transfer. The relevant exposures are therefore included in the section on credit risk.

35 transactions, totaling a securitized exposure (Group BNP Paribas' share) of €60.9 billion, are outstanding at December 31, 2010. These include €16.6 billion for Personal Finance, €0.4 billion for Equipment Solutions, €9.4 billion for BNL and €34.5 billion for BNP Paribas Fortis.

Only five of these transactions, representing a total securitized exposure of €2.7 billion, have been excluded from Basel II credit risk framework and integrated in Basel II securitization framework (significant risk transfer), and are included in the table above. Securitization positions retained in these transactions amount to €1.2 billion at December 31, 2010 compared with €0.7 billion at December 31, 2009.

When BNP Paribas acquired the Fortis Group entities, the riskiest portion of their structured asset portfolio was sold to a dedicated SPV, Royal Park Investment. The SPV's securitized exposures amount to €11.5 billion. The Group retains €2.9 billion in securitization exposure in the SPV at December 31, 2010 compared with €4.1 billion at December 31, 2009, including €0.2 billion of the equity tranche, €0.5 billion of financing corresponding to a senior tranche and €2.2 billion of financing corresponding to a super senior tranche (compared with €3.4 billion at December 31, 2009).

Lastly, the exposures retained in securitization transactions originated by BNP Paribas amounted to €0.2 billion at December 31, 2010, compared with €0.6 billion at December 31, 2009.

Securitization as Sponsor on behalf of Clients

CIB Fixed Income carries out securitization programs on behalf of its customers. Under these programs, liquidity facilities and, where appropriate, guarantees are granted to special purpose entities. Special purpose entities over which the Group does not exercise control are not consolidated.

Short-term Refinancing

At December 31, 2010, six non-consolidated multiseller conduits (Eliopée, Thésée, Starbird, J Bird, J Bird 2 and Matchpoint) were managed by the Group on behalf of customers. These entities are refinanced on the local short-term commercial paper market. In a climate of financial crisis and risk management, CIB Fixed Income has scaled back its international securitization business and the liquidity facilities granted to these six conduits decreased from €11.1 billion at December 31, 2009 to €9.6 billion at December 31, 2010).

Medium/long-term Refinancing

In Europe and Northern America, the BNP Paribas Group's structuring ability remained intact and it was therefore able to continue providing securitization solutions to its clients, based on products better geared to current conditions in terms of risk and liquidity. These products are sometimes accompanied by specific banking facilities such as bridge financing, senior loans and cash facilities. "Technical" liquidity facilities, designed to cover maturity mismatches are also granted, where appropriate, to non consolidated funds, arranged by the Group for receiving securitized customer assets. The total of these facilities, including the few residual positions retained, amounted to €1.7 billion at December 31, 2010 compared with €1.3 billion at December 31, 2009.

BNP Paribas Fortis has also granted liquidity facilities to the Scaldis multiseller conduit, totaling €6.1 billion at December 31, 2010 compared with €5.8 billion at December 31, 2009.

During 2010, BNP Paribas continued to manage CLO conduits on behalf of clients but did not originate any new European CLO packages during the year in view of market conditions. Securitization positions retained amounted to €25 million at December 31, 2010.

Securitization as Investor

The BNP Paribas Group's securitization business as an investor (under the Basel II rules) is mainly carried out by CIB, Investment Solutions and BancWest, aside from the portfolio positions inherited from Fortis.

CIB Fixed Income is responsible for monitoring and managing an ABS portfolio (Asset Backed Securities), which represented a total of €4.4 billion of ABS[66] at December 31, 2010 compared with €4.8 billion at December 31, 2009. Fixed Income also manages liquidity facilities granted by banking syndicates to ABCP (Asset Backed Commercial Paper) conduits managed by a number of major international industrial groups that are BNP Paribas clients representing a total of €0.5 billion at December 31, 2010, unchanged compared with at December 31, 2009.

In addition, Fixed Income also houses Negative Basis Trade (NBT) positions representing an exposure at default of €5.5 billion.

CIB Resource & Portfolio Management (RPM) also managed securitisation programs as an investor during 2010, setting up a mixed investment program (securitization exposure and corporate loan exposure) that was launched in the fourth quarter of 2010. The exposure of the RPM-managed portfolio stood at €389 million at December 31, 2010, compared with €79 million at December 31, 2009.

During 2010, Investment Solutions did not make any fresh investment in securitization programs. Meanwhile, repayments and disposals reduced exposure from €3 billion at December 31, 2009 to €2.1 billion at December 31, 2010.

BancWest invests exclusively in securitization positions in listed securities as a core component of its refinancing and own funds investment policy. BancWest carried out some substantial disposals during 2010 to capitalise on market conditions that had become favorable again and thus to reduce positions requiring significant amounts of capital. The riskiest positions were sold. At December 31, 2010, BancWest's securitization positions amounted to €0.5 billion compared with €1.6 billion at December 31, 2009.

66 Exposure At Default (EAD).

BNP Paribas Fortis' portfolio of structured loans, which was not assigned to a business line and is housed in "Other activities", is worth €8.4 billion.

This portfolio carries a guarantee by the Belgian State on the second level of loss. Beyond a first tranche of final loss, against the notional value of €3.5 billion largely provisioned in BNP Paribas Fortis' opening balance sheet, the Belgian State guarantees on demand a second loss tranche of up to €1.5 billion.

In addition, BNP Paribas Fortis' investments in Dutch RMBS came to €8.1 billion.

Securitization Risk Management

Securitization transactions arranged by BNP Paribas on behalf of clients are highly technical and specific in nature. They are therefore subject to a specific risk management system:

- independent analysis and monitoring by dedicated teams within the Risk Department;

- specific processes (with specific committees, approval procedures, credit and rating policies) to ensure a consistent, tailored approach.

Given the crisis in the securitization market since 2007 and the size of the portfolio, especially since the consolidation of BNP Paribas Fortis securitization exposures, this system has also been strengthened by:

- a crisis reporting procedure (at least quarterly through Capital Market Risk Committees, Internal Control, Risk and Compliance Committee (CCIRC) and Corporate Communication via reports recommended by the Financial Stability Forum);

- creation of a dedicated ABS unit in the Risk Department to coordinate the independent review and monitoring of ABS related risks;

- centralization of ABS valuation issues in a specialized Fixed Income unit on behalf of all businesses; and

- a dedicated Debtors Committee to review trends in ABS related provisions on a quarterly basis.

Market Risk

Market Risk related to Financial Instruments

Definitions

Market risk arises mainly from trading activities carried out by the Fixed Income and Equity teams with Corporate and Investment Banking and encompasses different risk factors defined as follows:

- interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates;

- foreign exchange risk is the risk that the value of an instrument will fluctuate due to changes in foreign exchange rates;

- equity risk arises from changes in the market prices and volatilities of equities and changes in the prices of equity indices;

- commodities risk arises from changes in the market prices and volatilities of commodities and changes in the prices of commodities indices;

- credit spread risk arises from the change in the credit quality of an issuer and is reflected in changes in the cost of purchasing protection on that issuer; and

- options give rise to an intrinsic volatility and correlation risk, whose parameters can be determined from observable prices of options traded in an active market.

Governance

The market risk management system aims to track and control market risks while ensuring that the control functions remain totally independent from the business lines.

The system is structured around several committees:

- the Capital Markets Risk Committee (CMRC) is the main committee governing the risks related to capital markets. It is responsible for addressing, in a coherent manner, the issues related to market and counterparty risk. The CMRC sets the aggregate trading limits, outlines risk approval procedures, and reviews loss statements and hypothetical losses estimated on the basis of stress tests. It meets twice a year and is chaired by the Group CEO or by one of the Bank's two COOs.

- the Product and Financial Control Committee (PFCC) meets quarterly to review valuation issues and make any requisite decisions, such as approving master procedures. It is chaired by the Bank's CFO and other members include the Chief Risk Officer (CRO), head of CIB as well as other representatives of Group Development and Finance and the Risk Department.

- at the business unit level, the Valuation Review Committee (VRC) meets monthly to examine and approve the results of MAP Reviews and any changes in reserves. The Valuation Review Committee also acts as the referee in any disagreements between trading and control functions. The committee is chaired by the Senior Trader and other members include representatives from trading, GRM, Group Product Control, and Group Development and Finance.

- created in 2010, the Valuation Methodology Committee (VMC) meets quarterly to monitor approvals and review models.

Limit Setting and Tracking

Responsibility for setting and tracking limits is delegated to three levels, which are, in order, the CMRC, the Head of the Business Line and the Head of Trading.

Limits may be changed either temporarily or permanently, authorized in accordance with the level of delegation and the prevailing procedures.

GRM's responsibility in terms of market risk management is to define, measure and analyze sensitivities and risk factors, and to measure and control ValRisk, which is the global indicator of potential losses. GRM ensures that all business activity complies with the limits approved by the various committees. In this respect, it also approves new activities and major transactions, reviews and approves position valuation models and conducts a monthly review of market parameters (MAP review) in association with Group Product Control (GPC).

GRM reports to Executive Management and business lines Senior Management on its risk analysis work.

The Group uses an integrated system called Market Risk eXplorer (MRX) to follow the trading positions on a daily basis and manage ValRisk calculations. MRX not only tracks ValRisk, but also detailed positions and sensitivities to market parameters based on various simultaneous criteria (currency, product, counterparty, etc.). MRX is also configured to include trading limits, reserves and stress tests.

Valuation Control Processes

Since 2007, the Group has enhanced its portfolio valuation controls by forming a Group Product Control team. This team works under a charter outlining its responsibilities (towards GRM, Group Development and Finance, the front-office, IT, and Operations) in terms of financial instrument valuations, gains or losses on capital market activities, and control processes.

The team's main areas of involvement are:

- transaction accounting;
- market parameter (MAP) reviews (monthly reviews of book valuations);
- model reviews; and
- reserve calculations.

The procedures for these controls are discussed below.

Transaction accounting controls

Operations (middle-office) is responsible for controlling the transaction accounting process, although GRM checks the process for more structured transactions requiring special attention.

Market Parameter (MAP) Review

GRM and Group Product Control are jointly responsible for MAP Review. This review entails a formal verification of all market parameters and are generally performed monthly; the more liquid parameters are reviewed daily. Group Product Control is in charge of reviewing plain vanilla market parameters (most of which can be cross-checked against external data). GRM has authority in all matters related to valuation methods and is in charge of reviewing complex parameters and models and calculating reserves. The information used for MAP Reviews is obtained from brokers and suppliers of consensus market prices.

The MAP Review methodology is outlined in separate procedures for each major product line, which also set out the responsibilities of GRM and Group Product Control. All MAP Review conclusions are documented, and the corresponding adjustments are made in the middle-office books. MAP Review results are presented to business managers during Valuation Review Committee meetings.

Models Review

The front-office quantitative analysts are mainly responsible for proposing new methodologies aiming to improve product valuation and risk calculation. The Research and IT teams then put them into practice.

GRM is responsible for controlling and analyzing these models. The main review processes are as follows:

- model approval, which consists of performing a formal review when changes are made to a model's methodology ("model event"). The approval process may be swift or it may be comprehensive, in which case the results of the review are documented in a Model Approval Report explaining the basis of and conditions for the approval;

- model testing, designed to test a model's quality and robustness. Other models may be used for calibration and comparison. The results of the testing are documented; and

- product/model mapping, a process that examines whether pricing models are suited to their products and being used properly within the system, including checking the necessary configurations.

Reserve Calculations

GRM defines and calculates "reserves", which correspond to fair value adjustments and are accounted for as deductions from earnings. Reserves can be considered, depending on the case, either as the price for closing a position or as a premium for a risk that cannot be diversified or hedged.

Reserves mainly cover:

- liquidity risk and bid/offer spreads; and

- uncertainty and modeling risk.

The reserve mechanisms are documented in detail and GRM is responsible for implementing them. Reserves for uncertainty and modeling risk are compatible with the "prudent valuation" regulatory approach but may not be compatible with accounting standards such as penalties for large positions. In this case, the reserves are not shown in the accounting valuation of the relevant positions and instruments.

The methodology for calculating reserves is regularly reviewed and improved as part of the MAP and models review processes.

Day-one-Profit or Loss

Some structured transactions require the use of parameters considered as unobservable, whereas IAS 39 prescribes the deferral of the initial income from these transactions.

GRM works with Group Development and Finance, middle-offices, and business lines on the process of identifying and handling these profit and loss items, and:

- determines whether a parameter is observable;

- documents the observability status; and

- determines whether a transaction is observable whenever this determination cannot be performed by the middle-office's automated processes.

The middle-office calculates the necessary profit and loss adjustments and ensures that the observability criteria for each transaction have been correctly applied.

Risk Reports and Information for Executive Management

The Global Risk Analysis and Reporting team is responsible for generating risk reports.

The following risk reports are generated on a regular basis:

- weekly “Main Position” reports for each business line (equity derivatives, commodities, credit, and interest rate and currency derivatives), summarizing all positions and highlighting items needing particular attention; these reports are sent to business line managers;
- bimonthly “Over €15m at Risk” reports sent to Executive Management;
- “CMRC Events Summary” reports used as a basis for discussions during CMRC meetings;
- “Position Highlights” reports focusing on specific issues; and
- geographical dashboards such as “UK Risk Dashboard” reports.

The “Global risk dashboard” presented at bimonthly meetings between CIB and GRM managers to ensure coordinated efforts and make decisions in light of recent market developments and changes in counterparties’ circumstances.

Measurement of Market Risk

Market risk is measured using three types of indicators (sensitivities, ValRisk and stress tests), which aim to capture all risks.

Analysis of Sensitivities to Market Parameters

Market risk is first analyzed by systematically measuring portfolio sensitivity to various market parameters. The information thus obtained is used to set tolerance ranges for maturities and option strike prices. The results of these sensitivity analyses are compiled at various aggregate position levels and compared with market limits.

Measurement of Market Risk under Normal Market Conditions: ValRisk

ValRisk is calculated using an internal model. It estimates the potential loss on a trading portfolio under normal market conditions over one trading day, based on changes in the market over the previous 260 days with a confidence level of 99%.The model has been approved by the banking supervisor and takes into account of all usual risk factors (interest rates, credit spreads, exchange rates, equity prices, commodities prices, and associated volatilities), as well as the correlation between these factors in order to include the effects of diversification. It also takes into account of specific credit risk.

The algorithms, methodologies and sets of indicators are reviewed and improved regularly to take into account of growing market complexity and product sophistication.

For the scope comprising the Fortis Group entities acquired by BNP Paribas, market risk is also measured using the global ValRisk indicator. The methodology has been approved by the Belgian banking supervisor and is similar to that used by the Group.

Measurement of Market Risk under Extreme Market Conditions

The Group performs stress tests to simulate the impact of extreme market conditions on the value of trading portfolios. These conditions are reflected in the extreme stress scenarios and adjusted to reflect changes in the economic environment. GRM uses 15 stress test scenarios covering all market activities: fixed-income, currency, equity derivatives, commodities and treasury. These scenarios are presented to and reviewed by the CMRC on a monthly basis.

GRM may also outline specific scenarios to carefully manage some types of risks, most notably the more complex risks requiring a full revaluation rather than an estimate based on sensitivity indicators. The results of these stress tests may be presented to business line managers and stress test limits may be set.

Historical ValRisk (10 days, 99%) in 2010

The ValRisk set out below are calculated from an internal model, which uses parameters that comply with the method recommended by the Basel Committee for determining estimated value at risk ("Supplement to the Capital Accord to Incorporate Market Risks"). They are based on a ten-day time horizon and a 99% confidence interval.

In 2010, total average ValRisk for the BNP Paribas scope excluding Fortis is €144 million (with a minimum of €105 million and a maximum of €233 million), after taking into account the -€173 million netting effect between the different types of risks. These amounts break down as follows:

Type of risk	Year to 31 Dec. 2010			31 December 2010	Year to 31 Dec. 2009	31 December 2009
	Average	Minimum	Maximum		Average	
Interest rate risk	84	54	143	109	132	147
Credit risk	115	80	153	118	141	138
Foreign exchange risk (1)	31	14	60	22	44	35
Equity price risk	74	33	162	53	113	89
Commodity price risk	13	7	22	13	16	18
Netting Effect	*(173)*	*(83)*	*(307)*	*(174)*	*(258)*	*(235)*
Total Value at Risk	144	105	233	141	188	192

(1) The ValRisk for foreign exchange risk is outside the scope of Pillar I of Basel II

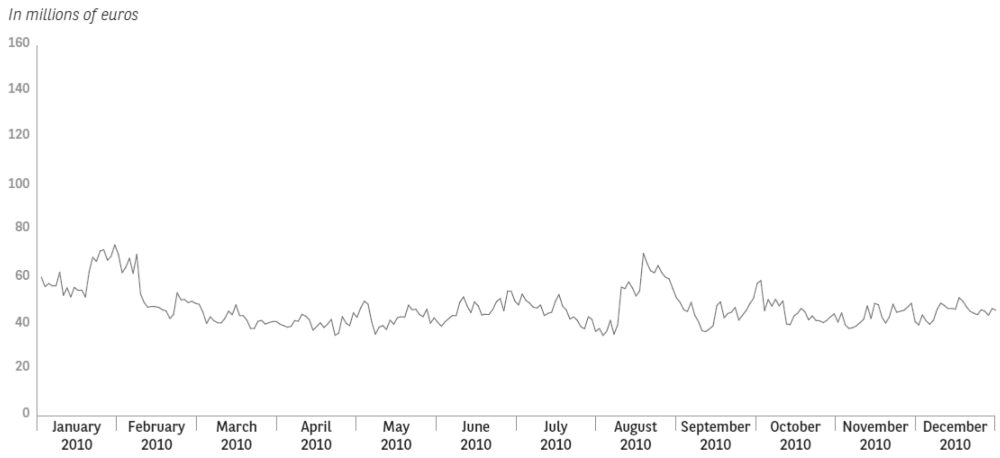
In 2010, total average ValRisk for the BNP Paribas Fortis scope, which was significantly lower than in 2009, was €32 million (with a minimum of €15 million and a maximum of €62 million), after taking into account the €12 million netting effect between different types of risk. The breakdown is as follow:

Value at risk (10 days - 99%): breakdown by risk type for the BNP Paribas Fortis scope

Type of risk	Year to 31 Dec. 2010			31 December 2010	Year to 31 Dec. 2009	31 December 2009
	Average	Minimum	Maximum		Average	
Interest rate risk	27	10	44	29	54	17
Credit risk						
Foreign exchange risk	4	1	11	4	9	6
Equity price risk	11	5	29	7	31	13
Commodity price risk	2	1	6	1	8	3
Netting Effect	*(12)*	*(2)*	*(28)*	*(3)*	*(23)*	*(15)*
Total Value at Risk	32	15	62	38	79	24

Risk exposure in 2010

Change in ValRisk (one-day, 99%) in millions of euros for the BNP Paribas scope excluding Fortis

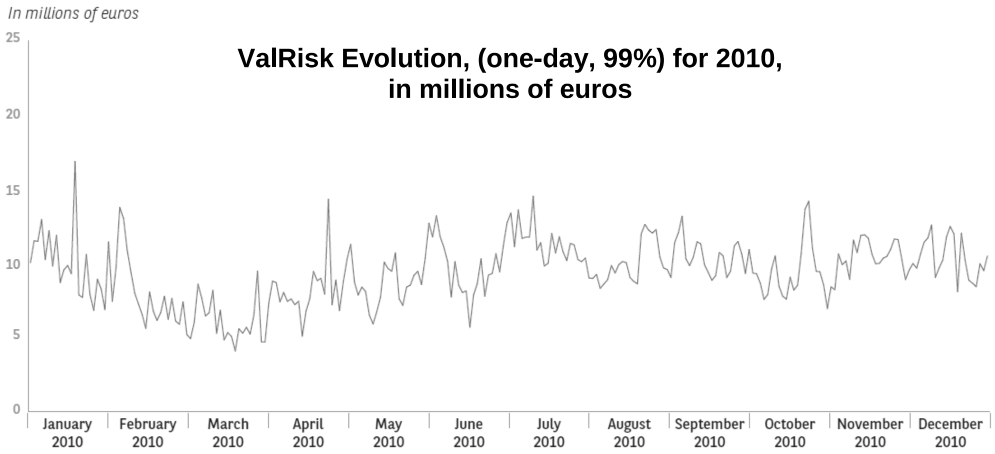


GRM continuously tests the accuracy of its internal model through a variety of techniques, including a regular comparison over a long-term horizon between actual daily losses on capital market transactions and one-day ValRisk.

A 99% confidence level means that in theory the Bank should not incur daily losses in excess of ValRisk more than two or three days a year.

In 2010, daily losses exceeded the ValRisk on one occasion during the second quarter, as the capital markets were affected by growing concerns about the indebtedness of European governments.

Change in ValRisk (one-day, 99%) in millions of euros for the BNP Paribas Fortis scope



ValRisk is stable at approximately €10 million. The increase in volatility evident from March onwards was offset by the reduction in scope since a number of positions reached maturity. In addition, some portfolios were sold to BNP Paribas.

Market Risk related to Banking Activities

The market risk related to banking activities encompasses the risk of loss on equity holdings on the one hand, and the interest rate and foreign exchange risks stemming from banking intermediation activities on the other hand. Only the equity and foreign exchange risks give rise to a weighted assets calculation under Pillar 1. The interest rate risk falls under Pillar 2.

Interest rate and foreign exchange risks related to banking intermediation activities and investments mainly concern retail banking activities in domestic markets (France, Italy, Belgium and Luxembourg), the specialized financing and savings management subsidiaries, the CIB financing businesses, and investments made by the Group. These risks are managed by the ALM-Treasury Department.

At Group level, ALM-Treasury reports directly to one of the Chief Operating Officers. Group ALM-Treasury has functional authority over the ALM and Treasury staff of each subsidiary. Strategic decisions are made by the Asset and Liability Committee (ALCO), which oversees ALM-Treasury's activities. These committees have been set up at Group, division and operating entity level.

Equity Risk

Scope

Equity interests held by the Group outside the trading book are securities that convey a residual, subordinated claim on the assets or income of the issuer or have a similar economic substance. They include:

- listed and unlisted equities and units in investment funds;
- options embedded in convertible and mandatory convertible bonds;
- equity options;
- super subordinated notes;
- commitments given and hedges related to equity interests; and
- interests in companies accounted for by the equity method.

Modeling Equity Risk

For the BNP Paribas historical scope, the Group uses an internal model derived from the one used to calculate daily ValRisk on the trading book. However, it differs in terms of horizon and confidence interval, which are applied in accordance with Article 59.1-c ii of the decree of February 20, 2007 issued by the Ministry of Economics, Finance and Industry. The model estimates the contribution of each equity exposure to the economic loss in the most extreme market conditions for the Bank, and then determines the level of losses actually incurred by the Bank.

Various types of risk factors are used to measure equity risk and they depend largely on the level of available or useable share price information.

- share price is the risk factor used for listed equities with a sufficiently long historical track record;
- for other listed and unlisted equities, each line is assigned an industry and country-specific systemic risk factor, plus an equity-specific risk factor; and
- if the exposure is outside the eurozone, an exchange rate risk factor is also added.

The model has been approved by the banking supervisor for measuring the capital requirement for equity risk as part of the Basel II approval process.

Pending convergence, the approach used temporarily for the BNP Paribas Fortis and BGL BNP Paribas historical scope is that approved by the CBFA.

Accounting Principles and Valuation Methods

Accounting principles and valuation methods are set out in Note 1 – Summary of significant accounting policies applied by the BNP Paribas Group - 1.c.9 Determination of market value.

In millions of euros	31 December 2010	31 December 2009
Internal model method	13,797	12,463
Listed equities	4,529	4,727
Other equity exposures	5,994	5,114
Private equity in diversified portfolios	3,274	2,622
Simple risk weight method	658	1,273
Listed equities	5	278
Other equity exposures	82	416
Private equity in diversified portfolios	571	579
Standardised approach	1,427	1,777
TOTAL	15,883	15,513

(*) Fair Value (on and off-balance sheet)

Total gains and losses

Total gains and losses are set out in Note 5.c. – Available-for-sale financial assets.

Foreign exchange risk (Pillar 1)

Calculation of risk-weighted assets

Foreign exchange risk relates to all transactions whether part of the trading book or not. This risk is treated in the same way under both Basel I and Basel II.

Except for BNP Paribas Fortis Belgium's currency exposure, which is calculated using the BNP Paribas Fortis internal model approved by the CBFA, exposure to foreign exchange risk is now determined under the standardized approach, using the option provided by the banking supervisor to limit the scope to operational foreign exchange risk.

Group entities calculate their net position in each currency, including the euro. The net position is equal to the sum of all asset items less all liability items plus off-balance sheet items (including the net forward currency position and the net delta-based equivalent of the currency option book), less structural, non-current assets (long-term equity interests, property, plant and equipment, and intangible assets). These positions are converted into euros at the exchange rate prevailing on the reporting date and aggregated to give the Group's overall net open position in each currency. The net position in a given currency is long when assets exceed liabilities and short when liabilities exceed assets. For each Group entity, the net currency position is balanced in the relevant currency (i.e. its reporting currency) such that the sum of long positions equals the sum of short positions.

The rules for calculating the capital requirement for foreign exchange risk are as follows:

- matched positions in currencies of Member States participating in the European Monetary System are subject to a capital requirement of 1.6% of the value of the matched positions;
- CFA and CFP francs are matched with the euro, and are not subject to a capital requirement;
- positions in closely correlated currencies are subject to a capital requirement of 4% of the matched amount; and
- other positions, including the balance of unmatched positions in the currencies mentioned above, are subject to a capital requirement of 8% of their amount.

Foreign Exchange Risk and Hedging of Earnings Generated in Foreign Currencies

The Group's exposure to operational foreign exchange risks stems from the net earnings in currencies other than the euro. The Group's policy is to systematically hedge the variability of its earnings due to currency movements. Earnings generated locally in a currency other than the operation's functional currency are hedged locally. Net earnings generated by foreign subsidiaries and branches and positions relating to portfolio impairment are managed centrally.

Foreign Exchange Risk and Hedging of Net Investments in Foreign Operations

The Group's currency position on investments in foreign operations arises mainly on branch capital allocations and equity interests denominated in foreign currencies, financed by purchasing the currency in question.

The Group's policy consists of hedging portfolio exposure to liquid currencies. This policy is implemented by borrowing amounts in the same currency as the one in which the equity investment is made. Such borrowings are documented as hedges of net investments in foreign operations.

Interest rate Risk (Pillar 2)

Interest Rate Risk Management Framework

Interest rate risk on the commercial transactions of the domestic retail banking (France, Italy, Belgium and Luxembourg) and international retail banking, the specialized financing subsidiaries, and the savings management business lines in the Investment Solutions and CIB's Corporate Banking divisions are managed centrally by ALM-Treasury through the client intermediation book. Interest rate risk on the Bank's equity and investments is also managed by ALM-Treasury, in the equity intermediation and investments book.

Transactions initiated by each BNP Paribas business line are transferred to ALM-Treasury via internal contracts booked in the management accounts or via loans and borrowings. ALM-Treasury is responsible for managing the interest rate risk inherent in these transactions.

The main decisions concerning positions arising from banking intermediation activities are taken at monthly or quarterly committee meetings for each business line. These meetings are attended by the management of the business line, ALM-Treasury, Group Development and Finance and GRM.

Measurement of Interest Rate Risk

Banking book interest rate gaps are measured, with embedded behavioral options translated into delta equivalents. Maturities of outstanding assets are determined based on the contractual characteristics of the transactions and historical customer behavior. For retail banking products, behavioral models are based on historical data and econometric studies. The models deal with early repayments, current accounts in credit and debit and savings accounts. Theoretical maturities of equity capital are determined according to internal assumptions.

In the case of retail banking activities, structural interest rate risk is also measured on a going-concern basis, incorporating dynamic changes in balance sheet items, through an earnings sensitivity indicator. Due to the existence of partial or even zero correlations between customer interest rates and market rates, and the volume sensitivity caused by behavioral options, rotation of balance sheet items generates a structural sensitivity of revenues to interest rate changes. Lastly, for products with underlying behavioral options, a specific option risk indicator is analyzed in order to fine-tune hedging strategies.

The choice of indicators and risk modeling, as well as the production of indicators, are controlled by independent Product Control teams and by dedicated Group Risk Management teams. The results of these controls are presented regularly to ad-hoc committees and once a year to the Board of Directors.

These indicators are systematically presented to the ALM committees, and serve as the basis for hedging decisions taking into account the nature of the risk involved.

Risk Limits

For the customer banking intermediation books, overall interest rate risk for Retail Banking entities is subject to a primary limit, based on the sensitivity of revenues to changes in nominal and real interest rates and in the inflation rate over at least a three-year timeframe. The limit is based on annual revenues, in order to control uncertainty about future fluctuations in revenues caused by changes in interest rates. This limit is supplemented beyond the three-year timeframe by an interest rate gap limit, expressed as a percentage of customer deposits. This percentage is a declining function of the management period. This limit is used to manage long-term interest rate risk.

The specialized financing subsidiaries are exposed to very low levels of interest rate risk, considering the centralization of risks at ALM-Treasury level. The residual risk is controlled by technical interest rate gap limits that are monitored by the ALM committee of the relevant business line.

Sensitivity of Revenues to General Interest-rate Risk

The sensitivity of revenues to a change in interest rates is one of the key indicators used by the Group in its analysis of overall interest-rate risk, both at local and at Group level. The sensitivity of revenues is calculated across the entire banking book including the customer banking intermediation businesses, equity, excluding market activities, and for all currencies to which the Group is exposed. It relies on reasonnable activity assumptions at one-year horizon.

The indicator is presented in the table below. Over this one-year horizon, the banking intermediation book's exposure to interest-rate risk is limited: an increase of 100 basis points in interest rates right across the yield curve would lead to a decrease of less than 0.1% in the Group's revenues, all currencies combined.

In millions of euro	31 December 2010		
	Euros	Other currencies	Total
Sensitivity of 2011 revenue	(44)	5	(39)

In millions of euro	31 December 2009		
	Euros	Other currencies	Total
Sensitivity of 2010 revenue	(44)	70	26

Since the books of financial instruments resulting from the Group's banking intermediation activities are not intended to be sold, they are not managed on the basis of their value. Nonetheless, the sensitivity of the value of these books is calculated in order to measure the overall interest-rate risk over all time horizons. The sensitivity of the value to a 200 basis point increase in interest rates is below 1% of the Group's regulatory capital, compared with the limit of 20% required by the Basel regulations.

Hedging of Interest rate and Currency Risks

Hedging relationships initiated by the Group mainly consist of interest rate or currency hedges in the form of swaps, options and forwards.

Depending on the hedging objective, derivative financial instruments used for hedging purposes are qualified as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Each hedging relationship is formally documented at inception. The documentation describes the hedging strategy; identifies the hedged item and the hedging instrument, and the nature of the hedged risk; and describes the methodology used to test the expected (prospective) and actual (retrospective) effectiveness of the hedge.

Interest Rate Risk in the Banking Book

The Bank's strategy for managing global interest rate risk is based on closely monitoring the sensitivity of the Bank's earnings to changes in interest rates. In this way, it can determine how to achieve an optimum level of offset between different risks. This procedure requires an extremely accurate assessment of the risks incurred so that the Bank can determine the most appropriate hedging strategy, after taking into account the effects of netting the different types of risk. These hedging strategies are defined and implemented by business line and for each portfolio and currency.

During 2010, market conditions were marked by the extension and indeed reinforcement of the unconventional measures taken by central banks to boost liquidity in the capital markets and by heavy pressure on certain sovereign issuers in the euro zone. While short-term rates remained relatively stable, long-term rates experienced a steep decline at the beginning of the year, before moving back close to their year-end 2009 levels.

During 2010, the balance between loan production and inflows of fixed-rate deposits and those showing little correlation with market rates differed fairly significantly from one euro zone domestic market to another.

- in France, the stability of the loan-to-deposit ratio is the result of the net effect of the strong levels of production of fixed-rate home loans owing to the low level of long-term rates on the one hand and growth in non-interest bearing deposits and savings accounts on the other hand, as these show more correlation with the direction of short-term rates and inflation. The net hedging requirement for fixed-rate loans was accentuated by the impact of financing for subsidiaries specialised in loans to consumers and businesses.

- in Italy, commercial activity did not generate any significant shift in the interest-rate position, given the larger proportion of loan production accounted for by floating-rate mortgage loans.

- in Belgium and Luxembourg, the year was marked by further strong inflows of customer deposits, notably into savings accounts. At the same time, a higher proportion of mortgage loan production was generated by floating-rate products, giving rise to a net hedging requirement for customer deposits that show only moderate correlation with market rates.

Accordingly, the hedging strategies implemented in 2010 varied from one domestic market to another. Derivative-based strategies (in the form of swaps) were supplemented by hedges of optional risks of margin contraction, in relation to both loans (due to loan renegotiations) and deposits (pressure on margins of deposits at market rates).

The hedges comprising derivatives and options are typically recorded as fair value hedges or cash flow hedges. They may also take the form of government securities and are mostly recorded in the "Available for sale" category.

Following the amendment to the accounting standard on options used as cash flow hedges, which states that their time value must be recognised in the profit and loss account, BNP Paribas opted to reclassify its entire stock of corresponding options in the trading portfolio at December 31, 2009. The time value of the options used as hedging instruments traded since this date is recognised in the profit and loss account.

Structural Foreign Exchange Risk

Currency hedges are contracted by the ALM department in respect of the Group's investments in foreign currencies and its future foreign currency revenues. Each hedging relationship is formally documented at inception. The documentation describes the hedging strategy, identifies the hedged item and the hedging instrument, and the nature of the hedged risk and describes the methodology used to test the expected (prospective) and actual (retrospective) effectiveness of the hedge.

A hedging relationship is applied and documented for investments financed by foreign currency loans so that impacts of movements in exchange rates can be recorded in a symmetrical fashion and have no impact on the profit and loss account. These instruments are designated as net investment hedges.

A similar hedging relationship is set up to hedge the foreign exchange risk on net foreign currency assets of consolidated branches and subsidiaries. Fair value hedges are used to hedge the foreign exchange risk on equity investments in non-consolidated companies. During 2010, only negligible amounts of hedges in net investments were disqualified from hedge accounting.

The Group hedges the variability of components of BNP Paribas' earnings, in particular the highly-probable future revenue streams (mainly interest income and fees) denominated in currencies other than the euro generated by the Group's main businesses, subsidiaries or branches.

Hedging of Financial Instruments Recognized in the Balance Sheet (fair value hedges)

Fair value hedges of interest rate risks relate either to identified fixed-rate assets or liabilities, or to portfolios of fixed-rate assets or liabilities. Derivatives are contracted to reduce the exposure of the fair value of these instruments to changes in interest rates.

Identified assets consist mainly of available-for-sale securities; identified liabilities consist mainly of debt issued by the Group.

Hedges of portfolios of financial assets and liabilities, constructed by currency, relate to:

- fixed-rate loans (property loans, equipment loans, consumer credit and export loans);
- fixed-rate customer deposits (demand deposits, funds deposited under home savings contracts).

To identify the hedged amount, the residual balance of the hedged item is split into maturity bands, and a separate amount is designated for each band. The maturity split is determined on the basis of the contractual terms of the transactions and historical observations of customer behavior (prepayment assumptions and estimated default rates).

Demand deposits, which do not bear interest at contractual rates, are qualified as fixed rate medium-term financial liabilities. Consequently, the value of these liabilities is sensitive to changes in interest rates. Estimates of future cash outflows are based on historical analyses. No allowance is made prospectively for the effects of potential increases in customer wealth or for the effects of inflation.

For each hedging relationship, expected hedge effectiveness is measured by ensuring that for each maturity band, the fair value of the hedged items is greater than the fair value of the designated hedging instruments.

Actual effectiveness is assessed on an ex-post basis by ensuring that the monthly change in the fair value of hedged items since the start of the month does not indicate any over-hedging.

Cash flow Hedge

In terms of interest rate risk, the Group uses derivative instruments to hedge fluctuations in income and expenses arising on floating-rate assets and liabilities. Highly probable forecast transactions are also hedged. Hedged items are split into maturity bands by currency and benchmark interest rate. After factoring in prepayment assumptions and estimated default rates, the Group uses derivatives to hedge some or all of the risk exposure generated by these floating-rate instruments.

In terms of foreign exchange risk, the Group hedges against variability in components of consolidated earnings. In particular, the Group may hedge future revenue flows (especially interest and fee/commission income) derived from operations carried out by its main subsidiaries and/or branches in a currency other than their functional currencies. As in the case of interest rate hedges, the effectiveness of these hedging relationships is documented and assessed on the basis of forecast maturity bands.

The table below concerns the scope of BNP Paribas SA's medium- and long-term transactions and shows the amount of hedged future cash flows (split by forecast date of realization), which constitute the majority of the Group's transactions.

In millions of euros	31 December 2010				31 December 2009			
Period to realisation	less than 1 year	1 to 5 year	more than 5 years	Total	less than 1 year	1 to 5 year	more than 5 years	Total
Hedged cash flows	186	556	607	1,350	115	244	332	691

In the year ended December 31, 2010, only one hedge of future income representing an immaterial amount was requalified as ineligible for hedge accounting on the grounds that the related future event would be no longer highly probable (see note 2.c).

Operational Risk

Risk Management Framework

Regulatory Framework

Operational risk management is governed by a strict regulatory framework:

- Basel II, which requires the allocation of capital to operational risk;

- Regulation CRBF 97-02 as amended, which requires implementation of a risk management system covering all types of risk and an internal control system that ensures the effectiveness and quality of the Bank's internal operations, the reliability of internal and external information, the security of transactions and compliance with all laws, regulations and internal policies.

Objectives and Principles

To meet this dual requirement for measuring and managing operational risk, BNP Paribas has developed a five-stage iterative risk management process:

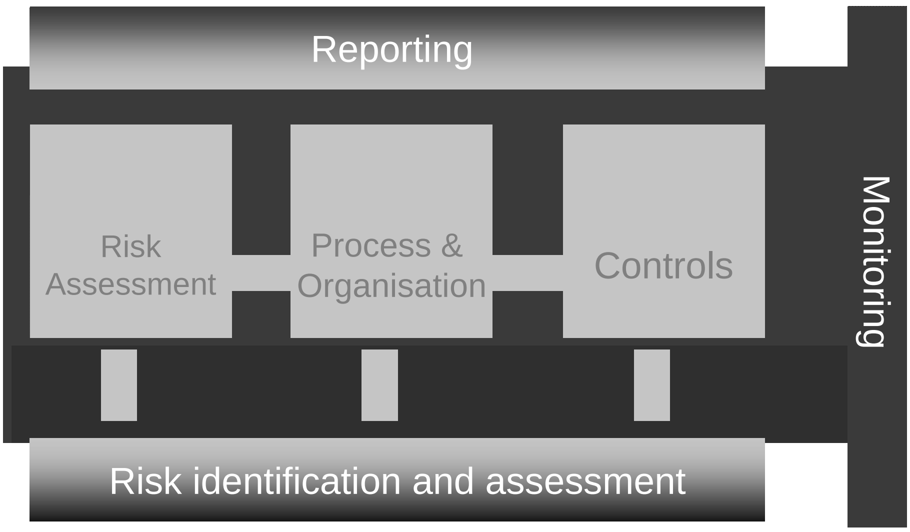
- identifying and assessing operational risk;

- formulating, implementing and monitoring permanent controls, including procedures, checks and all organizational elements designed to help to control risk, such as segregation of tasks, management of clearance rights, etc.;

- producing risk measures and calculating the capital charge for operational risk;

- reporting and analyzing oversight information relating to the permanent operational control process;

- managing the system through a governance framework that involves members of management, preparing and monitoring action plans.



There are two key components to the system, which are structuring in scope and illustrate the complementary nature of the Group's operational risk and permanent control systems:

- calculating capital requirements for the BNP Paribas scope excluding Fortis is based on a hybrid approach that combines an internal model with the standardized approach for other entities in the consolidation scope. Under the Advanced Measurement Approach (AMA), loss distributions are modeled and calibrated using two sets of data: historical event data since 2002 for the BNP Paribas Group and the major international banks, and internally constructed potential event scenarios to take better account of the extreme risks to which the Bank is exposed. This model was approved by the French banking supervisor (Autorité de Contrôle Prudentiel) in 2008.

- widespread use of control plans: BNP Paribas has embarked on a process of formulating "control plans", which have three objectives: harmonizing practices, rationalizing the system and standardizing controls. The project will also cover the Group's international operations and thereby support its growth. It is based on a risk mapping exercise carried out to identify and quantify potential risk scenarios, involving all the Group's core businesses, operational entities, business lines and Group functions.

Key Players and Governance

The BNP Paribas Group's objective is to implement a permanent control and operational risk management system organised around two types of participants:

- heads of operational entities, who are on the front line of risk management and implementation of systems to manage these risks.

- specialized teams, who are present at every level of the Group (core businesses, retail operational entities, functions, business lines) and coordinated centrally by the 2OPC team (Oversight of Operational Permanent Control), which is part of Group Compliance and a participant in the Group's risk management process. 2010 saw an evolution in the role of these teams, with their missions being refocus on two areas:

    - coordinating throughout the areas within their remit the definition and implementation of the permanent control and operational risk management system, its standards and methodologies, reporting and related tools;

    - acting as a second pair of eyes that is independent of the operational managers to scrutinise operational risk factors and the functioning of the operational risk and permanent control system, and issuing warnings, where appropriate.

More than 300 employees on a full-time equivalent basis are responsible for these supervisory activities.

Issues that arise in relation to permanent operational risk management and business continuity are discussed with the Group's Executive Committee on a regular basis, and periodically with the Internal Control Coordination Committee. This committee is chaired by the Internal Control Coordinator and brings together key players in the internal control process. The Group's core businesses, retail operational entities, business lines and functions tailor this governance structure to their own organizations, with the participation of Executive Management. Most other Group entities, particularly the major subsidiaries, have set up a similar structure.

Scope and Nature of Risk Reporting and Measurement

Group Executive Committees, core businesses, retail operational entities, business lines and functions are tasked with overseeing the management of operational and non-compliance risk and permanent control in the areas falling within their remit, in accordance with the Group's operational risk framework. The committees approve the quality and consistency of reporting data, examine their risk profile in light of the tolerance levels set and assess the quality of risk control procedures in light of their objectives and the risks they incur. They monitor the implementation of risk mitigation measures.

Operational risk management has developped a system of data collection of actual or potential incidents using an approach structured by operational process and entity (activities in a country and a single legal entity) focusing on the cause-and-effect chain behind events. This information is used as the basis for risk mitigation and prevention measures.

The most significant information is brought to the attention of staff at various levels of the organization, up to and including executive and decision-making bodies, in line with a predefined information reporting process.

Merger of BNP Paribas with the BNP Paribas and BGL BNP Paribas Entities

The Fortis Group entities acquired by BNP Paribas have a very similar operational risk management system to that of BNP Paribas. BNP Paribas Fortis and BGL BNP Paribas are AMA approved by the CBFA and have established a system that analyzes historical incidents and forward-looking data. In time, the BNP Paribas Group's system will be extended to encompass BNP Paribas Fortis and BGL BNP Paribas, and the teams of BNP Paribas Fortis and BGL BNP Paribas are gradually being trained in BNP Paribas' methods and standards.

Components of Operational Risk Related to Legal, Tax and Information Security Risks

Legal Risk

In each country where it operates, BNP Paribas is bound by specific local regulations applicable to companies engaged in banking, insurance and financial services. The Group is notably required to respect the integrity of the markets and the primacy of clients' interests.

For many years, the Group Legal Department has had an overarching internal control system designed to anticipate, detect, measure and manage legal risks. The system is organized around:

- specific committees:
  - the Executive Legal Affairs Committee;
  - the Global Legal Committee, which coordinates the activities of the legal function throughout the Group in all countries that have their own legal staff, and ensures that the Group's legal policies are consistent and applied in a uniform manner;
  - the Legislation Tracking Committee, which monitors draft legislation, and analyzes, interprets and distributes throughout the Group new laws and regulations, as well as details of changes in French and European case law;
  - the Legal Internal Control Committee, whose focuses include overseeing operational risk;
  - the Litigation Committee, which deals with major litigation proceedings in which the Group is the plaintiff or defendant.
  - the participation of the Director of Legal Affairs (or one of his/her representatives) as a standing member of the Internal Control, Risk and Compliance Committee;
- internal procedures and databases providing a framework for (i) managing legal risk, in collaboration with the Compliance function for all matters which also fall under their responsibility, and (ii) overseeing the activities of the Group's legal staff and operating staff involved in legal areas. At the end of 2004, a procedures database detailing all internal procedures was set up on the Group intranet;
- legal reviews, which are carried out in Group entities to ensure that local systems for managing legal risks are appropriate, legal risks are properly managed and tools correctly used. Regular visits are made, particularly to countries deemed the most vulnerable, in order to check the effectiveness of the systems developed by international units for managing legal risks; and

- internal reporting tools and analytical models, which are upgraded on an ongoing basis by Group Legal Department and contribute to the identification, assessment and analysis of operational risk.

2010 was marked by the launch of analysis and working groups aimed at making the legal teams more pro-active and promoting a single quality standard for legal services throughout the Group. Several priorities were identified, such as increasing the monitoring of legal issues at European level, expanding the control framework for external contracting and knowledge management.

Tax Risk

In each country where it operates, BNP Paribas is bound by specific local tax regulations applicable to companies engaged for example in banking, insurance or financial services.

The Group Tax Department is a global function, responsible for overseeing the consistency of the Group's tax affairs. It also shares responsibility for monitoring global tax risks with Group Development and Finance. The Group Tax Department performs controls to ensure that tax risks remain at an acceptable level and are consistent with the Group's reputation and profitability objectives.

To ensure its mission, the Group Tax Department has established:

- a network of dedicated tax specialists in 16 countries completed by tax correspondents covering other countries where the Group operates;

- a qualitative data reporting system in order to manage tax risks and assess compliance with local tax laws;

- regular reporting to Group Executive Management on the use made of delegations of authority and compliance with internal standards.

The Group Tax Department co-chairs the Tax Coordination Committee with Group Development and Finance. The Committee also includes the Compliance function and may involve the core businesses when appropriate. It is responsible for analyzing key tax issues for the Group.

In addition, Group Development and Finance is obliged to consult the Group Tax Department on any tax issues arising on transactions processed.

Lastly, the Group Tax Department has drawn up procedures covering all core businesses, designed to ensure that tax risks are identified, addressed and controlled appropriately.

Information Security

Information is a key commodity for banks and effective management of information security risk is vital in an era of near full-scale migration to electronic media, growing demand for swift online processing of ever more sophisticated transactions, and widespread use of the internet or multiple networks as the primary interface between a bank and its individual or institutional customers.

Incidents reported in different countries involving banking and credit/payment card industries highlight the increased need for vigilance. This topic has been reiterated by regulations and case law on data protection.

The rules governing information security at BNP Paribas are set out in various types of reference documents. These include a general security policy; more specific policies for various issues related to information systems security; ISO 27001 requirements; practical guides to security requirements; and operational procedures.

The security framework is drilled down to each individual business line, taking account of any regulatory requirements and the risk appetite of the business line in question. It is governed by the Group's general security policy. Each business line takes the same approach to managing information security. The primary methodology used is ISO 27005, supported by the French methodology EBIOS, common objective indicators, control plans, residual risk assessments and action plans. This approach is part of the permanent and periodic control framework set up for each banking activity pursuant to CRBF regulation 97-02 (amended in 2004) in France and similar regulations in other countries.

Each of BNP Paribas' business lines is exposed to some specific form of information security risk, with some risks common to all businesses. The Group's policy for managing these risks takes into consideration the specific nature of the business, often made more complex by legally and culturally-specific regulations in the different countries in which the Group does business.

BNP Paribas takes a continuous progress approach to information security. Apart from investing heavily in protecting its information systems assets and information resources, the level of security must be supervised and controlled continuously. This enables the Bank to adjust swiftly to new threats caused by cyber crime. One of the effects of this continuous progress approach is that investments are made at Group level to develop and improve the management of authorizations and controls over access to the most important applications used by the business lines.

The availability of information systems is vital to allow BNP Paribas to continue operating in a crisis or emergency. Although it is impossible to guarantee 100% availability, the Group maintains, improves and regularly verifies its information back-up capabilities and system robustness, in line with its values of operational excellence, in response to tighter regulations and extreme stress scenarios (natural disasters or other catastrophes, health pandemics, etc.). Its action in this area is consistent with the Group's general business continuity plan.

BNP Paribas seeks to minimize information security risk and optimize resources by:

- setting up a procedural framework for each business line governing day-to-day data production and management of existing software and new applications;

- raising employees' awareness of information security imperatives and training key players in the appropriate procedures and behaviors related to information system resources;

- adopting a formal approach for evaluating systems and improving management of security risks through measurable key performance indicators and action plans. This approach is applicable to business projects and shared information system architecture and applications, and is embedded within the Group's system of permanent and periodic controls; and

- monitoring incidents and developing intelligence of technological vulnerability and information systems attacks.

Insurance Policies

Risks incurred by the BNP Paribas Group may be covered by major insurers with the dual aim of protecting its balance sheet and profit and loss account.

The Group's insurance policy is based on an in-depth identification of risks underpinned by detailed operating loss data. The risks identified are then mapped and their impact quantified.

The Group purchases insurance from leading insurers in the market covering fraud, theft, property and casualty, business disruption, liability and other risks for which it may be held responsible.

In order to optimize costs and effectively manage its exposure, the Group self-insures some well identified risks whose impact in terms of frequency and cost is known or can be adequately estimated.

In selecting insurers, the Group pays close attention to the credit rating and claims paying ability of the companies concerned.

Detailed information on risks incurred by BNP Paribas as well as risk assessment visits, enable insurers to assess the quality of coverage and risk prevention within the Group, as well as the safeguard measures put in place and upgraded on a regular basis in light of new standards and regulations.

Compliance and Reputation Risk

Effective management of compliance risk is a core component of the Bank's internal control framework and covers adherence to applicable laws, regulations, codes of conduct and standards of good practice. Compliance also involves protecting the Group's reputation as well as the reputation of its investors and customers; ensuring that members of staff act in an ethical manner and avoid conflicts of interest; protecting the interests of its customers and the integrity of the market; implementing anti-money laundering procedures, combating corruption and terrorist financing; and respecting financial embargos.

As required by French regulations, the Compliance function manages compliance risk for all of the Group's domestic and international businesses. The Compliance function reports to the Chief Executive Officer and has direct, independent access to the Board's Internal Control, Risk and Compliance Committee.

The function includes a central structure in Paris responsible for overseeing and supervising all compliance matters, and local teams within the Group's various core businesses, retail operational entities, business lines and functions acting under delegated authority from the central team. This system has been reinforced on a regular basis since 2004.

Management of compliance and reputation risks is based on a system of permanent controls built on four axes:

- general and specific procedures;

- coordination of action taken within the Group to guarantee the consistency and effectiveness of monitoring systems and tools;

- deployment of tools for detecting and preventing money laundering, terrorist financing and corruption, and detecting market abuses, etc.;

- training, both at Group level and in the divisions and business lines.

Protecting the Bank's reputation is high on the Group's agenda. It requires ongoing revisions to the risk management policy in line with developments in the external environment. The Group has strengthened its anti-money laundering, terrorist financing and corruption techniques due to the international climate, the increasing number of fraudulent practices and the introduction of tighter regulations by many countries. Following discussion with the U.S. Department of Justice and the New York County District Attorney's Office, the Bank has decided to conduct an internal review of certain U.S. dollar payments involving countries, persons and entities that could be subject to U.S. sanctions.

Liquidity and Refinancing Risk

Liquidity and refinancing risk is the risk of the Bank being unable to fulfill current or future foreseen or unforeseen cash or collateral requirements without affecting routine transactions or its financial position.

Liquidity and refinancing risk is managed through a global liquidity policy approved by Group Executive Management. This policy is based on management principles designed to apply both in normal conditions and in a liquidity crisis. The Group's liquidity position is assessed on the basis of internal standards, warning flags and regulatory ratios.

Liquidity Risk Management Policy

Policy Objectives

The objectives of the Group's liquidity management policy are to (i) secure a balanced financing mix to support BNP Paribas' development strategy; (ii) ensure that the Group is always in a position to discharge its obligations to its customers; (iii) ensure that it does not trigger a systemic crisis solely by its own actions; (iv) comply with the standards set by the local banking supervisor; (v) keep the cost of refinancing as low as possible; and (vi) cope with any liquidity crises.

Roles and Responsibilities in Liquidity Risk Management

The Group's Executive Committee sets the general liquidity risk management policy, including risk measurement principles, acceptable risk levels and the internal billing system. Responsibility for monitoring and implementation has been delegated to the Group ALM Committee. The Internal Control, Risk and Compliance Committee reports quarterly to the Board of Directors on liquidity policy principles and the Bank's position.

Group ALM Committee authorizes implementation of the liquidity policy proposed by ALM Treasury, and which relies on the principles set by the Executive Committee. The Executive Committee is notably informed on a regular basis of liquidity indicators, results of stress tests, and the execution of financing programs. It is also informed of any crisis situation, and is responsible for deciding on the allocation of crisis management roles and approving emergency plans.

After approval by Group ALM Committee, ALM-Treasury is responsible for implementing the policy at both central and individual entity levels.

The business line and entity ALM committees implement at local level the strategy approved by Group ALM Committee.

GRM contributes to defining liquidity policy principles. It also provides second-line control by approving the models, risk indicators (including liquidity stress tests), limits and market parameters used. GRM is a member of Group ALM Committee and the business lines / entities ALCOs.

Centralized Liquidity Risk Management

Liquidity risk is managed centrally by ALM-Treasury across all maturities. The Treasury unit is responsible for refinancing and for short-term issues (certificates of deposit, commercial paper, etc.), while the ALM unit is responsible for senior and subordinated debt issues (MTNs, bonds, medium/long-term deposits, covered bonds, etc), preferred share issues, and loan securitization programs for the retail banking business and the financing business lines within Corporate and Investment Banking. ALM-Treasury is also tasked with providing financing to the Group's core businesses, operational entities and business lines, and investing their surplus cash.

Liquidity Risk Management and Supervision

Liquidity risk management and supervision is predicated on the following four factors:

- internal standards and indicators at various maturities;
- regulatory ratios;
- available refinancing capacity;
- other measures supplementing these indicators.

▪ Liquidity management is based on a full range of internal standards and indicators at various maturities.

An overnight target is set for each Treasury unit, limiting the amount raised on interbank overnight markets. This applies to the major currencies in which the Group operates.

The Group's consolidated liquidity position by maturity (1 month, 3 months, 6 months, then annually to 15 years) is measured regularly by business line and currency.

Liquidity stress tests are performed, on a regular basis, based on market factors and/or factors specific to BNP Paribas that would adversely affect its liquidity position.

Medium and long term liquidity management is mainly based on the medium and long term liabilities vs assets mismatch analysis.

At a one-year horizon, the liabilities/assets ratio has to be greater than 85%. It is also monitored on the 2 to 5 years maturities. This ratio is based on the liquidity schedules of the balance sheet and off-balance sheet items for all Group entities (contractuals as well as conventionals), under assumptions concerning clients behavior (anticipated pre-payments on loans, customers behavior modeling for regulated savings accounts) or under a number of conventions.

- In addition, regulatory ratios complete the liquidity risk management framework.

  These include the 1-month liquidity ratio, which is calculated monthly for the parent company BNP Paribas SA (French operations and branches) and separately by each subsidiary concerned by the regulations.

  Foreign subsidiaries and branches may be required to comply with local regulatory ratios.

- The available refinancing capacity required to cope with an unexpected surge in liquidity needs is regularly measured at Group level. It mainly comprises available securities and loans eligible for central bank refinancing, available ineligible securities that can be sold under repurchase agreements or immediately on the market, and overnight loans not liable to be renewed.

- These arrangements are supplemented by additional measures: diversification of BNP Paribas' sources of short-term funds on a worldwide basis to ensure that it is not dependent on a too limited number of capital providers, monitoring of trends in liquidity spreads and the renewal of market-based funding.

Risk Exposure in 2010

Consolidated Balance Sheet Evolution

The Group had total assets of €1,998 billion at December 31, 2010.

The loan-to-deposit ratio[67] stood at 121% at December 31, 2010 (unchanged compared with December 31, 2009).

A net total of €1,097 billion in assets were due to be refinanced at December 31, 2010, representing a drop of €119 billion compared with December 31, 2009, deriving in particular from a fall in interbank assets and those placed with central banks (-€49 billion) and a decrease in net trading assets and liabilities (-€19 billion) and net accrued income and expenses (-€13 billion).

This reduction resulted in a corresponding decline in interbank liabilities and repurchase agreements (down -€88 billion).

Internal Medium and Long-term Liquidity Ratios

Over one year liabilities/assets ratio was 86% at the end of December 2010 for the consolidated BNP Paribas Group, versus 87% at year-end 2009.

Regulatory Liquidity Ratios

The average one-month regulatory liquidity ratio for BNP Paribas SA (mother company and branches) was 136% in 2010 compared with a minimum requirement of 100%.

Risk Mitigation Techniques

Within the normal course of the liquidity management or in the event of a liquidity crisis, the Group's most liquid assets constitute a financing reserve enabling the Bank to adjust its treasury position by selling them in the open market, in the repos market or by pledging them as collateral to a central bank.

Less liquid assets may be converted into liquid assets by securitizing pools of loans granted to retail banking clients as well as pools of corporate loans.

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[67] Repos not distributed via the networks have been excluded in the calculation of this ratio.

The diversification of the financing sources by market, maturity and structure carried on during 2010.

Accordingly, the Group also expanded its sources of funding through the collateralization of assets (increased volumes and pool allocation strategy). As a result, the secured debt (with an initial maturity of over 1 year) issued in 2010 are the following :

- €5.7 billion BNP Paribas Home Loan Covered Bonds issues, with $2 billion inaugural issue, 5 years maturity;
- €2 billion BNP Paribas Public Sector SCF issues (two €1 billion issues, maturities 10 years and 5 years);
- €0.8 billion borrowed from CRH (Caisse de Refinancement de l'Habitat).

Liabilities from "deposit product line", set up in order to diversify the companies and institutional depositors base, rose by 13% at €19 billion. Accordingly, the interbank borrowing advances decrease in 2010.

Liabilities raised by the Bank in the markets with an initial maturity of over 1 year came to €36.5 billion in 2010 (€45.7 billion in 2009), mainly in euros, US dollars, yen and Australian dollars. In addition, senior issues with a maturity of one year were launched raising €7.3 billion, chiefly in euros, US dollars and sterling.

Insurance Risks

The insurance subsidiaries' risk exposures result from the sale, in France and abroad, of savings and protection contracts.

Financial Risks

Financial risks arise mainly in the Savings business, which accounts for over 95% of the insurance subsidiaries' liabilities.

There are three types of financial risk:

Interest rate Risk

Policyholder yields on non-unit-linked life insurance policies are based on either a fixed rate specified in the policy or a variable rate, with or without a fixed floor rate. All of these policies give rise to an interest rate risk, corresponding to the risk that the return on admissible assets (i.e. assets acquired by investing premiums) is less than the contractual yield payable to policyholders.

This risk is managed centrally by the BNP Paribas Assurance Asset/Liability Management unit, which coordinates its activities with the BNP Paribas ALM-Treasury Department. Regular asset-liability matching reviews are performed to measure and manage the financial risks, based on medium and/or long-term income statement and balance sheet projections prepared according to various economic scenarios. The results of these reviews are analyzed in order to determine any adjustments to assets (through diversification, use of derivatives, etc.) that are required to reduce the risks arising from changes in interest rates and asset values.

In France, to cover future potential financial losses, estimated over the life of the policies, a provision for future adverse deviation (*provision pour aléas financiers*) is booked when total amount of technical interest plus the guaranteed yield payable to policyholders through technical reserves is not covered by 80% of the yield on the admissible assets. No provision for future adverse deviation was booked at December 31, 2010 or 2009 as the yields guaranteed by the insurance subsidiaries are low and the guarantees are for short periods, resulting in only limited exposure.

Surrender Risk

Savings contracts include a surrender clause allowing the insured to request reimbursement of all or part of their accumulated savings. The insurer is exposed to the risk of surrender rates being higher than the forecasts used for ALM purposes, which may force it to sell assets at a loss.

The surrender risk is limited, however, as:

- most policies provide for the temporary suspension of surrender rights in the event that the insurer's financial position were to be severely impaired such that the surrenders would deprive other policyholders of the ability to exercise their rights.

- policyholder behavior is monitored on an ongoing basis, in order to regularly align the duration of assets with that of the corresponding liabilities and reduce the risk of abrupt, large-scale asset sales. Changes in assets and liabilities are projected over periods of up to 40 years, in order to identify mismatches giving rise to a liquidity risk. These analyses are then used to determine the choice of maturities for new investments and the assets to be sold.

- in addition to the guaranteed yield, policyholders are paid dividends that raise the total yield to a level in line with market benchmarks. These dividends, which are partly discretionary, reduce the risk of an increase in surrender rates in periods of rising market interest rates.

- the return on financial assets is protected mainly through the use of hedging instruments.

Unit-linked Contracts with a Capital Guarantee

The carrying amount of linked liabilities is equal to the sum of the fair values of the assets held in the unit-linked portfolios. The insurer's liability is therefore covered by corresponding assets. The match between linked liabilities and the related assets is checked at monthly intervals.

Certain unit-linked contracts include whole life cover providing for the payment of a death benefit at least equal to the cumulative premiums invested in the contract, whatever the conditions on the financial markets at the time of the insured's death. The risk on these contracts is both statistical (probability of a claim) and financial (market value of the units).

The capital guarantee is generally subject to certain limits. In France, for example, most contracts limit the guarantee to one year and a maximum of €765,000 per insured. In addition, the guarantee is not normally available beyond the insured's 80th birthday.

The capital guarantee reserve is reassessed every quarter and takes into account the probability of death, based on a deterministic scenario, and stochastic analyses of changing financial market prices. The capital guarantee reserve amounted to €16 million at December 31, 2010 (versus €19 million at December 31, 2009).

Insurance Underwriting Risks

The insurance underwriting risks arise mainly in the Protection Business Line, which accounts for some 5% of the insurance subsidiaries' liabilities.

They result mainly from the sale of loan protection insurance worldwide and other personal risk insurance (individual death and disability, extended warranty, annuity policies in France).

The actuarial oversight system set up to prevent and control actuarial risks in France and internationally is based on guidelines and tools that describe (i) the principles, rules, methods and best practices to be followed by each actuary throughout the policies' life cycle, (ii) the tasks to be performed by the actuaries and their reporting obligations and (iii) practices that are banned or that are allowed only if certain conditions are met.

Underwriting limits are set at various local and central levels, based on capital at risk, estimated maximum acceptable losses and estimated margins on the policies concerned. The experience acquired in managing geographically diversified portfolios is used to regularly update risk pricing databases comprising a wide range of criteria such as credit risk, the type of guarantee and the insured population). Each contract is priced by reference to the margin and return-on-equity targets set by the executive management of BNP Paribas Assurance.

Risk exposures are monitored at quarterly intervals by BNP Paribas Assurance's Executive Committee, based on an analysis of loss ratios.

Loan protection insurance covers death, total or partial disability, loss of employment and financial loss risks for personal loans and home loans. The insurance book comprises a very large number of individual policies representing low risks and low premiums. Margins depend on the size of the insurance book, effective pooling of risks and tight control of administrative costs.

Loss ratios for annuity contracts are based on mortality tables applicable under insurance regulations, adjusted in some cases by portfolio specific data which is certified by independent actuaries. Annuity risks are low.

Actual loss ratios are compared with forecast ratios on a regular basis by the actuarial department, and premium rates are adjusted when necessary.

The insurance subscription risks are covered by various technical reserves, including the unearned premiums reserve generally calculated on an accruals basis policy-by-policy, the outstanding claims reserve, determined by reference to reported claims, and the IBNR (claims incurred but not reported) reserve, determined on the basis of either observed settlements or the expected number of claims and the average cost per claim.

GOVERNMENTAL SUPERVISION AND REGULATION OF BNP PARIBAS IN FRANCE

The French Banking System

The French banking system consists primarily of privately-owned banks and financial institutions, as well as a number of state-owned banks and financial institutions, all of which are subject to the same banking laws and regulations generally.

All French credit institutions are required to belong to a professional organization or central body affiliated with the French Credit Institutions and Investment Firms Association (*Association française des établissements de crédit et des entreprises d'investissement*), which represents the interests of credit institutions, payment institutions and investment firms in particular with the public authorities, provides consultative advice, disseminates information, studies questions relating to banking and financial services activities and makes recommendations in connection therewith. Most registered banks, including BNP Paribas, are members of the French Banking Association (*Fédération Bancaire Française*).

French Supervisory Bodies

The French Monetary and Financial Code (*Code monétaire et financier*) sets forth the conditions under which credit institutions, including banks, may operate. The French Monetary and Financial Code vests related supervisory and regulatory powers in certain administrative authorities.

The Financial Sector Consultative Committee (*Comité consultatif du secteur financier*) is made up of representatives of credit institutions, investment firms, insurance companies and insurance brokers and client representatives. The committee is a consultative organization that studies the relations between credit institutions, investment firms and insurance companies and their respective clientele and proposes appropriate measures in this area.

The Consultative Committee on Financial Legislation and Regulations (*Comité consultatif de la législation et de la réglementation financières*) reviews, at the request of the Minister of the Economy, any draft bill or regulations, as well as any draft EU regulations relating to the insurance, banking and investment service industry other than those draft regulations issued by the *Autorité des marchés financiers*.

The Prudential Control Authority (*Autorité de contrôle prudentiel* or *ACP*) supervises financial institutions and insurance firms and is in charge of ensuring the protection of consumers and the stability of the financial system. The ACP was created in January, 2010 as a result of the merger of the Banking Commission (*Commission bancaire*), the Credit Institutions and Investment Firms Committee (*Comité des établissements de crédit et des entreprises d'investissement*) and the Insurance and Pensions Control Authority (*Autorité de contrôle des assurances et des mutuelles*) and assumed the functions previously exercised by these authorities. The ACP is chaired by the Governor of the *Banque de France*. With respect to the banking sector, the ACP makes individual decisions, grants banking and investment firm licenses, and grants specific exemptions as provided in applicable banking regulations. It supervises the enforcement of laws and regulations applicable to banks and other credit institutions, as well as investment firms, and controls their financial standing. Banks are required to submit periodic (either monthly, quarterly or semi-annually) accounting reports to the ACP concerning the principal areas of their activity. The ACP may also request additional information that it deems necessary and may carry out on-site inspections. These reports and controls allow a close monitoring of the condition of each bank and also facilitate computation of the total deposits of all banks and their use.

The ACP may enjoin financial institutions to comply with applicable regulations and to cease conducting activities which may adversely affect the interests of clients. The ACP may also require a financial institution to take measures to strengthen or restore its financial situation, improve its management methods and/or adjust its organization and activities to its development goals. When a financial institution's solvency or liquidity, or the interests of its clients are or could be threatened, the ACP is entitled to take certain provisional measures, including: submitting the institution to special monitoring and restricting or prohibiting the conduct of certain activities (including deposit-taking), the making of certain payments, the disposal of assets, and/or the distribution of dividends to its shareholders.

Where regulations have been violated, the ACP may act as an administrative court and impose sanctions, which may include deregistration of a bank, resulting in its winding up. The ACP also has the power to appoint a temporary administrator to manage provisionally a bank that it deems to be mismanaged. The decisions of the ACP may be appealed to the French Administrative Supreme Court (*Conseil d'Etat*). Insolvency proceedings may be initiated against banks or other credit institutions, or investment firms only after formal consultation with the ACP.

Banking Regulations

The BNP Paribas Group must comply with minimum capital ratio requirements. See "Capital Adequacy of the BNP Paribas Group". In addition to these requirements, the principal regulations applicable to deposit banks such as BNP Paribas concern risk diversification and liquidity, monetary policy, restrictions on equity investments and reporting requirements. In the various countries in which BNP Paribas operates, it complies with the specific regulatory ratio requirements in accordance with procedures established by the relevant supervisory authorities.

In France, the BNP Paribas Group must comply with the norms of financial management set by the Minister of the Economy, the purpose of which is to ensure the creditworthiness and liquidity of French credit institutions.

Each French credit institution is required to calculate, as of the end of each month, the ratio of the weighted total of certain short-term and liquid assets to the weighted total of short-term liabilities. This liquidity ratio (*coefficient de liquidité*) is required to exceed 100% at all times. French credit institutions are entitled to opt for the "advanced" approach with respect to liquidity risk, upon request to the ACP and under certain conditions. Under the advanced approach, the credit institution is able to use its internal methodologies to determine the liquidity risk and ensure that it has sufficient liquidity at all times to honor its commitments.

French credit institutions must satisfy, on a consolidated basis, certain restrictions relating to concentration of risks (*ratio de contrôle des grands risques*). The aggregate of a French credit institution's loans and a portion of certain other exposure (*risques*) to a single customer (and related entities) may not exceed 25% of the credit institution's regulatory capital as defined by French capital ratio requirements. Individual exposures exceeding 10% of the credit institution's regulatory capital are subject to specific reporting requirements. In addition, the aggregate amount of individual exposures exceeding 10% of the credit institution's regulatory capital may not exceed eight times such regulatory capital.

French credit institutions are required to maintain on deposit with the *Banque de France* a certain percentage of various categories of demand and short-term deposits. Deposits with a maturity of more than two years are not included in calculating the amount required to be deposited. The required reserves are remunerated at a level corresponding to the average interest rate over the maintenance period of the main refinancing operations of the European System of Central Banks.

BNP Paribas' commercial banking operations in France are also significantly affected by monetary policies established from time to time by the European Central Bank in coordination with the *Banque de France.* Commercial banking operations, particularly in their fixing of short-term interest rates, are also affected in practice by the rates at which the *Banque de France* intervenes in the French domestic interbank market.

French credit institutions are subject to restrictions on equity investments and, subject to various specified exemptions for certain short-term investments and investments in financial institutions and insurance companies, "qualifying shareholdings" held by credit institutions must comply with the following requirements: (a) no qualifying shareholding may exceed 15% of the regulatory capital of the concerned credit institution and (b) the aggregate of such qualifying shareholdings may not exceed 60% of the regulatory capital of the concerned credit institution. An equity investment is a qualifying shareholding for the purposes of these provisions if (i) it represents more than 10% of the share capital or voting rights of the company in which the investment is made or (ii) it provides, or is acquired with a view to providing, a "significant influence" (*influence notable*, presumed when the credit institution controls at least 20% of the voting rights) in such company.

French regulations permit only licensed credit institutions to engage in banking activities on a regular basis. Similarly, institutions licensed as banks may not, on a regular basis, engage in activities other than banking, bank related activities and a limited number of non-banking activities determined pursuant to the regulations issued by the Minister of the Economy. A regulation issued in November 1986 and amended from time to time sets forth an exhaustive list of such non-banking activities and requires revenues from those activities to be limited in the aggregate to a maximum of 10% of total net revenues.

Examination

The principal means used by the ACP to ensure compliance by large deposit banks with applicable regulations is the examination of the detailed periodic (monthly or quarterly) financial statements and other documents that these banks are required to submit to the ACP. In the event that any examination were to reveal a material adverse change in the financial condition of a bank, an inquiry would be made, which could be followed by an inspection. The ACP may also inspect banks on an unannounced basis.

Reporting Requirements

Credit institutions must make periodic reports, collectively referred to as *états périodiques,* to the ACP. The *états périodiques* comprise principally (a) a statement of the activity of the concerned institution during the relevant period (*situation*), to which is attached exhibits that provide a more detailed breakdown of the amounts involved in each category, (b) a statement of income, together with exhibits and (c) certain additional data relating to operations (*indicateurs d'activité*) such as the number of employees, client accounts and branches.

Deposit Guarantees

All credit institutions operating in France are required by law to be a member of the deposit guarantee fund *(Fonds de Garantie)*, except branches of European Economic Area banks that are covered by their home country's guarantee system. Domestic customer deposits denominated in euro and currencies of the European Economic Area are covered up to an amount of €100,000 per customer and per credit institution. The contribution of each credit institution is calculated on the basis of the aggregate deposits and one-third of the gross customer loans held by such credit institution and of the risk exposure of such credit institution.

Additional Funding

The Governor of the *Banque de France,* as chairman of the ACP, can request that the shareholders of a credit institution in financial difficulty fund the institution in an amount that may exceed their initial capital contribution. However, credit institution shareholders have no legal obligation in this respect and, as a practical matter, such a request would likely be made to holders of a significant portion of the institution's share capital.

Internal Control Procedures

French credit institutions are required to establish appropriate internal control systems, including with respect to risk management and the creation of appropriate audit trails.

French credit institutions are required to have a system for analyzing and measuring risks in order to assess their exposition to credit, market, global interest rate, intermediation, liquidity and operational risks. Such system must set forth criteria and thresholds allowing to identify as significant the incidents revealed by internal control procedures. Any fraud generating a gain or loss of a gross amount superior to 0.5% of the tier one capital is deemed significant provided that such amount is greater than €10,000.

With respect to credit risks, each credit institution must have a credit risk selection procedure and a system for measuring credit risk that permit centralization of the institution's on- and off-balance sheet exposure and for assessing different categories of risk using qualitative and quantitative data. With respect to market risks, each credit institution must have systems for monitoring, among other things, its proprietary transactions that permit the institution to record on at least a day-to-day basis foreign exchange transactions and transactions in the trading book, and to measure on at least a day-to-day basis the risks resulting from trading positions in accordance with the capital adequacy regulations. The institution must prepare an annual report for review by the institution's board of directors and the ACP regarding the institution's internal procedures and the measurement and monitoring of the institution's exposure.

Compensation Policy

French credit institutions and investment firms are required to ensure that their compensation policy is compatible with sound risk management principles. A significant fraction of the compensation of employees whose activities may have a significant impact on the bank's risk exposure must be performance-based, and a significant fraction of this performance-based compensation must be non-cash and deferred. The aggregate amount of variable compensation must not hinder the bank's capacity to strengthen its capital base if needed.

Money Laundering

French credit institutions are required to report to a special government agency (TRACFIN) placed under the authority of the Minister of the Economy all amounts registered in their accounts that they suspect come from drug trafficking or organized crime, from unusual transactions in excess of certain amounts, as well as all amounts and transactions that they suspect to be the result of offence punishable by a minimum sentence of at least one-year imprisonment or that could participate in the financing of terrorism. French credit institutions are also required to establish "know your customer" procedures allowing identification of the customer (as well as the beneficial owner) in any transaction and to have in place systems for assessing and managing money-laundering and terrorism financing risks in accordance with the varying degree of risk attached to the relevant clients and transactions.

CAPITAL ADEQUACY OF THE BNP PARIBAS GROUP

Overview

French bank regulatory authorities, like authorities in most countries, impose minimum required levels of capital that must be maintained by banks within their jurisdiction. Required levels of capital are determined by reference to the relative risk associated with specified categories of assets owned by the institutions. These requirements are generally referred to as risk-based capital requirements and are regarded by bank regulatory authorities as an important supervisory tool in measuring the safety and soundness of banking institutions.

In particular, the BNP Paribas Group is required to comply with the French regulations that transpose European Union capital adequacy directives (Directive on the Capital Adequacy of Investment Firms and Credit Institutions and Financial Conglomerates Directive) into French law. In the various countries in which the Group operates, BNP Paribas also complies with specific regulatory ratios in line with procedures overseen by the relevant supervisory authorities. These ratios mainly address capital adequacy, risk concentration, liquidity and asset/liability mismatches.

Regulatory Background

Basel II Capital Framework

In 1988, the Basel Committee on Banking Supervision (the "Basel Committee"), a committee consisting of representatives of the central banks and supervisory authorities from the "Group of Ten" countries (Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, the United Kingdom and the United States) and Luxembourg that meet at the Bank for International Settlements ("BIS"), adopted a capital accord setting out standards for risk-weighting and minimum levels of regulatory capital for banks. The BIS standards contained in the 1988 accord have been widely adopted by bank regulatory authorities throughout the world, including regulatory authorities in France and the rest of the European Union. They have been amended and applicable to French credit institutions since January 1, 1998.

In June 2004, the Basel Committee issued a final comprehensive version of a revised framework for the International Convergence of Capital Measurement and Capital Standards (commonly referred to as the "Basel II Accord") intended to update and replace the 1988 BIS capital accord. The Basel II Accord has no legal force and must be implemented through implementing legislation in each participating jurisdiction. Accordingly, on June 14, 2006, the European Parliament approved a new Capital Requirements Directive (the "EU Capital Requirements Directive") based on Basel II, with certain adaptations in order to take into account the European context. The implementation date of the EU Capital Requirements Directive—which applies to all credit institutions and investment firms organized in the European Union—was January 1, 2007, for those institutions wishing to adopt the simplest approaches of the Basel II Accord, and January 1, 2008, in all other cases. BNP Paribas opted for the advanced approaches allowed under Basel II.

Basel II Pillars

The Basel II capital framework consists of three "pillars": minimum capital requirements, supervisory reviews, and required disclosures to enhance market discipline.

Under the first pillar, minimum capital requirements consist of capital charges for credit risk, market risk and operational risk.

It should be noted that with respect to credit risk capital charges, the existing risk weighting categories of the 1988 BIS accord are replaced with three alternative approaches, designed to be more risk sensitive: a "standardized" approach, and two "internal ratings based" (IRB) approaches ("foundation" and "advanced"). The standardized approach is an updated and expanded version of the prior risk weight categories, with risk weights based, in many cases, on credit ratings from *external* sources (such as credit rating agencies), with a greater range of risk weights available (some of the new risk weights would exceed 100% for low quality exposures), and with greater recognition of credit risk mitigation techniques, such as the use of collateral, guarantees and credit derivatives. Under either of the two internal ratings based approaches, banks input their own *internal* calculations of certain risk parameters ("probability of default", "loss given default" and "exposure at default") into risk weight formulas developed by the Basel Committee for each of several different types of assets or credit exposures. In order for a bank to be eligible to use the IRB approaches and internal data, its risk management, data collection and modeling systems must be reviewed and approved by its banking supervisory authority.

In 2007 the French banking supervisory authority (the "*Commission Bancaire*") approved the use of the Group's own models to determine its minimum capital requirements as from January 1, 2008. The scope of entities authorized to use these internal risk models is significant, and includes BNP Paribas SA and Cetelem in France and abroad. Other entities, such as subsidiaries in emerging countries, will only adopt these internal models after a number of years, once they comply with the conditions set by the *Commission Bancaire* and agreed by the Group.

The Basel Committee has said it will continue to review the calibration of the capital requirements as it monitors the results of the parallel calculations submitted by banks during the implementation and transition period. The European Parliament has also authorized technical amendments to the EU Capital Requirements Directive without need for further parliamentary vote.

The second pillar of the Basel II capital framework emphasizes the importance of supervisory review to ensure that a bank's capital position is consistent with its overall risk profile and strategy. Banking institutions are expected to maintain capital at some level in excess of the mandatory minimums, taking into account their own particular circumstances and consideration of certain risks not explicitly addressed in the first pillar (such as interest rate risk in the banking book and credit concentrations). Supervisors must review each bank's own assessment of the required amount of capital and may adjust an individual bank's capital requirements on a case-by-case basis. The second pillar also encourages early supervisory intervention when a bank's capital position deteriorates.

The third pillar of Basel II emphasizes public disclosures to enhance market discipline. The new framework calls for disclosure of many details of each bank's capital adequacy calculations, accounting policies, risk exposures and risk management strategies. For the year ended December 31, 2010, this disclosure was included as Chapter 5 (Pillar 3) of BNP Paribas' reference document filed with the French *Autorité des marches financiers* (available at http://invest.bnpparibas.com); Chapter 5 is incorporated by reference herein.

Breakdown of Regulatory Capital

Regulatory capital is determined in accordance with Comité de la Réglementation Bancaire et Financière (the "*CRBF*") regulation 90-02, dated February 23, 1990. It includes three components – Tier 1 capital, Tier 2 capital and Tier 3 capital – determined as follows:

- core capital (Tier 1) corresponds to consolidated equity (excluding unrealized or deferred gains and losses), adjusted for certain items known as "prudential filters". The main adjustments consist of (i) deducting the planned dividend for the year, as well as goodwill and other intangibles, (ii) excluding consolidated subsidiaries that are not subject to banking regulations – mainly insurance companies – and (iii) applying limits to the eligibility of certain securities, such as undated super subordinated notes;

- supplementary capital (Tier 2) comprises some subordinated debt and any positive credit and counterparty risk valuation differences between provisions for incurred losses taken under the book method and expected losses on credit exposure measured using the internal ratings based approach;

- a discount is applied to subordinated debt with a maturity of less than five years, and dated subordinated debt included in Tier 2 capital is capped at the equivalent of 50% of Tier 1 capital. Total Tier 2 capital is capped at the equivalent of 100% of Tier 1 capital;

- Tier 3 capital comprises subordinated debt with shorter maturities and can only be used to cover a certain proportion of market risks; and

- the following items are deducted for the purpose of calculating regulatory capital, half from Tier 1 capital and half from Tier 2 capital: (i) the carrying amount of investments in credit institutions and finance companies accounted for by the equity method; (ii) the regulatory capital of credit institutions and finance companies more than 10% owned by the Group; (iii) the portion of expected losses on credit exposure measured using the internal ratings based approach which is not covered by provisions and value adjustments.

Since January 1, 2008, the Group's capital adequacy ratio has been calculated in accordance with the decree issued by the French Ministry of the Economy, Finance and Industry on February 20, 2007 introducing the Basel II capital adequacy ratio, *i.e.,* regulatory capital expressed as a percentage of the sum of:

- risk-weighted assets calculated using the standardized approach or the internal ratings based approach (as defined above), depending on the relevant entity or Group business; and

- the regulatory capital requirement for market and operational risks, multiplied by 12.5. The capital requirement for operational risk is measured using the basic indicator, standardized or advanced measurement approach (as defined above), depending on the relevant Group entity.

The Tier One capital ratio is calculated in a like manner with the sole exception being that only Tier One capital is considered regulatory capital for purposes of calculating the Tier One capital adequacy ratio.

BNP Paribas Group Regulatory Capital

The following table sets forth BNP Paribas Group's regulatory capital at December 31, 2010 and 2009.

In millions of euros	December 31, 2010	December 31, 2009
Consolidated equity before appropriation of income	**85,629**	**80,344**
Regulatory deductions and other items	**(17,093)**	**(17,434)**
Intangible assets deductions	(13,837)	(13,316)
of which goodwills	(11,735)	(11,410)
Subordinated debt *(notes 5.a and 5.h)*	3,187	3,005
Other regulatory items	(6,443)	(7,123)
of which dividend payment (1)	(2,511)	(1,772)
of which deductions of 50% for uneligible items	(1,303)	(1,146)
TIER 1 CAPITAL	**68,536**	**62,910**
Total Tier 2 capital	**20,109**	**25,298**
of which positive difference between provisions and expected losses over 1 year	482	1,314
Regulatory deductions for remaining uneligible items	**(1,303)**	**(1,146)**
Allocated Tier 3 capital	**982**	**1,352**
REGULATORY CAPITAL	**88,324**	**88,414**

(1) Dividend to be recommended at the Annual General Meeting of shareholders.

Minimum Capital Adequacy Ratio

Under the European Union regulation transposed into French law by regulation 91-05, the Group's capital adequacy ratio must at all times be at least 8%, including a Tier One ratio of at least 4%. Under United States capital adequacy regulations, BNP Paribas is qualified as a Financial Holding Company and as such is required to have a capital adequacy ratio of at least 10%, including a Tier One ratio of at least 6%.

Ratios are monitored and managed centrally, on a consolidated basis, at Group level. Where a French or international entity is required to comply with banking regulations at its own level, its ratios are also monitored and managed directly by the entity.

Capital Management and Planning

Capital adequacy ratios are managed prospectively on a prudent basis that takes into account the Group's profitability and growth targets. The Group maintains a balance sheet structure that allows it to finance business growth on the best possible terms while preserving its very high quality credit rating. In line with the commitment to offering shareholders an optimum return on their investment, the Group places considerable emphasis on efficiently investing equity capital and attentively managing the balance between financial strength and shareholder return. In 2009 and 2010, the BNP Paribas Group's capital adequacy ratios complied with regulatory requirements and its own targets.

Regulatory capital levels are managed using information produced during the budget process, including forecast growth in earnings and risk-weighted assets, planned acquisitions, planned issues of hybrid capital instruments and exchange rate assumptions. Changes in ratios are reviewed by the Group's executive management at monthly intervals and whenever an event occurs or a decision is taken that will materially affect consolidated ratios.

The following table presents the Group's solvency ratio as of December 31, 2010 and December 31, 2009.

In millions of euros	**December 31, 2010**	**December 31, 2009**
TIER 1 CAPITAL	**68,536**	**62,910**
Tier 2 capital	**20,109**	**25,298**
Tier 2 regulatory deductions	**(1,303)**	**(1,146)**
Allocated Tier 3 capital	**982**	**1,352**
REGULATORY CAPITAL	**88,324**	**88,414**
Credit risk	481,103	482,944
Counterparty risk	22,769	27,435
Equity risk	22,475	29,446
Market risk	17,187	23,666
Operational risk	56,890	57,223
Basel II Risk-weighted assets (ex floor)	**600,424**	**620,714**
Effect of Basel I floor on Tier 1 risk-weighted assets	*847*	
CRD risk-weighted assets for Tier 1 ratio (*)	**601,271**	
Effect of Basel I floor on total risk-weighted assets	*6,872*	
CRD RISK-WEIGHTED ASSETS FOR TOTAL CAPITAL RATIO (**)	**607,296**	
TIER 1 RATIO	**11.4%**	**10.1%**
TOTAL CAPITAL RATIO	**14.5%**	**14.2%**

(*) *80% of Basel I risk-weighted assets.*
(**) *80% of Basel I risk-weighted assets including the positive difference between provisions and expected losses.*

For more information concerning the Group's capital adequacy and risk-weighted assets, please see Note 4.c to the Group's consolidated financial statements as well as Chapter 5 (Pillar 3) of its reference document filed with the French *Autorité des marches financiers*, both of which are incorporated by reference herein.

MANAGEMENT OF THE BANK

Board of Directors

Pursuant to the by-laws of the Bank, the business affairs of the Bank are administered by the Board of Directors, which is composed of a total of not less than nine nor more than 18 directors (excluding directors elected by employees). The Board of Directors currently comprises 12 directors, plus two additional directors elected, in accordance with the terms of the by-laws, by employees of the Bank. In accordance with French law, the directors of the Bank may be removed at any time, with or without cause. Each director is elected or appointed for a term of three years. The Board of Directors elects a chairman from among its members and also establishes the term of the appointment of the chairman that may not exceed the period or remaining period, as the case may be, of the chairman's appointment as a member of the Board of Directors.

The aggregate compensation paid to members of the Board of Directors, in their capacity as such, during the year ended December 31, 2010 was €753,527.

The following table sets forth the names of the members of the Board of Directors as of June 7, 2011, their current function at the Bank, their business address and their principal business activities[68] outside of the Bank as at December 31, 2010:

Name	**Function**	**Business Address**	**Principal Outside Activities**
Michel Pébereau	Chairman, BNP Paribas	3, rue d'Antin, 75002 Paris, France	**Director of:** AXA, Compagnie de Saint-Gobain, Lafarge, Total, *BNP Paribas (Suisse) SA, Eads N.V. (Netherlands), Pargesa Holding SA (Switzerland)* **Member of the Supervisory Board of:** *Banque Marocaine pour le Commerce et l'Industrie (Morocco)* **Non-voting director of:** *Société Anonyme des Galeries Lafayette* **Chairman of:** *European Financial Round Table, Investment Banking and Financial Markets Committee of the Fédération Bancaire Française, Management Board of Institut d'Etudes Politiques de Paris, Institut de l'Entreprise* **Member of:** *Académie des sciences morales et politiques, Executive Committee of Mouvement des Entreprises de France, Haut Conseil de l'Éducation, Institut International d'Études Bancaires, International Advisory Panel of the Monetary Authority of Singapore, International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC)*
Patrick Auguste	Technical Service Manager, (elected by BNP Paribas executive employees)	20, avenue Georges-Pompidou, 92300 Levallois Perret, France	

[68] The directorships shown in italics are not governed by provisions of the French Commercial Code (Code de Commerce) concerning multiple directorships.

Name	Function	Business Address	Principal Outside Activities
Claude Bébéar	Honorary Chairman of AXA	25, avenue Matignon, 75008 Paris, France	**Director of:** *AXA Assurances Iard Mutuelle, AXA Assurances Vie Mutuelle* **Member of the Supervisory Board of:** Vivendi **Non-voting director of:** *Schneider Electric* **Chairman of:** *IMS-Entreprendre pour la Cité, Institut Montaigne* **Member of:** *International Advisory Panel of the Monetary Authority of Singapore*
Jean-Laurent Bonnafé		3, rue d'Antin, 75002 Paris, France	**Director of**: Carrefour, *BNP Paribas Personal Finance, Banca Nazionale del Lavoro (Italy)* **Chairman of**: *Management Committee and Executive Committee of BNP Paribas Fortis (Belgium)* **Chief Executive Officer** : *BNP Paribas Fortis (Belgium)*
Jean-Marie Gianno	Sales Associate, (elected by BNP Paribas employees)	21, avenue Jean Médecin, 06000 Nice, France	**Member of:** *Comité des Établissements de Crédit et des Entreprises d'Investissement (CECEI), "Confrontations" (a European think tank)*
Denis Kessler		1, avenue du Général-de-Gaulle 92074 Paris La Défense Cedex, France	**Director of:** Bolloré, Dassault Aviation, Fonds Stratégique d'Investissement, *Invesco Ltd (United States)* **Member of the Supervisory Board of:** *Yam Invest N.V. (Netherlands)* **Member of:** *Commission Economique de la Nation, Conseil Economique et Social, Board of Directors of Association de Genève, Board of the French Foundation for Medical Research, Strategic Board of the European Insurance Federation* **Chairman of**: *Reinsurance Advisory Board, Global Reinsurance Forum*
Meglena Kuneva		Ul. "Plachkovica" - 1 Vhod A Sofia 1164 Bulgaria	**Member of:** *Board of the American University (Bulgaria)*
Jean-François Lepetit		30, boulevard Diderot, 75572 Paris Cedex 12 France	**Director of:** Smart Trade Technologies S.A, Shan S.A. **Member of:** *Board of the QFCRA - Qatar Financial Center Regulatory Authority - (Doha)*
Laurence Parisot		6/8, rue Eugène-Oudiné 75013 Paris, France	**Chairman of:** *Mouvement des Entreprises de France (MEDEF)* **Director of:** Coface SA **Member of the Supervisory Board of:** Michelin
Hélène Ploix		162, rue du Faubourg Saint Honoré 75008 Paris, France	**Director of:** Lafarge, *Ferring S.A. (Switzerland), Completel NV (Netherlands), Institut Français des Administrateurs*

Name	Function	Business Address	Principal Outside Activities
			Permanent representative of: Pechel Industries Partenaires SAS in *Ypso Holding (Luxembourg)* **Member of the Supervisory Board of:** Publicis Groupe **Legal manager of:** *Hélène Ploix SARL, Hélène Marie Joseph SARL, Sorepe Société Civile* **Member of:** *Investment Committee of the United Nations Staff Pension Fund, Independent Expert Oversight Advisory Committee (IEOAC) of the World Health Organisation (WHO)*
Baudouin Prot	Director and Chief Executive Officer, BNP Paribas	3, rue d'Antin 75002 Paris, France	**Director of:** Pinault-Printemps-Redoute, Veolia Environnement, *Erbé SA (Belgium), Holding SA (Switzerland)* **Member of:** *Executive Board of the Fédération Bancaire Française*
Louis Schweitzer		8-10, avenue Emile Zola 92109 Boulogne Billancourt, France	**Chairman of the Board of Directors of:** *AstraZeneca Plc (United Kingdom), AB Volvo (Sweden)* **Director of:** L'Oréal, Veolia Environnement **Member of the Advisory Committee:** *Banque de France, Allianz (Germany)* **Member of the Board of:** *Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du Quai Branly*
Michel Tilmant		Rue du Moulin 10 B – 1310 La Hulpe Belgium	**Senior Advisor :** *Cinven Ltd (U.K.)* **Director** : *Sofina SA (Belgium), Groupe Lhoist SA (Belgium), Foyer Assurances SA (Luxembourg), CapitalatWork Foyer Group SA (Luxembourg), Université Catholique de Louvain (Belgium), Royal Automobile Club of Belgium (Belgium)*
Emiel Van Broekhoven		Zand 7 – 9 B – 2000 Antwerp Belgium	None.
Daniela Weber-Rey		Mainzer Landstraße 46 D 60325 Frankfurt am Main Germany	**Member of**: *Ad Hoc Group of Corporate Governance Experts for the Financial Services Area of the European Commission, German Government Commission on the German Corporate Governance Code*
Fields Wicker-Miurin		c/o Leaders' Quest 3 - 5 Richmond Hill Richmond, Surrey TW10 6RE United Kingdom	**Director of**: Commonwealth Development Corporation (CDC Group plc); King's College University (London)

Conflicts of Interests

To the knowledge of the Bank, none of the members of the Board of Directors of the Bank has any conflicts of interest between any of their duties to the Bank and such members' private interests or other duties.

Committees of the Board of Directors

The Board of Directors of the Bank has established several committees in order to facilitate its work, which are described below.

Financial Statements Committee

This Committee's duties involve, among other things, (i) reviewing and analyzing, in the presence of the auditors, the quarterly, semi-annual and annual financial statements to be published by the Bank, (ii) reviewing all matters related to the financial statements, including the choices of accounting principles and policies, provisions, management accounting data, accounting standards, capital adequacy requirements, profitability indicators, and all other accounting matters that raise methodological issues, and (iii) managing relations with the auditors. Its current members are Louis Schweitzer (Chairman), Patrick Auguste, Denis Kessler, Hélène Ploix and Emiel Van Broeckoven.

Internal Control, Risk Management and Compliance Committee

This Committee's duties involve, among other things, (i) reviewing the reports on internal control and on risk measurement and monitoring systems, as well as reports prepared by the General Inspection department and their main findings, and correspondence with the French banking regulator (*Commission bancaire*), (ii) reviewing the Group's overall risk policy, based on risk and profitability indicators made available to the Committee in accordance with the applicable regulations, as well as any specific related issues, (iii) holding discussions, occasionally outside the presence of executive management, with the heads of the General Inspection and Internal Audit departments, Ethics and Group Risk Management, (iv) reviewing the Group's compliance policy relating to reputation risk and professional ethics, and (v) presenting to the Board of Directors the Committee's assessment of the Group's methods and procedures. Its current members are Jean-François Lepetit (Chairman), Jean-Marie Gianno and Michel Tilmant.

Compensation Committee

Among its duties, this Committee is charged with studying all issues related to the personal status of corporate officers, including compensation, pension benefits, stock options and retirement or severance provisions; reviewing the terms and amount of stock option plans, and the list of grantees; and preparing employee stock option plans. The Committee, in conjunction with the Chairman, is also qualified to assist the Chief Executive Officer on any issue related to executive management compensation referred by him to the Committee. The Committee's current members are Denis Kessler (Chairman) and Jean-François Lepetit.

Corporate Governance and Nominations Committee

Among its duties, this Committee is charged with addressing all issues related to corporate governance. It assists the Board of Directors in assessing the performance of the Board and of its Chairman; acting jointly with the Chairman of the Board, it assists in assessing the performances of the Chief Executive Officer and Chief Operating Officers. It proposes recommendations for the post of Chairman of the Board for consideration by the Board of Directors. Acting jointly with the Chairman of the Board, the Committee also proposes recommendations for the post of Chief Executive Officer for consideration by the Board of Directors, and acting on the recommendation of the Chief Executive Officer, it proposes candidates for Chief Operating Officer. Acting jointly with the Chairman of the Board, the Committee advises the Board on resolutions to be submitted to the shareholders concerning the election of directors and non-voting directors. It makes recommendations to the Board on the appointment of Committee chairpersons when their terms of office are up for renewal. It also evaluates the independence of directors and makes its findings known to the Board. The Committee's current members are Claude Bébéar (Chairman), Laurence Parisot and Daniela Weber-Rey.

Executive Committee

The Executive Committee of BNP Paribas currently consists of the following members:

Name	Position
Baudouin Prot	Chief Executive Officer
Georges Chodron de Courcel.....	Chief Operating Officer
Jean-Laurent Bonnafé	Chief Operating Officer
Philippe Bordenave....................	Senior Executive Vice-President, Chief Financial Officer
Jean Clamon	Managing Director, Head of Compliance and Internal Control Coordinator
Jacques d'Estais	Head of Investment Solutions
Fabio Gallia	Head of BNL bc
Maxime Jadot[69]	Head of BNP Paribas Fortis
Michel Konczaty	Head of Group Risk Management
Frédéric Lavenir	Head of Group Human Resources
Alain Papiasse	Head of Corporate and Investment Banking
François Villeroy de Galhau	Head of French Retail Banking

69 Maxime Jadot has been a member of the BNP Paribas Executive Committee since March 1, 2011.

INDEPENDENT STATUTORY AUDITORS

The Group's financial statements as of December 31, 2010 and for the year ended December 31, 2010 incorporated by reference herein have been audited by Deloitte & Associés, PricewaterhouseCoopers Audit and Mazars as joint independent statutory auditors (*Commissaires aux comptes*).

The Group's financial statements as of December 31, 2009 and for the year ended December 31, 2009 incorporated by reference herein have been audited by Deloitte & Associés, PricewaterhouseCoopers Audit and Mazars as joint independent statutory auditors (*Commissaires aux comptes*).