BNP PARIBAS

2007
REGISTRATION DOCUMENT

BNP PARIBAS

2007 Registration document

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This document is a full translation of the original text. The original document was filed with the AMF (French Securities Regulator) on March 13, 2008, in accordance with article 212-13 of the general regulations of the AMF. As such, it may be used to support a financial transaction if accompanied by a prospectus duly approved by the AMF.

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

1 THE BNP PARIBAS GROUP

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1.1 The BNP Paribas Group

BNP Paribas is a European leader in banking and financial services, with a significant and growing presence in the United States and leading positions in Asia. The Group has one of the largest international banking networks, a presence in over 85 countries and more than 162,000 employees, including over 126,000 in Europe. BNP Paribas enjoys key positions in its three core businesses:

- Retail Banking, comprising three divisions:
  - French Retail Banking (FRB),
  - Italian Retail Banking: BNL banca commerciale (BNL bc),
  - International Retail banking and Financial Services (IRFS);
- Asset Management and Services (AMS);
- Corporate Investment Banking (CIB).

BNP Paribas SA is the parent company of the BNP Paribas Group.

1.2 Key figures

RESULTS

	2003 (*)	2004 (*)	2005 (**)	2006 (**)	2007 (**)
Net banking income *(in millions of euros)*	17,935	18,823	21,854	27,943	31,037
Gross income *(in millions of euros)*	6,650	7,231	8,485	10,878	12,273
Net attributable income *(in millions of euros)*	3,761	4,668	5,852	7,308	7,822
Earnings per share *(in euros)* (***)	4.28	5.51	6.96	8.03	8.49
Return on equity (****)	14.3%	16.8%	20.2%	21.2%	19.6%

(*) Under French GAAP.
(**) Under International Financial Reporting Standards (IFRS) as adopted by the European Union.
(***) Adjusted for the impact of the 2006 rights issue on years 2003 to 2005.
(****) Return on equity is calculated by dividing net attributable income (adjusted for interest on undated super subordinated notes deemed equivalent to preferred shares issued by BNP Paribas SA and treated as a dividend for accounting purposes) by average equity attributable to equity holders of the parent at 1 January and 31 December of the period concerned (after distribution and excluding undated super subordinated notes deemed equivalent to preferred shares issued by BNP Paribas SA).

MARKET CAPITALISATION

	12/31/02	12/31/03	12/31/04	12/31/05	12/31/06	12/31/07
Market capitalisation *(in billions of euros)*	34.8	45.1	47.2	57.3	76.9	67.2

Source: Bloomberg.

LONG-TERM RATINGS

Standard and Poors: AA+, stable outlook – upgraded on 10 July 2007

Moody's: Aa1, stable outlook – upgraded on 23 May 2007

Fitch: AA, stable outlook – reaffirmed on 16 May 2007

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1.3 History

1966: Creation of BNP

The merger of BNCI and CNEP to form BNP represented the largest restructuring operation in the French banking sector since the end of the Second World War.

1968: Creation of Compagnie Financière de Paris et des Pays-Bas

1982: Nationalisation of BNP and Compagnie Financière de Paris et des Pays-Bas at the time of the nationalisation of all French banks

In the 1980s, deregulation of the banking sector and the growing tendency of borrowers to raise funds directly on the financial market transformed the banking business in France and worldwide.

1987: Privatisation of Compagnie Financière de Paribas

With 3.8 million individual shareholders, Compagnie Financière de Paribas had more shareholders than any other company in the world. Compagnie Financière de Paribas owned 48% of the capital of Compagnie Bancaire.

1993: Privatisation of BNP

BNP's return to the private sector represented a new beginning. During the 1990s, new banking products and services were launched and financial market activities were developed. At the same time, the Bank expanded its presence in France and internationally, and prepared to reap the full benefits of the introduction of the euro. Privatisation also significantly boosted the Bank's profitability – in 1998, it led the French banking industry in terms of return on equity.

1998: Creation of Paribas

On 12 May 1998, the merger between Compagnie Financière de Paribas, Banque Paribas and Compagnie Bancaire was approved.

1999: A benchmark year for the Group

Following an unprecedented double tender offer and a stock market battle waged over six months, BNP was in a position to carry out a merger of equals with Paribas. For both groups, this was the most important event since their privatisation. At a time of economic globalisation, the merger created a leading player in the European banking sector, poised to compete on a global scale.

2000: Creation of BNP PARIBAS

Merger of BNP and Paribas on 23 May 2000.

Building on strong banking and financial services businesses, the new Group's objectives are to create value for shareholders, clients and employees by building the bank of the future and becoming a benchmark player in the global world.

2006: Acquisition of BNL in Italy

BNP Paribas acquired BNL, Italy's 6th-largest bank. This acquisition transformed BNP Paribas, providing it access to a second domestic market in Europe. In both Italy and France, all of the Group's businesses can now draw on a national banking network to develop their activities.

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1.4 The Group's core businesses and divisions

FRENCH RETAIL BANKING

French Retail Banking (FRB) has a client base made up of more than 6 million individual and private banking clients, 500,000 entrepreneurs and small business clients, and 22,000 corporate and institutional clients (numbers based on the new commercial structure). The division offers a comprehensive 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 network operated by the French Retail Banking Division has been reinforced with a view to enhancing local coverage and client service. As at 31 December 2007, it consisted of 2,200 branches, of which 900 had been updated with the new "Welcome & Services" concept, and close to 4,900 cash dispensers. As such, the network is more compatible with a multi-channel organisational structure. The division focuses on regions with high economic potential, and enjoys a 15% share of the greater Paris market *(source: BNP Paribas FRB market research, market share based on number of branches)*. It also has a strong presence in the most attractive segments of the personal banking market – 22% of households with net annual revenues in excess of EUR 82,000 have their main bank account with BNP Paribas *(source: Ipsos)* – and a leading position in the corporate market.

The French Retail Banking Division employs close to 32,000 people working in the BNP Paribas domestic branch network, Banque de Bretagne, BNP Paribas Factor, BNP Paribas Développement, a provider of growth capital, and Protection 24, a telesurveillance firm.

In order to effectively respond to client expectations, French Retail Banking has reorganised its sales structure on the basis of network segmentation. The division is now made up of branches serving individuals and small businesses, Private Banking Centres, and Business Centres, all supported by a Client Relations Centre (CRC) and back offices in charge of after-sales operations.

In parallel, the division has continued to actively expand the personal banking business, drawing on the multi-channel structure (branch, telephone and online banking) that was rolled out from 2002. The underlying aim of this system is to offer clients the highest standard of service and to step up the role of in-branch client advisers. The Client Relations Centre's three platforms in Paris, Orleans and Lille deal with calls made to the branches and process client e-mails. To extend this service, a dedicated line was set up in 2006 for Private Banking clients. A client relationship centre for entrepreneurs and small business clients was opened in the Paris region in 2006, before being set up nationwide.

The new workstations operated by the client advisers are geared to managing client relations within a multi-channel framework. As such, they represent the very hub of the system, whose effectiveness has been clearly proved after several years of use.

French Retail Banking also has the largest network of Private Banking Centres, with 222 centres across France that ensure extensive local coverage.

The new business approach adopted for corporate clients led to the emergence at the end of 2005 of a structure that is unique in the French banking landscape. This new organisation is based on 24 Business Centres located throughout the whole of France, as well as a professional assistance service – Service Assistance Enterprise (SAE) – and Cash Customer Services (CCS).

Finally, the division is reengineering its back offices into Production and Sales Support Branches (PSSBs). Specialised by type of transaction, they span the whole of France and have fully integrated information. At the end of 2007, there were 82 PSSBs, combined into 12 Production and Sales Support Groups.

BNL BANCA COMMERCIALE

BNL banca commerciale (BNL bc) plays an important role in the Italian banking system in a context of rapid restructuring marked by an acceleration in the consolidation process between Italian banks, particularly the larger ones, and by the introduction of a regulatory framework which is much more geared towards competition and consumer protection. BNL banca commerciale has a large and diversified client base consisting of:

- around 2.5 million individuals and 13,000 private banking clients;
- more than 112,000 small businesses;
- more than 36,000 mid-sized businesses;
- 16,000 territorial authorities and non-profit organisations.

BNL bc has a comprehensive and segmented offering of banking, financial and insurance products and services, which range from the traditional to the most innovative, and are structured to respond to the needs of each client category.

In retail and private banking, BNL bc has particularly strong positioning in the loan business (especially automotive loans with market share of over 6%) and is gaining ground in the deposits segments (market share of more than 3.5% [1]).

[1] *Source: Bank of Italy statistics.*

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Relationships with companies and territorial authorities are also a strong point, with BNL bc holding market share of around 4.5% [(1)] and 6% [(1)] respectively in these segments, along with a well-established reputation in cross-border transactions, project financing and structured finance, as well as factoring, which is offered through a specialised subsidiary Ifitalia (rated number 3 [(2)] in Italy by portfolio).

With a view to developing this client base as much as possible, BNL bc has reorganised its distribution model so as to increase direct contact with clients, reinforce the central role and flexibility of the sales network and improve communication of commercial policy regarding both innovative and standard products. Within a multi-channel framework the network has been divided into 5 regions ("direzioni territoriali") with the retail banking and business banking activities being run as separate structures:

- 125 retail banking groups with more than 700 branches;
- 23 Private Banking Centres;
- 21 Business Centres with 51 branches dealing with SMEs, large businesses, territorial authorities and public sector organisations.

In addition, five Trade Centres have now been opened. These units offer companies a range of products, services and solutions for cross-border activities and complete BNP Paribas' international network which consists of 85 centres spread over 55 countries. At the same time, BNL has strengthened the network that assists Italian companies abroad as well as multinational companies with direct investments in Italy, by opening six Italian representation offices in different countries.

The multi-channel offering is rounded out by around 1,300 ATMs and 20,000 customer service points, as well as telephone and online banking services for both private clients and businesses.

The reorganisation also involved the adoption of a new structure that brings the back office closer to the distribution network through the creation of specialised local units in five regions. The aim of the new model is essentially to increase satisfaction of both internal and external clients through higher quality and more effective service and better management of operating risk.

INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES

The International Retail banking and Financial Services (IRFS) Division has some 71,000 employees [(3)] in 61 countries. At the heart of BNP Paribas' growth strategy, it consists of three business lines, boasting well-known brands and in many cases market-leading positions.

In retail banking, IRFS manages a network of banks which also serve as platforms for growth for the division's other businesses as well as for the Group's activities in their domestic markets. Retail banking business is conducted in the United States via BancWest Corporation. This holding consists of Bank of the West (5th-largest bank in the US [(4)], present in 19 states) and First Hawaiian Bank (the leading bank in the state of Hawaii). The bank network in the emerging markets is growing strongly and is now made up of 1,993 branches in 34 countries. The business combines brisk organic growth and targeted acquisitions in a pragmatic way. In addition to strong positions across the entire Mediterranean basin and the Persian Gulf, a priority development zone, business is being developed in the far east of Europe. The division has also been present in Africa for many years, notably through BICI (Banque Internationale pour le Commerce et l'Industrie) which was one of the earliest banking networks in French-speaking Africa.

2007 was marked in household and consumer finance by the launch of BNP Paribas Personal Finance which combines all companies specialising in consumer finance (Cetelem) and mortgage financing (UCB and BNP Paribas Invest Immo), together with the new debt consolidation business (BNP Paribas MRC). BNP Paribas Personal Finance is the European leader in its market with 25,000 employees in 30 countries.

Finally, the corporate investment financing and business equipment management activities were grouped together within the Equipment Solutions business, which consists mainly of Arval, dedicated to the long-term management of cars and light trucks, and BNP Paribas Lease Group (BPLG), specialised in equipment leasing. Both these companies are number two in Europe in their respective markets.

Thanks to this unique skill profile, the division serves 53 million clients around the world (including 28 million direct). Representing the main thrust of BNP Paribas' international development strategy in retail banking, all IRFS businesses have a strong corporate culture and an ability to adapt to their changing environments.

PERSONAL FINANCE

Creation of the leading European specialist in personal finance

In May 2007 Cetelem, UCB and their subsidiaries announced to the press their plan to create BNP Paribas Personal Finance. Confirmed in early January 2008 subsequent to the approval of the works councils, the merger of these companies, with domestic and international positions in consumer finance (Cetelem), mortgage financing (UCB and BNP Paribas Invest Immo) and debt consolidation (BNP Paribas MRC), has created the European market leader in personal finance solutions, with more than 25,000 employees, operations spanning 30 countries and four continents, and a EUR 100 billion loan portfolio at the end of 2007.

(1) *Source: Bank of Italy statistics.*

(2) *Assifact.*

(3) *Number of employees at end-2007.*

(4) *By deposits.*

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An ambitious industrial and strategic project giving rise to a global player and European market leader in personal finance

The European mortgage and consumer finance markets had a combined valued of more than EUR 6,000 billion at the end of 2006 in terms of total loan portfolio. These markets are currently registering double-digit growth and changing fast. BNP Paribas Personal Finance is looking to respond to all the financing needs of individual clients by offering all loan products through all channels (i.e. direct, online, brokers, agents, partners, distributors, etc.) and by exploiting the increasing similarities that exist between these two types of lending. The target is to become an international player with a EUR 160 billion loan portfolio by 2010 and to be the only non-British/American entity in the global Top 5.

Brand architecture contributing to the commercial development of this new business

The aim is to capitalise on the strength of the BNP Paribas name for the identity of this new business and on the reputation and image of Cetelem for the commercial activity. The UCB brand will be used where necessary, notably for the BtoB activity.

The "Crédito" character, a strong and well-recognised image that has already been deployed on a global level, is to become the brand and communication emblem of BNP Paribas Personal Finance, which places responsible lending at the heart of its development strategy.

EQUIPMENT SOLUTIONS

These companies use a multi-channel approach (direct sales, sales via referrals or via partnerships) to offer their corporate and business clients a range of solutions specific to each asset market, from financing to fleet outsourcing.

Equipment Solutions offers its end users and business providers the opportunity to outsource the credit, market or technical risks associated with corporate assets.

Equipment Solutions consists of three international business lines (IBLs) [1] which are organised according to the assets and leasing solutions offered, more specifically:

- the car and light vehicle IBL managed by Arval, dedicated to long-term lease management services;
- the IT, telecom and copying equipment IBL run jointly by BNP Paribas Lease Group, specialised in equipment financing, and Arius, specialising in the leasing and management of IT equipment;
- the construction, agricultural and transport equipment IBL, which is run by specialists at BNP Paribas Lease Group and Artegy, engaged in the long-term management of heavy industrial vehicles.

Commercial real estate and other assets are managed by the local entities of BNP Paribas Lease Group.

The development of Equipment Solutions gained momentum in Europe in 2007 with 74% of Arval's operations and 54.1% of BNP Paribas Lease Group's operations being conducted outside France.

At the end of 2007 Arval had a total fleet of 547,000 vehicles under lease, an increase of 8% from the previous year, and it ranked n°1 in France and n°2 in Europe *(source: SNLVLD)*.

BNP Paribas Lease Group has set up over 266,418 finance contracts totalling EUR 21.7 billion, making it n°1 in Europe in equipment leasing *(source: Leaseurope 2006)*.

In France, BNP Paribas Lease Group is n°1 in the equipment leasing market, with an 18.6% market share *(source: ASF, 2007)*.

In Italy, the link-up with Locafit, a subsidiary of BNL, has created a major player in the market: n°2 in equipment leasing by value of outstandings *(source: Leaseurope 2006)*.

Furthermore, the division's short-term wholesale finance business fared particularly well in 2007, registering growth of 19.8% across all countries.

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, wholly-owned by BNP Paribas since the end of 2001. BancWest has completed a number of acquisitions since that date, the latest being Commercial Federal Corporation in December 2005.

Bank of the West offers a very large 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 national positions in certain niche lending markets, such as Marine, Recreational Vehicles, Church Lending, and Small Business Administration.

With a market share of close to 40% based on deposits [2] First Hawaiian Bank is Hawaii's leading bank, offering banking services to a local clientele of private individuals and companies.

In total, with close to 12,000 employees, 742 branches and total assets of USD 74 billion at 31 December 2007, BancWest currently serves some 4 million households and companies. It is now the 6th-largest bank in the western United States by deposits.

EMERGING MARKETS

The Retail Banking in the Emerging Markets business is now present in 34 countries, covering the Mediterranean basin (with more than 670 branches), the Near and Middle East (55 branches), Africa (90 branches), the far east of Europe (1,000 branches), Asia (60 branches in China and 59 in Vietnam via 2 partnerships with local banks) and the French overseas departments and territories (55 branches). Across all these regions, the business operates a total network of 1,993 branches with more than 4 million individual, corporate and business clients and 23,700 employees.

(1) *International Business Line.*

(2) *Source: SNL Financial, 30 June 2007.*

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The business has developed rapidly since 2004, and now consists of five times more branches and four times more clients. It has also set up operations in 10 new countries since the end of 2004, both through acquisitions (Turkey and China in 2005, Ukraine in 2006, Vietnam and Libya in 2007) and organic development (Saudi Arabia, Kuwait, Mauritania, Israel and Russia).

This change of dimension has been accompanied by restructuring measures, involving the creation of regional platforms and a new commercial strategy focusing on private individual clients and SMEs.

These networks with their fast-growing client bases constitute a unique distribution platform for all of the Group's businesses: partnerships with Personal Finance in Turkey, Ukraine, Algeria, Morocco and China; distribution of CIB's structured products across all networks and integration within CIB's network of Trade Centres; creation of a joint venture with the Private Banking business.

ASSET MANAGEMENT AND SERVICES

The Asset Management and Services core business comprises all of the Group's investor services businesses and leads the BNP Paribas asset gathering effort. One of the foremost players in Europe, AMS offers fund management and discretionary asset management services, backed by a range of high value-added investor services.

AMS leverages expertise in three main areas:

- Wealth and Asset Management, comprising asset management (BNP Paribas Investment Partners), online brokerage and personal investment services (BNP Paribas Personal Investors), private banking (BNP Paribas Private Banking) and real estate services (BNP Paribas Immobilier);
- Insurance (BNP Paribas Assurance);
- Securities Services for corporate clients, fund managers and financial institutions across the globe (BNP Paribas Securities Services).

Through these six businesses, which employ a total staff of 23,500 in some 60 countries, AMS offers a comprehensive range of products and services to a broad investor clientele, including institutional clients, corporations and private individuals.

In 2007 each AMS business was a leader in its market both in France and at a European level.

INVESTMENT PARTNERS

BNP Paribas Investment Partners combines all the asset management businesses of BNP Paribas.

A single platform providing simplified and immediate access to a vast range of specialised partners, BNP Paribas Investment Partners is one of the biggest names in asset management in Europe. At 31 December 2007, total assets under management stood at EUR 344 billion [(1)] of which almost half were held on behalf of institutional clients.

With 2000 professionals serving clients in more than 70 countries, BNP Paribas Investment Partners draws on more than half a century of experience in asset management and has enjoyed strong growth over the last decade, punctuated by targeted acquisitions and the creation of joint ventures. This solid development reflects a clear multi-specialisation strategy and a partnership approach which has enabled BNP Paribas Investment Partners to consistently enrich its product and service offering with the support of companies who are experts in their particular field.

BNP Paribas Investment Partners is present in the major financial centres, including Paris, London, New York, Tokyo and Hong Kong. It also has first-rate knowledge of new markets thanks to its teams in Brazil, South Korea, China, India, Morocco and Turkey. With 250 client relationship managers in 30 countries, BNP Paribas Investment Partners has a local presence that brings it closer to its clients.

PERSONAL INVESTORS

BNP Paribas Personal Investors offers independent financial advice and a wide range of investment services across multiple distribution channels to high net worth individuals. This business line brings together three major players in the private investment field:

- Cortal Consors is the leading broker in Europe, providing personalised investment advice and online trading services in five European countries – Germany, France, Spain, Belgium and Luxembourg. Cortal Consors offers clients its investment advisory experience through several channels – online, telephone or face to face. It offers a broad range of independent products and services including short-term investment solutions, mutual funds and life insurance products, backed by leading-edge online brokerage technologies;
- B*capital, a brokerage firm, specializes in personalised advice on securities and derivatives as well as discretionary management for high net worth clients. It offers its clients direct access to all markets, financial analysis, personalised portfolio advisory and portfolio management services;
- Geojit is one of the leading retail brokers in India. It offers brokerage services for equities, derivatives and commodities as well as financial savings products, mainly to private individuals. Geojit also operates in the United Arab Emirates where it targets a non-resident Indian clientele. BNP Paribas is its main shareholder.

(1) Including assets under advisory.

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At 31 December 2007, BNP Paribas Personal Investors had 1.56 million clients and EUR 32.2 billion worth of managed assets, with 37% in equities, 43% in savings products or mutual funds and 20% in cash. BNP Paribas Personal Investors employs 4,147 people.

The goal of BNP Paribas Personal Investors is to be a leading broker in personal investment and online trading services in Europe and in international markets that offer strong savings potential, such as emerging markets.

PRIVATE BANKING

Private Banking offers high value-added products and services designed to respond to the expectations of a sophisticated, wealthy clientele.

The Private Banking offering includes:

- wealth management services: estate planning and advisory on holding structures;
- financial services: advisory on asset allocation, investment products, securities, discretionary portfolio management;
- expert advisory in specific fields: art, real estate and rural property in particular.

The Private Banking model is based on the notion of global advisory and servicing along the whole wealth cycle. To provide its clients with products and services that best fit their individual needs, BNP Paribas Private Bankinghas adopted an open architecture approach in terms of offering. It hence creates wealth solutions sourced from the Group's other businesses (Asset Management, Securities Services, Insurance, Corporate Finance, Fixed Income, Equity Derivatives, etc), as well as external providers.

BNP Paribas Banque Privée employs over 4,300 dedicated professionals and is present in over 30 countries, primarily in the major private wealth management centres in Europe and Asia.

BNP Paribas Private Banking is n°1 in France with EUR 63 billion in client assets and a reinforced network of 222 Private Banking Centres nationwide, plus a wealth management department specialising in clients with more than EUR 5 million in assets. It ranks n°5 in Western Europe, where it is rapidly developing its presence in domestic markets (*source: 2008 Euromoney rankings*), and is one of the top three Private Banks in Asia (*source: Asiamoney 2007 rankings*).

At end-2007, BNP Paribas Private Banking overall held over EUR 157 billion of client assets on behalf of its clients.

REAL ESTATE SERVICES

With 3,500 employees, BNP Paribas Immobilier is continental Europe's leading provider of real estate services to companies and one of France's major players in residential property.

It offers a range of services that is unrivalled in Europe, both in terms of its geographical reach and the diversity of its business offerings.

European network

In commercial property, BNP Paribas Immobilier is active in 8 European countries: France, the United Kingdom, Germany, Spain, Belgium, Luxembourg, Italy and Ireland, and also has 2 offices in New York and Kiev.

In residential real estate, BNP Paribas Immobilier's main activity is in France.

Four complementary real estate businesses

Transactions, advisory services, valuations

In commercial property, Atisreal markets office space and industrial or business premises and provides advisory services (space use, technical engineering, market and location research, feasibility studies), and valuations:

- n°1 in France, Germany and Luxembourg [(1)];
- among the Top 10 in the United Kingdom [(1)].

In residential property, the Espaces Immobiliers BNP Paribas network is one of the major selling groups for new and previously-occupied residential units.

Property Management

BNP Paribas Real Estate Property Management manages 21.5 million sq.m. of commercial property in Europe, including more than 10.5 million sq.m. in France where it is the market leader [(1)].

In residential properties, it manages more than 33,000 housing units, including more than 5,500 units in serviced residences.

Property Development

Meunier is France's 3rd-largest real estate developer [(2)]:

- n°1 in commercial properties with Meunier Immobilier d'Entreprise;
- among the Top 10 in residential properties with Meunier Habitat.

Real Estate Investment Management

BNP Paribas Real Estate Investment Management and BNL Fondi Immobiliari manage EUR 7 billion of assets in France, where the Group is one of the leading SCPI property fund managers, and in Italy.

INSURANCE

BNP Paribas Assurance designs and markets its products and services under two brands: BNP Paribas for products distributed by the BNP Paribas network in France and Cardif for the other networks and distribution partners in France and international markets.

It operates in 42 countries including 25 in Europe, 7 in Asia, 6 in Latin America, 2 in North America and 2 in Africa.

- The savings business includes the sale of life insurance policies to individuals in 13 countries. In France, it offers companies Group pension products, end-of-career bonuses and early retirement benefits.

[(1)] *« Classement des promoteurs » published by Le Moniteur in November 2007.*

[(2)] *« Classement des promoteurs » published by Innovapresse in June 2007.*

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- In the protection business, it offers a broad range of products in 33 countries, including creditor insurance, bill protection, credit card protection, extended warranty, gap insurance and individual protection. In France, BNP Paribas Assurance markets both standard and personalised Group policies to large companies and SMEs.
- The property and casualty insurance business in France is provided through Natio Assurance, a company that is owned equally with AXA. The products offered cover a wide range of risks and include comprehensive home insurance, automobile insurance, educational insurance, travel insurance, and legal protection coverage.

BNP Paribas Assurance's partners comprise 35 of the world's 100 leading banks and a large number of financial institutions, including consumer credit companies, credit subsidiaries of car makers and major retail groups. BNP Paribas Assurance is the 4th-largest life insurer in France *(source: FFSA)* and a world leader in creditor insurance [(1)].

SECURITIES SERVICES

BNP Paribas Securities Services [(2)] is the leading European provider of securities services to companies, asset managers and financial institutions worldwide. BNP Paribas Securities Services provides innovative solutions to satisfy the specific needs of its clients at every stage of the investment cycle:

- Financial intermediaries (banks, broker-dealers) are offered customised services for settlement/delivery and global custody for all asset classes as well as outsourcing solutions for middle and back office activities;
- Institutional investors (fund managers, hedge funds, insurance companies, pension funds, sovereign funds and alternative funds) have access to an array of custodial and fund administration services, including fund distribution support, transfer agency services, depobank and trustee service, fund accounting, middle-office outsourcing and risk and performance measurement;
- Issuers are provided with a wide range of services, including administrative services, securitisation and stock-option and employee-shareholder plan management.

As at 31 December 2007, assets under custody totalled EUR 3,801 billion and assets under administration EUR 834 billion. The number of transactions settled in 2007 reached 45 million.

BNP Paribas Securities Services is ranked n°1 among European custodians, among the top five worldwide, and n°1 in terms of the percentage of cross-border assets *(source: globalcustody.net)*.

Close to two-thirds of BNP Paribas Securities Services' revenues are generated outside France. The business is present in all the main European financial centres – including Belgium, Greece, Guernsey, Ireland, the Isle of Man, Italy, Jersey, Luxembourg, the Netherlands, Portugal, Spain, Switzerland and the United Kingdom, as well as in Australia, New Zealand, Turkey (via TEB), Japan, the Cayman Islands, the United States and Singapore.

CORPORATE AND INVESTMENT BANKING

With 15,000 employees, operations in more than 50 countries, 28% of the group's revenues and 35% of its pre-tax net income, BNP Paribas Corporate and Investment Banking (CIB) is one of the Group's growth drivers. BNP Paribas CIB operates in advisory and capital markets (Corporate Finance, Equities and Fixed Income) as well as in financing businesses (Specialised and Structured Finance).

BNP Paribas CIB excels in three particular sectors:

- derivatives – it is a leading global player in interest rates, credit, forex, commodity and equity derivatives;
- capital markets – it is among the Top 10 European houses for both Equity Capital Markets and Debt Capital Markets (bond issues, securitisation, syndicated loans, etc.);
- specialised finance – it is a world leader for acquisition, export, project, infrastructure and commodity finance.

Clients – corporates, financial institutions and investors – are at the heart of BNP Paribas CIB's organisation. CIB's coverage executives are focused on delivering the best mix of services in support of their clients' strategies, calling on CIB's specialists in derivatives, capital markets and specialised finance around the globe to deliver world class bespoke and innovative solutions.

In 2007, BNP Paribas CIB delivered exceptional results and was successful in weathering the credit liquidity squeeze of the second half of the year through a diversified and client-centric business model which showed resilience and sustainability compared to most of its competitors. Through constant innovation and the drive, commitment and excellence of its teams, CIB gained increasing industry recognition in 2007 with a flurry of awards for its capital markets and financing businesses, as well as for its Corporate Finance division in France and in Asia. CIB's focus on emerging markets and Asia paid off with the growth of its market share and significant deals across the business lines in these regions of the world. In 2008, CIB will pursue this international growth strategy and continue to build on strong fundamentals: a robust business model with a good geographic, product and client mix, strong franchises in capital markets and specialised finance; cutting edge professionals focused on delivering performance and innovation.

(1) In-house study based on information published by competitors.

(2) BNP Paribas Securities Services includes all securities operations developed by BNP Paribas Securities Services, BNP Paribas SA and their subsidiaries.

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GLOBAL CLIENT SERVICE

BNP Paribas Corporate Finance and Investment has made client relations the cornerstone of its strategy, with the primary aims of:

- developing long-term relationships with its clients;
- meeting all their needs by making available the Bank's entire product range and offering:
  - a single client interface,
  - coordinated access to the product specialists in all of the Group's business lines,
  - the ability to advise on and structure global, innovative solutions adapted to the client's specific requirements.

To achieve these aims some 1,000 staff – relationship managers and credit analysts – have been tasked with serving:

- 6,300 corporate clients:
  - major corporations,
  - medium-sized businesses with high development potential;
- 800 financial institutions:
  - general and specialised banks (public or private),
  - insurance companies, mutual health insurers, personal risk protection providers,
  - pension funds,
  - fund managers,
  - central banks and global organisations,
  - 65 investment funds focused primarily on the private equity sector,
  - sovereign funds.

These resources are deployed in all of the regions of the world where BNP Paribas operates, particularly:

- France, Italy and western European countries, which today represent BNP Paribas' core domestic market;
- central and eastern Europe, identified by the Bank as a high potential development zone;
- the developed markets of North America, Japan and Australia;
- markets targeted for their high growth and business potential, particularly continental Asia, the Middle East – where the Bank has a deep footprint in most countries – and Latin America.

BNP Paribas Corporate and Investment Banking is also committed to reinforcing its resources in five high-growth countries/zones in order to better serve its clients: China, India, Russia, Latin America and the Middle East.

ADVISORY AND CAPITAL MARKETS

Corporate Finance

Corporate Finance offers advisory services for mergers and acquisitions and primary equity market transactions. The M&A teams advise both buyers and targets and also offer advice on other strategic financial issues, such as privatisations. Primary market services include flotations, equity issues, secondary issue placements, and convertible/exchangeable bond issues.

Corporate Finance has implemented a matrix organisation designed to give clients access to the best combination of specialists in each product, industry and geographical area, while optimising resource management.

Corporate Finance employs some 400 professionals located throughout its worldwide network. Focused first and foremost on Europe, it is also present in North and South America and enjoys strong visibility in Asia (with more than 100 professionals) and in emerging countries.

Ranked n°1 in France *(source: Thomson Financial)*, BNP Paribas is among the leading banks in Europe advising on mergers and acquisitions (ranked 10th in Europe according to Thomson based on transaction volumes announced in 2007). *The Dealogic Equityware/Thomson* ranking placed the Bank among the 15 leading institutions for primary equity business in Europe.

Equities and Derivatives

BNP Paribas CIB's Equities & Derivatives business line encompasses research, structuring, trading and sales of equities, equity derivatives, indices and funds. With some one thousand front office staff based across five core platforms, the business line is active on both the primary and secondary markets.

Equities & Derivatives solutions address the various needs of financial institutions, hedge funds as well as corporate and retail clients in over 60 countries worldwide. With a strong heritage in structured products, a product line which continues to grow, BNP Paribas, over the last few years, has also developed a comprehensive range of flow product solutions addressing financing, indexing, leveraging, hedging and market access needs.

BNP Paribas has developed a global leadership in the equity derivatives industry by holding some of the largest trading positions and market shares worldwide as well as always differentiating itself through a capacity to innovate. Thanks to in-house quantitative skills for advanced product design and the significant resources dedicated to new product strategies, Equities & Derivatives has developed a solid reputation for innovation, able to deliver the most appropriate tailor-made solutions to fit the specific needs of clients in all market climates.

Equities & Derivatives experienced significant growth during 2007, once again confirming BNP Paribas' global leadership in this industry.

The equity derivatives business received more industry awards than ever before:

- "Structured Products House of the Year" from *Risk* magazine;
- "Derivatives House of the Year, Asia-ex Japan" from *AsiaRisk* magazine;
- "Deal of the Year, Asia" from *AsiaRisk* magazine;
- "Structured Products House of the Year" from *Euromoney* magazine;
- "Equity Derivatives House of the Year" from *Structured Products* magazine;
- "Structurer of the Year, North America" from *Structured Products* magazine;
- "Equity Derivatives House of the Year" from *Futures and Options* World magazine;
- "Equity Derivatives House of the Year, Americas" from *Global Finance* magazine.

Fixed Income

Fixed Income's product expertise and distribution capabilities have positioned BNP Paribas among the Top 3 Fixed Income players in Europe and Asia-Pacific, with strong franchises in Japan, the Americas and a number of emerging markets.

Taking advantage of both the size of its balance sheet and its strength and quality, as witnessed by the AA+ long term credit rating given by S&P in July 2007, the Bank has built a comprehensive fixed income offering with a client-driven approach that is backed up by strong legal, IT and operations expertise.

Fixed Income's client-focused approach to research, sales, trading, origination and distribution allows it to develop sophisticated solutions for a global client franchise in the fields of interest rates, credit and foreign exchange.

BNP Paribas is a recognised leader in the global interest rates and credit derivatives markets, and has a growing franchise in global forex, especially in options.

The Group's broad range of fixed income products is delivered through an accomplished sales and marketing platform. Fixed Income's broad range of research products and services underpins its client-focused approach, with research analysts available for one-on-one client support, and an extensive array of research notes and reports that are available through a variety of channels, including the Global Markets web portal. The Bank's research methods are underpinned by pioneering quantitative techniques delivered by a group of world-class experts.

In line with BNP Paribas' group-wide strategy, Fixed Income has continued to invest in its credit, interest rates, foreign exchange and hybrid derivatives platforms, in key emerging markets such as Russia, Central and Eastern Europe and the Middle East, and in fast-growing client segments such as hedge funds and pension funds.

This global network allows Fixed Income to provide clients with a complete range of tailor-made services on a global scale across a broad range of markets and currencies. With headquarters in London, five other trading floors in Hong Kong, New York, Paris, Singapore and Tokyo, and additional regional offices throughout Europe, the Americas, the Middle East and Asia-Pacific, BNP Paribas Fixed Income employs more than 1,700 professionals globally.

BNP Paribas Fixed Income has gained increasing industry recognition in 2007 for its excellence across asset classes. The division has not only consolidated and improved its rankings across the full range of activities and regions, but also broken new ground in several areas, as demonstrated by a number of prestigious prices awarded by the leading industry publications.

- For the first time, BNP Paribas won *Risk* magazine's "Structured Products House of the Year" award for its excellence in structured rates, credit, inflation and equity.
- For the second consecutive year, BNP Paribas won *Euromoney* magazine's "Best Structured Products House" award in recognition of its excellence across all asset classes (2006 and 2007).
- Breaking all previous records, BNP Paribas won three awards from *Structured Products* magazine in Europe, including "Interest Rates House of the Year" (for the second consecutive year) and for the first time "Credit House of the Year" (2007).
- BNP Paribas broke new ground in Asia-Pacific in 2007, winning *AsiaRisk*'s "Derivatives House of the Year" award for the first time and the "Credit Derivatives House of the Year" award for the second time in 3 years.

FINANCING BUSINESSES

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Specialised Finance

The Specialised Financing teams offer:

- financing of all forms of commodities trading;
- structured financing of commodities, energy, metals and minerals on the basis of cash flows as well as export pre-financing;
- a capital goods export financing;
- infrastructure financing;
- marine and aircraft financing and structured leasing;
- financing of import-export trading.

2007 worldwide rankings & awards

- n°1 Global Mandated Lead Arranger for Export Credit Agency Backed Transactions (Dealogic).
- n°1 Global Mandated Lead Arranger for Project Finance (Thomson).
- Aircraft Finance Innovator of the Year and Aircraft Leasing Innovator of the Year (Jane's Transport Finance).
- Best Structured Commodity Bank (Trade Finance Magazine).
- Best Trade Bank in Oil and Energy and Most Innovative Bank in Trade (Trade & Forfaiting Review).
- Best Trade Finance Bank worldwide (Global Finance).
- BNP Paribas also won the "Best Innovative Deal in Shipping" award from Lloyd's Shipping Economist for the deal relating to Compania Sud Americana de Vapores (CSAV).

Energy and commodities

In the energy and commodities sector, the emergence of new market players and a wave of major business linkups have brought about a shift in client needs towards hybrid, structured loans. In both industrialised and emerging countries, BNP Paribas actively partnered with its clients to move in this new direction. Against a backdrop of intense competition and sharply contrasting commodity price movements – a fall in the first half of the year was followed by a surge to record levels – BNP Paribas was able to strengthen its leading global position in this sector.

The financing of commodity flows was on par with the record levels of 2006, with a strong rise in inventory financing and an expanding client base.

Structured financing of energy and commodities, which now encompasses all structured products in this sector (including project financing and pre-export financing), gained ground in the United States, Russia and far eastern Europe, thanks in particular to acquisition financing. Specific measures were undertaken in 2007 to offer all bank clients active in the commodities sector a broader, more sophisticated range of dedicated products covering derivatives, capital markets and M&A advisory services.

Asset Finance

2007 was a banner year for asset financing with a sharp rise in net income from aircraft and marine financing. The marine financing teams successfully launched operations in China and India and strengthened their position thanks to container ship financing transactions. Despite heightened competition, the aircraft financing teams substantially expanded their Latin American activity and boosted transaction volumes with operational lessors.

From an already strong business base, the highly experienced export financing teams amply confirmed their global leadership. This front-ranking position is particularly evident on the Asian export market (China, Korea and Japan).

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The infrastructure teams turned in a sparkling performance, making major advances in Europe and taking advantage of the opportunities offered by acquisition transactions.

Lastly, Global Trade Services continued to expand its operations on both the United States and European markets, benefiting from last year's creation of a single team covering the entire structured trade offering for the financing of import-export trading.

Global Trade Services' project financing and marine financing business expanded significantly in Italy on the back of the BNL acquisition.

Cash Management

Within BNP Paribas Corporate and Investment Banking, the Cash Management business provides international companies with an extensive array of global cash management and liquidity solutions. These services developed in close cooperation with the French Retail Banking's Cash Management Department are based on state of the art technologies and on a wide geographical coverage encompassing Europe, Asia and the Americas. In 2007, The Bank's offer continued to evolve to remain at the forefront of the latest market developments such as Payment Factory services and the launch in January 2008 of the Single Euro Payment Area (SEPA).

The quality of this international offer is demonstrated by Euromoney magazine's rankings of October 2007:

- n° 3 for cross-border cash pooling;
- n° 3 for global liquidity capabilities;
- n° 5 in Europe for international cash management services;
- n° 8 at global level.

In 2007, supported by a dedicated sales force organized around a central team as well as experienced professionals in some 30 countries, the Cash Management business continued to develop its market penetration. BNP Paribas has been chosen by numerous clients from all geographic areas thus strengthening client relationships and generating multi-year recurring revenues.

Structured Finance

At the crossroads of lending and capital markets, Structured Finance designs tailor-made financings for clients on a worldwide level.

Structured Finance (SF) professionals bring their expertise to corporates, financial institutions, private equity sponsors and local government authorities. Whether for an acquisition, a structured or a plain vanilla financing, Structured Finance provides custom-made solutions with the latest financial architecture and the best placement on the appropriate debt markets. Structured Finance manages the full spectrum from origination and structuring to underwriting and distribution on the loan syndication markets.

CIB Structured Finance operates around the world through three main platforms – Paris/London, New York and Hong Kong, with teams present in 18 locations, bringing to the local level the talents and specific skills of our experts to develop long-term client and investor relationships.

Awards & rankings:

- n° 1 "Bookrunner" and "Mandated Lead Arranger" for Media & Telecoms in the EMEA region in the first half of 2007 by volume of deals – *Dealogic*;
- n° 1 "Bookrunner" and "Mandated Lead Arranger" for Leveraged Media & Telecoms in the EMEA region in the first half of 2007 by volume of deals – *Dealogic*;
- n° 2 "Bookrunner" and "Mandated Lead Arranger" in the EMEA region in the first half of 2007 by volume of deals for syndicated loans – *Thomson IFR*;
- n° 1 "Bookrunner" in Italy by volume and by number of deals for full year 2006 – *Dealogic*;
- n° 4 "Bookrunner" for European Leveraged Loans – *Thomson IFR (1 January 2007 – 3 November 2007)*;
- n° 3 Eurozone "High-Yield Issuers" – *Thomson IFR (1 January 2007 – 3 November 2007).*

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BNP PARIBAS PRINCIPAL INVESTMENTS

BNP PARIBAS CAPITAL

BNP Paribas Capital manages the Group's proprietary portfolio of unlisted investments outside of the banking sector.

This portfolio had an estimated value of EUR 3.9 billion at 31 December 2007 and is split into four segments:

- directly held strategic investments;
- directly held minority stakes;
- investments in funds;
- joint investments made simultaneously with funds or institutional investors.

In 2007, the main disposals concerned the interests in Bouygues Telecom, Vivarte and Elis. The Group forged ahead with its investments in private equity funds and its joint investments alongside these funds.

LISTED INVESTMENT AND SOVEREIGN LOAN MANAGEMENT

The Listed Investment and Sovereign Loan Management unit has two functions. Its overall mission is to derive the greatest possible value from its assets over the medium term. This perspective clearly differentiates the business from a trading activity.

The Listed Investment Management team is in charge of BNP Paribas' portfolio of minority stakes in listed companies.

Sovereign Loan Management's mission is to restructure sovereign loans through the London Club and to manage the portfolio of emerging market sovereign debt, such as Brady bonds, Eurobonds and restructured loans.

KLÉPIERRE

A real estate investment company listed on Euronext Paris™, Klépierre develops, owns and manages shopping centres in 10 European countries, mainly France, Spain and Italy. Klépierre is continental Europe's 2nd-largest listed property group specialised in shopping centres, with a market capitalisation of EUR 4.8 billion. Its property assets totalled EUR 11.3 billion at year-end, of which 86% consisted of shopping centres, 4% business premises – through its 84.1% holding in Klémurs – and 10% office space in the Paris region. More than 43% of Klépierre's business is conducted outside France.

Klépierre's strong momentum in the shopping centre activity is supported by the centralised management and development capabilities of its subsidiary Ségécé, which is continental Europe's n°1 manager of shopping centres. Ségécé manages 342 centres – 240 of which belong to Klépierre – through a network of 8 subsidiaries.

Through Klémurs, listed on the Stock Exchange since December 2006, Klépierre is playing an active role in the sale and leaseback of property portfolios by major retailers.

Klépierre also owns and manages upmarket office premises located in Paris and its inner suburbs. This is a secondary activity for Klépierre, the result of opportunities arising in the course of market cycles.

The Klépierre Group has more than 1,100 employees.

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1.5 Shareholder information

SHARE CAPITAL

As at 31 December 2006, BNP Paribas' share capital stood at EUR 1,860,934,954 divided into 930,467,477 shares. Details of the historical share performance are provided in the "Changes in share capital" section (p. 228).

In 2007, three series of transactions led to changes in the number of shares outstanding:

- 6,464,608 shares were issued upon exercise of stock options;
- 439,358 shares were issued in relation to the merger with BNL;
- 32,111,135 shares repurchased by the Bank were subsequently cancelled.

As at 31 December 2007, BNP Paribas' share capital stood at EUR 1,810,520,616 divided into 905,260,308 shares with a par value of EUR 2 [(1)].

The shares are all fully paid-up and are held in registered or bearer form at the choice of their holders, subject to compliance with the relevant legal provisions. **None of the Bank's shares entitle their holders to an increased dividend or double voting rights or limit the exercise of voting rights.**

CHANGES IN SHAREHOLDER STRUCTURE

Changes in the Bank's ownership structure over the last three years are as follows:

	31 December 2005		31 December 2006		31 December 2007	
SHAREHOLDERS	Number of shares *(In millions)*	% interest and voting rights [(1)]	Number of shares *(In millions)*	% interest and voting rights [(1)]	Number of shares *(In millions)*	% interest and voting rights [(1)]
AXA	**47.64**	**5.70%**	**52.65**	**5.70%**	**53.56**	**5.9%**
Employees	**47.09**	**5.60%**	**49.36**	**5.3%**	**52.64**	**5.8%**
- o/w corporate mutual funds	34.46	4.10%	35.86	3.9%	38.53	4.2%
- o/w direct ownership	12.63	1.50%	13.50	1.4%	14.11	1.6%
Corporate officers	**0.22**	**NM**	**0.26**	**NM**	**0.36**	**NM**
Treasury shares [(*)]	**9.06**	**1.10%**	**19.25**	**2.10%**	**9.14**	**1.0%**
Public	**57.00**	**6.80%**	**59.55**	**6.40%**	**57.00**	**6.3%**
Institutional investors	**621.11**	**74.10%**	**693.47**	**74.5%**	**717.40**	**79.3%**
(o/w "Socially Responsible Investors")	(6.53)	(0.8%)	(7.5)	(0.8%)	(9.52)	(1.1%)
- Europe	509.64	60.80%	480.61	51.6%	516.54	57.1%
- Outside Europe	111.47	13.30%	212.86	22.9%	200.86	22.2%
Other and unidentified	**56.13**	**6.70%**	**55.93**	**6.0%**	**15.16**	**1.7%**
TOTAL	**838.25**	**100.0%**	**930.47**	**100%**	**905.26**	**100%**

[(*)] *Excluding trading desks' working positions.*

[(1)] *Pursuant to Article 223-11 of the AMF General Regulation, voting rights must be calculated based on the total number of equities that have voting rights attached, including those whose voting rights have been suspended, e.g. treasury shares. As BNP Paribas rigorously applies a "one share, one vote" principle, percentage interest and percentage voting rights can be considered identical.*

[(1)] *Since the close of the financial year, a total of 435,137 shares have been issued upon exercise of stock options. As at 28 January 2008, BNP Paribas' share capital stood at EUR 1,811,390,890, divided into 905,695,445 shares with a par value of EUR 2.*

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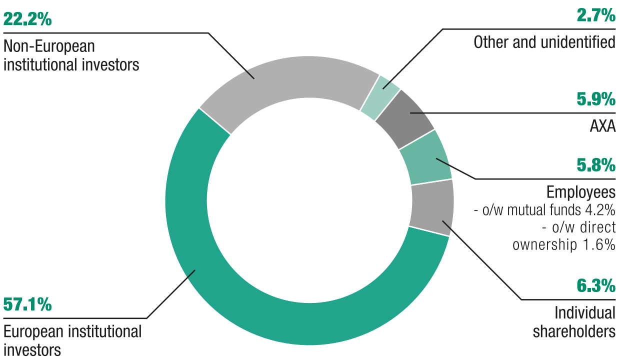
BNP PARIBAS OWNERSHIP STRUCTURE AS AT 31 DECEMBER 2007



To the best of BNP Paribas' knowledge, no shareholder other than AXA owns more than 5% of BNP Paribas' capital or voting rights, nor does any agreement exist whose implementation could at a later date result in a change in BNP Paribas' form of control.

SHARE PERFORMANCE

When the shareholders of BNP and Paribas approved the merger between the two banks at the Extraordinary General Meeting of 23 May 2000, BNP shares became BNP Paribas shares. The Euroclear-France code for BNP Paribas is the same as the previous BNP code (13110). Since 30 June 2003, BNP Paribas shares have been registered under ISIN code FR0000131104.

BNP shares were first listed on the Cash Settlement Market of the Paris Stock Exchange on 18 October 1993, following privatisation, before being transferred to the Monthly Settlement Market on 25 October of that year. When the monthly settlement system was eliminated on 25 September 2000, BNP Paribas shares became eligible for Euronext's Deferred Settlement Service (SRD). The shares are also traded on SEAQ International in London and on the Frankfurt Stock Exchange. Since 24 July 2006 they have been traded on the MTA International in Milan and have been listed on the Tokyo Stock Exchange since 13 March 2000 (and the First Section since 7 February 2005). Since privatisation, a Level 1 144A ADR programme has been active in the USA, where JP Morgan Chase is the depositary bank (2 ADRs correspond to 1 BNP Paribas share).

To help increase the number of shares held by individual investors, BNP Paribas carried out a two-for-one share split on 20 February 2002, reducing the par value of the shares to EUR 2.

BNP became a component of the CAC 40 index on 17 November 1993 and of the Euro Stoxx 50 index on 1 November 1999. Since 18 September 2000, it has been one of the companies making up the Dow Jones Stoxx 50 index. In 2007, BNP Paribas joined the Global Titans 50, an index comprising the 50 largest corporations worldwide. BNP Paribas shares are also included in the main benchmark indexes for sustainable development: ASPI Eurozone, FTSE4Good (Global and Europe 50), DJ SI World and the DJ SI Stoxx indexes. All of these listings have fostered liquidity and share price appreciation, as BNP Paribas shares necessarily feature in every portfolio and fund that tracks the performance of these indexes.

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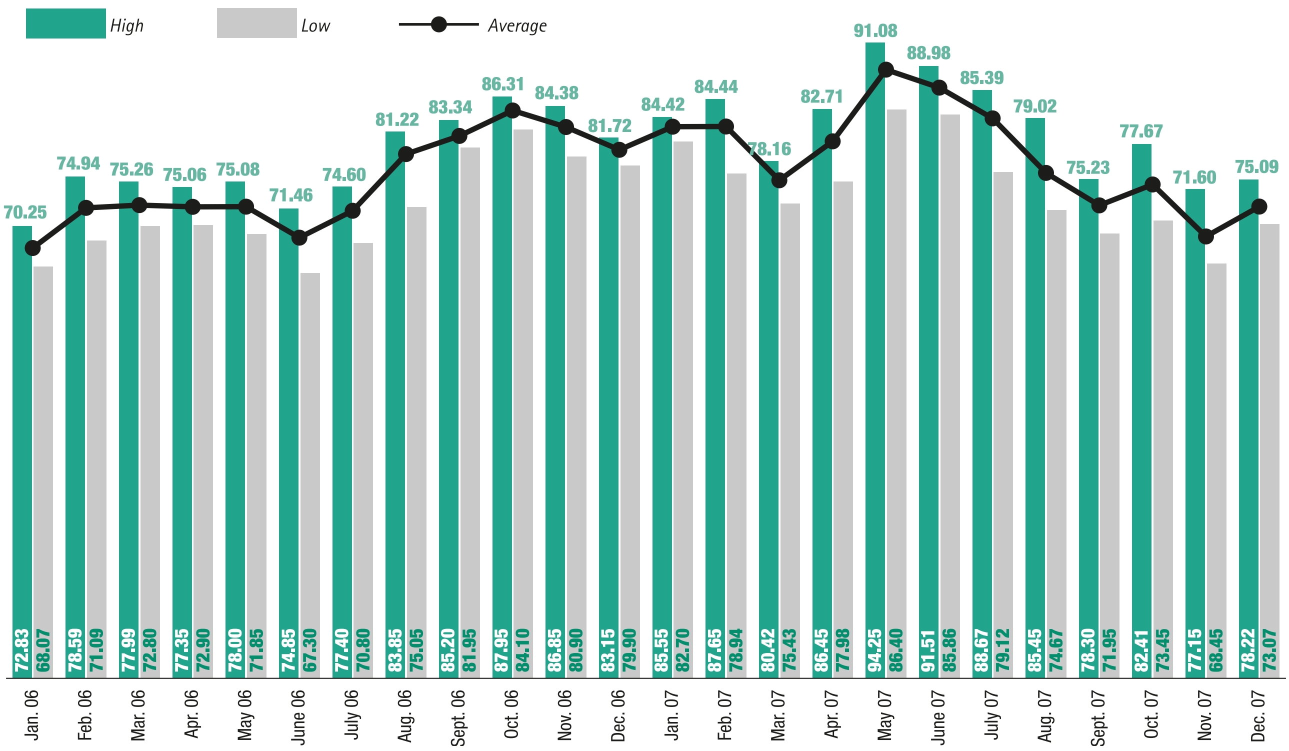
SHARE PERFORMANCE BETWEEN 31 DECEMBER 2004 AND 31 DECEMBER 2007

Comparison with the DJ Stoxx 50, DJ Stoxx Bank and CAC 40 (indexes rebased on share price)

Source: Datastream

AVERAGE MONTHLY SHARE PRICES AND MONTHLY HIGHS AND LOWS SINCE JANUARY 2006



- As at 31 December 2007, **the BNP Paribas share was listed at EUR 74.22**, down 10.20% compared with 29 December 2006, when it was listed at EUR 82.65. By way of comparison, during 2007 the CAC 40 increased by 1.31%, the DJ Stoxx 50 dropped down by 0.36% and the DJ Stoxx Bank index fell by 16.87%. After marking an all-time high at EUR 94.25 in May, the BNP Paribas share was dragged down by the widespread loss of confidence affecting banks, triggered by the subprime mortgage crisis in the US. However, as BNP Paribas has lower exposure to the crisis compared with many competitors, the share performance over the full year outdistanced banking-sector indexes.
- From 3 January 2005 to 31 December 2007, **the BNP Paribas share gained 40.33%, compared with rises of 46.92%, 32.76% and 19.58% by the CAC 40, DJ Stoxx 50 and DJ Stoxx Bank indexes respectively.**

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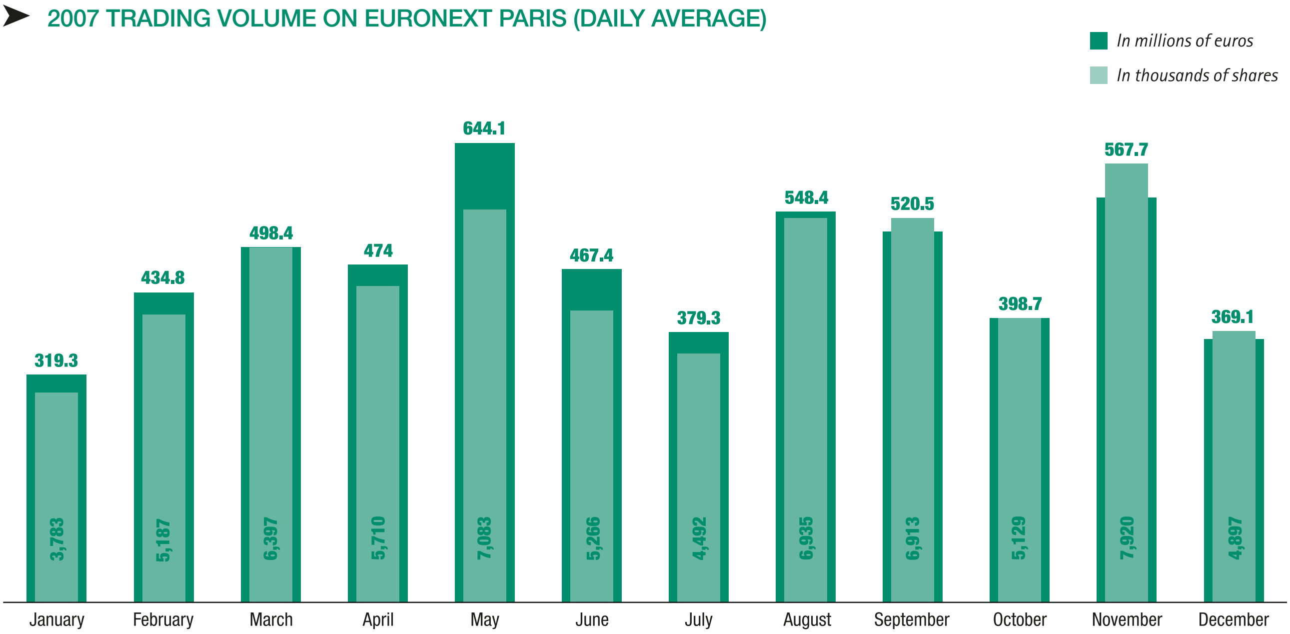
- **BNP Paribas' market capitalisation totalled EUR 67.2 billion** as at 31 December 2007, representing the fifth-largest capitalisation in the CAC 40 index after the Group dropped from fourth place due to the Arcelor/Mittal merger. In terms of free float, BNP Paribas is still the 3rd-largest in the Paris index. At the end of the period, BNP Paribas ranked 11th in the DJ Euro Stoxx 50 on the basis of free float.
- **Daily transaction volume** over the year averaged 5,821,304 shares, up 33.5% on the 4,358,733 shares traded on average per session in 2006. This is a clear indication of the stock's increasing liquidity.

2007 TRADING VOLUME ON EURONEXT PARIS (DAILY AVERAGE)



Source: Euronext Paris

YIELD AND PERFORMANCE DATA

	French GAAP		IFRS		
In euros	2003	2004	2005	2006	2007
Earnings per share [(1) (*)]	4.3	5.5	7.0	8.0	8.5
Net assets per share [(2) (*)]	32.7	35.9	45.8	49.8	52.4
Net dividend per share	1.45	2.00	2.60	3.10	3.35 [(3)]
Payout rate (in %) [(4)]	34.8	37.9	37.4	40.3	39.8 [(3)]
Share price					
High [(5) (*)]	49.53	54.57	68.71	88.50	95.07
Low [(5) (*)]	32.40	45.71	50.31	66.65	67.54
Year-end [(*)]	49.53	52.89	67.82	82.65	74.22
CAC 40 index on 31 December	3,557.90	3,821.16	4,715.23	5,541.76	5,614.08

(1) *Based on the average number of shares outstanding during the year.*
(2) *Before dividends. Net book value based on the number of shares outstanding at year-end.*
(3) *Subject to approval at the Annual General Meeting of 21 May 2008.*
(4) *Dividend recommended at the Annual General Meeting expressed as a percentage of earnings per share.*
(5) *Registered during trading.*
(*) *Data in the above table have been adjusted to reflect the share issue with preferential subscription rights in March 2006 (adjustment ratio = 0.992235740050131).*

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CREATING VALUE FOR SHAREHOLDERS

TOTAL SHAREHOLDER RETURN (TSR)

Calculation parameters:

- the dividend is assumed to have been reinvested in BNP shares then BNP Paribas shares and includes the "*avoir fiscal*" tax credit at a rate of 50% (until it was abolished at the beginning of 2005);
- returns are gross returns, i.e. before any tax payments or brokerage fees.

Calculation results:

The following table indicates, for the various durations given and up to 31 December 2007, the total return on a BNP share, then a BNP Paribas share, as well as the effective annual rate of return.

Holding period	Investment date (opening price)	Initial investment multiplied by	Effective annual rate of return
Since privatisation	10/18/1993	x 6.89	+14.55%
14 years	01/03/1994	x 5.30	+ 12.65%
13 years	01/03/1995	x 6.06	+14.87%
12 years	01/02/1996	x 6.58	+16.99%
11 years	01/02/1997	x 7.05	+19.43%
10 years	01/02/1998	x 4.25	+15.57%
9 years	01/04/1999	x 2.78	+12.06%
Since inception of BNP Paribas	09/01/1999	X 2.72	+12.76%
8 years	01/03/2000	x 2.15	+10.05%
7 years	01/02/2001	x 2.04	+10.70%
6 years	01/02/2002	x 1.85	+10.85%
5 years	01/02/2003	x 2.29	+18.00%
4 years	01/02/2004	x 1.74	+14.93%
3 years	01/03/2005	x 1.56	+15.93%
2 years	01/02/2006	x 1.17	+8.24%
1 year	01/02/2007	x 0.92	-8.07%

BNP Paribas uses two methods to measure the value created for shareholders, based on a long- to medium-term investment period reflecting the length of time that the majority of individual investors hold their BNP Paribas shares.

FIVE-YEAR COMPARISON OF AN INVESTMENT IN BNP PARIBAS SHARES WITH THE "LIVRET A" PASSBOOK SAVINGS ACCOUNT AND MEDIUM-TERM GOVERNMENT NOTES

In this calculation, we compare the creation of shareholder value over the same period through investment in BNP then BNP Paribas shares, with two risk-free investments: the "Livret A" passbook savings account offered by the French savings bank network and medium-term French government notes (OATs).

Total return on an investment in BNP Paribas shares:

Initial investment = 1 share at the opening price on 2 January 2003 = EUR 39.41.

Dividends reinvested.

Exercise of pre-emptive rights to subscribe for shares at the time of the March 2006 share issue.

Value at 31 December 2007: 1.2143 shares at EUR 74.22 = EUR 90.13.

Investment of EUR 39.41 on 1 January 2003 in a "Livret A" passbook account

At the investment date, the official interest rate on Livret A accounts was 3%. The rate was decreased to 2.25% on 1 August 2003 and then to 2% on 1 August 2005. It was revised twice in 2006, on 1 February to 2.25% and 1 August to 2.75%, and once in 2007, to 3% on 1 August. As at 31 December 2007, the account balance was **EUR 44.52**, representing growth of EUR 5.11, barely more than 10% of the increase achieved by the BNP Paribas share – which gained EUR 50.72 over the same period.

The value created through an investment in BNP Paribas shares, reflecting the additional risk involved, amounts to 90.13 – 44.52 = EUR 45.61 per share over five years.

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Investment of EUR 39.41 on 1 January 2003 in French government notes

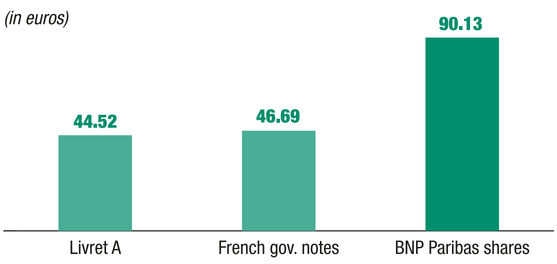
The five-year interest rate (BTAN) on that date was 3.4719%; at the end of each subsequent year, interest income is reinvested in a similar note under the following terms:

- 3.3467% (BTAN) in January 2004 for 4 years;
- 2.7154% (BTAN) in January 2005 for 3 years;
- 2.87199% (BTAN) in January 2006 for 2 years;
- 4.028% in January 2007 for 1 year (Euribor).

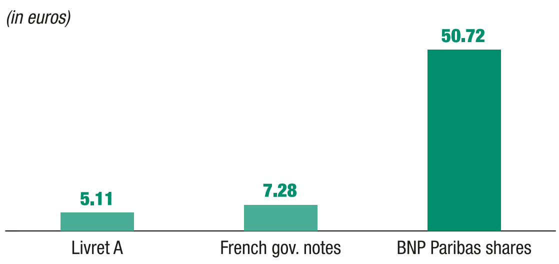
At the end of five years, the accrued value of the investment is **EUR 46.69**, representing growth of EUR 7.28, less than 15% of the increase achieved by the BNP Paribas share.

The additional value created by choosing BNP Paribas shares as the investment vehicle is therefore 90.13 – 46.69 = EUR 43.44 per share over five years.

COMPARISON OF GROWTH IN INVESTMENT OF EUR 39.41 OVER 5 YEARS



COMPARATIVE TOTAL YIELDS OVER 5 YEARS FOR AN INVESTMENT OF EUR 39.41



COMMUNICATION WITH SHAREHOLDERS

BNP Paribas endeavours to provide all shareholders with clear, consistent, high-quality information at regular intervals, in accordance with best market practice and the recommendations of stock market authorities.

The Investor Relations team informs institutional investors and financial analysts, in France and abroad, of the Group's strategies, major events concerning the Group's business and, of course, the Group's results which are published quarterly. In 2008, for example, the following dates have been set [(1)]:

- 20 February 2008: publication of the 2007 annual results;
- 14 May 2008: results for the first quarter of 2008;
- 6 August 2008: publication of the 2008 half-year results;
- 5 November 2008: results for the third quarter of 2008.

Informative briefings are organised several times a year, when the annual and half-year results are released, or on specific topics, providing senior management with an opportunity to present the BNP Paribas Group and its strategy. There is also a Relations Officer responsible for liaising with managers of ethical and socially responsible funds.

The Individual Shareholder Relations Department informs and attends to queries of the Group's 601,000 or so individual shareholders *(source: 31 December 2007 TPI Survey)*. A half-yearly financial newsletter informs both members of the "*Cercle BNP Paribas*" and other shareholders of important events concerning the Group, and a summary of the matters discussed during the Annual General Meeting is sent out in July. During the year, senior management presents the Group's policy to individual shareholders at meetings organised in various French cities and towns (for example, in 2007, meetings were held in Grenoble on 15 March, in Nantes on 25 September and in Toulouse on 2 October). Also, BNP Paribas representatives met and spoke with over 1,000 people at the "ACTIONARIA" shareholder fair held in Paris on 16 and 17 November 2007.

BNP Paribas' Shareholders' Guide

The BNP Paribas Shareholders' Guide was designed to provide individual shareholders with full details on the share's performance and the Bank's achievements. Its main purpose is to give these investors a better idea and a deeper understanding of the economic environment and the markets in which BNP Paribas operates. The Guide can be obtained on request from the Individual Shareholder Relations Department.

(1) *Subject to alteration at a later date.*

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In 1995, the "*Cercle BNP Paribas*" was set up for individual shareholders holding at least 200 shares. The *Cercle* currently counts 47,500 shareholder members. Three times a year, in alternation with financial newsletters, they receive *La Vie du Cercle*, a publication inviting them to take part in artistic and cultural events with which BNP Paribas is associated, as well as training sessions. These include seminars on trading in equities (including technical analysis and financial research), on private asset management and warrants, as well as economic-update sessions and seminars about how to manage one's finances on the internet, organised by BNP Paribas teams specialising in these fields. In addition, the Bank regularly organises scientific conferences and visits to industrial sites. The seminars are held in Paris and the provinces, on weekdays and the weekend, to enable as many people as possible to attend. Illustrating the growing variety of the offering, in 2007, 389 events, a 9% increase on 2006, were organised for 16,351 participants. One-third of the events were held in the provinces and two-thirds in Paris and the Paris region. Shareholders can obtain information about these services by dialling a **special freephone number (in France): 0800 666 777**. A telephone news service can also be accessed through the same number, offering a wide range of information to BNP Paribas shareholders, such as the share price, shareholders' events, news and interviews.

The **BNP Paribas website (http://invest.bnpparibas.com)** can be consulted in both French and English. Recently large portions of the website have also been viewable in Italian. It provides information on the Group, including press releases, key figures and details of significant developments and presentations. All financial documents such as Annual Reports and Reference Documents can also be viewed and downloaded. Publications compiled by the Bank's Economic Research unit can be viewed on the website as well. The latest share performance data and comparisons with major indexes are also obviously available on this website. Since 2007, it has been possible to calculate the return on an investment in BNP Paribas shares – one of the many tools that visitors to our website have at their disposal.

The Investors/Shareholders corner now includes all reports and presentations concerning the Bank's business and strategy, irrespective of the original target audience (individual shareholders, institutional investors, asset managers or financial analysts). The website also has a section entitled "To be a shareholder", which was specifically designed with individual shareholders in mind, offering information tailored to their needs and details of proposed events. In addition, there is a specific section dedicated to the Annual General Meeting of Shareholders, which includes information regarding the conditions for attending the meeting, ways of voting, practical questions, as well as a presentation of the resolutions and the complete text of all speeches made by corporate officers. Webcasts of the sessions can be viewed by visiting the section entitled "General shareholders meeting" then by clicking on Records in the submenu.

BNP Paribas ranked among the winners of the BoursoScan 2007 website survey

Boursorama and business partner OpinionWay, which has expertise in the analysis of individual shareholders, have for the past seven years conducted an annual survey in France, BoursoScan, with a view to finding the best websites of companies listed on the Paris Stock Exchange. As part of the 2007 edition, more than 6,340 internet users gave their opinion on websites they had visited. In total, 250 sites were ranked in terms of features that participants deemed to be important: topicality of the information shown, the transparency of financial news and ease of browsing.

The BNP Paribas website devoted to shareholders and investors, http://invest. bnpparibas.com, received the «*Prix Coup de Cœur*" (the eye-pleaser award), indicating that the website was the favourite among first-time visitors. This serves as an acknowledgment of the accessibility and instructiveness of the information supplied by BNP Paribas to individual investors.

Recent information about the BNP Paribas Group is also available on the French Minitel service **3614 BNPPACTION**, at a cost of EUR 0.057 per minute. Through this service, shareholders can ask questions, leave messages or order documents.

SHAREHOLDER LIAISON COMMITTEE

After its formation in 2000, the new BNP Paribas Group decided to create a Shareholder Liaison Committee to help the Group communicate better with its individual shareholders. At the Shareholders' Meeting that approved the BNP Paribas merger, the Chairman of BNP Paribas kicked off the nomination process, which culminated in the naming of the committee members at the end of 2000.

Headed by Michel Pébereau, the committee includes ten shareholders who are both geographically and socioeconomically representative of the individual shareholder population, and two employees or former employees. Each member serves a three-year term. When their terms expire, announcements are published in the press and in the Group's various financial publications, inviting new candidates to come forward. Any shareholder can become a candidate.

At 1 January 2008, the members of the liaison committee were as follows:

- Michel Pébereau, Chairman;
- Franck Deleau, resident of the Lot *département;*
- Nicolas Derely, resident of the Paris area;
- Jean-Louis Dervin, residing in Caen;
- Jacques de Juvigny, resident of the Alsace region;
- André Laplanche, residing in Cavaillon;
- Jean-Marie Laurent, resident of the Oise *département;*
- Dyna Peter-Ott, residing in Strasbourg;
- Jean-Luc Robaux, residing in Nancy;
- Marie-Nathalie Rodrigues, resident of the Allier *département;*
- Thierry de Vignet, resident of the Dordogne *département;*
- Roseline Labat, BNP Paribas employee;
- Bernard Coupez, President of ASRAS BNP Paribas (the Association of Employee, Retiree and Former Employee Shareholders of the BNP Paribas Group).

In accordance with the committee's Charter – the internal rules that all members have subscribed to – the committee met twice in 2007, on

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23 March and 14 September, in addition to taking part in the Annual General Meeting and attending the Actionaria shareholder fair. The main topics broached included:

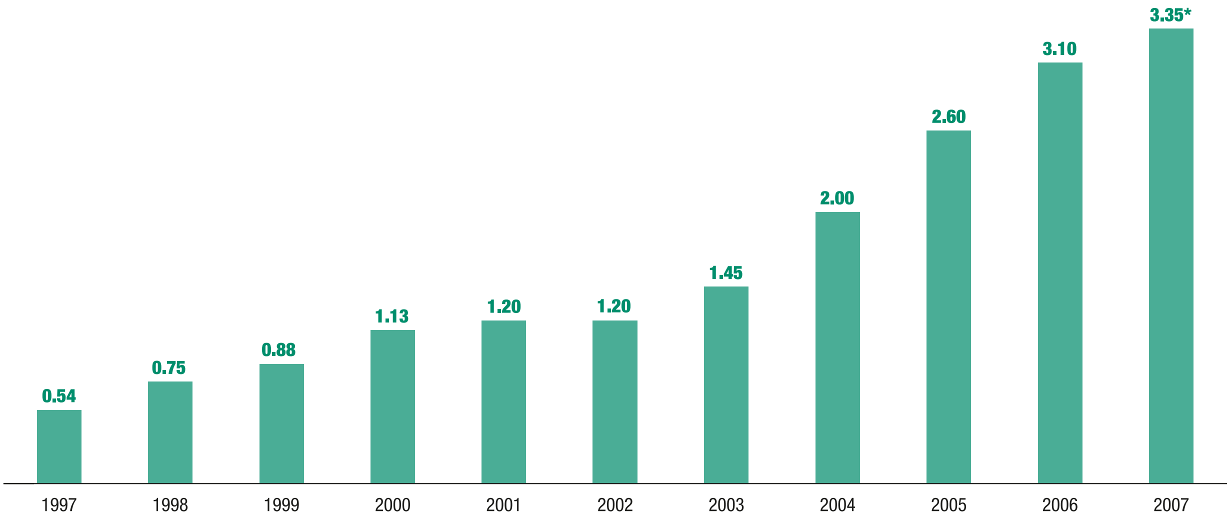
- the periodical publications which provide information on the Group's achievements and strategy;
- the 2006 Annual Report;
- improvements required for the website devoted to relations with financial market participants;
- initiatives concerning preparations for the Annual General Meeting;
- BNP Paribas' participation in the "Actionaria" shareholder fair. At this event, several Liaison Committee members explained the role played by the committee to people who visited the Bank's stand.

DIVIDEND

At the 21 May 2008 Annual General Meeting, the Board of Directors will recommend a dividend of EUR 3.35 per share, an increase of 8.1% compared with the 2007 dividend. The dividend will be payable as from 29 May 2008, subject to approval at the Annual General Meeting.

The total amount of the payout is EUR 3,034.1 million, an increase of 4.9% compared with EUR 2,891.9 million in 2007. The proposed payout rate is 39.8% [(1)].

➤ DIVIDEND GROWTH (IN EUROS PER SHARE)



* *Subject to approval at the Annual General Meeting of 21 May 2008.*
The dividends for the years 1997-2000 have been adjusted to reflect the two-for-one share split carried out on 20 February 2002.

(1) *Dividend recommended at the Annual General Meeting expressed as a percentage of earning per share.*

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The **Group's objective** is to increase the dividend to reflect growth in income and the optimised management of available capital.

Timeframe for claiming dividends: after five years, any unclaimed dividends will be forfeited and paid to the French Treasury, in accordance with applicable legislation.

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BNP PARIBAS REGISTERED SHARES

As at 31 December 2007, 26,140 shareholders had shares registered with BNP Paribas.

SHARES REGISTERED DIRECTLY WITH BNP PARIBAS

Shareholders whose shares are registered directly with BNP Paribas:

- automatically receive all documents regarding the Bank which are sent to shareholders;
- are automatically entitled to call a **French freephone number (0800 600 700)** to place buy and sell orders;
- benefit from special, discounted brokerage fees;
- have access to "GIS Nomi" (http://gisnomi.bnpparibas.com), a fully secure dedicated web server, in order to view registered share accounts and account movements as well as place and track trading orders;
- and, naturally, pay no custodial fees, and are systematically invited to General Meetings.

REGISTERED SHARES HELD IN AN ADMINISTERED ACCOUNT

BNP Paribas is also extending its administered share account services to institutional shareholders. For institutional shareholders, this type of account combines the main benefits of holding shares in bearer form with those of holding registered shares:

- shares can be sold at any time, through the shareholder's usual broker;
- the shareholder can have a single share account, backed by a cash account;
- the shareholder is systematically invited to attend and vote at General Meetings, without the invitation being sent through a third party;
- the shareholder can take part in voting via the internet.

ANNUAL GENERAL MEETING

The last Annual General Meeting was held on 15 May 2007 on first call. The text of the resolutions and the video of the meeting can be viewed on the BNP Paribas website, which is where the original live webcast took place. The composition of the quorum and the results of the votes cast were posted online the day after the meeting. In addition, the meeting was written about in the specialist press and a specific letter was sent to shareholders summarising the meeting.

The quorum breaks down as follows:

BREAKDOWN OF QUORUM

	Number of shareholders	(%)	Number of shares	(%)
Present	1,784	15.55%	96,725,671	23.45%
Proxy given to spouse or another shareholder	56	0.49%	46,699	0.01%
Proxy given to Chairman	6,560	57.19%	29,784,996	7.22%
Postal votes	3,070	26.77%	285,889,393	69.32%
TOTAL	**11,470**	**100%**	**412,446,759**	**100%**

		Quorum
Total no of shares issued excluding treasury stock	903,146,769	45.67%

All resolutions proposed to the shareholders were approved.

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	Results	Rate of approval (%)
ORDINARY MEETING		
Resolution 1:	*Approval of the consolidated balance sheet as at 31 December 2006 and the consolidated profit and loss account for the year then ended*	98.59%
Resolution 2:	*Approval of the balance sheet of the Bank as at 31 December 2006 and the profit and loss account for the year then ended*	98.59%
Resolution 3:	*Appropriation of net income and dividend distribution*	99.83%
Resolution 4:	*Agreements and commitments governed by Article L. 225-38 of the French Commercial Code*	94.84%
Resolution 5:	*Share buybacks*	99.14%
Resolution 6:	*Ratification of the appointment of Suzanne Berger Keniston as a director*	94.66%
Resolution 7:	*Renewal of the term of office of Louis Schweitzer as a director*	86.95%
Resolution 8:	*Powers to carry out formalities relating to the Ordinary Meeting*	99.58%
EXTRAORDINARY MEETING		
Resolution 9:	*Amendment of the fifteenth resolution of the Annual General Meeting of 18 May 2005 to promote employee profit-sharing and share ownership, in accordance with the French Act of 30 December 2006*	97.23%
Resolution 10:	*Amendment of the twenty-second resolution of the Annual General Meeting of 23 May 2006 to promote employee profit-sharing and share ownership, in accordance with the French Act of 30 December 2006*	97.70%
Resolution 11:	*Reduction in the Bank's capital by cancelling shares*	99.51%
Resolution 12:	*Approval of the merger of BNL into BNP Paribas*	99.51%
Resolution 13:	*Approval of the merger of Compagnie Immobilière de France into BNP Paribas*	99.50%
Resolution 14:	*Approval of the merger of Société Immobilière du 36, avenue de l'Opéra into BNP Paribas*	99.51%
Resolution 15:	*Approval of the merger of CAPEFI into BNP Paribas*	99.80%
Resolution 16:	*Amendment of the Bank's Articles of Association relating to attendance at General Meetings*	99.81%
Resolution 17:	*Powers to carry out formalities relating to the Extraordinary Meeting*	99.82%

The 2007 Annual General Meeting was an additional opportunity for BNP Paribas to demonstrate its commitment to sustainable development. BNP Paribas seeks to create solid, recurring value, acting as a mark of quality and testifying to its respect not only for "traditional" partners comprising shareholders, clients and employees, but also for the community at large. It seemed appropriate that these principles be reflected in the Group's General Meetings. That is why it was decided, in conjunction with the Shareholder Liaison Committee, to donate EUR 10 for every attending investor to the *"Coups de pouce aux projets du personnel"* programme (A helping hand for employee projects). The programme was specifically developed by the BNP Paribas Foundation to encourage public interest initiatives for which Bank staff personally volunteer their time and efforts; the sums collected (EUR 17,840 in 2007) are donated in addition to the funds that the Bank already grants to this programme via the BNP Paribas Foundation, which operates under the aegis of the Fondation de France. The total amount of these contributions was distributed among 44 projects, all of them initiated by Bank employees, in amounts ranging from EUR 500 to EUR 3,800. The sums to be allocated were determined on the basis of project size, the quality of the application and, naturally, the degree of commitment of the staff involved in the project.

As in previous years, a great deal of financial support was channelled into humanitarian initiatives. This was followed by projects working with various types of handicaps, community integration through sport and other activities, healthcare promotion and socioeconomic integration projects. Most of these projects were centred on initiatives in France. Of the other projects, two of them concerned another European country, one was conducted in South America, seven in Africa and five in Asia.

The allocation of funds is systematically detailed in the notice of invitation for the next General Meeting.

The procedures for BNP Paribas' General Meetings are defined in Article 18 of the Bank's Articles of Association.

The Board of Directors calls an Ordinary General Meeting at least once a year to vote on the agenda set by the Board.

The Board may call Extraordinary General Meetings for the purpose of amending the Articles of Association, and especially to increase the Bank's share capital. Resolutions are adopted by a two-thirds majority of shareholders present or represented.

The Ordinary and Extraordinary General Meeting may be called in a single notice of Meetings and held on the same date. BNP Paribas will hold its next Ordinary and Extraordinary General Meeting on 21 May 2008.

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NOTICE OF MEETINGS

- Holders of registered shares are notified by post. The notice of meeting contains the agenda, the draft resolutions and a postal voting form.
- Holders of bearer shares are notified via announcements in the press, particularly investor and financial journals. In addition to legal requirements, BNP Paribas sends the following documents aimed at boosting attendance:
  - notices of meetings and a postal voting form for shareholders who own over a certain number of shares (set at 250 shares in 2007); these same documents may accessed freely on the website;
  - information letters concerning the Annual General Meeting and the attendance procedures. In 2007, these were sent to all holders of at least 150 bearer shares.

In total, nearly 71,000 of the Bank's shareholders personally received the information needed to participate.

In addition, staff at all sales facilities of the BNP Paribas network are specifically trained to provide the necessary assistance and carry out the required formalities.

ATTENDANCE AT MEETINGS

Any holder of shares may gain admittance to Annual and Extraordinary General Meeting, provided that the shares have been recorded in their accounts for at least three days. Holders of bearer shares must in addition present an entry card or certificate stating the ownership of the shares.

VOTING

Shareholders who are unable to attend a General Meeting may complete and return to BNP Paribas the postal voting form/proxy enclosed with the notice of meeting. This document enables them to either:

- vote by post;
- give proxy to their spouse or another shareholder (individual or legal entity);
- give the proxy to the Chairman of the Meeting or indicate no proxy.

Shareholders or their proxies present at the Meeting are given the necessary equipment to cast their votes. Since the General Meeting of 13 May 1998, BNP Paribas has used an electronic voting system.

Since the Meeting of 28 May 2004, shareholders can use a dedicated, secure internet server to send all the requisite attendance documents prior to Annual General Meeting (http://gisproxy.bnpparibas.com).

DISCLOSURE THRESHOLDS

In addition to the legal thresholds, and in accordance with Article 5 of the Bank's Articles of Association, any shareholder, whether acting alone or in concert, who comes to hold directly or indirectly at least 0.5% of the capital or voting rights of BNP Paribas, or any multiple of that percentage down to 5%, is required to notify BNP Paribas by registered letter with return receipt.

Once the 5% threshold is reached, shareholders are required to disclose any increase in their interest representing a multiple of 1% of the capital or voting rights of BNP Paribas.

The disclosures described in the previous two paragraphs shall also apply when the shareholding falls below the above-mentioned thresholds.

In the case of failure to comply with these disclosure requirements, the undisclosed shares will be stripped of voting rights at the request of one or more shareholders who hold a combined interest of at least 2% of the capital or voting rights of BNP Paribas.

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2 CORPORATE GOVERNANCE

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2.1 Board of Directors

MEMBERSHIP OF THE BOARD OF DIRECTORS

Michel PÉBEREAU
Principal function [1]: Chairman of the BNP Paribas Board of Directors

Born on 23 January 1942
Elected on 23 May 2006. Term expires at the 2009 AGM
First elected to the Board on: 14 May 1993

Number of BNP Paribas shares held [2]: 123,120
Office address: 3, rue d'Antin
75002 PARIS, FRANCE

Functions at 31 December 2007 [1]
Director of: Lafarge, Compagnie de Saint-Gobain, Total, *EADS NV (Netherlands), Pargesa Holding SA (Switzerland)*
Member of the Supervisory Board of: *AXA, Banque Marocaine pour le Commerce et l'Industrie (Morocco)*
Non-voting director of: Société Anonyme des Galeries Lafayette
Chairman of: *European Banking Federation, Investment Banking and Financial Markets Committee of Fédération Bancaire Française, Management Board of Institut d'Études Politiques de Paris, Supervisory Board of Institut Aspen France, Institut de l'Entreprise*
Member of: *Académie des sciences morales et politiques, the Executive Committee of Mouvement des Entreprises de France, Haut Conseil de l'Éducation, European Financial Round Table, Institut International d'Études Bancaires, International Advisory Panel of the Monetary Authority of Singapore, International Capital Markets Advisory Committee of the Federal Reserve Bank of New York, International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC)*

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2006:
Chairman of the Board of Directors of: BNP Paribas
Director of: Lafarge, Compagnie de Saint-Gobain, Total, Pargesa Holding SA (Switzerland)
Member of the Supervisory Board of: AXA, Banque Marocaine pour le Commerce et l'Industrie (Morocco)
Non-voting director of: Société Anonyme des Galeries Lafayette
Chairman of: European Banking Federation, Investment Banking and Financial Markets Committee of Fédération Bancaire Française, Management Board of Institut d'Études Politiques de Paris, Supervisory Board of Institut Aspen France, Institut de l'Entreprise
Member of: 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 Capital Markets Advisory Committee of the Federal Reserve Bank of New York, International Monetary Conference, International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC)

2005:
Chairman of the Board of Directors of: BNP Paribas
Director of: Lafarge, Compagnie de Saint-Gobain, Total, Pargesa Holding SA (Switzerland)
Member of the Supervisory Board of: AXA
Non-voting director of: Société Anonyme des Galeries Lafayette
Chairman of: European Banking Federation, Investment Banking and Financial Markets Committee of Fédération Bancaire Française, Management Board of Institut d'Études Politiques de Paris, Supervisory Board of Institut Aspen France, Institut de l'Entreprise
Member of: Haut Conseil de l'Éducation, Institut International d'Études Bancaires, International Advisory Panel of the Monetary Authority of Singapore, International Capital Markets Advisory Committee of the Federal Reserve Bank of New York, International Monetary Conference, International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC)

2004:
Chairman of the Board of Directors of: BNP Paribas
Director of: Lafarge, Compagnie de Saint-Gobain, Total
Member of the Supervisory Board of: AXA
Non-voting director of: Société Anonyme des Galeries Lafayette
Chairman of: European Banking Federation, Investment Banking and Financial Markets Committee of Fédération Bancaire Française, Management Board of Institut d'Études Politiques de Paris, Supervisory Board of Institut Aspen France
Member of: International Advisory Panel of the Monetary Authority of Singapore, International Capital Markets Advisory Committee of the Federal Reserve Bank of New York, International Monetary Conference, International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC)

2003:
Chairman of the Board of Directors of: BNP Paribas
Director of: Lafarge, Compagnie de Saint-Gobain, Total
Member of the Supervisory Board of: AXA
Non-voting director of: Société Anonyme des Galeries Lafayette
Chairman of: Association Française des Banques, Investment Banking and Financial Markets Committee of Fédération Bancaire Française, Management Board of Institut d'Études Politiques de Paris
Member of: International Advisory Panel of the Monetary Authority of Singapore, International Capital Markets Advisory Committee of the Federal Reserve Bank of New York, International Monetary Conference

[1] *Directorships and other functions shown in italics are not governed by the provisions of Act no. 2001-401 of 15 May 2001 concerning multiple directorships.*
[2] *At 31 December 2007.*

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Patrick AUGUSTE
Principal function [1]: Real estate project manager

Born on 18 June 1951 *Director elected to a three-year term by BNP Paribas executive employees on 7 March 2006* *First elected to the Board on:* 14 December 1993	**Functions at 31 December 2007** [1] None
Number of BNP Paribas shares held [2]*: 33* *Office address:* 20, avenue Georges Pompidou 92300 LEVALLOIS-PERRET, FRANCE	

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2006:	2005:	2004:	2003:
None	None	None	None

Claude BÉBÉAR
Principal function [1]: Chairman of the Supervisory Board of AXA

Born on 29 July 1935 *Elected on 23 May 2006. Term expires at the 2009 AGM* *First elected to the Board on:* 23 May 2000	**Functions at 31 December 2007** [1] **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, International Advisory Board of Tsinghua School of Economics and Management, Beijing (China)*
Number of BNP Paribas shares held [2]*:* 3,074 *Office address:* 25, avenue Matignon 75008 PARIS, FRANCE	

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2006:	2005:	2004:	2003:
Chairman of the Supervisory Board of: AXA **Chairman and Chief Executive Officer of:** Finaxa (Finaxa merged into AXA on 16 December 2005) **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:** Institut du Mécénat de Solidarité, Institut Montaigne **Member of:** International Advisory Panel of the Monetary Authority of Singapore, International Advisory Board of Tsinghua School of Economics and Management, Beijing (China)	**Chairman of the Supervisory Board of:** AXA **Chairman and Chief Executive Officer of:** Finaxa (Finaxa merged into AXA on 16 December 2005) **Member of the Supervisory Board of:** Vivendi Universal **Non-voting director of:** Schneider Electric **Chairman of:** Institut du Mécénat de Solidarité, Institut Montaigne **Member of:** International Advisory Panel of the Monetary Authority of Singapore, International Advisory Board of Tsinghua School of Economics and Management, Beijing (China)	**Chairman of the Supervisory Board of:** AXA **Chairman and Chief Executive Officer of:** Finaxa **Director of:** Vivendi Universal **Non-voting director of:** Schneider Electric **Chairman of:** Institut du Mécénat de Solidarité, Institut Montaigne **Member of:** International Advisory Panel of the Monetary Authority of Singapore, International Advisory Board of Tsinghua School of Economics and Management, Beijing (China)	**Chairman of the Supervisory Board of:** AXA **Chairman and Chief Executive Officer of:** Finaxa **Director of:** Schneider Electric, Vivendi Universal, Lor Patrimoine **Chairman of:** Institut du Mécénat de Solidarité, Institut Montaigne **Member of:** International Advisory Panel of the Monetary Authority of Singapore, International Advisory Board of Tsinghua School of Economics and Management, Beijing (China) **Member of the Board of Directors of:** Association de Genève

[1] *Directorships and other functions shown in italics are not governed by the provisions of Act no. 2001-401 of 15 May 2001 concerning multiple directorships.*
[2] *At 31 December 2007.*

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Jean-Louis BEFFA
Principal function [1]: Chairman of the Board of Directors of Compagnie de Saint-Gobain

Born on 11 August 1941
Elected on 23 May 2006. Term expires at the 2009 AGM
First elected to the Board on: 22 October 1986

Number of BNP Paribas shares held [2]: 13,986
Office address: "Les Miroirs"
18, avenue d'Alsace
92096 LA DÉFENSE CEDEX,
FRANCE

Functions at 31 December 2007 [1]
Vice-Chairman of the Board of Directors of: BNP Paribas
Chairman of: *Claude Bernard Participations*
Director of: Gaz de France, *Groupe Bruxelles Lambert (Belgium), Saint-Gobain Cristaleria SA (Spain), Saint-Gobain Corporation (USA)*
Member of the Supervisory Board of: Le Monde SA, *Le Monde & Partenaire Associés (SAS), Société Éditrice du Monde*

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2006:	2005:	2004:	2003:
Vice-Chairman of the Board of Directors of: BNP Paribas **Chairman and Chief Executive Officer of:** Compagnie de Saint-Gobain **Chairman of:** Claude Bernard Participations **Director of:** Gaz de France, Groupe Bruxelles Lambert (Belgium), Saint-Gobain Cristaleria SA (Spain), Saint-Gobain Corporation (USA) **Permanent representative of:** Saint-Gobain PAM **Chairman of the Supervisory Board of:** A.I.I (Agence de l'Innovation Industrielle) **Member of the Supervisory Board of:** Le Monde SA, Le Monde Partenaire AS (SAS), Société Éditrice du Monde (SAS)	**Vice-Chairman of the Board of Directors of:** BNP Paribas **Chairman and Chief Executive Officer of:** Compagnie de Saint-Gobain **Chairman of:** Claude Bernard Participations **Director of:** Gaz de France, Groupe Bruxelles Lambert (Belgium) **Chairman of the Supervisory Board of:** AII (Agence de l'Innovation Industrielle) **Member of the Supervisory Board of:** Le Monde SA, Le Monde Partenaire AS (SAS), Société Éditrice du Monde (SAS)	**Vice-Chairman of the Board of Directors of:** BNP Paribas **Chairman and Chief Executive Officer of:** Compagnie de Saint-Gobain **Chairman of:** Claude Bernard Participations **Director of:** Gaz de France, Groupe Bruxelles Lambert (Belgium) **Member of the Supervisory Board of:** Le Monde SA, Le Monde Partenaire AS (SAS), Société Éditrice du Monde (SAS)	**Vice-Chairman of the Board of Directors of:** BNP Paribas **Chairman and Chief Executive Officer of:** Compagnie de Saint-Gobain **Chairman of:** Claude Bernard Participations **Director of:** Groupe Bruxelles Lambert (Belgium) **Member of the Supervisory Board of:** Le Monde SA, Le Monde Partenaire AS (SAS), Société Éditrice du Monde (SAS)

Suzanne BERGER
Principal function [1]: Professor of Political Science at the Massachusetts Institute of Technology, Cambridge, Massachusetts (USA) – Director of the MIT International Science and Technology Initiative (MISTI)

Born on 11 March 1939
Elected on 8 March 2007. Term expires at the 2008 AGM
First elected to the Board on: 8 March 2007

Number of BNP Paribas shares held [2]: 250
Office address: 30, Wadsworth Street,
E53-451
CAMBRIDGE,
MA 02139-4307, USA

Functions at 31 December 2007 [1]
Member of: *American Academy of Arts and Sciences*
Research associate and member of the Executive Committee of: *Center for European Studies at Harvard University*

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2006:	2005:	2004:	2003:

[1] *Directorships and other functions shown in italics are not governed by the provisions of Act no. 2001-401 of 15 May 2001 concerning multiple directorships.*
[2] *At 31 December 2007.*

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Gerhard CROMME
Principal function [1]: Chairman of the Supervisory Board of ThyssenKrupp AG

Born on 25 February 1943 *Elected on 18 May 2005. Term expires on 30 June 2007* *First elected to the Board on:* 21 March 2003 *Number of BNP Paribas shares held* [2]: 400 *Office address:* August-Thyssen-Strasse 1 Postfach 10 10 10 40001 DÜSSELDORF, GERMANY Gerhard Cromme resigned from his office, effective 1 July 2007.	**Functions at 31 December 2007** [1] **Chairman of the Supervisory Board of:** *Siemens AG (Germany)* **Member of the Supervisory Board of:** *Allianz SE (Germany), Axel Springer AG (Germany)* **Director of:** Compagnie de Saint-Gobain **Chairman of:** *German Governmental Commission on Corporate Governance* **Member of:** *European Round Table of Industrialists (ERT)*

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2006:	2005:	2004:	2003:
Chairman of the Supervisory Board of: ThyssenKrupp AG **Director of:** Compagnie de Saint-Gobain, Suez **Member of the Supervisory Board of:** Allianz AG (Germany), Axel Springer AG (Germany), Deutsche Lufthansa AG (Germany), E. ON AG (Germany), Siemens AG (Germany) **Chairman of:** German Governmental Commission on Corporate Governance **Member of:** European Round Table of Industrialists (ERT)	**Chairman of the Supervisory Board of:** ThyssenKrupp AG **Director of:** Compagnie de Saint-Gobain, Suez **Member of the Supervisory Board of:** Allianz AG (Germany), Axel Springer AG (Germany), Deutsche Lufthansa AG (Germany), E. ON AG (Germany), Hochtief AG (Germany), Siemens AG (Germany), Volkswagen AG (Germany) **Chairman of:** German Governmental Commission on Corporate Governance **Member of:** European Round Table of Industrialists (ERT)	**Chairman of the Supervisory Board of:** ThyssenKrupp AG **Director of:** Suez **Member of the Supervisory Board of:** Allianz AG (Germany), Axel Springer AG (Germany), Deutsche Lufthansa AG (Germany), E. ON AG (Germany), E. ON Ruhrgas AG (Germany), Hochtief AG (Germany), Siemens AG (Germany), Volkswagen AG (Germany) **Chairman of:** German Governmental Commission on Corporate Governance, European Round Table of Industrialists (ERT)	**Chairman of the Supervisory Board of:** ThyssenKrupp AG **Director of:** Suez **Member of the Supervisory Board of:** Allianz AG (Germany), Axel Springer Verlag AG (Germany), Deutsche Lufthansa AG (Germany), E. ON AG (Germany), Ruhrgas AG (Germany), Siemens AG (Germany), Volkswagen AG (Germany) **Chairman of:** German Governmental Commission on Corporate Governance, European Round Table of Industrialists (ERT)

Jean-Marie GIANNO
Principal function [1]: Sales associate

Born on 7 September 1952 *Director elected to a three-year term by BNP Paribas employees on 7 March 2006* *First elected to the Board on:* 15 March 2004 (Jean-Marie Gianno was an employee representative on the Board of Banque Nationale de Paris from 1993 to 1999) *Number of BNP Paribas shares held* [2]: 10 *Office address:* 21, avenue Jean-Médecin 06000 NICE, FRANCE	**Functions at 31 December 2007** [1] **Member of:** *Comité des Établissements de Crédit et des Entreprises d'Investissement (CECEI), "Confrontation" (a European think tank)*

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2006:	2005:	2004:	2003:
Member of: Comité des Établissements de Crédit et des Entreprises d'Investissement (CECEI), «Confrontation» (a European think tank)	**Member of:** Comité des Établissements de Crédit et des Entreprises d'Investissement (CECEI), «Confrontation» (a European think tank)	None	None

(1) *Directorships and other functions shown in italics are not governed by the provisions of Act no. 2001-401 of 15 May 2001 concerning multiple directorships.*
(2) *At 31 December 2007.*

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François GRAPPOTTE
Principal function [(1)]: Honorary Chairman of Legrand, Director of companies

Born on 21 April 1936 *Elected on 18 May 2005. Term expires at the 2008 AGM* *First elected to the Board on:* 4 May 1999 *Number of BNP Paribas shares held [(2)]:* 2,537 *Office address:* 128, avenue de Lattre-de-Tassigny 87045 LIMOGES, FRANCE	**Functions at 31 December 2007 [(1)]** **Director of:** Legrand, Legrand France **Member of the Supervisory Board of:** Michelin **Member of:** *Advisory Committee of Banque de France*

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2006:	2005:	2004:	2003:
Honorary Chairman of: Legrand **Director of:** Legrand, Legrand France, Valeo **Member of the Supervisory Board of:** Michelin **Member of:** Advisory Committee of Banque de France	**Chairman of the Board of Directors of:** Legrand **Member of the Supervisory Board of:** Michelin **Director of:** Valeo **Member of:** Advisory Committee of Banque de France, Conseil de Promotelec (Promotion de l'installation électrique dans les bâtiments neufs et anciens), Bureau de la F.I.E.E.C. (Fédération des Industries Électriques, Électroniques et de Communication), Bureau du Gimélec (Groupement des Industries de l'équipement électrique, du contrôle-commande et des services associés)	**Chairman of the Board of Directors of:** Legrand **Member of the Supervisory Board of:** Galeries Lafayette, Michelin **Director of:** Valeo **Member of:** Advisory Committee of Banque de France, Conseil de Promotelec (Promotion de l'installation électrique dans les bâtiments neufs et anciens), Bureau de la F.I.E.E.C. (Fédération des Industries Électriques, Électroniques et de Communication), Bureau du Gimélec (Groupement des Industries de l'équipement électrique, du contrôle-commande et des services associés)	**Chairman and Chief Executive Officer of:** Legrand **Director of:** Valeo **Member of the Supervisory Board of:** Michelin **Member of:** Advisory Committee of Banque de France, Bureau de la F.I.E.E.C. (Fédération des Industries Électriques, Électroniques et de Communication)

Alain JOLY
Principal function [(1)]: Director of Air Liquide

Born on 18 April 1938 *Elected on 23 May 2006. Term expires at the 2009 AGM* *First elected to the Board on:* 28 June 1995 *Number of BNP Paribas shares held [(2)]:* 5,227 *Office address:* 75, quai d'Orsay 75007 PARIS, FRANCE	**Functions at 31 December 2007 [(1)]** **Director of:** Lafarge

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2006:	2005:	2004:	2003:
Director of: Air Liquide **Director of:** Lafarge	**Chairman of the Supervisory Board of:** Air Liquide **Director of:** Lafarge	**Chairman of the Supervisory Board of:** Air Liquide **Director of:** Lafarge	**Chairman of the Supervisory Board of:** Air Liquide **Director of:** Lafarge

(1) *Directorships and other functions shown in italics are not governed by the provisions of Act no. 2001-401 of 15 May 2001 concerning multiple directorships.*
(2) *At 31 December 2007.*

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Denis KESSLER **Principal function [1]: Chairman and Chief Executive Officer of Scor SE**	
Born on 25 March 1952 *Elected on 23 May 2006. Term expires at the 2009 AGM* *First elected to the Board on:* 23 May 2000 *Number of BNP Paribas shares held [2]:* 2,000 *Office address:* 1, avenue du Général-de-Gaulle 92074 PARIS LA DÉFENSE CEDEX, FRANCE	**Functions at 31 December 2007 [1]** **Chairman of:** Scor Global Life SE, *Scor Global P&C SE, Scor Global Life US Re Insurance Company (USA), Scor Holding (Switzerland) AG (Switzerland), Scor Reinsurance Company (USA), Scor US Corporation (USA)* **Director of:** Bolloré, Cogedim SAS, Dassault Aviation, *Dexia SA (Belgium), Invesco Plc (United Kingdom), Scor Canada Reinsurance Company (Canada)* **Member of the Supervisory Board of:** Fondation du Risque **Permanent representative of:** Fegascor in SA Communication & Participation **Non-voting director of:** *Financière Acofi (formerly FDC SA), Gimar Finance & Cie SCA* **Member of:** *Commission Économique de la Nation, Conseil Économique et Social, Conseil d'administration du Siècle, Association de Genève, Comité des Entreprises d'Assurance, Board of the French Foundation for Medical Research* *Global Counsellor of the Conference Board*

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2006:	2005:	2004:	2003:
Chairman and Chief Executive Officer of: Scor **Chairman of:** Scor Global Life, Scor Italia Riassicurazioni S.p.a. (Italy), Scor Life US Re Insurance (USA), Scor Reinsurance Company (USA), Scor US Corporation (USA) **Director of:** Bolloré Investissement SA, Dassault Aviation, Amvescap Plc (United Kingdom), Cogedim SAS, Dexia SA (Belgium), Scor Canada Reinsurance Company (Canada) **Member of the Supervisory Board of:** Scor Deutschland (Germany) **Permanent representative of:** Fergascor in SA Communication & Participation **Non-voting director of:** FDC SA, Gimar Finance & Cie SCA **Member of:** Commission Économique de la Nation, Conseil Économique et Social, Conseil d'administration du Siècle, Association de Genève, Comité des Entreprises d'Assurance, Global Counsellor of the Conference Board	**Chairman and Chief Executive Officer of:** Scor **Chairman of:** Scor Vie **Director of:** Bolloré Investissement SA, Dassault Aviation, Amvescap Plc (United Kingdom), Cogedim SAS, Dexia SA (Belgium) **Permanent representative of:** Fergascor in SA Communication & Participation **Non-voting director of:** FDC SA, Gimar Finance & Cie **Member of:** Commission Économique de la Nation, Conseil Économique et Social, Conseil d'administration du Siècle, Association de Genève, Comité des Entreprises d'Assurance	**Chairman and Chief Executive Officer of:** Scor **Chairman of:** Scor Vie **Director of:** Bolloré Investissement SA, Dassault Aviation, Amvescap Plc (United Kingdom), Cogedim SAS, Dexia (Belgium) **Permanent representative of:** Fergascor in SA Communication & Participation **Non-voting director of:** FDC SA, Gimar Finance & Cie **Member of:** Commission Économique de la Nation, Conseil Économique et Social, Conseil d'administration du Siècle, Association de Genève	**Chairman and Chief Executive Officer of:** Scor **Chairman of:** Scor Vie **Director of:** Bolloré Investissement SA, Dassault Aviation, Amvescap Plc (United Kingdom), Cogedim SAS, Dexia (Belgium) **Non-voting director of:** FDC SA, Gimar Finance & Cie **Member of:** Commission Économique de la Nation, Conseil Économique et Social, Conseil d'administration du Siècle, Association de Genève

[1] *Directorships and other functions shown in italics are not governed by the provisions of Act no. 2001-401 of 15 May 2001 concerning multiple directorships.*
[2] *At 31 December 2007.*

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Jean-François LEPETIT
Principal function [1]: Chairman of Conseil national de la comptabilité

Born on 21 June 1942 *Elected on 18 May 2005. Term expires at the 2008 AGM* *First elected to the Board on:* 5 May 2004 *Number of BNP Paribas shares held [2]:* 825 *Office address:* 30, boulevard Diderot 75572 PARIS CEDEX 12, FRANCE	**Functions at 31 December 2007 [1]** **Director of:** Smart Trade Technologies SA, Shan SA **Member of:** *Board of the QFCRA – Qatar Financial Center Regulatory Authority – (Doha), Collège de l'Autorité des Marchés Financiers*

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2006:	2005:	2004:	2003:
Director of: Smart Trade Technologies SA, Shan SA **Chairman of the Advisory Board of:** EDHEC Desk and Asset Management Research Center **Associate professor at:** EDHEC business school **Member of the Board of:** QFCRA – Qatar Financial Center Regulatory Authority – (Doha)	**Director of:** Smart Trade Technologies SA	None	

Laurence PARISOT
Principal function [1]: Chairman of the Board of Directors of IFOP SA

Born on 31 August 1959 *Elected on 23 May 2006. Term expires at the 2009 AGM* *First elected to the Board on:* 23 May 2006 *Number of BNP Paribas shares held [2]:* 360 *Office address:* 6/8, rue Eugène-Oudiné 75013 PARIS, FRANCE	**Functions at 31 December 2007 [1]** **Chairman of:** *Mouvement des Entreprises de France (MEDEF)* **Director of:** Coface SA **Member of the Supervisory Board of:** Michelin

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2006:	2005:	2004:	2003:
Chairman of: Mouvement des Entreprises de France (MEDEF) **Chairman of the Board of Directors of:** IFOP SA **Member of the Supervisory Board of:** Michelin			

[1] *Directorships and other functions shown in italics are not governed by the provisions of Act no. 2001-401 of 15 May 2001 concerning multiple directorships.*
[2] *At 31 December 2007.*

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Hélène PLOIX
Principal function [1]: Chairman of Pechel Industries SAS, Pechel Industries Partenaires SAS and Pechel Services SAS

Born on 25 September 1944
Elected on 18 May 2005. Term expires at the 2008 AGM
First elected to the Board on: 21 March 2003

Number of BNP Paribas shares held [2]: 1,371
Office address: 162, rue du Faubourg-Saint-Honoré
75008 PARIS, FRANCE

Functions at 31 December 2007 [1]
Director of: *Lafarge, Ferring SA (Switzerland), Completel NV (Netherlands)*
Member of the Supervisory Board of: Publicis
Legal manager of: *Hélène Ploix SARL, Hélène Marie Joseph SARL, Sorepe Société Civile*
Member of: *Investment Committee of the United Nations Staff Pension Fund*

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2006:	2005:	2004:	2003:
Chairman of: Pechel Industries SAS and Pechel Industries Partenaires SAS **Director of:** Lafarge, Boots Group plc (United Kingdom), Ferring SA (Switzerland) **Member of the Supervisory Board of:** Publicis **Representative of:** Pechel Industries and Pechel Industries Partenaires SAS for various companies **Legal manager of:** Hélène Ploix SARL, Hélène Marie Joseph SARL, Sorepe Société Civile **Member of:** Investment Committee of the United Nations Staff Pension Fund	**Chairman of:** Pechel Industries SAS and Pechel Industries Partenaires SAS **Director of:** Lafarge, Boots Group plc (United Kingdom), Ferring SA (Switzerland) **Member of the Supervisory Board of:** Publicis **Representative of:** Pechel Industries for various companies **Legal manager of:** Hélène Ploix SARL, Hélène Marie Josèph SARL, Sorepe Société Civile **Member of:** Investment Committee of the United Nations Staff Pension Fund	**Chairman of:** Pechel Industries SAS and Pechel Industries Partenaires SAS **Director of:** Lafarge, Boots Group plc (United Kingdom), Ferring SA (Switzerland) **Member of the Supervisory Board of:** Publicis **Representative of:** Pechel Industries for various companies **Legal manager of:** Hélène Ploix SARL **Member of:** Investment Committee of the United Nations Staff Pension Fund	**Chairman of:** Pechel Industries SAS **Director of:** Lafarge, Boots Group plc (United Kingdom), Ferring SA (Switzerland) **Member of the Supervisory Board of:** Publicis **Representative of:** Pechel Industries for various companies **Legal manager of:** Hélène Ploix SARL **Ad hoc member of:** Investment Committee of the United Nations Staff Pension Fund

Baudouin PROT
Principal function [1]: Director and Chief Executive Officer of BNP Paribas

Born on 24 May 1951
Elected on 18 May 2005. Term expires at the 2008 AGM
First elected to the Board on: 7 March 2000

Number of BNP Paribas shares held [2]: 87,685
Office address: 3, rue d'Antin
75002 PARIS, FRANCE

Functions at 31 December 2007 [1]
Director of: Accor, Pinault-Printemps-Redoute, Veolia Environnement, *Banca Nazionale del Lavoro (Italy), Erbé SA (Belgium), Pargesa Holding SA (Switzerland)*
Member of: *Executive Board of Fédération Bancaire Française*

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2006:	2005:	2004:	2003:
Director and Chief Executive Officer of: BNP Paribas **Director of:** Accor, Pinault-Printemps-Redoute, Veolia Environnement, Banca Nazionale del Lavoro (Italy), Erbé SA (Belgium), Pargesa Holding SA (Switzerland) **Chairman of:** Association Française des Banques	**Director and Chief Executive Officer of:** BNP Paribas **Director of:** Pinault-Printemps-Redoute, Veolia Environnement, Erbé SA (Belgium), Pargesa Holding SA (Switzerland) **Permanent representative of BNP Paribas on the Supervisory Board of:** Accor **Chairman of:** Fédération Bancaire Française	**Director and Chief Executive Officer of:** BNP Paribas **Director of:** Veolia Environnement, Erbé (Belgium), Pargesa (Belgium) **Member of the Supervisory Board of:** Pinault-Printemps-Redoute **Permanent representative of BNP Paribas on the Supervisory Board of:** Accor	**Director and Chief Executive Officer of:** BNP Paribas **Director of:** Pechiney, Veolia Environnement **Member of the Supervisory Board of:** Pinault-Printemps-Redoute, Fonds de Garantie des Dépôts **Permanent representative of BNP Paribas on the Supervisory Board of:** Accor

(1) *Directorships and other functions shown in italics are not governed by the provisions of Act no. 2001-401 of 15 May 2001 concerning multiple directorships.*
(2) *At 31 December 2007.*

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Louis SCHWEITZER
Principal function [1]: Chairman of the Board of Directors of Renault

Born on 8 July 1942
Elected on 15 May 2007. Term expires at the 2010 AGM
First elected to the Board on: 14 December 1993

Number of BNP Paribas shares held [2]: 6,255
Office address: 860, quai de Stalingrad
92109 BOULOGNE-BILLANCOURT CEDEX,
FRANCE

Functions at 31 December 2007 [1]
Chairman of the Board of Directors of: *AstraZeneca Plc (United Kingdom)*
Vice-Chairman of the Supervisory Board of: *Philips (Netherlands)*
Director of: Électricité de France, L'Oréal, Veolia Environnement, *AB Volvo (Sweden)*
Chairman of: *Haute Autorité de lutte contre les discriminations et pour l'égalité (HALDE)*
Member of the Advisory Committee of: Banque de France, *Allianz (Germany)*
Member of the Board of: *Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du Louvre, Musée du Quai Branly*

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2006:	2005:	2004:	2003:
Chairman of the Board of Directors of: Renault **Chairman of the Board of Directors of:** AstraZeneca Plc (United Kingdom) **Vice-Chairman of the Supervisory Board of:** Philips (Netherlands) **Director of:** Électricité de France, L'Oréal, Veolia Environnement, AB Volvo (Sweden) **Chairman of:** Haute Autorité de lutte contre les discriminations et pour l'égalité (HALDE) **Member of the Advisory Committee of:** Banque de France, Allianz (Germany) **Member of the Board of:** Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du Louvre, Musée du Quai Branly	**Chairman of the Board of Directors of:** Renault **Chairman of the Board of Directors of:** AstraZeneca Plc (United Kingdom) **Vice-Chairman of the Supervisory Board of:** Philips (Netherlands) **Director of:** Électricité de France, L'Oréal, Veolia Environnement, AB Volvo (Sweden) **Chairman of:** Haute Autorité de lutte contre les discriminations et pour l'égalité (HALDE) **Member of the Advisory Committee of:** Banque de France, Allianz (Germany) **Member of the Board of:** Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du Louvre, Musée du Quai Branly	**Chairman and Chief Executive Officer of:** Renault **Chairman of the Management Board of:** Renault-Nissan BV (Netherlands) **Director of:** Électricité de France, Veolia Environnement, AB Volvo (Sweden), AstraZeneca (United Kingdom) **Member of the Supervisory Board of:** Philips (Netherlands) **Member of the Advisory Committee of:** Banque de France, Allianz (Germany) **Member of the Board of:** Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du Louvre, Musée du Quai Branly	**Chairman and Chief Executive Officer of:** Renault **Chairman of the Management Board of:** Renault-Nissan BV (Netherlands) **Director of:** AB Volvo (Sweden), Électricité de France, Veolia Environnement **Member of the Supervisory Board of:** Philips (Netherlands) **Member of the Advisory Committee of:** Banque de France, Allianz (Germany) **Member of the Board of:** Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du Louvre

[1] *Directorships and other functions shown in italics are not governed by the provisions of Act no. 2001-401 of 15 May 2001 concerning multiple directorships.*
[2] *At 31 December 2007.*

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OTHER CORPORATE OFFICERS

Georges CHODRON DE COURCEL
Principal function [1]: Chief Operating Officer of BNP Paribas

Born on 20 May 1950 *Number of BNP Paribas shares held [2]:* 66,050 *Office address:* 3, rue d'Antin 75002 PARIS, FRANCE	**Functions at 31 December 2007 [1]** **Chairman of:** *Compagnie d'Investissement de Paris SAS, Financière BNP Paribas SAS, BNP Paribas (Suisse) SA (Switzerland)* **Director of:** Alstom, Bouygues, Société Foncière, Financière et de Participations SA, Nexans, *Banca Nazionale del Lavoro (Italy), BNP Paribas ZAO (Russia), Erbé SA (Belgium), Scor Holding (Switzerland) AG (Switzerland), Verner Investissements SAS* **Member of the Supervisory Board of:** *Lagardère SCA* **Non-voting director of:** *Exane, Safran, Scor SA*

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2006:	2005:	2004:	2003:
Chief Operating Officer of: BNP Paribas **Chairman of:** BNP Paribas Energis SAS, Compagnie d'Investissement de Paris SAS, Financière BNP Paribas SAS, BNP Paribas (Suisse) SA (Switzerland), BNP Paribas UK Holdings Limited (United Kingdom) **Director of:** Alstom, Banca Nazionale del Lavoro (Italy), BNP Paribas ZAO (Russia), Verner Investissements SAS, Bouygues, Société Foncière, Financière et de Participations SA, Nexans, Erbé SA (Belgium) **Member of the Supervisory Board of:** Lagardère SCA **Non-voting director of:** Exane, Safran, Scor SA	**Chief Operating Officer of:** BNP Paribas **Director of:** Alstom, Bouygues, Société Foncière, Financière et de Participations SA, Nexans, Erbé SA (Belgium) **Member of the Supervisory Board of:** Lagardère SCA **Non-voting director of:** Safran, Scor SA, Scor Vie	**Chief Operating Officer of:** BNP Paribas **Director of:** Alstom, Bouygues, Nexans, Erbé SA (Belgium) **Member of the Supervisory Board of:** Lagardère SCA, Sagem SA **Non-voting director of:** Scor SA, Scor Vie	**Chief Operating Officer of:** BNP Paribas **Director of:** Alstom, Bouygues, Nexans **Member of the Supervisory Board of:** Lagardère SCA **Non-voting director of:** Scor SA

Jean CLAMON
Principal function [1]: Chief Operating Officer of BNP Paribas

Born on 10 September 1952 *Number of BNP Paribas shares held [2]:* 51,729 *Office address:* 3, rue d'Antin 75002 PARIS, FRANCE	**Functions at 31 December 2007 [1]** **Director of:** Arval Service Lease, BNP Paribas Lease Group, *Banca Nazionale del Lavoro (Italy), Cassa di Risparmio di Firenze (Italy), Cetelem, Compagnie Nationale à Portefeuille (Belgium), Erbé SA (Belgium), Partecis* **Member of the Supervisory Board of:** Galeries Lafayette, *Euro Securities Partners SAS* **Representative of BNP Paribas:** UCB

Functions at previous year-ends
(the companies listed are the parent companies of the groups in which the functions were carried out)

2006:	2005:	2004:	2003:
Chief Operating Officer of: BNP Paribas **Director of:** Arval Service Lease, BNP Paribas Lease Group, Banca Nazionale del Lavoro (Italy), Cassa di Risparmio di Firenze (Italy), Cetelem, Compagnie Nationale à Portefeuille (Belgium), Erbé SA (Belgium), Partecis **Member of the Supervisory Board of:** Galeries Lafayette, Euro Securities Partners SAS	**Chief Operating Officer of:** BNP Paribas **Director of:** Cassa di Risparmio di Firenze (Italy), Compagnie Nationale à Portefeuille (Belgium), Erbé SA (Belgium) **Member of the Supervisory Board of:** Galeries Lafayette, Euro Securities Partners SAS	**Chief Operating Officer of:** BNP Paribas **Director of:** Euro Securities Partners, Cassa di Risparmio di Firenze (Italy), Compagnie Nationale à Portefeuille (Belgium), Erbé (Belgium), **Member of the Supervisory Board of:** Fonds de Garantie des Dépôts	**Chief Operating Officer of:** BNP Paribas **Director of:** Euro Securities Partners, Cassa di Risparmio di Firenze (Italy), Compagnie Nationale à Portefeuille (Belgium), Erbé (Belgium),

Corporate officers belonging to the Bank's senior leadership are prohibited from selling their shares in the three-month period following the end of their term of office. There are currently no service contracts granting benefits between a member of the Board of Directors and BNP Paribas SA or any of its subsidiaries.

[1] *Directorships and other functions shown in italics are not governed by the provisions of Act no. 2001-401 of 15 May 2001 concerning multiple directorships.*
[2] *At 31 December 2007.*

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REMUNERATION

REMUNERATION AND BENEFITS PAID TO CORPORATE OFFICERS IN 2007

See note 8.d "Related parties" to the financial statements in section 5.5.

DIRECTORS' FEES

See Report of the Chairman.

INFORMATION ON STOCK OPTION PLANS

Employees other than corporate officers receiving/exercising the highest number of options:

	Number of options granted/exercised	Weighted average exercise price (in euros)	Date of grant	
Options granted in 2007 *(10 largest grants)*	436,400	82.48	08/03/2007 04/06/2007	
Options exercised in 2007 *(10 employees)*	425,900	39.68	05/13/1998	*14,126*
			05/03/1999	*20,178*
			12/22/1999	*33,958*
			05/15/2001	*72,980*
			03/21/2003	*284,658*

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SUMMARY TABLE OF TRANSACTIONS ON BNP PARIBAS STOCK REPORTED BY KEY INDIVIDUALS

Transactions on BNP Paribas stock carried out in 2007 by the corporate officers and other individuals listed in article L. 621-8-2 of the Monetary and Financial Code, that must be reported pursuant to articles 223-22 to 223-26 of the General Regulation of AMF:

Name Function	Transactions carried out	Type of financial instrument	Nature of the transaction	Number of transactions	Amount of the transactions (in euros)
BEFFA Jean-Louis Director of BNP Paribas	Personally	BNP Paribas shares	Purchase of 10,030 shares	2	800,968.48
PÉBEREAU Michel (*) Chairman of the Board of Directors of BNP Paribas	Personally	BNP Paribas shares	Purchase of 2,114 shares	1	179,690.00
	By a related party	BNP Paribas shares	Sale of 30,000 shares	4	2,310,300.00
PROT Baudouin (*) Director and Chief Executive Officer of BNP Paribas	Personally	BNP Paribas shares	Purchase of 2,098 shares	1	178 330.00
	By a related party	BNP Paribas shares	Sale of 17,199 shares	4	1,390,347.00
CHODRON DE COURCEL Georges (*) Chief Operating Officer of BNP Paribas	Personally	BNP Paribas shares	Sale of 26,656 shares	7	2,425,489.02
CLAMON Jean (*) Chief Operating Officer of BNP Paribas	Personally	BNP Paribas shares	Sale of 15,718 shares	2	1,418,578.22
	By a related party	BNP Paribas shares	Sale of 810 shares	4	74,358.00
KESSLER Denis Director of BNP Paribas	Personally	BNP Paribas shares	Purchase of 806 shares	1	76,013.86
BERGER Suzanne Director of BNP Paribas	Personally	BNP Paribas shares	Purchase of 250 shares	1	17,195.00
PLOIX Hélène Director of BNP Paribas	Personally	BNP Paribas shares	Purchase of 600 shares	2	50,085.28

(*) *Excluding the exercise of stock options, details of which are listed in note 8.d to the financial statements.*

Specific information on these transactions is available on the AMF website.

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2.2 Report of the Chairman of the Board of Directors on the conditions for the preparation and organisation of the work of the Board and on internal control procedures implemented by BNP Paribas

CORPORATE GOVERNANCE AT BNP PARIBAS

The following information has been prepared in accordance with article L. 225-37, paragraph 6 of the French Commercial Code and with article L. 621-18-3 of the French Monetary and Financial Code.

It makes reference to the General Regulation of the AMF, the French Financial Markets Authority, (hereafter "AMF GR"), notably article 222-9-II, and, if appropriate, to Appendix 1 of European Commission Regulation no. 809/2004 of 29 April 2004 (hereafter "EC 809/2004") as well as to the "Guide to Preparing Registration Documents" published on 27 January 2006 by the AMF.

The corporate governance system to which this document refers has been described in "The Corporate Governance of Listed Corporations", published in October 2003 by the French employers' organisations AFEP (Association française des entreprises privées) and MEDEF (Mouvement des entreprises de France) and hereafter called "AFEP-MEDEF 2003".

This report also refers, where appropriate and for information purposes, to the document entitled "Enhancing Corporate Governance for Banking Organisations" published in February 2006 by the Basel Committee on Banking Supervision (hereafter "Basel Committee").

1. CONDITIONS FOR THE PREPARATION AND ORGANISATION OF THE WORK OF THE BOARD

The Board of Directors' Internal Rules

- The Internal Rules define and determine conditions for the preparation and organisation of the work of the Board [1]. These rules were adopted in 1997 by the Board of the former BNP and are regularly updated to comply with legal requirements, regulations and French corporate governance guidelines and to keep pace with corporate governance best practices recognised as being in the best interests of both shareholders and the Bank.
- The Internal Rules [2] set out the terms of reference of the Board of Directors; they describe the manner in which meetings are organised and the procedures for informing directors and for carrying out the periodic assessment of the Board's performance. They describe the terms of reference of the various Committees of the Board, their composition, the manner in which they function and the conditions relating to the payment of directors' fees. They provide guidelines concerning the conduct expected of a director of BNP Paribas. The main provisions of the Internal Rules are provided for information purposes in the report in the various sections to which they relate.
- According to the Internal Rules, the Board of Directors is a collegial body [3] that collectively represents all shareholders and acts at all times in the corporate interests of the Bank. It is tasked with monitoring its own composition and effectiveness in advancing the Bank's interests and carrying out its duties.
- Based on proposals submitted by the Chief Executive Officer, the Board formulates BNP Paribas' business strategy and oversees its implementation. It examines any and all issues related to the efficient running of the business, and makes any and all business decisions.
- It may decide to either combine or separate the functions of Chairman and Chief Executive Officer [4]. It appoints corporate officers. It proposes the appointment of directors for three-year terms. It may decide to limit the powers of the Chief Executive Officer. It approves the draft of the Chairman's report.
- The Board or one or more of its directors or Committees, or a specific Committee authorised by the Board, may perform any or all controls and verifications that it considers appropriate, supervise the management of the business and the fairness of its accounts, review and approve the financial statements and ensure that the financial information disclosed to the shareholders and the markets is of high quality [5].

Separation of the functions of Chairman and Chief Executive Officer

- At the Annual General Meeting held on 14 May 2003, the Chairman announced the Board's intention to separate the functions of Chairman and Chief Executive Officer within BNP Paribas [6]. This decision brought the Group into line with corporate governance best practice, while at the same time ensuring a smooth and transparent handover of the Chief Executive role.
- The Chairman organises and directs the work of the Board, and ensures that the corporate decision-making bodies of BNP Paribas operate effectively. Working closely with Executive Management, he is competent to represent the Group in high-level dealings with, for example, major clients and government authorities both domestically and internationally. He has no executive responsibilities.

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(1) *In accordance with EC 809/2004 and the AMF "Guide to Preparing Registration Documents" of 27 January 2006.*

(2) *Key extracts of which are provided in boxed text (as recommended by the AMF report of 24 January 2008).*

(3) *AFEP-MEDEF 2003 (1 and 6).*

(4) *AFEP-MEDEF 2003 (1 and 3).*

(5) *AFEP-MEDEF 2003 (2).*

(6) *AFEP-MEDEF 2003 (3).*

- The Chief Executive Officer has the broadest powers to act in the Bank's name in all circumstances (see limitation of the powers of the Chief Executive Officer on p. 59). He has authority over the entire Group, including Heads of core businesses, business lines, territories and Group functions. He is also responsible for Internal Control systems and procedures, and for all the statutory information in the report on Internal Control.

The Board of Directors and Annual General Meetings

- The organisation and conduct of Annual General Meetings are described in the "Shareholder information" section of the Registration Document [1].
- Based on proposals submitted by the Board of Directors, the Annual General Meeting of 15 May 2007 re-elected Louis Schweitzer as a director and approved the appointment of Suzanne Berger Keniston to the Board. Twelve directors attended this meeting which also featured a video message from Suzanne Berger Keniston.

Membership of the BNP Paribas Board of Directors

- Following the Annual General Meeting of 15 May 2007, the Board of Directors had fifteen members, of which thirteen were elected by shareholders and two by employees. Membership of the Board was reduced to fourteen members following the resignation of Gerhard Cromme with effect from 1 July 2007.
- Following the review of directors' personal circumstances carried out by the Corporate Governance and Nominations Committee, the Board considers that the following seven directors qualify as independent under French corporate governance guidelines: Suzanne Berger Keniston, François Grappotte, Alain Joly, Denis Kessler, Jean-François Lepetit, Laurence Parisot and Hélène Ploix. Based on its own assessment, the Board of Directors did not consider the clause concerning the loss of independence of a director who has served for more than twelve years to be relevant to the person of Louis Schweitzer.
- Four of the directors elected by the shareholders – Michel Pébereau, non-executive Chairman of the Board, Baudouin Prot, Chief Executive Officer, Claude Bébéar and Jean-Louis Beffa – do not qualify as independent under the guidelines.
- The two employee representatives on the Board, Patrick Auguste and Jean-Marie Gianno, do not qualify as independent under the guidelines, despite their status and the method by which they were elected, which safeguards their independence.

Independence of directors

- The independence of directors is measured against the definition given by the AFEP-MEDEF report of October 2003: "A director is independent when he or she has no relationship of any kind whatsoever with the corporation, its group or the management of either that is such as to colour his or her judgment."
- Except for some of the directors who are BNP Paribas employees, the members of the Board have declared – as part of the implementation of IAS 24 – that they have no financial relationship with BNP Paribas SA or any Group company.
- The Board of Directors' Internal Rules set out a certain number of rules of conduct applicable to directors, listed below under section 5 "Corporate governance". They are intended to promote directors' independence and responsibility in discharging their duties.

[1] *AFEP-MEDEF 2003 (5).*

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The following table presents the situation of each director with regard to the independence criteria recommended in the AFEP-MEDEF report:

	1st criterion	2nd criterion	3rd criterion	4th criterion	5th criterion	6th criterion	7th criterion
M. PÉBEREAU	x	o	o	o	o	x	o
P. AUGUSTE	x	o	o	o	o	x	o
C. BÉBÉAR	o	x	o	o	o	o	o
J.L. BEFFA	o	x	o	o	o	x	o
S. BERGER	o	o	o	o	o	o	o
J.M. GIANNO	x	o	o	o	o	o	o
F. GRAPPOTTE	o	o	o	o	o	o	o
A. JOLY	o	o	o	o	o	o (*)	o
D. KESSLER	o	o	o	o	o	o	o
J.F. LEPETIT	o	o	o	o	o	o	o
L. PARISOT	o	o	o	o	o	o	o
H. PLOIX	o	o	o	o	o	o	o
B. PROT	x	o	o	o	o	o	o
L. SCHWEITZER	o	o	o	o	o	x (**)	o

Key:
"o": compliance with the independence criterion defined by AFEP-MEDEF.
"x": non-compliance with the independence criterion defined by AFEP-MEDEF.
1st criterion: Not an employee or corporate officer of the corporation within the previous five years.
2nd criterion: No issue of cross- shareholdings with another corporation.
3rd criterion: No material business relationships.
4th criterion: No family ties to a corporate officer.
5th criterion: Not an auditor of the corporation within the previous five years.
6th criterion: Not a director of the corporation for more than twelve years.
7th criterion: No issue related to control by a major shareholder.
(*) This criterion will apply only upon expiry of the term of office during which the 12-year limit will be reached – AFEP-MEDEF 2003 (8.4).
(**) Refer to previous comment in section 1 – Membership of the BNP Paribas Board of Directors.

Work of the Board and its Committees in 2007

- In 2007, the Board held nine meetings, including two specially convened meetings to discuss (i) the application of new legislation concerning employee incentive schemes, and (ii) a planned investment. The average attendance rate at Board meetings was 87%.
- The Financial Statements Committee held four meetings with all members attending.
- The Internal Control, Risk Management and Compliance Committee held five meetings with an attendance rate of 93%.
- The Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee held a joint meeting at which all the respective committee members were present.
- The Corporate Governance and Nominations Committee held three meetings with an attendance rate of 77%.
- The Compensation Committee held two meetings with all members attending.

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ATTENDANCE AT MEETINGS OF THE BOARD AND ITS COMMITTEES IN 2007

	Board meetings		Committee meetings		All meetings		
Director	**1**	**2**	**1**	**2**	**1**	**2**	**3**
M. PÉBEREAU	9	9			9	9	100%
P. AUGUSTE	8	9	4	4	12	13	92%
C. BÉBÉAR	7	9	3	3	10	12	83%
J.L. BEFFA	8	9	2	2	10	11	91%
S. BERGER (*)	4	6			4	6	66%
J.M. GIANNO	9	9	6	6	15	15	100%
F. GRAPPOTTE	9	9	6	6	15	15	100%
A. JOLY	7	9	5	5	12	14	86%
D. KESSLER	7	9	4	4	11	13	85%
J.F. LEPETIT	9	9	5	6	14	15	93%
L. PARISOT	6	9	0	1	6	10	60%
H. PLOIX	8	9	4	4	12	13	92%
B. PROT	9	9			9	9	100%
L. SCHWEITZER	8	9	4	4	12	13	92%
Average		**88%**		**95%**			
G. CROMME (**)	3	5	2	3	5	8	62%

The first column shows the number of meetings attended.
The second column shows the total number of meetings held during the year.
The third column shows the individual attendance rates.
(*) *Suzanne Berger was co-opted by the Board on 8 March 2007 and her appointment was approved by the Annual General Meeting held on 15 May 2007.*
(**) *Gerhard Cromme resigned from the Board with effect from 1 July 2007.*

As well as discussions and decisions required on issues of compliance with applicable laws and regulations, the Board and its Committees also deliberated on the following matters:

Extracts from the Board of Directors' Internal Rules: terms of reference of the Board of Directors

"The Board of Directors is a collegial body that collectively represents all shareholders and acts at all times in the corporate interests of the Bank.

It is tasked with monitoring its own composition and effectiveness in advancing the Bank's interests and carrying out its duties.

Toward these ends:

Based on proposals submitted by the Chief Executive Officer, it draws up the BNP Paribas' business strategy and monitors its implementation.

It examines any and all issues related to the efficient running of the business, and makes any and all business decisions.

It may decide to either combine or separate the functions of Chairman and Chief Executive Officer.

It appoints corporate officers for three-year terms.

It may decide to limit the powers of the Chief Executive Officer.

It approves the draft of the Chairman's report presented along with the management report.

The Board or one or more of its directors or Committees, or a specific Committee authorised by the Board, may perform any or all controls and verifications that it considers appropriate, supervise the management of the business and the fairness of its accounts, review and approve the financial statements and ensure that the financial information disclosed to the shareholders and the markets is of high quality.

The Chairman – or the Chief Executive Officer if the functions have been separated – submits for review by the Board, at least once a year, drafts of the budget, of the management report and of the various reports required under applicable laws and regulations.

The Chief Executive Officer is required to submit to the Board for prior approval any investment or disinvestment decision (excluding portfolio transactions) of more than EUR 250 million, and any proposed acquisition or divestment of equity interests of more than EUR 250 million. The Chief Executive Officer also regularly informs the Board of material transactions which fall below the EUR 250 million threshold.

Any material strategic operation which lies outside the approved business strategy must be submitted to the Board for prior approval.

When the Board of Directors grants the Chairman – or the Chief Executive Officer if the functions have been separated – the authority to issue debt securities as well as share and share equivalents, the holder of this authority is required to report to the Board, at least once a year, on the issuance of these securities."

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Extracts from the Board of Directors' Internal Rules: the Chairman of the Board

"Barring exceptional circumstances, only the Chairman may speak and act in the Board's name in conducting relations with other BNP Paribas management bodies and with outside parties, other than in cases where a specific assignment or function has been entrusted to another director.

Working closely with Executive Management, he is competent to represent the Group in high-level dealings with, for example, major clients and government authorities both domestically and internationally.

He monitors relations with shareholders, in close cooperation with the work of Executive Management in this area, to guarantee that these relations remain of a high quality.

He ensures that principles of corporate governance are defined and implemented at the highest levels.

He oversees the smooth running of BNP Paribas' management bodies.

With the help of the Corporate Governance and Nominations Committee, and subject to approval by the Board and by the Annual General Meeting, he endeavours to build an effective and balanced Board, and to manage replacement and succession processes that concern the Board and the nominations within its remit.

He organises the work of the Board of Directors. He sets the timetable and agenda of Board meetings and calls them.

He ensures that the work of the Board is well organised, in a manner conducive to constructive discussion and decision-making. He facilitates the work of the Board and coordinates its activities with those of the specialised Committees.

He sees to it that the Board devotes an appropriate amount of time to issues relating to the future of the Bank, particularly its strategy.

He ensures that directors from outside the Bank get to know the Management team thoroughly.

He ensures that he maintains a close relationship based on trust with the Chief Executive Officer, to whom he provides help and advice while respecting his executive responsibilities.

The Chairman directs the work of the Board, to give it the means of exercising all the responsibilities which fall within its remit.

He ensures that the Board is provided in a timely fashion with the information it needs to carry out its duties and that this information is clearly and appropriately presented.

The Chairman is regularly informed by the Chief Executive Officer and other members of the Executive Management team of significant events and situations in the life of the Group, particularly those relating to strategy, organisation, investment or disinvestment projects, financial transactions, risks or the financial statements.

The Chief Executive Officer provides the Chairman with all information required under French law regarding the Internal Control report.

The Chairman may ask the Chief Executive Officer for any information that may help the Board and its Committees fulfil their duties.

He may interview the Statutory Auditors in order to prepare the work of the Board and the Financial Statements Committee.

He ensures that the directors are in a position to fulfil their duties, and in particular that they have the information they need to take part in the work of the Board, and that they can count on appropriate cooperation from the Bank's management in conducting the activities of the specialised Committees.

He also ensures that directors participate effectively in the work of the Board, with satisfactory attendance, competence and loyalty.

He reports, in a document submitted alongside the management report, on the preparation and organisation of the work of the Board, as well as on the Bank's internal control procedures and any limits the Board may have decided to place on the Chief Executive Officer's authority."

2. STRATEGY

Based on proposals submitted by Executive Management, the key elements of which are presented following a documented in-house process, the Board of Directors formulates BNP Paribas' strategy and overall business objectives [(1)]. It is also kept informed of the Group's cash position and ongoing commitments [(2)]. The Board oversees the implementation of the objectives it has approved, particularly in the course of discussions on the financial statements and budgets.

In 2007, as in previous years, strategic issues accounted for a significant part of the Board's work.

- The full Board meets in a strategy seminar once a year, with the Group's key operational leaders in attendance. In 2007, this session focused on the challenges facing BNP Paribas in coming years as well as its action plans for confronting these challenges. The Board discussed Group business indicators and outlook from an economic and financial perspective and approved the strategic focuses put forward for each of its core businesses.
- A number of strategic investment projects were examined during Board meetings [(3)] and one special session was given over entirely to analysing one such project. The Board was not called upon to deliberate on any strategic operation that was not in line with approved strategic objectives and would as such have required its prior approval in accordance with the Internal Rules [(4)].
- The Board regularly reviewed the negotiations and implementation of investment projects that it had previously discussed or validated. In particular, it was kept informed of progress concerning the merger of BNL and the related projected synergies.

(1) *The strategic vocation of the Board of Directors is the very first principle of sound corporate governance identified by the Basel Committee (February 2006): the Board should "approve the overall business strategy of the bank..." It is also emphasised in the recommendations on "The Corporate Governance of Listed Corporations" of AFEP-MEDEF 2003 (1).*

(2) *AFEP-MEDEF 2003 (4).*

(3) *The Internal Rules of the Board of Directors specify that the Board's prior approval is required for any investment or disinvestment project of more than EUR 250 million.*

(4) *AFEP-MEDEF 2003 (4).*

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- The BNP Paribas Group's financial communications frequently include information on its strategic focuses. 2007 was the last year covered by the Group's "2007 Vision" plan which was first launched at the Annual General Meeting of 18 May 2005. This plan followed on from the BNP Paribas "Project for 2005" first presented at the Annual General Meeting of 31 May 2002. These medium-term plans had also been disclosed to financial markets at the same time.

3. INTERNAL CONTROL AND RISK MANAGEMENT

As early as 1994, the Board of Directors recognised the key importance of risk management and internal control [(1)] in the banking and financial sector when it set up an Internal Control and Risk Management Committee, thus splitting the work normally carried out by an Audit Committee between this newly-formed committee and the Financial Statements Committee.

In 2007, the Board made two amendments to its Internal Rules: (i) a joint meeting of the Internal Control and Risk Management Committee and the Financial Statements Committee shall take place at least once a year in order to discuss matters affecting both risk management policy and the provisions to be set aside in the books of BNP Paribas; and (ii) the remit of the Internal Control and Risk Management Committee has been extended to include all matters relating to compliance policy that may impact on reputation risk and professional ethics. The membership of the Committee and the work that it will carry out are designed to meet the stringent regulatory requirements in the banking and prudential fields. These include both the measures imposed by external regulators and BNP Paribas' own requirements regarding the quality of its internal control processes and risk management policy, seen as key underpinnings of its development. The Committee will now be called the Internal Control, Risk Management and Compliance Committee.

In 2007, the Board reviewed the report of the Chairman of the Internal Control, Risk Management and Compliance Committee, drafted based on information provided by Executive Management, and examined the following issues:

- the Board was briefed on the activities and deliverables of the Internal Control function and the resources placed at its disposal. It was provided with draft reports for the year ended 31 December 2006 on measuring and monitoring of risks [(2)], compliance, permanent controls and periodic controls. It approved the draft report of the Chairman on internal control;
- the Board was informed of the Group's overall policy in the area of credit risk, market risk and counterparty risk; it discussed the problems related to the increase in financial market transactions and kept abreast of the results of risk measurement and stress testing, especially in relation to liquidity;
- it was regularly updated on developments concerning the financial crisis that began in the summer of 2007. The Internal Control, Risk Management and Compliance Committee held a special meeting to discuss this matter and reported back to the Board;
- the Board was informed of the breakdown of the Bank's commitments by industry and by geographic area, as well as of the concentration of individual major risks with respect to applicable capital-adequacy requirements. It was regularly briefed on the Bank's exposure in the sectors most affected by the financial crisis;
- it heard the joint briefing presented by the Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee concerning the setting aside of provisions for credit risks in the books of BNP Paribas;
- the Board was kept informed of the manner in which the activities of ALM-Treasury (Asset/Liability Management-Treasury) are organised and its relations with Group Risk Management, which is responsible for Group-wide risk management policy;
- it was briefed on changes to the process of granting delegations of power in relation to credit risk and the overhaul of the process for calculating country risk-exposure limits;
- the Board was notified of the structural reforms designed to ensure the independence of the Bank's General Inspection unit and its integration within the Group. It approved the new procedures for carrying out periodic controls on Group subsidiaries in accordance with CRBF Regulation n° 97-02 and the Internal Audit Charter. It heard a briefing from the Chairman of the Internal Control, Risk Management and Compliance Committee on the findings of periodic controls reported by the General Inspection unit and on the follow-up to recommendations previously issued;
- the Board heard the briefing presented by the Chairman of the Internal Control, Risk Management and Compliance Committee on the interviews – conducted in the absence of Executive Management – of the Head of the General Inspection unit, in charge of periodic controls, the Head of Permanent Control and Compliance, and the Head of Group Risk Management;
- the Board received regular briefings from the Chairman of the Committee, based on information provided by Executive Management, on the Group's relations and exchanges of correspondence with regulatory bodies in France and abroad.

4. BUDGET, FINANCIAL STATEMENTS AND RESULTS, FINANCIAL MANAGEMENT AND COMMUNICATIONS

- **Budget:** As is customary, at its last meeting of the year, the Board reviewed and approved the draft budget for 2008 presented by Executive Management for the Group as a whole as well as its core businesses and major business lines. At this meeting, the Board was also informed of the estimated impacts on its weighted assets and regulatory ratios of the application of advanced methods for calculating new minimum capital adequacy requirements with effect from 1 January 2008.
- **Financial statements and results:** The results and financial statements of the Group and of BNP Paribas SA for fourth quarter and full year 2006, for the first three quarters of 2007, as well as for the first half and first nine months of 2007, presented by Executive Management,

[(1)] *The Board of directors should "approve [...] the overall risk policy and risk management procedures...", "meet regularly with senior management and internal audit to review policies..." ("Enhancing Corporate Governance" – 1st Principle – Basel Committee – February 2006).*

[(2)] *CRBF 97.02 – AFEP-MEDEF 2003 (2.3).*

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were reviewed and approved as required by the Board. Its work covered the entire consolidated Group as well as each of its core businesses and major business lines.

The Board was informed of the findings of the Financial Statements Committee and the Group's three Statutory Auditors [(1)] – who are entitled to attend Board meetings held to review the results and financial statements – concerning the results for the period. Based on the report submitted jointly by the Statutory Auditors and Executive Management, it reviewed and approved the key choices made concerning the application of accounting standards.

The Board was briefed by the Financial Statements Committee – which examined the information presented to it by Executive Management – on the key internal control audit points raised as part of the financial statements certification process for the different entities included in the Group's scope of consolidation.

The Board heard the briefing presented by the Chairman of the Financial Statements Committee on the interviews – conducted in the absence of Executive Management – of the Head of Group Finance-Development and the Statutory Auditors.

- **Financial management:** The Board discussed capital management optimisation policy in accordance with capital adequacy requirements laid down by the regulatory authorities. It approved profit distribution policy and the draft resolution concerning the dividend for the year ended 31 December 2006. The Board also kept abreast of the implementation of share buyback plans which it had previously approved and issues of debt instruments within the scope of authorisations previously granted to it.

  The Board reviewed and approved plans to create subsidiaries or to merge existing subsidiaries for regulatory purposes or to streamline existing operations. In accordance with French regulatory requirements, the Board was kept informed of profitability trends in new lending.

- **Financial communications [(2)]:** The Board ensured that the timetable for publication of the financial statements was in line with French corporate governance guidelines. It approved the draft 2006 annual report, which took account of French corporate governance guidelines on off-balance sheet commitments and the Bank's risks [(3)], and the Report of the Chairman on internal control procedures covering the preparation and processing of accounting and financial information. At the end of each of its meetings devoted to results, the Board also approved draft press releases. This is "the normal method" for informing the market.

5. CORPORATE GOVERNANCE

Assessment of the performance of the Board of Directors in 2007

- For the sixth consecutive year an assessment of the performance of the BNP Paribas Board of Directors and of its specialised Committees was carried out [(4)].
- As in previous years, the methodology employed was self-evaluation based on an anonymous survey dealing with overall processes and the various aspects of the Board's work – strategy, internal control and risk management, financial management, compensation – and with the operation of its Committees (Financial Statements; Internal Control; Risk Management and Compliance; Corporate Governance and Nominations; Compensation).
- The directors expressed satisfaction with the organisation of the Board's work, the relevance of the topics discussed, the quality of information received by Board members and the freedom with which issues could be debated. They also stressed the clarity of the reports submitted to the Board by the specialised Committees. The few suggestions for improvement mainly concerned providing a broader range of comparative data for use in the strategic thought process and deepening the analyses already carried out by the Board in the area of risk management.

Follow-up on the 2006 assessment of the performance of the Board of Directors

Prior-year suggestions for more in-depth strategic analysis of the Group's major business lines in order to round out the core business data provided were taken up and implemented. This concern, which was borne out in the presentation of a study of the 2006 results of a cross-section of European banks, was addressed at the Board's 2007 strategy seminar.

Updating the Board of Directors' Internal Rules

In 2007, the Board updated its Internal Rules as follows:

- by enshrining the existing practice whereby the Financial Statements Committee interviews the team of Statutory Auditors, without any member of Executive Management being present;
- by transforming the Internal Control and Risk Management Committee into the Internal Control, Risk Management and Compliance Committee;
- by providing for joint meetings of the Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee;
- by clarifying regulatory guidelines for the American director as regards her nationality.

Evaluation of Directors' performance – Changes in membership of the Board

- The Board deliberated on the qualifications of independent directors. Based on the report submitted by the Corporate Governance and Nominations Committee, it examined the re-election of Louis Schweitzer whose term of office was due to expire at the Annual General Meeting of 15 May 2007. The Board stressed the total independence displayed by Mr. Schweitzer in the performance of his duties and did not consider the clause concerning the loss of independence of a director who has served for more than twelve

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(1) The firms of Deloitte & Associés, Mazars & Guérard, and PricewaterhouseCoopers Audit were appointed by the Annual General Meeting for the period 2006-2011, based on a proposal by the Board of Directors – AFEP-MEDEF 2003 (14.2.2).

(2) AFEP-MEDEF 2003 (2.1 and 2.2).

(3) AFEP-MEDEF 2003 (2.3) – The Bank's ratings from financial rating agencies are provided at the beginning of this Registration Document.

(4) AFEP-MEDEF 2003 (9).

years, as set out in the AFEP-MEDEF corporate governance guidelines, to be relevant to him. Consequently, the Board recommended that a resolution be adopted to re-elect Mr. Schweitzer for a three-year period [1]. The Board also recommended that a resolution be adopted to ratify the appointment as director of Suzanne Berger Keniston, co-opted by the Board on 8 May 2007, to replace Loyola de Palacio.

- The Board was briefed on the evaluation carried out by the Corporate Governance and Nominations Committee of the performance of directors whose terms of office were due to expire. It set the criteria to be used to select a new director to replace Gerhard Cromme, and appointed Laurence Parisot and François Grapotte to replace Gerhard Cromme on the Corporate Governance and Nominations Committee and the Compensation Committee respectively.

Procedure for selecting directors [2]

The procedure for recruiting directors is based on information and assessments provided by the members of the Corporate Governance and Nominations Committee and the Chairman of the Board. This ensures that successful candidates have the personal and professional qualities required to carry out the function of director in a Group such as BNP Paribas.

Evaluation of the Chairman's performance Evaluation of the performance of the Chief Executive Officer and of the Chief Operating Officers [3]

The Corporate Governance and Nominations Committee conducted an evaluation of the performances of Michel Pébereau, Baudouin Prot, Georges Chodron de Courcel and Jean Clamon in their absence. It also reported back to the Board on the criteria to be applied when evaluating the operational management performance of the Chief Executive Officer and the Chief Operating Officers and determining the variable portion of their remuneration not based on quantified criteria. The Board approved these proposals and decided to set aside part of a Board meeting in 2008 to evaluate the Chairman's performance, in his absence, and that of the Chief Executive Officer, in relation to the Bank's management.

Compliance with European Commission Regulation EC 809/2004

- To the best of the Board's knowledge, no directors are faced with conflicts of interest; in any event, the Board of Directors' Internal Rules require that they "inform the Board of any situation involving even a potential conflict of interest" and "abstain from taking part in the vote on the matter concerned".
- To the best of the Board's knowledge, there are no family ties between Board members.
- To the best of the Board's knowledge, none of its members has been convicted of fraudulent offences "*for at least the previous five years*", nor was involved in any bankruptcies, receiverships or liquidations while acting as a member of administrative, management or supervisory bodies, or as Chief Executive Officer, "*for at least the previous five years*".
- To the best of the Board's knowledge, there have been no "*official public incrimination and/or sanctions*" of members of the Board of Directors or of the Chief Executive Officer, none of whom have been disqualified by a court from acting in their current capacity, "*for at least the previous five years*".
- Apart from regulated agreements, there are no arrangements or agreements with key shareholders, clients, suppliers or any other parties which involve the appointment of a member of the Board of Directors.

Directors' access to information and initial training [4]

- When directors take up their appointment, they are provided with a summary document describing the Group, its profile and organisation, its most recent financial statements and a series of pointers on the information available from the Group's websites.
- The Board's support staff provides the new director with a copy of the Internal Rules and organises a number of working meetings between the new directors and managers of Group functional and operating units that are of interest to the new directors in light of their functions and personal priorities.
- Committee meetings also provide opportunities to update the information available to directors on specific issues related to the items on the agenda. The Board is also kept informed of developments in regulatory guidelines on banking industry corporate governance. At the last Board meeting in 2007, directors were briefed on the periods in 2008 during which they are authorised to trade in BNP Paribas shares, barring exceptional circumstances.
- In accordance with the Board's Internal Rules, directors may request that the Chairman of the Board or the Chief Executive Officer provide them with all documents and information required to enable them to carry out their functions, participate effectively in Board meetings and make informed decisions, provided that such documents are useful for decision-making purposes and related to the Board's authority.

Code of ethics applicable to directors [5]

- According to the Internal Rules, "… directors shall interact effectively with others in the workplace and respect their opinions, and shall express themselves freely on subjects debated in Board meetings, even in the face of opposition".
- "They shall have a strong sense of responsibility towards shareholders and other stakeholders."
- "They shall show a high level of personal integrity during the term of their office, and respect the rules related to their responsibilities."
- "In the event of a significant change in the functions or positions held, directors agree to allow the Board to decide whether or not it is appropriate for them to continue to serve as directors of BNP Paribas."

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(1) *AFEP-MEDEF 2003 (12).*
(2) *AFEP-MEDEF 2003 (16.1).*
(3) *AFEP-MEDEF 2003 (9.3).*
(4) *AFEP-MEDEF 2003 (11).*
(5) *AFEP-MEDEF 2003 (17).*

- "All directors are required to comply with legal obligations and the stock market recommandations and regulations related to information that concerns directors personally."
- "The director of American nationality must choose not to participate in certain Board discussions in view of the regulatory obligations pertaining to her nationality."
- "The legislation banning insider trading applies to directors both in a personal capacity and when exercising responsibilities within companies that hold shares in BNP Paribas. Directors are also advised to purchase or sell BNP Paribas shares only within the six-week period following the publication of the quarterly and annual accounts, or of any press release concerning business performance. However, if they have access to privileged information that would make them insiders under stock exchange rules, no BNP Paribas shares may be purchased or sold during this six-week period."
- "Directors must not disclose any information that is not publicly available to any third party, including the managers of BNP Paribas shares."
- "If a director has any questions related to ethics and compliance, he or she can consult the Head of the Group Compliance and Permanent Control function."
- "Directors who deem that they are no longer able to effectively carry out their responsibilities on the Board or Committees of which they are a member should step down."
- "Any director or any other person who is called upon to attend meetings of the Board and the Committees of the Board is required to treat all matters discussed during the meeting as strictly confidential. In particular, directors or other persons shall treat as strictly confidential all insider information as well as information that may interest competitors or external parties in connection with 'economic intelligence' and confidential information described as such by the Chairman. In case of failure to comply with this obligation, the director or other person may be exposed to a claim for damages."
- "Directors shall endeavour to participate regularly and actively in the meetings of the Board and the Committees of the Board and to be present at the Annual General Meeting of shareholders." (see section 1 above, "The Board of Directors and Annual General Meetings").
- "In addition to the number of shares that directors are required to hold under the Articles of Association, directors elected at the Annual General Meeting should personally hold BNP Paribas shares equivalent to at least one year of directors' fees" (the number of shares held appears in the personal profile of each director).

Remuneration of directors [1]

- Directors who are not Group employees receive no form of remuneration other than directors' fees [2].
- The amount of fees payable to each director individually has remained unchanged since 2005, at EUR 29,728, including EUR 14,864 – 50% of the total – as the fixed portion and EUR 1,651.55 per meeting. To take into account the additional constraints they face, directors who live outside France are paid 1.5 times the fixed portion of directors' fees. The Chairman of the Board of Directors does not, however, receive any additional fees under this rule.
- The amount of fees payable to the members of the Board's Committees has also remained unchanged since 2005, at EUR 5,946, including EUR 2,973 as the fixed portion and EUR 594.60 per meeting. The Chairmen of the Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee are paid a fixed portion of EUR 15,000 and a variable portion of EUR 1,239 per meeting.
- Based on a recommendation submitted by Alain Joly, the directors' fees attributable to him as Chairman of the Compensation Committee have been reduced from EUR 6,000 to EUR 1,000. Mr. Joly also received EUR 6,000 for the fixed portion payable to him as Chairman of the Corporate Governance and Nominations Committee.
- Based on the foregoing, the Board decided to grant directors a total appropriation of EUR 498,178, down from EUR 530,038 in 2006. The overall amount of directors' fees was set at EUR 780,000 by the Annual General Meeting of 18 May 2005.

[1] *AFEP-MEDEF 2003 (18).*

[2] *Group employees on the Board: Patrick Auguste, Jean-Marie Gianno, Michel Pébereau and Baudouin Prot.*

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In euros	DIRECTORS' FEES PAID IN 2007					
			Board	Committees		
	Fixed	Variable	Total	Total	2007 Total	2006
M. PÉBEREAU	14,864	14,864	29,728		29,728	29,728
P. AUGUSTE	14,864	13,213	28,077	5,352	33,429	33,445
C. BÉBÉAR	14,864	11,561	26,425	4,163	30,588	28,985
JL. BEFFA	14,864	13,213	28,077	4,163	32,240	30,471
S. BERGER	12,386	4,955	17,342		17,342	
G. CROMME	14,864	6,606	21,470	5,649	27,119	38,646
J.M. GIANNO	14,864	14,864	29,728	5,946	35,674	35,674
F. GRAPPOTTE	14,864	14,864	29,728	21,195	50,923	49,683
A. JOLY	14,864	11,561	26,425	11,956	38,381	42,720
D. KESSLER	14,864	11,561	26,425	5,352	31,777	31,215
JF. LEPETIT	14,864	14,864	29,728	5,946	35,674	35,674
L. PARISOT	14,864	8,258	23,122	991	24,113	11,892
H. PLOIX	14,864	13,213	28,077	5,352	33,429	35,674
B. PROT	14,864	14,864	29,728		29,728	29,728
L. SCHWEITZER	14,864	13,213	28,077	19,956	48,033	46,710
Others (*)						49,794
TOTAL	**220,483**	**181,674**	**402,157**	**96,021**	**498,178**	**530,038**

(*) *L. Owen-Jones, L. de Palacio and J.F. Trufelli were directors in 2005-2006 and were therefore listed in the table of beneficiaries of directors' fees in the 2006 Annual Report.*

6. REMUNERATION

- Acting on a report from the Compensation Committee, the Board examined the remuneration of Michel Pébereau, Baudouin Prot, Georges Chodron de Courcel and Jean Clamon, corporate officers [1]. It decided upon the variable portions of their remuneration for 2006 and ensured that these variable portions were in line with trends in Group results. At the same time, the Board was briefed on the evaluation of corporate officers' performance conducted by the Corporate Governance and Nominations Committee.
- The Board set the fixed portions of directors' remuneration for 2007 as well as the bases for determining the variable portion in the light of the results of a survey of executive remuneration in a number of comparable European banks.
- Neither the Chairman nor the Chief Executive Officer was involved in the preparation of decisions concerning their remuneration, nor did they take part in the Board's vote on decisions setting their remuneration.
- In accordance with Group policy, the detailed individual amounts of remuneration paid to the four corporate officers were presented at the Annual General Meeting of 15 May 2007.
- Based on a report from the Compensation Committee, the Board noted the fixed portion of the remuneration for members of the Executive Committee other than corporate officers and the variable portion determined for 2006.

Global share-based incentive plan

- Acting on a recommendation from the Compensation Committee, the Board discussed and adopted the Group's global share-based incentive plan for 2007. This plan involves 4,035,845 stock options (representing 0.46% of the share capital) and 910,308 bonus shares (representing 0.10% of the share capital). It concerns 3,788 employees whose level of responsibility, contribution to results or professional potential make them key players in the implementation of Group strategy as well as in the Group's development and profitability. The Board approved the payment and the terms and conditions of the two corresponding plans.
- The Board noted, based on the report submitted by the Compensation Committee, that the practices applied by BNP Paribas complied with both legal obligations and French corporate governance guidelines concerning the granting of stock options or bonus shares [2]. It set the number of stock options to be granted to corporate officers, who do not receive bonus shares and are barred from participating in any hedged financial transactions. With effect from 1 January 2007, the Board has introduced a requirement that corporate officers must hold BNP Paribas shares and it has also fixed the holding period for shares allocated following the exercise of stock options granted to corporate officers after 1 January 2007.

(1) *AFEP-MEDEF 2003 (15-3.1).*
(2) *AFEP-MEDEF 2003 (15-3.2).*

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Detailed and individual information on the remuneration policy for corporate officers is provided in section 2.1 of the Registration Document which also refers to the AFEP-MEDEF recommendations of January 2007 on the remuneration of corporate officers of listed companies.

Share issue reserved for employees: new legislation concerning employee incentive schemes

- The Board of Directors approved the terms and conditions of a new share issue reserved for employees and authorised an exceptional payment of additional collective profit-related bonuses for 2006 in accordance with Act no. 2006.1770 of 30 December 2006.

7. FINANCIAL STATEMENTS COMMITTEE

- The Financial Statements Committee was set up in 1994 and most of its members have extensive experience and expertise in the areas of corporate financial management, accounting and financial information. In 2007, its membership was unchanged from the previous year and included Louis Schweitzer (Chairman), Patrick Auguste, Denis Kessler and Hélène Ploix.
- The composition of the Committee [1] complies with French corporate governance guidelines which recommend that at least two-thirds of the directors must be independent. No members of the Bank's Executive Management sit on the Committee. Its duties and *modus operandi* are set out in the Board's Internal Rules, which are periodically updated to reflect changes in legislation, regulations and best practices [2].
- To ensure that the Committees' knowledge remains fully up to date, its meetings include briefings on key issues, which are then examined and discussed in the presence of the Statutory Auditors. The information presented can be rounded out by meetings with managers of Group functional and operating units, organised by the Board's support staff for any Committee members who express a need for further clarification.
- The Committee met four times in 2007 and the rate of attendance was 100%. Documentation on agenda items – presented in standardised form – was distributed on average three to four days prior to each meeting, in line with French corporate governance guidelines.

Review of the financial statements and financial information

- In accordance with the Board's Internal Rules, in 2007 the Committee reviewed the financial statements based on the documents and information provided by Executive Management and the verification procedures carried out by the Statutory Auditors. In doing so, it verified the relevance and consistency of accounting methods used in drawing up the Bank's consolidated and corporate accounts. The Committee reviewed management accounting data by core business and reviewed the impact of changes in the scope of consolidation. It was briefed by the Head of Group Finance-Development on changes in balance sheet and off balance sheet items between 31 December 2005 and 31 December 2006.
- It reviewed draft press releases concerning the Group's results prior to their presentation to the Board.
- It prepared the work and deliberations of the Board by scrutinising issues requiring particular attention, inter alia the Group's provisioning policy and the procedures used to determine the results of capital markets transactions which were discussed in the presence of the Statutory Auditors.
- The joint meeting of the Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee mainly discussed developments in the financial crisis that began in the summer of 2007 and the Group's policy for setting aside provisions for credit risk. The meeting examined a joint memorandum submitted by the Heads of Group Finance-Development and Group Risk Management.
- The Committee listened to a presentation from Group Finance-Development and the Statutory Auditors concerning key elections for the application of accounting standards and was briefed on the nature and impact of each of these elections on the Group's results.
- When reviewing the financial results for each quarter or in the course of its discussions of specific issues, the Committee interviewed the Head of Group Finance-Development and the Head of Group Accounting. During its review of the 2006 financial statements and of the results for the first nine months of 2007, it interviewed the Head of Group Finance-Development, without any member of Executive Management being present.
- When reviewing the financial results for each quarter, the Committee listened to the comments and findings of the Statutory Auditors, without any member of Executive Management being present.
- The Committee was briefed – in the presence of the Statutory Auditors – on the accounting internal control points identified as part of the process of certifying the quarterly consolidation reporting package.
- The Committee reviewed the draft report of the Chairman of the Board on internal control procedures relating to the preparation and processing of accounting and financial information, and recommended it for adoption by the Board.
- At the end of each meeting, the Financial Statements Committee reported its findings to the Board of Directors, so as to provide the latter with full information and facilitate its deliberations and decision-making.

Relations with the Group's Statutory Auditors [3]

- The Committee received from each of the Statutory Auditors a written statement of its independence vis-à-vis the conduct of the engagement.

[1] *AFEP-MEDEF 2003 (14.1).*

[2] *AFEP-MEDEF 2003 (14.2).*

[3] *AFEP-MEDEF 2003 (14.2.2).*

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- In the absence of the Statutory Auditors, it received notification of the amount, calculated by Executive Management, of fees paid by the BNP Paribas Group to the Statutory Auditors in 2007. Based on the information collected by Executive Management, it ensured that the amount or portion represented by BNP Paribas in the overall revenues of the audit firms and the networks to which they belong was not likely to compromise the Statutory Auditors' independence.
- The Committee reviewed and approved engagements not directly related to auditing on an as-needed basis.

Extracts from the Board of Directors' Internal Rules: the Financial Statements Committee

"The Committee shall hold at least four meetings per year.

Composition

At least two-thirds of the members of the Financial Statements Committee shall qualify as independent directors based on the definition used by the Board in accordance with French corporate governance guidelines.

No members of the Bank's Executive Management shall sit on the Committee.

Terms of reference

The Committee is tasked with analysing the quarterly, half-yearly and annual financial statements issued by the Bank and obtaining further explanations of certain items prior to presentation of the financial statements to the Board of Directors.

The Committee shall examine all matters related to the financial statements, including the choices of accounting principles and policies, provisions, management accounting data, capital adequacy requirements, profitability indicators, and all other accounting matters that raise methodological issues or give rise to potential risks.

Relations with the Group's Statutory Auditors

The Committee shall steer the procedure for selection of the Statutory Auditors, express an opinion on the amount of fees charged for conducting the statutory auditing engagements and report to the Board on the outcome of this selection process.

It shall review the Statutory Auditors' audit plan, together with the Auditors' recommendations and the implementation of these recommendations.

It shall be notified on a yearly basis of the amount and breakdown of the fees paid by the BNP Paribas Group to the Statutory Auditors and the networks to which they belong, calculated using a model approved by the Committee. It shall ensure that the portion of the audit firms' revenues that BNP Paribas represents is not likely to compromise the Statutory Auditors' independence.

Its prior approval shall be required for any engagement entailing total fees of over EUR 1 million (before tax). The Committee shall approve on an ex post basis all other engagements, based on submissions from the Group Finance-Development Department. The Committee shall validate the Group Finance-Development Department's fast-track approval and control procedure for all "non-audit" assignments entailing fees of over EUR 50,000. The Committee shall receive on a yearly basis from the Group Finance-Development Department a report on all "non-audit" engagements carried out by the networks to which the Group's Statutory Auditors belong.

Each Statutory Auditor shall report on a yearly basis to the Committee on its internal control mechanism for guaranteeing its independence, and shall provide a written statement of its independence in auditing the Group.

At least twice a year, the Committee shall devote part of a meeting to a discussion with the team of Statutory Auditors, without any member of Executive Management being present.

The Statutory Auditors shall attend the Committee meetings devoted to the review of quarterly, half-yearly and annual financial statements.

However, the Statutory Auditors shall not attend all or part of Committee meetings dealing with their fees or their re-appointment.

The Statutory Auditors shall not attend all or part of Committee meetings dealing with specific issues that concern a member of their staff.

Barring exceptional circumstances, the files containing the quarterly, half-yearly and annual results and financial statements shall be sent to Committee members at the latest on the Friday or Saturday morning preceding Committee meetings scheduled for the following Monday or Tuesday.

Where questions of interpretation of accounting principles arise in connection with the publication of quarterly, half-yearly and annual results, and involve choices with a material impact, the Statutory Auditors and the Group Finance-Development Department shall submit, on a quarterly basis, a memorandum to the Committee analysing the nature and significance of the issues at play, presenting the pros and cons of the various possible solutions and explaining the rationale for the choices ultimately made.

Report of the Chairman

The Committee shall review the draft report of the Chairman of the Board on internal control procedures relating to the preparation and processing of accounting and financial information.

Interviews

With regard to all issues within its purview, the Committee may, as it sees fit, and without any other member of Executive Management being present if it deems this appropriate, interview the Heads of Group Finance and Accounting, as well as the Head of Asset/Liability Management.

The Committee may request an interview with the Head of Group Finance-Development with regard to any issue within its purview for which it may be liable, or the Bank's management may be liable, or that could compromise the quality of financial and accounting information disclosed by the Bank.

Common provisions

The Internal Control, Risk Management and Compliance Committee and the Financial Statements Committee shall hold a joint meeting at least once a year in order to discuss matters affecting both risk management policy and the provisions to be set aside in the books of BNP Paribas. This meeting shall be chaired by the Chairman of the Financial Statements Committee.

8. THE INTERNAL CONTROL, RISK MANAGEMENT AND COMPLIANCE COMMITTEE

- The terms of reference of the Internal Control and Risk Management Committee, which was set up in 1994 to cater to the specific needs of banking operations, have been extended to include compliance-related issues, particularly in areas such as reputation risk and professional ethics. In 2007, its members were François Grappotte (Chairman), Jean-Marie Gianno and Jean-François Lepetit, i.e., two-thirds of its members were independent directors under AFEP-MEDEF guidelines. No members of the Bank's Executive Management sit on the Committee.
- In 2007, the Committee met five times and the rate of attendance was 93% (one member having missed one meeting).
- Documentation on agenda items was distributed to Committee members on average three to four days prior to meetings.

Internal control, compliance and relations with regulatory authorities

- The Committee was provided with the draft annual reports on compliance, permanent control and periodic control for the year ended 31 December 2006.
- It received a half-year summary report on permanent control and periodic control comprising quantified data relating to procedures, control scope and implementation, risk indicators, and to the follow-up of recommendations made by the Bank's General Inspection unit. The Committee was briefed on the periodic control procedures set up to keep Executive Management informed.
- The Committee listened to a presentation from the Head of Group Compliance providing an overview of permanent control.
- It reviewed the delegation of periodic control procedures within the Group and submitted draft proposals to the Board for setting up periodic control procedures in the Group's subsidiaries.
- It reviewed the Group's exchanges of correspondence with the French banking regulator *(Commission bancaire)* and the financial markets regulator *(AMF)* and kept abreast of issues involving US banking regulations.
- The Committee also reviewed the Group's policies for combating fraud.

Credit risks and market risks

- The Committee discussed the key issues highlighted in the Group Risk Management report for 2006 and the first half of 2007 and analysed the breakdown by industry and geographical area.
- The Committee devoted a specific session to analysing the situation in the financial markets in relation to the crisis that emerged during the summer of 2007, and more specifically to liquidity and third party fund management risks. It was briefed on an ongoing basis by Executive Management with regard to the businesses affected by the crisis and the main types of exposure. In particular, the Committee reviewed the BancWest portfolio and the Bank's exposure to financial institutions, hedge funds, monoline insurers and property market risks.
- It regularly reviewed key exposures in respect of market activities highlighted in the Group Risk Management report and noted the steps taken by the Group to control the types of market risks to which it is exposed and to maintain its capital adequacy requirements. It was briefed on the impact of market trends on "Value-at-Risk" (VaR).
- The Committee was notified of the findings of the Risk Policy Committees convened regularly by Executive Management to review specific issues: procedures for setting and managing country risk exposure limits, real estate financing, leveraged buyouts or securitisation.
- The Committee interviewed the Head of ALM (Asset Liability Management) Treasury in relation to liquidity risk management and listened to his comments concerning the organisation and control of activities within his brief and the existing decision-making and delegation procedures.
- The Committee was kept abreast of organisational changes to Group Risk Management designed to bolster the overall coherence of the risk management process and was notified of progress in integrating BNL into the Group. It was also informed of the measures taken to ensure cooperation between Group Risk Management and Group Finance-Development in preparing the groundwork for implementation of Basel II and in ensuring that capital adequacy requirements are integrated into the Group's management tools. It listened to the comments of Executive Management concerning the method of calculating the Group's capital and analysing long-term forecast data on operational risk.

Interviews

- Without any member of Executive Management being present, the Committee interviewed the Head of Group Risk Management, the Head of Permanent Control and Compliance, and the Head of the General Inspection unit, who is in charge of periodic controls.

Report of the Chairman

- The Committee reviewed the report of the Chairman on Internal Control and recommended its approval by the Board of Directors.

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Extracts from the Board of Directors' Internal Rules: Internal Control, Risk Management and Compliance Committee

"The Committee shall hold at least four meetings per year.

Composition

A majority of the members of the Internal Control, Risk Management and Compliance Committee shall qualify as independent directors based on the definition used by the Board in accordance with French corporate governance guidelines.

No members of the Bank's Executive Management shall sit on the Committee.

Terms of reference

The Committee is tasked with analysing reports on internal control and on measuring and monitoring risks, as well as the General Inspection unit's reports on its operations and key findings, and with reviewing the Bank's exchanges of correspondence with the General Secretariat of the French banking regulator (Commission bancaire).

It examines the key focuses of the Group's risk management policy, based on measurements of risks and profitability provided to it in accordance with applicable regulations, as well as on its analyses of specific issues related to these matters and methodologies.

The Committee also tackles all compliance-related issues, particularly those in the areas of reputation risk or professional ethics.

Interviews

It may interview, without any other member of Executive Management being present if it deems this appropriate, the Head of the General Inspection unit, who is in charge of Periodic Controls, the Head of the Group Compliance and Permanent Control function and the Head of Group Risk Management.

It presents the Board of Directors with its assessment concerning the methodologies and procedures employed.

It expresses its opinion concerning the way these functions are organised within the Group and is kept informed of their programmes of work.

It receives a half-yearly summary on the operations and reports of the Internal Audit function."

Common provisions

The Internal Control, Risk Management and Compliance Committee and the Financial Statements Committee shall hold a joint meeting at least once a year in order to discuss matters affecting both risk management policy and the provisions to be set aside in the books of BNP Paribas. This meeting shall be chaired by the Chairman of the Financial Statements Committee.

9. CORPORATE GOVERNANCE AND NOMINATIONS COMMITTEE

- In 2007, the members of the Corporate Governance and Nominations Committee were Alain Joly (Chairman), Claude Bébéar and Gerhard Cromme who was replaced by Laurence Parisot with effect from 1 July 2007. Two-thirds of the members qualify as independent directors in accordance with French corporate governance guidelines.
- Each member is well versed in corporate governance issues and has a proven track record in the management of major international corporations.
- No members of the Bank's Executive Management sit on the Committee. It includes the Chairman of the Board of Directors in its work on seeking out and selecting directors [(1)].
- The Board of Directors' Internal Rules define the Committee's terms of reference as follows:
  - the Committee is tasked with monitoring corporate governance issues. Its role is to help the Board of Directors to adapt corporate governance practices within BNP Paribas and to assess the performance of Board members,
  - it tracks developments in corporate governance at both global and domestic levels. It selects the measures best suited to the Group with the aim of bringing its procedures, organisation and conduct into line with best practices,
  - it regularly assesses the performance of the Board using either its own resources or any other internal or external procedure that it deems appropriate,
  - it examines the draft report of the Chairman of the Board on corporate governance and all other documents required by applicable laws and regulations,
  - the Committee puts forward 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 puts forward recommendations for the post of Chief Executive Officer for consideration by the Board, and acting on the recommendation of the Chief Executive Officer, it puts forward candidates for the post of Chief Operating Officer,
  - the Committee assesses the performance of the Chairman, in his absence. It also assesses the performances of the Chief Executive Officer and Chief Operating Officers, in the absence of the parties in question,
  - it is also responsible for developing plans for the succession of corporate officers,
  - it makes recommendations to the Board of Directors on the appointment of Committee Chairmen and Committee members,
  - it is also tasked with assessing the independence of the directors and reporting its findings to the Board of Directors. The Committee shall examine, if need be, situations arising should a director be repeatedly absent from meetings;
- In 2007, the Corporate Governance and Nominations Committee met three times with an attendance rate of 77%.

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(1) *AFEP-MEDEF 2003 (16.1).*

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Succession planning [1]

- With the Chairman of the Board of Directors, the Committee examined the situation of key members of the Group's Executive Management team in the light of future requirements and possible succession issues.

Performance of the Board – Assessing the performance of the directors

- In 2007, the Corporate Governance and Nominations Committee oversaw the assessment of the performance of the Board of Directors and of its specialised Committees. The findings are presented in section 5 – "Corporate governance".
- The Committee noted that the improvements recommended by the directors in the assessment for 2006 were duly implemented.
- The Committee reviewed and submitted proposals to the Board in respect of a number of amendments to its Internal Rules (see section 5 – "Corporate governance").
- The Committee assessed the individual contribution of each director to the Board of Directors and to the Committees.
- It examined the candidacy of Suzanne Berger Keniston and recommended that the Board co-opt her as a director to replace Loyola de Palacio.
- The Committee examined the conditions under which Louis Schweitzer carried out his duties and functions as Chairman of the Financial Statements Committee, particularly with regard to the requirement of independence, and recommended that the Board re-elect him as a director.
- It set the criteria to be used to find and select a director to replace Gerhard Cromme.
- The Committee did not find any instance of non-compliance with EC Regulation no. 809/2004 in the personal circumstances of directors, nor did it receive any statement from a director indicating that there was such an instance.
- It did not note any breaches of ethical rules by any BNP Paribas director.

Evaluation of corporate officers

- The Committee conducted an evaluation of the Chairman, Michel Pébereau, in his absence.
- It also assessed the performances of the Chief Executive Officer and Chief Operating Officers, with the parties in question not present.
- It specified the criteria to be used when evaluating individual managerial performances and made recommendations to the Board in this respect. These criteria include the ability to harness individual anticipation, decision-making and coaching skills in pursuit of BNP Paribas' strategy and to prepare the Group to meet future challenges. They have been explicitly defined and may be used to determine the variable portion of remuneration not based on quantified, Group performance-related criteria.

Report of the Chairman

- The Committee reviewed the report of the Chairman on corporate governance and recommended its approval by the Board of Directors.

10. COMPENSATION COMMITTEE

- In 2007 the members of the Compensation Committee were Alain Joly (Chairman), Jean-Louis Beffa and Gerhard Cromme, who was replaced by François Grappotte with effect from 1 July 2007. Two-thirds of its members qualify as independent directors under French corporate governance guidelines.
- Its members have proven experience in dealing with remuneration systems, share-based incentive plans and pension issues in major international corporations.
- No members of the Bank's Executive Management sit on the Committee. The Chairman of the Board of Directors is not a member of the Committee, but is invited to take part in its deliberations, except those which concern him personally. The Committee interviews the Head of Group Human Resources and, like all other Board Committees, it may use the services of external consultants wherever necessary.
- According to the Board of Directors' Internal Rules, the Compensation Committee is tasked with addressing all issues related to the personal status of corporate officers, including remuneration, pension benefits, stock options and provisions governing the departure of members of the Bank's corporate decision-making or representative bodies.
- It reviews the terms, amounts and basis of allocation of stock option plans. It also reviews the conditions for allocating bonus shares.
- Moreover, the Committee, in conjunction with the Chairman of the Board, is competent to assist the Chief Executive Officer on any issue related to executive management compensation referred by him to the Committee. Within the overall limits set by shareholders, the Committee proposes the basis of calculation and the individual amounts of annual directors' fees.

In 2007, the Committee met twice, with all members attending.

- It examined the remunerations of the corporate officers: Michel Pébereau, Baudouin Prot, Georges Chodron de Courcel and Jean Clamon. It set the amount of variable compensation payable in respect of 2006 and submitted proposals to the Board in this respect. Having been briefed on the findings of a survey of executive compensation in a number of European banks, the Committee determined the fixed remuneration for 2006 and the basis for determining variable remuneration for 2007 and submitted its recommendations to the Board of Directors.
- It was informed of the remunerations of the members of the Executive Committee.
- The Committee approved the terms and conditions of a new global share-based incentive plan that includes both stock options and bonus shares, as well as the list of beneficiaries. It determined the number of stock options to be attributed to the corporate officers and the basis for calculating the exercise price and submitted its proposals to the Board of Directors.

[1] *AFEP-MEDEF 2003 (16.2.2).*

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- It fixed the terms and conditions applicable to corporate officers for holding shares allocated following the exercise of stock options granted after 1 January 2007 and submitted its proposals to the Board of Directors.

Remuneration of directors

- The individual amount of directors' fees has remained unchanged since 2005. At his own request, the directors' fees attributable to Alain Joly as Chairman of the Compensation Committee were reduced from EUR 6,000 to EUR 1,000.
- The Committee examined the proposed allocation of directors' fees for 2007 and presented its proposals to the Board.

INTERNAL CONTROL

The information below concerning the Group's Internal Control system has been provided by Executive Management. The Chief Executive Officer is responsible for Internal Control systems and procedures, and for all the statutory information in the report on Internal Control. This document was prepared using information provided by the following Group functions: Compliance, Risk Management, Finance-Development, Legal Affairs and the General Inspection unit. It was validated by the decision-making body.

INTERNAL CONTROL ENVIRONMENT

Controls within the French banking sector are governed by a wide range of laws and regulations, which have firmly established an internal control culture within the Bank's business lines.

The conditions for implementing and monitoring control systems in banks and investment firms are set out in CCLRF Regulation n° 97-02, as amended [(1)]. These rules lay down the principles relating to control systems for transactions and internal procedures, accounting systems and information processing, risk and performance measurement systems, risk supervision and control systems, and internal control documentation and reporting systems. Under Article 42 of this Regulation, banks are required to prepare an annual statutory report on internal control for the attention of the Board of Directors.

As required by Regulation n° 97-02, BNP Paribas has set up an Internal Control system (referred to herein as Internal Control) in which distinct organisations and managers are in charge of permanent controls and periodic controls. The Internal Control system must also take into account, as appropriate, the General Regulations of AMF (French Financial Markets Authority), regulations applicable to branches and subsidiaries outside France and to specialised operations such as portfolio management and insurance, the most widely accepted industry practices in this area and the recommendations of the Basel Committee.

DEFINITION AND OBJECTIVES OF INTERNAL CONTROL

The Executive Management of the BNP Paribas Group has set up an Internal Control system whose main aim is to ensure overall control of risks and provide reasonable assurance that the Bank's goals in this area are being met. This system is defined in the Group's Internal Control Charter, which is widely distributed within the Group and freely available to all Group employees. It defines Internal Control as a mechanism for ensuring:

- the effectiveness and quality of the Group's internal operations;
- the reliability of internal and external information (particularly accounting and financial information);
- transaction security and effectiveness;
- the security of assets;
- compliance with applicable laws, regulations and internal policies;
- and efficient use of resources.

The Charter lays down rules relating to the organisation, lines of responsibility and remit of the various players involved in Internal Control, and establishes the principle of the independence of the different control functions (Compliance, General Inspection unit and Risk Management).

SCOPE OF INTERNAL CONTROL

One of the fundamental principles of Internal Control is that it must be exhaustive in scope: it applies in the same degree to all types of risk and to all entities in the BNP Paribas Group (entities include core businesses, business lines, functions, territories and consolidated subsidiaries) without exception. It also extends to any core activities that have been outsourced.

Implementing this principle requires a precise overview of the allocations of responsibilities and must factor in the ongoing growth in the Group's businesses.

ORGANISATION AND FUNDAMENTAL PRINCIPLES OF INTERNAL CONTROL

Internal Control in BNP Paribas is based on four key principles:

- permanent Controls and Periodic Controls:
  - Permanent Controls consist of ongoing risk identification and assessment, procedures, controls, and a dedicated reporting and monitoring system - all within a process that dovetails with operational risk monitoring. Permanent Controls are carried out both by operational staff and their line managers, and by specialised control functions either within or independent of the entities,

(1) *Amended by Regulations 2001-01, 2004-02 and the Decrees of 31 March 2005, 17 June 2005, 20 February 2007 and 2 July 2007.*

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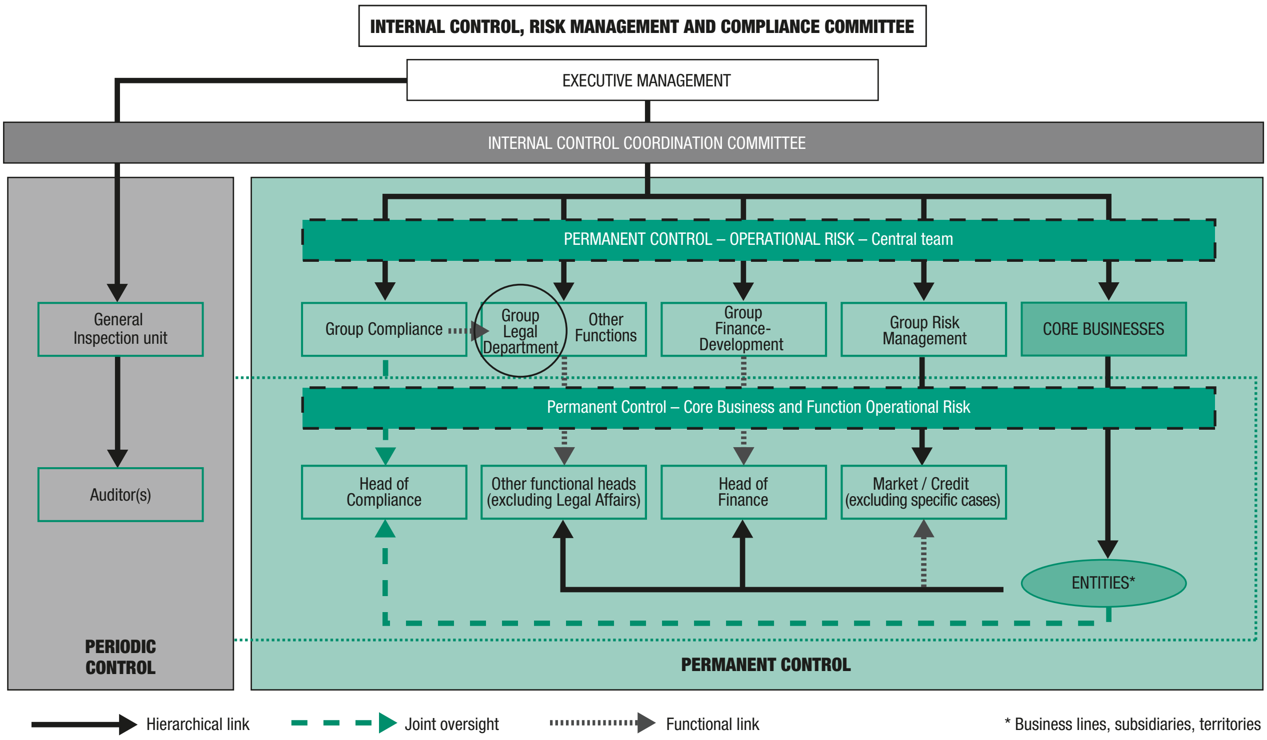
- periodic Controls are based on "ex post" reviews carried out by employees who are not involved in Permanent Controls. They are performed by the General Inspection unit;
- separation of tasks: this applies to the various phases of a transaction, from initiation and execution, to recording, settlement and control. The separation of tasks also exists between independent functions and between the players involved in Permanent Controls and Periodic Controls;
- responsibility of operational staff: a large part of the Permanent Control mechanism is incorporated within the operational organisation under the direct responsibility of the entities (core businesses and functions) which should make sure that they have the resources required for effective control. Managers at all levels must ensure effective control over the risks related to the activities for which they are responsible;
- exhaustiveness of Internal Control: see above, under "Scope of Internal Control".

Teams from the General Inspection unit verify that these four principles are complied with by carrying out regular inspections.



PLAYERS INVOLVED IN PERMANENT CONTROLS

The players involved in Permanent Controls are:

- the operational staff working in commercial, administrative or support functions. They directly control the operations for which they are responsible, based on Group procedures. These controls are known as first-level permanent controls;
- managers, who perform controls as part of operational or autonomous control procedures. These controls are known as second-level permanent controls;
- specialised control functions that also carry out second-level permanent controls - mainly the Compliance and Risk Management functions.

The Compliance function ensures that the Group "conforms to legal and regulatory provisions, professional and ethical standards, as well as the overall strategy of the Board of Directors and Executive Management guidelines". It has considerable independence which it exercises with the Heads of operating units over the managers of teams in charge of compliance in the core businesses and support functions via a joint oversight arrangement. The Head of Compliance reports to the Chief Executive Officer and represents the Bank before the *Commission bancaire* with regard to all matters concerning Permanent Controls.

The Risk Management function is in charge of measuring and monitoring all types of risks (credit risks, market risks, etc.). It comprises an integrated Group Risk Management unit (GRM), independent of the core businesses and business lines, and Risk Management teams with direct reporting lines to the core businesses and business lines. In accordance with the aforementioned Regulation n° 97-02, it prepares an annual statutory report on risk measurement and oversight for the attention of the Board of Directors. The Head of Risk Management reports directly to the Chief Executive Officer.

The Heads of the Compliance and Risk Management functions are interviewed regularly by the Internal Control, Risk Management and Compliance Committee set up by the Board of Directors of BNP Paribas.

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PLAYERS INVOLVED IN PERIODIC CONTROLS

Periodic Controls (known as third-level controls) are carried out on an independent basis by the General Inspection unit, which includes:

- inspectors based at headquarters, who are authorised to carry out controls throughout the Group;
- auditors within the various entities of the Group, who report to the General Inspection unit.

Periodic Controls are the responsibility of the Head of the General Inspection unit who reports operationally to the Chief Executive Officer. He also reports to the Board, either directly or via the Internal Control, Risk Management and Compliance Committee.

COORDINATION OF INTERNAL CONTROL

The Internal Control Coordination Committee (ICCC), which meets on a monthly basis, includes the following participants:

- the key players involved in Permanent Controls:
  - the Heads of Compliance, Finance-Development and Risk Management or their representatives,
  - the Heads of Tax Affairs, Legal Affairs and Technologies and Processes or their representatives,
  - the Heads of the five core businesses or their representatives;
- the Head of Periodic Controls.

Members of the Bank's Executive Management may attend ICCC meetings. The Heads of other functions may also be invited to participate in such meetings.

At Group level, coordinating Internal Control is the responsibility of the Head of Compliance, who sits on the Executive Committee and chairs the Internal Control Coordination Committee. The ICCC:

- is not intended to replace the different Group Risk Management Committees but to enhance their effectiveness within the overall system;
- guarantees the consistency of the Internal Control system and its compliance with regulations;
- seeks to promote the use of shared internal control tools;
- enhances the overall consistency of the annual reports on internal control and control of investor services prepared by the Permanent Control and Periodic Control functions as required under their "Charter of responsibilities", and of the report of the Chairman of the Board of Directors on internal control procedures prepared in accordance with Article L. 225-37 of the French Commercial Code.

The Chairman of the ICCC reports to the Chief Executive Officer and, if the CEO or the Board of Directors deems it necessary, to the Board of Directors or the relevant Committee of the Board (usually the Internal Control, Risk Management and Compliance Committee).

In 2007, the ICCC's work covered the following main topics:

- the Internal Control report for 2006 and the results reported by the Permanent Controls function;
- the Group's key charters or new policies in the area of controls;
- relations with regulatory authorities, particularly outside France;
- the organisation of internal control processes within the core businesses and ways of harmonising the tools used, risk assessment methodologies and the overall quality assurance programme of the Periodic Controls function;
- major operational issues such as implementation of the European Markets in Financial Instruments Directive and fraud prevention.

PROCEDURES

Written guidelines are distributed throughout the Group and provide the basic framework for the Group's internal control, setting out the organisational structures, procedures and controls to be applied. A team working within the Compliance function along with the Permanent Control-Operational Risk team, which report to both the Compliance and Risk Management functions, check that procedural guidelines are regularly monitored for completeness via a network of Procedure and Permanent Control correspondents.

Following the completion in 2004 of the Group's cross-functional guidelines (levels 1 and 2), their content is now updated as part of an ongoing process in which all the core businesses and functions actively participate. The guidelines are currently in the process of being updated. As regards the organisation of controls, the twice-yearly surveys on the effectiveness of processes have been integrated into the twice-yearly reporting of the Permanent Controls function – in recognition of the fact that checking procedures is one of the key tasks of Permanent Controls, alongside identifying and assessing risks, running controls, verifying reporting processes and overseeing the monitoring system.

Among the Group's cross-functional procedures, the roll-out of the procedure dealing with the validation of exceptional transactions, new products and new activities deserves a special mention. This procedure, which was updated in 2006 to reflect changes in regulations and the Group's new Internal Control organisation, is applicable to all Group entities and represents one of the pillars of the system for controlling all forms of risk to which the Group is exposed.

Efforts are ongoing to streamline the set of procedures and the applicable standards, improve their distribution and planning, make them more accessible and design better tools for storing them.

INTERNAL CONTROL STANDARDS

In 2007, the key players involved in Internal Control continued to work on standardising the main components of the system.

HIGHLIGHTS OF 2007

The actions carried out during the year mainly focused on rolling out new organisation standards and consolidating Group Internal Control standards.

Group Compliance function

In 2007, the Compliance function kept pace with both the Group's continued expansion and new regulatory requirements. As regards the Group's expansion, the addition of UkrSibbank and the ongoing process of merging Banca Nazionale del Lavoro into the Group are worthy of note. The Compliance function was closely involved in bringing organisation and control standards in these entities into line with those of BNP Paribas. As regards regulatory developments, the major event in 2007 was the entry into force of the Markets in Financial Instruments Directive (MiFID).

All of the core businesses, support functions and subsidiaries located within the European Union brought their organisations into line with the requirements of the Directive in spite of regulatory difficulties,

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particularly in cases where delays had occurred in transposing the Directive into local legislation. The Compliance function was involved in over 180 projects to introduce the best practices and organisational procedures required under the MiFID Directive and the resulting overhaul in the financial markets.

Regarding financial security, the Group introduced more stringent guidelines concerning embargos. These reflected international developments but they were bound up with more than just strict legal obligations – the Group is also aware of the constant need to protect its reputation. Reputation risk is now controlled via a framework of appropriate guidelines and organisation procedures.

The procedure for preventing and detecting market abuse is now up and running in line with regulatory requirements.

The Compliance function and the General Inspection unit also carried out a review of fraud prevention, detection and oversight procedures in liaison with the core businesses and support functions to boost effectiveness in this area still further.

Lastly, know-your-customer procedures remained a key issue for all Compliance function teams.

Compliance teams continued to develop important software tools to assess and manage compliance risks These tools are expected to play an increasingly significant part in the organisation and oversight of Compliance work, as well as in Permanent Control processes.

Permanent Controls

In May 2007 in order to bolster synergies, the teams dedicated to permanent control, operational risk monitoring and business continuity planning were merged into the Permanent Control-Operational Risk (PC-OR) entity. This merged structure has been enshrined in a Charter which sets out its roles and responsibilities and provides for a unified structure at all operating levels of BNP Paribas. PC-OR is therefore represented at Group, core business, function, business line, subsidiary and territory level. At Group level, it has dual operational lines of reporting to the Head of Compliance, responsible for coordinating Internal Control, and the Head of Risk Management.

PC-OR strives to involve the Heads of the operating units in the permanent control process by presenting topics relating to permanent controls, operational risk and business continuity planning to the Executive Committee of BNP Paribas three times a year and on a periodic basis to the monthly meetings of the ICCC. Entities are encouraged to devise their own permanent control structures.

PC-OR engagements have a dual measurement/management objective: defining, coordinating and monitoring permanent control procedures and operational risk management throughout the Group; and measuring risk and producing the related management information. This process allows PC-OR to keep abreast of changes in the internal control environment and to tailor internal control processes in the Group's businesses. To ensure that it operates effectively, Group PC-OR has structured its activities around five key tasks: defining its processes, developing appropriate methodologies, designing and maintaining support tools, measuring risk and producing the related management information, and monitoring the processes.

In 2006, BNP Paribas set up a dedicated Permanent Control reporting process in the form of a set of indicators. For each entity, these indicators summarise the following information: the operational risk incidents that have arisen within their scope of control; identification and evaluation of the existing body of procedures and controls based on the risk to which the entity is exposed; an overview of the effective implementation of the controls as well as control follow-up procedures; and, a summary of the recommendations of the General Inspection unit that still have not been implemented after the recommended timeframe. It is accompanied by a summary for each entity listing an overview of the improvements made to the Internal Control system in 2007 as well as the priorities that will underpin the action to be taken in 2008. The summary is prepared using a "bottom-up" approach by PC-OR operational staff throughout all Group entities: the information collected is consolidated at the next reporting level, and so on up to Group level. At each stage of the reporting consolidation process, management receives feedback which it validates, particularly at PC-OR Committee meetings.

The information is gathered in the reporting process based on a methodological framework defined at Group level that sets out reporting guidelines and the format for deliverables.

The Heads of PC-OR at core business/function and Group level exchange information as part of the reporting consolidation process. Once this iterative process has been completed, the summaries for each core business/function are validated by the Heads of the corresponding entities and consolidated in a document presented to the Internal Control Coordination Committee, Executive Management and the Executive Committee. The final part of the process consists of a submission by the Internal Control, Risk Management and Compliance Committee to the Board of Directors of BNP Paribas.

In 2007, after a year in which the scope of the Permanent Control reporting process was greatly extended, the quality of the deliverables was a testament to its successful Group-wide roll out. The Group was authorised to use the advanced operational risk measurement approach within the scope of the new Basel II capital adequacy regulations.

In 2008, the Group will focus on building on the progress already made in the area of Internal Control to take the process to the next level. The aim will be to enhance the operational risk management and internal control processes amid increasingly standardised methods and closer coordination between PC-OR teams.

Periodic Controls

The new organisational structure of the General Inspection unit became fully operational in 2007: it now includes internal audit staff and all geographical and business line platforms. This global, streamlined structure enables the unit to provide more effective Group-wide coverage, promotes the pooling of best practices and knowledge sharing and facilitates more effective risk management control at Group level.

It implemented a single, standard risk-assessment application for the entire Group, which allows it to plan audit engagements by taking into account the risk weightings applicable to the various entities concerned.

It reviewed its "Recommendations" process which will be enhanced via a workflow tool shared with auditees.

The Periodic Control function also continued to invest in auditor skills development by providing additional training and strengthening specialised teams (IT, accounting and financial markets/models).

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Finally, it implemented production, productivity and quality indicators that give it greater visibility over its activities. The quality programme – launched in 2006 and pursued in 2007 – aims to ensure that Internal Auditing measures up to the requirements of the regulatory authorities, complies with professional standards and provides Bank management with genuine added value.

HUMAN RESOURCES

At the end of 2007, the number of full-time equivalent employees (FTEs) within the different Internal Control functions was as follows:

	2005	2006	2007	% change 2006/2007
Compliance	465	614	745	+21%
Group Risk Management	834	869	881	+1%
Coordination of Permanent Controls	50	70	149	+113%
Periodic Controls	746	902	854	-5%

Second-level Permanent Controls

- The number of FTEs working in the Compliance function jumped 21% to stand at 745 at end-December 2007. The rapid increase over the past two years has been driven by two developments:
  - continued strong like-for-like and acquisition-led growth throughout the Group,
  - major changes in regulations including a number of new requirements with structural implications for BNP Paribas (MiFID, Market Abuse Directive, the Third Directive, measures concerning embargoes, transparency requirements, etc.).

This attests to the eagerness of BNP Paribas to provide adequate non-compliance risk management oversight procedures to keep pace with the sustained growth in the Group's businesses.

- Group Risk Management comprised 881 FTEs at 31 December 2007 (of which 26.6 worked in the central PC-OR team), a year-on-year increase of 12. This was mainly driven by the development of Basel II-compliant processes.
- The new Permanent Control-Operational Risk (PC-OR) entity comprises 149 FTEs involved in coordinating Permanent Control processes throughout the various Group entities. This figure includes the head teams in the core businesses and functions but excludes the resources dedicated to accounting Internal Control and the numerous teams of specialised controllers throughout the Group.

Periodic Controls

Average headcount in the Bank's General Inspection unit fell slightly from 902 at 31 October 2006 to 854 at 31 October 2007 (-5.3%). This reflects the ongoing restructuring of BNL, the divestment of Klépierre and UCI and the redeployment of teams to regional hubs currently in progress (particularly in the CIB business). The ratio of auditors to auditees stood at 0.6% at the end of 2007.

LIMITATION OF THE POWERS OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer has the broadest powers to act in all circumstances in the name of BNP Paribas and to represent the Bank in its dealings with third parties.

He shall exercise these powers within the limits of the corporate purpose and subject to those powers expressly granted by French law to Shareholders' Meetings and the Board of Directors.

Within the Group, the Internal Rules of the Board of Directors require the Chief Executive Officer to submit to the Board for prior approval any investment or disinvestment decision (excluding portfolio transactions) of more than EUR 250 million, and any proposed acquisition or divestment of equity interests of more than EUR 250 million. The Chief Executive Officer must seek preliminary approval from the Financial Statements Committee of the Board for audit engagements entailing total fees of over EUR 1 million (before tax).

INTERNAL CONTROL PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

ROLES AND RESPONSIBILITIES REGARDING THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

Acting under the authority of the Chief Executive Officer, the Group Finance-Development function is responsible for the preparation and processing of accounting and financial information. Its duties and responsibilities, as described in its Charter, include:

- producing and distributing high quality financial statements;
- producing quality management accounts, and providing all forecast quantitative data needed for steering Group policy;
- overseeing project management for the Group's financial information systems;
- optimising the Group's financial position;
- ensuring that the Group's financial position is well presented to the financial markets;
- coordinating the Group's development strategy and managing external growth;
- providing Executive Management with early warnings.

The responsibilities of the Finance function are carried out by the local Finance departments within each entity, by core business Finance teams and by the Group Finance-Development function.

The production of accounting and financial data, and controls designed to ensure their reliability, are first handled by the Finance Department of the accounting entity [(1)] which reports this information to the core business, then on to the Group, and attests that it is reliable, based on the internal certification procedure described below.

The core businesses/business lines then perform further controls at their level on the financial statements prepared by the accounting entities. They enhance the quality of the reporting by carrying out appropriate reconciliations of accounting and management data.

The Group Finance-Development function gathers all the accounting and management information produced by the accounting entities in line with formalised reporting procedures validated by the core businesses/ business lines. It then consolidates these data for use by Executive Management or for external reporting to third parties.

PREPARATION OF FINANCIAL INFORMATION AND PERMANENT CONTROL SYSTEM

Accounting policies and rules

The local financial statements for each entity are prepared under local GAAP. Since 1 January 2005, the Group consolidated financial statements have been prepared under IFRS (International Financial Reporting Standards) as adopted for use by the European Union and French GAAP is no longer used.

The Accounting Policies Department of the central Group General Accounting Department defines, based on IFRS, the accounting policies to be applied on a Group-wide basis, monitors regulatory changes and prepares new internal accounting policies and interpretations in accordance with such changes. An IFRS accounting manual has been produced and distributed to accounting teams within core businesses, business lines and entities.

The central Budget and Strategic Management Control Department draws up management control rules that apply to all the Group's business lines. The Group's accounting and management control policies can be accessed by the accounting and management control teams in real time via the Group intranet.

As regards the definition of Internal Control, the organisation of the Internal Control environment and its general underlying principles, the BNP Paribas Group refers to the framework set out in CRBF Regulation 97-02 [(2)] on internal control within banks and investment firms.

Procedures and systems for preparing consolidated financial data

The information used to prepare the BNP Paribas Group consolidated financial statements is derived from the Bank's transaction processing systems through two separate reporting channels, one dedicated to accounting data and the other to management data. Both data collection channels use an integrated consolidation software package known as MATISSE ("Management & Accounting Information System"). This integrated consolidation package is operated and maintained by a dedicated team within the Group Finance-Development function. At local level, the Finance teams enter validated financial and accounting data into the system.

This reporting process applies to the channels dedicated to both financial and management accounting data:

Accounting data: the procedures for preparing the Group's financial statements are set out in the guidelines distributed to all consolidated entities. This facilitates the standardisation of accounting and financial data and compliance with Group accounting standards. Each Group entity closes its accounts on a monthly or quarterly basis and prepares a consolidation reporting package and management accounts in accordance with Group reporting deadlines. The validation procedures which accompany each phase in the reporting process seek to verify that:

- Group accounting standards have been correctly applied;
- inter-company transactions have been correctly adjusted and eliminated for consolidation purposes;
- pre-consolidation entries have been correctly recorded.

(1) "Accounting entity" refers to the parent company, BNP Paribas, as well as each of the consolidated subsidiaries and branches.

(2) Amended by Regulations 2001-01, 2004-02 and the Decrees of 31 March 2005, 17 June 2005, 20 February 2007 and 2 July 2007.

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Management data: management information is reported on a monthly basis by each entity and business line to the Finance function of the relevant core business, which then reports consolidated data for the core business to the Budget and Strategic Management Control unit within the Group Finance-Development function.

For each entity and core business, a reconciliation is performed between the main income and expense items based on management data and the profit and loss account intermediate balances, prior to submitting the package to the Group reporting system. This is supplemented by an overall reconciliation performed by the Group Finance-Development function to ensure consistency between consolidated accounting profits and management reporting profits. These two reconciliations form part of the procedure for ensuring reliable accounting and management data.

Accounting Internal Control within the Group Finance-Development function

As part of its role in controlling accounting risks centrally, the Group Finance-Development function has combined the teams from "Group Accounting Internal Control" and "BNP Paribas SA (France) Permanent Accounting Internal Control" into a single unit known as "Permanent Accounting Internal Control".

The "Group Accounting Internal Control" team has the following key responsibilities:

- overseeing the creation of an Accounting Internal Control system and defining Group policy in this area, as well as ensuring the correct functioning of an accounting internal control environment within the Group, in particular through the internal certification procedure described below;
- monitoring implementation by the entities of the Statutory Auditors' recommendations in conjunction with the core businesses/business lines;
- reporting back to Executive Management and the Financial Statements Committee of the Board of Directors on the quality of the financial statements being produced within the Group.

The "BNP Paribas SA (France) Permanent Accounting Internal Control" team is in charge of providing quality control on accounting information provided by the French Retail Banking network and by Corporate and Investment Banking businesses that report to BNP Paribas SA (France). The team has the following key responsibilities:

- monitoring the control of accounting processes, systems and procedures by Back offices;
- liaising between the main Back Offices and the Group Accounting department;
- coordinating accounts closing processes and training Back Office teams in accounting controls;
- validating on a quarterly basis the "elementary certification process" (described below) for the accounting quality of Back Offices;
- setting up ongoing cross-functional controls that validate first-level controls carried out by the Back Offices.

Internal certification process

At Group level

The Group Finance-Development function has introduced a process of internal certification of quarterly data produced by the different accounting entities, as well as of the controls performed within Finance departments of the core businesses/business lines and by the Consolidation department within the Group Finance-Development function. The process uses the FACT (Finance Accounting Control Tool) internet/intranet-based application.

The Heads of Finance of the entities concerned certify to Group Finance-Development that:

- the accounting data reported to the Group Finance-Development function are reliable and comply with Group accounting policies;
- the Accounting Internal Control system designed to ensure the quality of accounting data is operating effectively.

This internal certification process forms part of the overall Group Accounting Internal Control monitoring system and enables the Group Finance-Development function, which has overall responsibility for the preparation and quality of the Group's consolidated financial statements, to detect any problems in the financial statements and to monitor the implementation by the accounting entities of appropriate corrective measures and, if necessary, to set aside appropriate provisions. A report on this procedure is presented to the Financial Statements Committee of the Board of Directors at the close of the Group's quarterly consolidated accounts.

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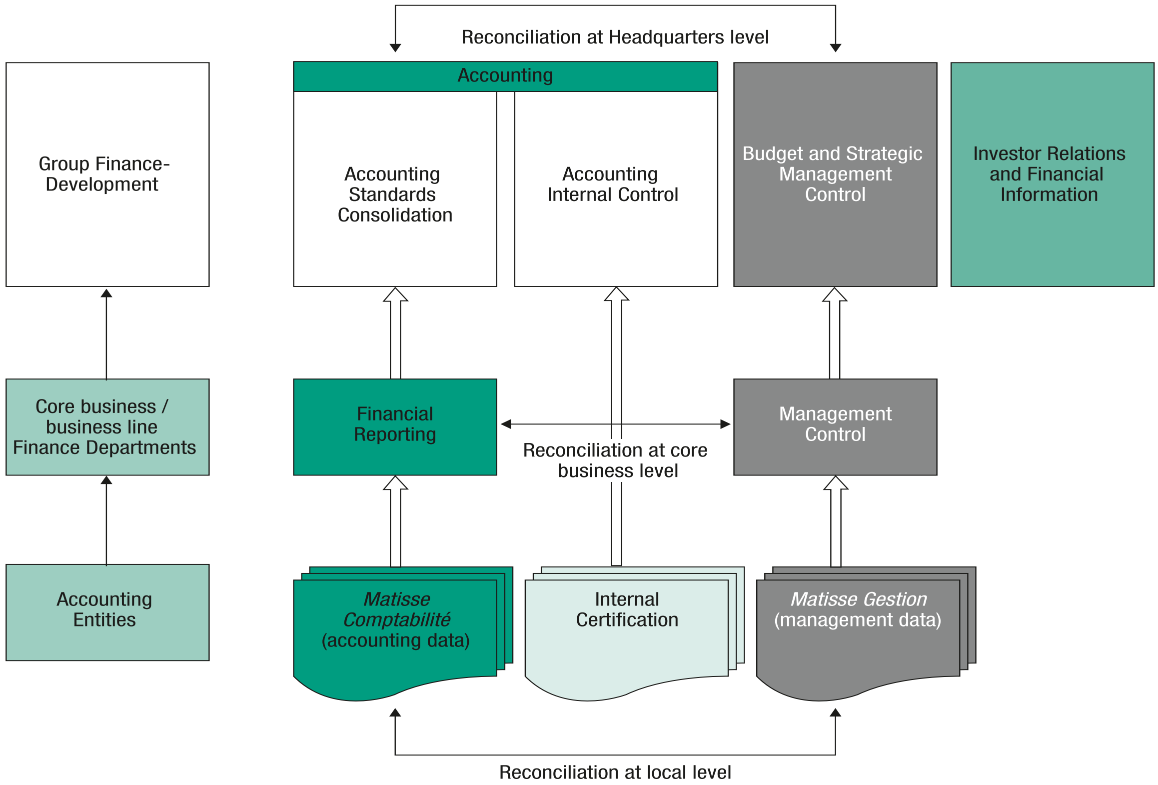

At entity level

The certification procedure vis-à-vis the Group requires a suitably adapted Accounting Internal Control system for each accounting entity that gives the local Finance function an overview of the entire accounting process. Towards this end, Group Accounting Internal Control recommends implementing an "elementary certification" or "sub-certification" process for accounting data whenever the processing of transactions and the preparation of accounting and financial data are organised in such a way that such process is necessary.

This process requires that those involved in preparing accounting data and in performing accounting controls (e.g., Middle Office, Back Office, Human Resources, Risk Management, Tax Department, Management Control/Planning, Accounts Payable, Treasury, IT Department, etc.) formally certify that the information provided is accurate and that the basic controls designed to ensure the reliability of the accounting and financial data for which they are responsible are working effectively. The elementary certificates are sent to the local Finance department, which analyses them, prepares a summary report and liaises with the other players in order to monitor the effectiveness of the system.

The FACT application also makes it possible to automate the elementary certification process by providing entities with a dedicated environment in which they can directly manage the processes set up at their level.

Oversight arrangements for measuring financial instruments and determining the results of market transactions

The Group Finance-Development function, which is responsible for the production and quality of the Group's financial statements and management accounting data, delegates the production and control of market values or models of financial instruments to the different players involved in measuring financial instruments within the overall process of monitoring market risk and management data.

Controlling these operations, which concerns all players, is the responsibility of the Finance function.

The purpose of these control procedures is as follows:

- to ensure that transactions involving financial instruments are properly recorded in the Group's books in accordance with Group policies for producing financial and management data;
- to guarantee the quality of financial instrument measurement and reporting used both in preparing the financial and management accounts and in managing and monitoring market and liquidity risk;
- to ensure that the results of market transactions are determined, understood and analysed correctly;
- to control the related operational risks.

This permanent control process uses first- and second-level controls in accordance with Group Internal Control Charter guidelines and exists at each level in the organisation, i.e., Group, Corporate and Investment Banking and in the main territories that record market transactions in their accounts.

Finance departments perform second-level controls and have visibility over the entire process via dedicated Financial Control teams. They decide on the information that must be reported by the various players: this comprises both quantitative and qualitative data indicating trends in different businesses as well as the results and quality of upstream controls carried out.

Committees that meet on a monthly basis are gradually being set up to bring all of the players together to discuss the entire range of issues concerning the measurement and recognition of market transactions. As part of the quarterly accounts closing process, the Corporate and Investment Banking Finance department reports back to a committee chaired by the Group Chief Financial Officer on the actions of the Financial Control teams and their work to enhance control effectiveness and the reliability of the measurement and recognition of the results of market transactions. This Committee meets every quarter and brings together the main players from Group Finance-Development-Accounting, Corporate Investment Banking and Group Risk Management.

PERIODIC CONTROL – CENTRAL ACCOUNTING INSPECTION TEAM

The General Inspection unit includes a team of inspectors (the Central Accounting Inspection Team) specialised in financial audits. This reflects the strategy of strengthening the Group's internal audit capability both in terms of technical scope and the areas of accounting risk tackled in the audit engagements undertaken.

Its action plan is based on the remote accounting internal control tools available to the Group-Finance Development function and the risk evaluation chart set up by the General Inspection unit.

The core aims of the team are as follows:

- to constitute a hub of accounting and financial expertise in order to reinforce the capability of the General Inspection unit when carrying out inspections in such areas;
- to disseminate internal audit best practices and standardise the quality of audit work throughout the BNP Paribas Group;
- to identify and inspect areas of accounting risk at Group level.

DEVELOPMENT OF THE ACCOUNTING INTERNAL CONTROL SYSTEM

The Accounting Internal Control system is constantly being adapted to the Group's requirements. The aforementioned procedures form part of an evolving system that aims to guarantee an adequate level of control throughout the Group.

RELATIONS WITH THE GROUP'S STATUTORY AUDITORS

Each year, the Statutory Auditors issue a report in which they give their opinion concerning the fairness of the consolidated financial statements of the BNP Paribas Group as well as the annual financial statements of the Group's subsidiaries.

The Statutory Auditors also carry out limited reviews on the quarterly accounts close. As part of their statutory audit assignment:

- they examine any significant changes in accounting standards and present their recommendations concerning choices with a material impact to the Financial Statements Committee;
- they present the entity/business line/core business Finance functions with their findings, observations and recommendations for the purpose of improving certain aspects of the Internal Control system for the preparation of accounting and financial information, reviewed in the course of their audit.

The Financial Statements Committee of the Board of Directors briefed concerning accounting choices that have material impact, as discussed in the paragraph "Corporate Governance" section above.

Following up and implementing the recommendations of the Statutory Auditors in respect of the Internal Control system is the responsibility of the BNP Paribas Group Finance-Development function. The Heads of Finance departments use the dedicated FACT application, which facilitates the implementation of the Statutory Auditors' recommendations.

CORPORATE COMMUNICATIONS – PRESS RELEASES, SPECIAL PRESENTATIONS, ETC.

Financial reports are prepared for external publication by the Investor Relations and Financial Communications team, within the Group Finance-Development function, for the purpose of presenting the Group's different activities, explaining its financial results and providing details of its development strategy to shareholders, institutional investors, analysts and rating agencies. The team, which reports to Executive Management and the Chief Financial Officer, devises the format in which financial information is published by the BNP Paribas Group. The team liaises with the core businesses and functions when designing the presentation of the Group's results, strategic projects and special presentations for external publication.

Due to the growing demands of investors and the Group's determination to be at the leading edge of European corporate communications, BNP Paribas has adopted a detailed communications format designed to present its results to the financial markets on a quarterly basis.

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2.3 Statutory Auditors' report

Statutory Auditors' report, prepared in accordance with article L.225-235 of the French Commercial Code, on the report prepared by the Chairman of the Board of Directors of BNP Paribas, on internal control procedures relating to the preparation and processing of financial and accounting information.

Year ended 31 December 2007

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars & Guérard
185, avenue Charles-de-Gaulle	63, rue de Villiers	61, rue Henri-Regnault
92524 Neuilly-sur-Seine Cedex	92208 Neuilly-sur-Seine Cedex	92400 Courbevoie

BNP Paribas
16, boulevard des Italiens
75009 Paris

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of BNP Paribas, and in accordance with article L. 225-235 of the French Commercial Code *(Code de commerce)*, we hereby report to you on the report prepared by the Chairman of your company in accordance with article L. 225-37 of the French Commercial Code for the year ended 31 December 2007.

It is the Chairman's responsibility to describe in his report the preparation and organisation of the Board's work and the internal control procedures implemented by the company.

It is our responsibility to report to you on the information set out in the Chairman's report on internal control procedures relating to the preparation and processing of financial and accounting information.

We performed our procedures in accordance with French professional standards. These standards require that we perform procedures to assess the fairness of the information set out in the Chairman's report on internal control procedures relating to the preparation and processing of financial and accounting information. These procedures mainly consisted of:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report and existing documentation are based;

- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;

- determining if any material weaknesses in internal control relating to the preparation and processing of financial and accounting information that we may have identified the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine and Courbevoie, 13 March 2008

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars & Guérard
Pascal Colin	Étienne Boris	Hervé Hélias

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2.4 Executive Committee

In 2007, the Executive Committee of BNP Paribas was composed of the following members:

- Baudouin Prot, Chief Executive Officer;
- Georges Chodron de Courcel, Chief Operating Officer;
- Jean Clamon, Chief Operating Officer;
- Jean-Laurent Bonnafé, Head of French Retail Banking and BNL banca commerciale;
- Philippe Bordenave, Head of Group Finance and Development;
- Jacques d'Estais, Head of Corporate and Investment Banking;
- Frédéric Lavenir, Head of Group Human Resources;
- Vivien Lévy-Garboua, Head of Compliance and Internal Control Coordinator;
- Alain Marbach (from 1 March 2007), Head of Technology and Processes (he succeeds Hervé Gouëzel who has become an advisor to Executive Management);
- Pierre Mariani, Head of International Retail banking and Financial Services;
- Alain Papiasse, Head of Asset Management and Services;
- Michel Konczaty, Head of Group Risk Management, attends Executive Committee meetings on all matters within his sphere of competence.

One change has already been announced for 2008:

- Fabio Gallia, 44, joined BNP Paribas on 1 October 2007, and succeeded Mario Girotti as Chief Executive Officer of BNL with effect from 1 January 2008. He was previously Assistant General Manager of Banca di Roma. He will be appointed to the Executive Committee of BNP Paribas during 2008.

Since November 2007, the Executive Committee of BNP Paribas has been assisted by a permanent Secretariat.

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3 RISK MANAGEMENT

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3.1 Risk factors

RISK CATEGORIES

Risk categories evolve over time in line with methodological developments and regulatory requirements.

CREDIT AND COUNTERPARTY RISK

Credit risk is the risk of incurring an economic loss on loans and receivables, existing or potential due to prior commitments resulting from the credit quality migration of the Bank's debtors, which may ultimately result in default. The probability of default and the expected recovery on the loan or receivable in the event of default are key components of the credit quality assessment.

Credit risk is measured at portfolio level, taking into account correlations between the values of the loans and receivables making up the portfolio.

Credit risk arises in relation to lending operations as well as market, investment and/or payment transactions that potentially expose the Bank to the risk of default by the counterparty.

Counterparty risk is the risk that the other party in a derivative transaction will default. The amount of this risk may vary over time in line with market parameters that impact the value of the underlying market instrument.

MARKET RISK

Market risk is the risk of incurring an economic loss on financial instruments carried in the Bank's balance sheet as a result of adverse changes in market parameters.

Market parameters may be observable, such as exchange rates, interest rates, equity or commodity prices, prices for listed derivatives or prices for other assets such as cars or real estate. In other cases (credit spreads, implied volatility, implied correlation) they can be directly inferred from observable parameters.

A number of parameters may not be observable but based on statistical or empirical analyses.

Liquidity is an important component of market risk. In instances of limited or no liquidity, goods or instruments may not be tradable at their estimated value. This may arise, for example, due to low transaction volumes, legal restrictions or a one-way market.

Market risk primarily arises in financial instrument trading books, but may also exist in other portfolios containing assets held in connection with the banking business, such as:

- equity holdings;
- properties held for sale;
- cars to be leased, due to fluctuations in the residual value of the assets upon expiry of the lease.

OPERATIONAL RISK

Operational risk corresponds to the risk of incurring an economic 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 generally encompasses legal risks, tax risks, information system risks and the financial implications resulting from reputation and compliance risks. Due to its importance and link with reputation risk, the Bank addresses compliance risk separately from operational risk.

Compliance and reputation risks

According to French regulations, compliance risk is the risk of legal, administrative or disciplinary sanctions, together with the 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 corresponds to the risk of damaging the trust placed in a corporation by its customers, counterparties, suppliers, employees, shareholders, regulators and any other stakeholder whose trust is an essential condition for the corporation to carry out its day-to-day operations.

ASSET-LIABILITY MANAGEMENT RISK

Asset-liability risk management is the risk of incurring an economic 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 changes in the value of shares and other assets (particularly property) held by the general insurance fund.

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LIQUIDITY AND REFINANCING RISK

Liquidity and refinancing risk is the risk of the Bank being unable to fulfil foreseen or unforeseen cash or collateral requirements in any currency at any given time or place.

INSURANCE SUBSCRIPTION RISKS

The risks of subscription of insurance arise mainly in the personal risk business, which is BNP Paribas' main line of insurance business.

This type of risk corresponds to the risk of a financial loss caused by a sudden, unexpected increase in insurance claims. Depending on the type of insurance business (life, personal risk or annuities), this risk may be statistical, macro-economic or behavioural, or may be related to public health issues or natural disasters. This type of risk is not the main risk factor arising in the life insurance business, where asset-liability management risk is predominant.

BUSINESS RISK

This is the risk of negative operating income (excluding impact of other risks like market risk or operational risk) due to the inability to match costs to revenues. This situation may result from changes in the business environment and lack of flexibility in the cost structure that would prevent adjusting costs in due course.

STRATEGY RISK

This is the risk that the Bank's share price may fall due to the strategic decisions.

Additional information concerning risk categories

Although a lot of material has been written on the classification of banking risks, and industry regulations have produced a number of widely accepted definitions, there is still no comprehensive account of all of the risks that banks have to face. A good deal of progress has nevertheless been made in understanding the precise nature of risks and how they interact. The following comments review the latest conceptual developments.

Market risk and credit/counterparty risk

In fixed income trading books, credit instruments are valued based on bond yields and credit spreads, which represent market parameters in the same way as interest rates or exchange rates. The credit risk arising on the issuer of the debt instrument is therefore a component of market risk known as issuer risk.

Issuer risk is different from counterparty risk. For example, in the case of credit derivatives, issuer risk corresponds to the credit risk on the underlying asset, whereas counterparty risk represents the credit risk on the third party with whom the derivative was contracted. Counterparty risk is a credit risk, while issuer risk is a component of market risk.

Operational risk, credit risk and market risk

Operational risk arises from inadequate or failed internal processes of all kinds, ranging from loan origination and market risk-taking to transaction execution and risk oversight.

However, human decisions taken in compliance with applicable rules and regulations cannot give rise to operational risk, even when they involve an error of judgment.

Residual risk, defined by internal control regulations as the risk that credit risk mitigation techniques prove less efficient than expected, is considered to derive from an operational failure and is therefore a component of operational risk.

Concentration risk

Concentration risk and the diversification effects, are embedded within credit, market and operational risks using the correlation parameters taken into account by the corresponding risk models.

The interaction between these risks has not yet been quantified, but is captured by global stress scenarios.

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RISKS RELATED TO THE BANK AND ITS INDUSTRY

ADVERSE MARKET OR ECONOMIC CONDITIONS MAY CAUSE A DECREASE IN NET BANKING INCOME OR PROFITABILITY

As a global financial institution, the Bank's businesses are highly sensitive to changes in the financial markets and economic conditions generally in Europe (especially in France and Italy), the US and elsewhere around the world. Adverse changes in market or economic conditions could, however, create a challenging operating environment for financial institutions in the future. Such adverse changes could result, in particular, from increases in commodities prices (including oil), increases in interest rates, adverse geopolitical events (such as natural disasters, acts of terrorism and military conflicts), or a deterioration in credit market conditions.

The Bank faces a number of specific risks, with respect to adverse future market or economic conditions. Financial markets in France, in Europe and elsewhere may decline or experience increased volatility, which could lead to a decline in capital markets transactions, cash inflows and commissions from asset management. Adverse economic conditions could reduce demand for loans by corporate borrowers or increase the rate of defaults by borrowers. These developments would adversely affect the Bank's net banking income, and, if it were unable to reduce expenses commensurately, its profitability. Revenues and profitability could also be depressed by market losses in the Bank's securities portfolio or proprietary positions, all resulting from adverse market or economic developments.

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 private equity, property and other assets. These positions could be adversely affected by volatility, i.e. the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. Volatility trends that prove substantially different from the Group's expectations may also lead to losses relating to a broad range of other trading and hedging products the Bank uses, including swaps, forwards and futures, 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 net 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

Market downturns are likely to lead to a decline in the volume of transactions that the Bank executes for its clients and, therefore, to a decline in its net banking income from this activity. 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 and private banking businesses.

Even in the absence of a market downturn, 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.

A LONG TERM MARKET DECLINE 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, long term 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 especially the case for assets which enjoy limited liquidity. 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 such assets is difficult and could lead to unexpected losses.

SIGNIFICANT INTEREST RATE VARIATIONS COULD ADVERSELY AFFECT THE BANK'S NET BANKING INCOME OR PROFITABILITY

The amount of net interest income earned by the Bank during any given period significantly affects its overall net banking income and profitability for that period. Interest rates are sensitive to 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.

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DETERIORATION OF PRIMARY AND SECONDARY DEBT MARKET CONDITIONS AND DECLINE OF ECONOMIC CONDITIONS COULD HAVE A MATERIAL ADVERSE IMPACT ON THE BANK'S EARNINGS AND FINANCIAL CONDITION

Significant disruptions in the primary and secondary debt markets, and the worsening of overall economic conditions could, at any time, negatively affect the activities, earnings and financial condition of financial institutions worldwide, including the Bank. The primary effects of these conditions could be, among others, the following:

- crises in the debt markets are characterized by reduced liquidity and increased credit risk premiums for certain market participants. These conditions, which increase the cost and reduce the availability of debt, may continue or worsen in the future. Since the Bank is highly dependent on the availability of credit to finance its operations, disruptions in the debt markets could have an adverse impact on its earnings and financial condition;
- the secondary debt markets could also face significant disruptions as a result of reduced demand for loans and asset-backed securities (known as "collateralized debt obligations" or "CDOs") and increased investor yield requirements for those loans and securities. Falling property prices in the United States and a significant increase in the number of subprime mortgages originated in 2005 and 2006 could accelerate the increases in mortgage delinquencies and defaults in the United States. These conditions could also affect other markets since financial institutions sell assets to meet liquidity requirements. These conditions may affect banking activities in a number of ways, including reducing the availability of securitization markets to finance new loans, reducing performance-based fees in asset management businesses and halting LBO market activity.

The reduction in the availability of credit could impact the overall level of economic activity, despite efforts by central banks and economic policy makers to implement measures designed to stimulate the economy. The economic outlook may in turn have a significant negative effect on stock market index values and, consequently, on the value of financial instruments held by the Bank in its trading portfolio, as well as the outlook for earning commissions from equity brokerage and capital markets activities and commissions from asset management activities.

A SUBSTANTIAL INCREASE IN WRITE-OFFS OR A SHORTFALL IN THE LEVEL OF PREVIOUSLY RECORDED PROVISIONS COULD ADVERSELY AFFECT THE BANK'S OPERATING RESULTS AND FINANCIAL STRENGTH

In connection with its lending activities, the Bank regularly post reserves 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 in the future as a result of increases in non-performing assets or for other reasons. Any significant increase in loan loss reserves or a significant change in the Bank's estimate of the risk of loss embedded in its portfolio of non-impaired loans, as well as the occurrence of loan losses in excess of the related provisions, could have an adverse effect on the Bank's results of operations and financial strength.

THE BANK'S COMPETITIVE POSITION COULD BE HARMED IF ITS REPUTATION IS DAMAGED

In the highly competitive environment arising from globalization and convergence in the financial services industry, the Bank's reputation for financial strength and integrity is critical to its ability to attract and retain customers. The Bank's reputation could be harmed if it were to use inappropriate means to 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 would fail, or appear to fail, to address potential conflicts of interest properly. Furthermore, the Bank's reputation could be damaged by employee misconduct, 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 operating result and financial strength.

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 operate. 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, execution and/or loan servicing 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 operating result and financial strength.

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UNFORESEEN 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 staff. Such events could also lead to additional costs (such as relocation of employees affected) and increase the Bank's costs (particularly insurance premiums). These types of event may also make it impossible for the Bank to obtain insurance coverage and thus increase its overall risk.

THE BANK IS SUBJECT TO A STRICT REGULATORY FRAMEWORK IN THE COUNTRIES AND REGIONS IN WHICH IT OPERATES

Regulatory compliance risk arises from a failure or inability to comply fully with the laws, regulations or codes applicable specifically to the financial services industry. Non-compliance could lead to fines, public reprimand, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of operating licences.

The Group's businesses and earnings can be affected by the fiscal measures and other policies adopted by regulatory authorities in France and other European Union countries, foreign governments or international agencies. The nature and impact of future changes in such policies and regulatory measures are unpredictable and are beyond the Group's control.

ANY CHANGE IN THE FOLLOWING AREAS IS LIKELY TO IMPACT THE GROUP

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy that may influence investor decisions, particularly in the markets in which the Group operates;
- general changes in regulatory requirements, for example, prudential rules relating to the capital adequacy framework;
- changes in the competitive landscape and pricing strategies;
- expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership;
- any unfavourable changes in the political, military or diplomatic situation leading to social unrest or legal uncertainly, potentially affecting demand for the Group's products and services.

THE BANK'S RISK MANAGEMENT POLICIES, PROCEDURES AND METHODS MAY LEAVE IT EXPOSED TO UNIDENTIFIED OR UNANTICIPATED RISKS, WHICH COULD LEAD TO MATERIAL LOSSES

The Bank has devoted considerable resources to developing its risk management policies, procedures and assessment methods and intends to further develop them 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 would have fail to identify or anticipate. Some of the Bank's qualitative tools and metrics for managing risk are based on the use of observed historical market behaviour. The Bank applies statistical and other tools to these observations to derive the quantification of its risk exposures. These tools and metrics may deliver inadequate results on future risk exposures, e.g. if the Bank may not anticipate or correctly evaluate certain factors in its statistical models. This could limit the Bank's ability to mitigate its risks. The Bank's losses could therefore be significantly greater than the historical measures indicate. In addition, the Bank's quantitative models does not take all risks into account. Its more qualitative approach to managing certain risks could prove insufficient, exposing it to material unexpected 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.

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THE BANK MAY HAVE DIFFICULTY IN IMPLEMENTING ITS EXTERNAL GROWTH STRATEGY, WHICH COULD MATERIALLY HARM THE BANK'S RESULTS OF OPERATIONS

The Bank considers that external growth opportunities form part of its overall strategy. This strategy involves numerous risks. Although the Bank undertakes an in-depth analysis of the companies it plans to acquire, it is generally not feasible for these analyses to be complete in all respects. As a result, the Bank may assume unanticipated liabilities, or an acquisition may not perform as well as expected. It is also possible that some or all of the planned synergies do not arise or that an acquisition leads to higher-than-expected costs. In addition, the Bank might have difficulty integrating an entity with which it combined its operations. Failure to complete announced business combinations or failure to integrate acquired businesses successfully into those of the Bank could have a material adverse effect on the Bank's profitability. It could also lead to departures of key employees, or give rise to increased costs and eroded profitability if the Bank felt compelled to offer them financial incentives to remain.

INTENSE COMPETITION, ESPECIALLY IN THE BANK'S LARGEST MARKET IN FRANCE, COULD ADVERSELY AFFECT NET BANKING INCOME AND PROFITABILITY

Competition is intense in all of the Bank's primary business areas in France and the other countries in which it conducts large portions of its business, including other European countries and the United States. 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 French economy 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.

3.2 Risk management framework

CREDIT AND COUNTERPARTY RISK

(See section 5.5 Financial statements – note 4.a. – Credit risk.)

MEASUREMENT OF COUNTERPARTY RISK

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.

Potential future exposures to counterparty risk are captured using ValRisk, an internal model allowing analysts to simulate several thousand possible market 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). To aggregate transactions on each counterparty, ValRisk takes into account the legal jurisdiction in which each counterparty operates, and in particular any netting or margin call agreements.

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.

ECONOMIC AND REGULATORY CAPITAL

ValRisk is also used to produce the information needed to compute economic capital (distribution of potential future exposures on each counterparty) and Basel II regulatory capital (expected effective positive exposures).

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MARKET RISK

(See also section 5.5 Financial statements – note 4.b. – Market risks related to financial instruments.)

Market risk is managed using a sophisticated measurement tool in line with specific procedures, and is subject to stringent oversight. The market risk governance framework falls under the responsibility of the Capital Market Risk Committee. This monthly committee is chaired by one of the Group's Chief Operating Officers or by the senior adviser in charge of capital market issues, and its decisions are implemented by GRM's Capital Market Risk unit ("R-CM"). The Capital Market Risk Committee validates the methods and procedures used to monitor market risk, sets approved exposure limits and ensures that these are complied with.

MEASUREMENT OF MARKET RISK ON TRADING ACTIVITIES

Market risk on trading activities is measured using three different indicators designed to capture all potential risks, including possible changes resulting from a sudden, severe decline in market conditions.

MEASUREMENT OF MARKET RISK UNDER NORMAL MARKET CONDITIONS

- BNP Paribas uses an internal Value at Risk (VaR) model, approved by the banking supervisor, to estimate the potential loss arising on its trading portfolio under normal market conditions over one trading day. The model is based on changes in the market over the previous 260 days and a confidence level of 99%. VaR takes into account a number of variables including interest rates, credit spreads, exchange rates, securities prices, commodity prices, the volatility of and correlation between these variables, and the resulting effects of diversification. VaR is directly linked to trading systems and can simulate a wide variety of scenarios, including highly complex transactions.
- The Bank also analyses the sensitivity of trading positions to different market parameters. The Capital Market Risk unit is constantly adding to the indicators used in response to the growing complexity of certain markets.

MEASUREMENT OF MARKET RISK UNDER ABNORMAL MARKET CONDITIONS

- Stress tests are designed to simulate the impact of abnormal market conditions on the value of trading portfolios. Abnormal market conditions are reflected in the extreme stress scenarios and adjusted to reflect changes in the economic environment. At the monthly Capital Market Risk Committee chaired by Executive Management, the Capital Market Risk unit outlines and discusses 15 stress tests covering a variety of interest rate, exchange rate, equity derivative, commodity and treasury scenarios.

The Capital Market Risk unit also defines specific scenarios for each particular trading activity, so that even the most complex risks can be closely monitored. Results of stress tests are presented to business line heads, and stress test limits may be defined where appropriate. Since the onset of the subprime crisis, the Capital Market Risk unit (R-CM) has been producing daily simulations for certain activities, enabling management to assess changes in the Group's risk profile in virtually real time.

OPERATIONAL RISK

OVERVIEW

The operational risk management framework has been designed to (i) ensure compliance with regulatory requirements and criteria prescribed by rating agencies; and (ii) improve the Bank's internal processes, resulting in enhanced performance and a reduction in the frequency and impact of operational risk events.

The framework was rolled out as planned in 2007. In December, the French banking supervisor (*Commission Bancaire*) approved the advanced measurement approach (AMA) adopted by the Group to assess operational risk. To date, 160 subsidiaries representing 68% of the Group's net banking income are eligible for AMA, with the proportion set to increase in the coming years.

Following on from the pilot phase of the past few years, which was dedicated to the design and roll-out of an operational risk management framework, BNP Paribas is now able to monitor operational risk on an ongoing basis.

PRINCIPLES

Operational risk management practices are rooted in four key principles:

- internal and cross-functional processes – particularly core processes – within and across Group entities are the main focus of the operational risk management framework;
- the framework relies on an analysis of the "cause – event – effect" chain, with a particular emphasis on the event component. This analysis is designed to identify and track actual or potential risk events and assess the causes in order to prevent such events from materialising or recurring, and mitigate their impact on the organisation;
- risk profiles and tolerance levels are established and outlined in a performance chart used in decision-making;
- responsibilities are clearly defined and monitored. Heads of subsidiaries are in charge of managing risks, controls and business continuity plans for the activities falling within their remit.

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OPTIMUM ORGANISATIONAL STRUCTURE

In 2007 the units responsible for setting the operational risk framework, conducting permanent controls and coordinating business continuity plans were merged in an attempt to streamline and optimise internal control procedures. The new unit will be responsible for both measuring and managing operational risk. It will define, coordinate and monitor the Group's operational risk, permanent controls and business continuity frameworks, and produce the appropriate risk measures and management data.

The unit will work in line with a unified, five-tier approach based on:

- analysing risks;
- implementing preventive and/or mitigating tools including procedures, controls, business continuity plans and insurance;
- producing risk measures and calculating the capital charge for operational risk (used to determine tolerance levels and consolidated exposure);
- reporting and analysing information (used in validating controls and managing risk);
- formulating action plans to prevent and/or remedy risks, together with follow-up procedures.

This approach involves a two-way vertical information flow (bottom up and top down) which ensures that data is provided to the competent level of the organisation for review, validation and decision-making purposes. It also functions as a loop, ensuring that due account has been taken of changes in the environment and that control procedures have been adjusted accordingly.

KEY PLAYERS AND GOVERNANCE

At all levels of the Group (core businesses, functions, business lines, subsidiaries and territories), the risk management framework relies on teams of operational risk analysts and coordinators of permanent controls and business continuity plans. These teams head up the operational risk management process falling within their particular remit, and ensure that the standard operational risk policy and related methodologies and tools are properly implemented. They have a particularly important role in risk analysis and risk reporting.

The entire system requires significant involvement of operational staff. Issues that arise in relation to operational risk, permanent controls and business continuity are discussed with the Group's Executive Committee three times a year, and with the Internal Control Coordination Committee every month. This committee is chaired by the Internal Control Coordinator and brings together key players in the internal control process. Group companies are encouraged to adopt this governance structure in their own organisations.

Executive Committees at the level of the Group and the core businesses are tasked with ensuring that operational risk is effectively managed and controlled in the areas falling within their remit, in accordance with the Group's operational risk framework. The committees are responsible for validating the quality and consistency of reporting data and for examining the risk profile adopted in light of the tolerance levels set by either the committees themselves or the Group. They also assess the quality of risk control procedures in light of their objectives and the risks they incur.

RISK ANALYSIS

A large number of people are involved in the risk analysis process, from staff heading up the operational risk management framework through to their business line operating managers. Operational risk is analysed on the basis of historical data and prospective scenarios.

Historical data: operational risk data has been systematically compiled since the beginning of 2002, with the process subsequently rolled out to all of the Group's business lines and territories and enhanced by data quality reviews and certification procedures. The analysis and follow-up of operational risk data are key to identifying the actions needed to prevent incidents from recurring in the future.

Prospective scenarios: the Group adopts an integrated approach to modelling risks and analysing potential incidents, based on an analysis of its internal processes. A qualitative analysis of the causes, corresponding controls and impact of operational risk incidents is carried out for each process, with the results quantified and input into the internal capital calculation model. The analysis highlights the Group's main risk exposures and enables the organisation to identify the necessary remedial actions.

The analysis of actual and potential operational risks is therefore a key component of the risk management process. It helps identify factors that may prevent or mitigate such risks, particularly the need for new or adjusted control procedures and business continuity plans. In turn, the risk analysis process is enhanced by the review of control procedures and business continuity plans. The analysis of the "risk – controls – business continuity plan" chain is therefore designed as a loop in order to optimise the Group's operational risk management framework.

LEGAL, TAX AND INFORMATION TECHNOLOGY RISKS RELATING TO OPERATIONAL RISK

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 function has had an internal control system designed to anticipate, detect, measure and manage legal risks.

The system is organised around:

- Specific committees:
  - the 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 analyses, interprets and distributes throughout the Group the texts of new laws and regulations, and details of changes in French and European case law,
  - the Legal Internal Control Committee, whose focuses include operational risk,
  - the Litigation Committee, which deals with major litigation proceedings in which the Group is the plaintiff or defendant,
  - the Legal function is a permanent member of the Compliance Committee and the Internal Control Coordination Committee;

- internal procedures and databases providing a framework for (i) managing legal risk, in close 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. At the end of 2004, a procedures database detailing all internal procedures in French and in English was set up on the Group intranet with access rights for all employees;
- legal reviews, which are carried out in Group entities to ensure that local systems for managing legal risks are appropriate, procedures are properly applied, 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;
- internal reporting tools, document templates and analytical models, which are upgraded on an ongoing basis by Group Legal Department and contribute to the analysis of operational risk.

The Legal function was reorganised at the end of 2007 to allow increased oversight of the Group's Legal Department and bring front-line legal staff closer to the core businesses and divisions. The reorganisation means that legal risks can be managed more effectively, both within and outside France.

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 Finance and Development. The Group Tax Department performs second-tier 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 12 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-chaured the Tax Coordination Committee chaired by Group Finance and Development. The Tax Coordination Committee also includes the Compliance function and may involve the core businesses when appropriate. The committee is responsible for analysing key tax issues for the Group and making appropriate decisions. Group Finance and Development is obliged to consult the Group Tax Department on any tax issues arising on transactions processed.

The Group Tax Department has also drawn up procedures covering all core businesses, designed to ensure that tax risks are identified, addressed and controlled appropriately. Tax risks may arise at Group level or from specific customer product or service offerings developed by the Group's entities. To ensure these risks are addressed effectively, the Group Tax Department relies among other on:

- the tax risk management framework. The tax risk charter is presented in the form of a mission letter for the territory tax manager when there is one or in the form of a mission letter for the Group Tax Department authority to the head of core business with regard to entities that do not have a dedicated tax manager. The latest is updated regularly to reflect changes in the charter applicable to Territory Chief Executives;
- procedures for validation by the Group Tax Department for all new products featuring a material tax component, together with all new activities and "specific" transactions structured in France or abroad;
- procedures for procuring independent tax advice;
- definition of operational tax risk incidents and their common filing and reporting;
- definition and disclosure of groupwide tax rules and regulations, and validation of any framework agreement or internal circular/document presenting specific tax issues;
- tax audit reporting procedures;
- control procedures relating to the delivery of tax opinions and advice.

Information security

Information is a bank's key commodity 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 card industries highlight the increased need for vigilance. This topic has been reiterated by regulations and case law on data protection.

Information security at BNP Paribas is managed in accordance with a series of Group security policies rolled down to each individual business line. These policies take into account any regulatory requirements and the risk appetite of the business in question, and are governed by the Group's general security policy which draws on ISO 27001 (formerly ISO 17799). Each business line manages information security in the same way, based on common objective indicators, periodic controls, 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.

Like most global banking players, the Group's online retail banking businesses suffered a number of phishing/pharming attacks in 2007, as in previous years. All large-scale attacks were countered, with no harm whatsoever to our customers, thanks to the continuing reinforcement of existing awareness, prevention, detection and remedial measures. Although we did not see a significant rise in either the number or type of attacks over the year, the Group's businesses remain vigilant and continue to invest in measures that will allow them to keep one step ahead of security threats without increasing complexity for the internet user. In all countries where it has retail banking operations, BNP Paribas plays an active role in raising users' awareness of the intrinsic dangers of the internet and of the key measures that can be taken to mitigate these dangers, by establishing a direct dialogue with customers and working closely alongside public authorities and professional or community associations.

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The availability of information systems is vital to allow BNP Paribas to continue operating in a crisis or emergency. In line with its values of operational excellence, the Group maintains, develops and regularly verifies its information back-up capabilities and system robustness 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 minimise information security risk and optimise resources by:

- setting up a procedural framework for each business line governing day-to-day operations (data production) and software management (existing and new applications);
- raising employees' awareness of information security imperatives and training key players in the appropriate procedures and behaviours;
- adopting a formal approach for evaluating existing 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;
- monitoring incidents and developing intelligence of technological vulnerability and attacks.

COMPLIANCE AND REPUTATION RISKS

Effective management of compliance risk, which includes a wide variety of risks including damage to the Bank's reputation, is high on the Group's agenda. Compliance is part 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; publishing accurate and complete information; 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 financial markets, implementing anti-money laundering procedures, combating corruption and the financing of terrorism; and respecting financial embargoes.

The Compliance function manages compliance and reputation risks 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 and Risk Management Committee.

The function includes a central structure in Paris responsible for overseeing and supervising all compliance matters, and local teams within the different divisions and business lines acting under delegated authority from the central team. All material Group entities have dedicated Compliance teams, at both global and local level. The Compliance function has grown continuously since 2004, with a 21% surge in employees in 2007 (at constant scope).

Management of compliance and reputation risks is based on a system of permanent controls built around:

- an internal procedures reference manual describing general and specific procedures, regularly updated to take into account new regulatory banking or financial requirements introduced at global or local level. These procedures are designed to safeguard the reputation of the Group and its subsidiaries, ensure the primacy of customer interests and maintain the integrity of the financial markets.

  Procedures address matters such as:

  - the avoidance of conflicts of interest and the establishment of "Chinese walls" to prevent the unauthorised exchange of sensitive information,
  - supervision of customer transactions in order to detect any market abuse based on specific control definitions and trigger points, or any operations related to money laundering, the financing of terrorism or breach of financial embargoes,
  - supervision of transactions carried out by staff, particularly on the stock markets.

    In 2007, the legal and regulatory provisions implementing the Markets in Financial Instruments Directive (MiFID) into French law came into force. These far-reaching changes introduce strict new conduct of business requirements for investment service providers, particularly as regards client categorisation, client relationships, information that may be provided to investors, the suitability of banking products and services to client needs, best execution practices and applicable fees.
- coordination of action taken by the various Group entities to guarantee the consistency and effectiveness of monitoring systems and tools.
- development of new internal control tools. BNP Paribas is currently rolling out (i) the new Regulatory Risk Matrix, which makes it possible to measure and monitor compliance risk with regard to applicable laws and regulations; and (ii) new tools designed to prevent money laundering, the financing of terrorism and corruption (see below). These new capabilities are key to enhancing the effectiveness of permanent controls in respect of compliance risk.
- training initiatives, which are being implemented across the Group and within the various divisions and business lines. In 2007, these included general training sessions looking at the Market Abuse directive and MiFID.

  BNP Paribas continues to step up its efforts against money laundering, terrorism financing and corruption in response to the changing international environment, proliferation of illegal practices and tightening of regulations in many countries, coupled with a determination to safeguard the Group's reputation:

  - procedures and guidelines, particularly concerning financial embargoes or "Politically Exposed Persons" have been reinforced.
  - the Anti-Money Laundering unit (part of the Group's Financial Intelligence Unit) reported a significant 23% rise in the number of suspicion reports processed over the period,
  - training initiatives have been rolled out across the Group's entities, with a particular focus on recent acquisitions or companies based in sensitive locations. A training programme on managing embargoes will be launched in the first half of 2008,

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- efforts have been intensified regarding the international deployment of financial security softwares. These include the Vigilance database, containing the names of individuals suspected of being members of terrorist organisations or subject to financial embargoes, and the Lynx/Factiva database featuring the names of politically exposed persons. Funds transfer screening systems have been updated and broadened in scope (Shine project), and money-laundering detection applications for abnormal account activity have been rolled out as part of the IRIS project.

Progress in other areas of Compliance includes:

- improved formal documentation of second-tier permanent controls,
- continued roll-out of Group principles for validating new products, activities and one-off transactions,
- widespread application and harmonisation across the Group of the policies governing gifts and employee financial instrument transactions.

ASSET-LIABILITY MANAGEMENT RISK

(See section 5.5 Financial statements – note 4.c. – Market risks related to banking intermediation activities and investments.)

LIQUIDITY AND REFINANCING RISK

(See section 5.5 Financial statements – note 4.d. – Liquidity and refinancing risk.)

INSURANCE SUBSCRIPTION RISKS

(See section 5.5 Financial statements – note 4.e. – Insurance risk.)

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3.3 Risk exposure in 2007

CREDIT AND COUNTERPARTY RISK

(See section 5.5 Financial statements – note 4.a. – Credit risk.)

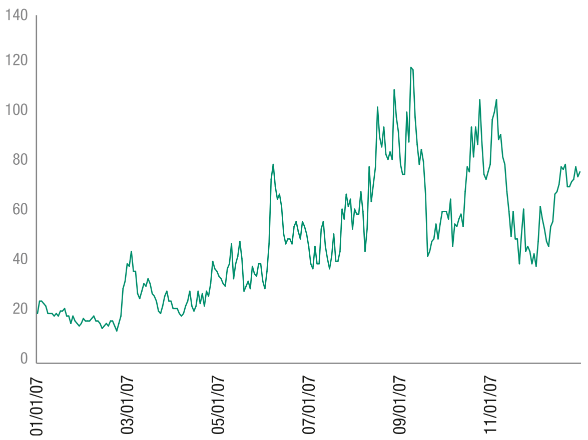
MARKET RISK

VALUE AT RISK (VaR)

VaR calculation methods are continually being improved to factor in new risks arising from changes in the structure of financial markets and products.

Changes in VaR for all of the Group's trading activities in 2007, based on a 1-day holding period and confidence level of 99%, were as follows:

➤ CHANGES IN VaR (1 DAY, 99%) IN MILLIONS OF EUROS

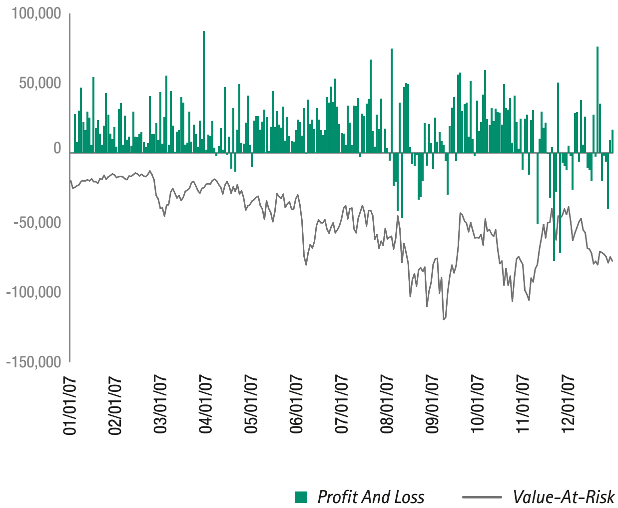


The fast-paced growth in the Bank's capital markets business has resulted in greater risk diversification. The increase in VaR observed during the first half of the year (EUR 31 million on average over the first six months of 2007 versus an average VaR of EUR 22 million in 2006) was contained a limited range mainly thanks to the significant effects of the netting across risk factors. Between January and June, total VaR was three times lower than the sum of its components per risk factor. Historical volatility rose sharply across all markets in the second half of the year in relation to the subprime crisis, automatically triggering an increase in VaR.

The Risk-Capital Markets unit continuously tests the accuracy of its model through a variety of techniques including a regular comparison over a long-term horizon between actual daily losses observed on capital market transactions and 1-day VaR. A 99% confidence level means in theory that the Bank should not incur daily losses in excess of VaR more than two or three days a year.

Despite the severe decline in market conditions over the second half of 2007, the Bank suffered daily losses in excess of VaR on only two occasions. This reflects the quality of its risk assessment model as well as the discipline of its traders in a challenging environment.

➤ COMPARISON OF DAILY LOSSES AGAINST VAR



Daily losses were reported on 44 occasions in 2007, with average daily losses remaining below EUR 20 million. Although this represents an increase on the 2006 figure (daily losses reported on 17 occasions), the rise was curbed by the Bank's active management of risks. Daily losses were reported on 23 occasions in 2005 and 46 occasions in 2004.

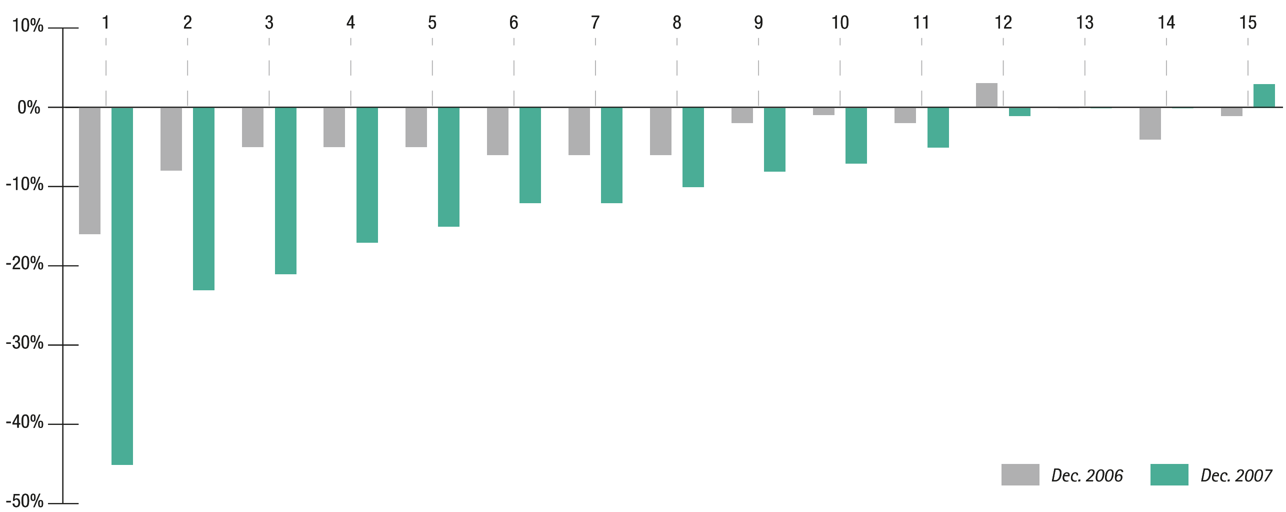
STRESS TESTS

The fifteen stress scenarios presented measure the impact on each of the risk parameters (interest rate, equities, credit, volatility, currency, etc.) of unlikely but plausible extreme stress events. The resulting level of potential losses confirms the Group's strong resilience to market risks, since none of these worst-case scenarios taken individually have a serious adverse impact on the Bank's financial strength.

Fifteen different scenarios capture a variety of different stresses, as follows:

- equity market crash triggering a plunge of 15% to 20% in stock markets in one trading day, combined with a widening of credit spreads, a fall in commodity markets and unfavourable changes in interest rates;
- crisis in emerging markets;
- terrorist attack;
- sudden hike in inflation;
- hedge fund crisis, triggered by the bankruptcy of several key players and leading to a general decline in hedge fund performance, coupled with corrections on certain markets;
- crisis caused by a pandemic such as post-war Spanish influenza.

➤ IMPACT ON CAPITAL MARKET REVENUES SIMULATED FOR 15 EXTREME STRESS SCENARIOS AT 31 DECEMBER 2007 AND 31 DECEMBER 2006 (IN % OF 2007 AND 2006 CAPITAL MARKET REVENUES)



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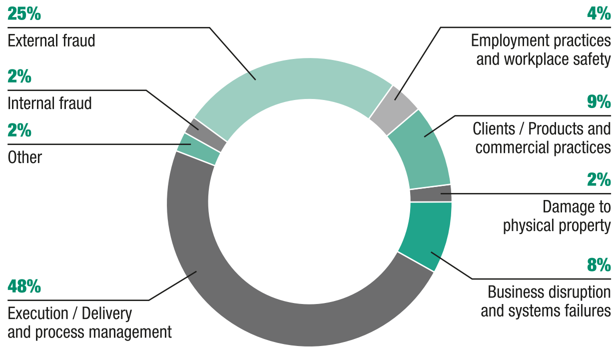
OPERATIONAL RISK

Around 3,500 loss events were reported across the Group (excluding BNL) in 2007. Most loss events had a low severity impact on the organisation.

A breakdown of loss events by type is similar to the breakdown established for 2006, with most events consisting of execution errors and external fraud (arising mainly on the credit card business).

Data is collected on historical risk incidents according to the type of event (defined by banking regulations), as follows:



ASSET-LIABILITY MANAGEMENT RISK

(See section 5.5 Financial statements – note 4.c. – Market risks related to banking intermediation activities and investments.)

LIQUIDITY AND REFINANCING RISK

MOVEMENTS IN THE CONSOLIDATED BALANCE SHEET

The Group had total assets of EUR 1,695 billion at 31 December 2007.

A total of EUR 800 billion in assets were refinanced in cash, an increase of EUR 100 billion on 2006, including EUR 68 billion relating to loans to customers and EUR 27 billion relating to securities.

This increase was refinanced primarily by customer deposits for EUR 47 billion and by senior and junior debt securities for EUR 39 billion.

(See also – Balance sheet review in section 4.3.)

CHANGE IN OFF-BALANCE SHEET FINANCING COMMITMENTS

At 31 December 2007, outstanding financing commitments given totalled EUR 231 billion, including EUR 26 billion relating to credit institutions and EUR 205 billion relating to customers. Financing commitments given decreased by EUR 5 billion year-on-year, with commitments to credit institutions falling EUR 10 billion and commitments to customers rising EUR 5 billion.

Outstanding financing commitments received totalled EUR 107 billion, including EUR 100 billion from credit institutions and EUR 7 billion from customers. Financing commitments received increased by EUR 31 billion year-on-year, with a rise of EUR 29 billion in commitments from credit institutions and a rise of EUR 2 billion in commitments from customers.

On a net basis, commitments with credit institutions fell EUR 39 billion and commitments with customers advanced EUR 3 billion.

REGULATORY LIQUIDITY RATIOS

The average **1-month regulatory liquidity coefficient** for BNP Paribas SA (French operations and foreign branches) was 106.1% in 2007.

INTERNAL MEDIUM AND LONG-TERM LIQUIDITY RATIOS

The maturity gap beyond one year between sources of funds with the same maturities and uses of funds with the same maturities was 18.5% at the end of December 2007 for the entire BNP Paribas Group, versus 13.2% at end-December 2006.

The own funds and permanent capital ratio came to 88% at 31 December 2007 versus 94% at 31 December 2006.

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INSURANCE SUBSCRIPTION RISKS

(See section 5.5 Financial statements – note 4.a. – Insurance risks.)

3.4 Risk mitigation techniques

CREDIT AND COUNTERPARTY RISK

COLLATERAL AND OTHER SECURITY

(See section 5.5 Financial statements – note 4.a. – Credit risk.)

NETTING AGREEMENTS

(See section 5.5 Financial statements – note 4.a. – Credit risk.)

PURCHASES OF CREDIT PROTECTION

(See section 5.5 Financial statements – note 4.a. – Credit risk.)

MARKET RISK

Trading activities involve building up hedging relationships between different financial instruments. The residual market risk position on these instruments will be reflected in the VaR model.

OPERATIONAL RISK

INSURANCE POLICIES

Risks incurred by the Group may be covered by major insurers with the dual aim of protecting its balance sheet and profit and loss account.

The Group's risk management policy is based on an in-depth identification of risks underpinned by detailed operating loss data. The risks identified are then mapped and partially transferred to leading insurers in the market.

The Group's purchases insurance against fraud, theft, property and casualty, business disruption, liability and other risks for which it may be held responsible.

In order to optimise costs and effectively manage risks, certain risks whose frequency and financial impact can be adequately estimated are self-insured.

Risks insured on the market include:

- property and contents damage (resulting from a fire, explosion, etc), taking into account replacement cost (approved by the Group's insurers following risk assessment visits to key sites);
- fraud and misappropriation of assets;
- business disruption (loss of net banking income or revenues, additional costs, etc.);
- theft of Bank or customer valuables on company premises and from safes;
- corporate liability;
- liability of corporate officers in the event of errors, omissions or professional misconduct;
- business liability (for example, personal injury, property damage or consequential loss caused to a third party);
- terrorist attacks.

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Insurance policies are subscribed based on the Group's known claims experience, industry benchmarks and the global insurance and reinsurance market capacity.

Some business units may take out local insurance policies appropriate to their own specific activities, or if adequate coverage cannot be obtained on the French market.

The insurance market in 2007 continued to evolve in line with trends observed in the previous year, allowing the Group to maintain its high-quality, extensive coverage.

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.

ASSET-LIABILITY MANAGEMENT RISK

OVERALL INTEREST RATE RISK

The Bank's strategy for managing overall 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 for each portfolio and currency. The "euro customer banking book" concentrates the majority of BNP Paribas' overall interest rate risk. In 2007, this portfolio saw a widening imbalance between fixed-rate customer loan originations and inflows of long-term deposits. Over the year, the fall in outflows on home savings plans in France slowed, while current accounts continued to advance. This helped offset the fall in passbook savings inflows triggered by customers moving savings to higher-yielding term deposits. Overall, deposits registered a year-on-year rise compared with 2006. In parallel, new medium- and long-term customer loans continued to advance across retail networks in France and Italy as well as in specialised subsidiaries, with all products benefiting from this growth momentum.

2007 can best be analysed as two sharply distinct periods. In the six months to 30 June 2007, euro and dollar rates rose amid mounting inflationary concerns. The onset of the financial crisis in the summer resulted in significant adjustments to growth forecasts, particularly in the US, driving down medium- and long-term rates. At the same time, a liquidity squeeze fuelled a sudden sharp rise in short-term rates, requiring increased oversight of basis risks between the different indexes.

The hedges put in place by the Bank in 2007 mainly reflected a fixed-rate borrowing strategy. They include derivatives and options typically accounted for as fair value hedges (in accordance with EU carve-out regulations) or cash flow hedges. Government securities are mostly recorded in the "Available for sale" category.

No hedging relationship was disqualified from hedge accounting in 2007.

STRUCTURAL CURRENCY RISK

Currency hedges are contracted by the Group's 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 currency risk on net foreign currency assets of consolidated subsidiaries and branches. Fair value hedges are used to hedge the currency risk on equity investments in non-consolidated companies.

No hedging relationship was disqualified from hedge accounting in 2007.

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.

In 2007, no hedges of forecast transactions were disqualified on the grounds that the related future event was no longer highly probable.

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LIQUIDITY AND REFINANCING RISK

In 2007, the Group continued to diversify its sources of financing in terms of structures, investors and collateralised financing.

A "deposit" product line was created to diversify the corporate and institutional investor base and reduce interbank borrowings. This strategy aims to dilute the impact of a fall in deposits that may be triggered by a downgrade in the Bank's rating.

In December 2007, the Group has a total outstanding of covered bonds amounting to EUR 9 billion as part of its covered bond programme set up in the fourth quarter of 2006 for a total amount of EUR 25 billion.

SENIOR DEBT

Senior debt issued by BNP Paribas SA and its subsidiaries (excluding BancWest) in 2007 totalled EUR 44.2 billion, on a par with senior debt issued in 2006.

Issues with an economic life of more than one year (after modelling the maturity of callable instruments with a statistical rule), amount to EUR 37.8 billion, unchanged from the previous year.

Instruments with an economic life of one year or less due to the exercise of a call provision represent an amount of EUR 6.4 billion, or 40% more than in 2006, essentially due to the Equity Linked Notes issued by the Group's Hong Kong branch.

SUBORDINATED DEBT AND HYBRID SECURITIES

During the year, BNP Paribas issued subordinated notes for EUR 3.4 billion and four undated super subordinated notes (one denominated in euros, one in pounds sterling and two in US dollars) for a total amount of EUR 2.3 billion.

PROPRIETARY SECURITISATIONS

As part of the day-to-day management of liquidity, the Group's least liquid assets may be swiftly transformed into liquid assets by securitising loans (mortgages and consumer loans) granted to retail banking customers, as well as loans granted to corporate customers.

The only securitisation transaction in 2007 was carried out by UCI in Spain and raised EUR 700 million (Group share).

At 31 December 2007, loans totalling EUR 13.3 billion had been refinanced through securitisations, including EUR 7.4 billion for the Specialised Financial Services business lines (following the transfer of Vela Lease Srl from BNL to Equipment Solutions) and EUR 5.9 billion for BNL (EUR 7.0 billion and EUR 8.2 billion, respectively, at end-2006).

INSURANCE SUBSCRIPTION RISKS

(See section 5.5 Financial statements – note 4.e. – Insurance risks.)

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4 2007 REVIEW OF OPERATIONS

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4.1 Consolidated results of the BNP Paribas Group

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In millions of euros	2007	2006	2007/2006
Net banking income	**31,037**	**27,943**	**+11.1%**
Operating expenses and depreciation	(18,764)	(17,065)	+10.0%
Gross operating income	**12,273**	**10,878**	**+12.8%**
Cost of risk	(1,725)	(783)	+120.3%
Operating income	**10,548**	**10,095**	**+4.5%**
Share of earnings of associates	358	293	+22.2%
Other non-operating items	152	182	-16.5%
Non-operating items	**510**	**475**	**+7.4%**
Pre-tax net income	**11,058**	**10,570**	**+4.6%**
Tax expense	(2,747)	(2,762)	-0.5%
Minority interests	(489)	(500)	-2.2%
Net attributable income	**7,822**	**7,308**	**+7.0%**
Cost/income ratio	**60.5%**	**61.1%**	**-0.6 pt**

RECORD RESULTS IN 2007

Despite the strong economic downturn in the second half of the year, the Group reported record earnings in 2007. Net banking income jumped 11.1% year-on-year to EUR 31,037 million, while net attributable income came in 7.0% higher at EUR 7,822 million.

This performance was driven by a buoyant organic growth momentum, as well as the limited impact of the subprime crisis on earnings and provisions. The Group's business model proved its strength in 2007, with all core businesses delivering further earnings improvements on the already buoyant performance in 2006, and BNP Paribas Capital reporting substantial capital gains.

Operating expenses and depreciation advanced 10.0% to EUR 18,764 million on the back of this powerful growth drive. The cost/income ratio [(1)] for the core businesses remained stable at 60.8% (60.6% in 2006). This reflects ongoing improvements in operating efficiency within French Retail Banking (FRB) and Asset Management and Services (AMS), the implementation of synergies at BNL bc, and an excellent performance from CIB, whose cost/income ratio remained well below the 60% target at 57.8%, positioning the division ahead of its banking rivals.

On the back of this performance, gross operating income surged 12.8% year-on-year, to EUR 12,273 million.

Amid severe turmoil in the credit markets, cost of risk came in at EUR 1,725 million versus EUR 783 million in 2006. EUR 424 million of this amount was linked to the direct impact of the crisis in the third and fourth quarters of the year, which sent cost of risk higher for both BancWest (EUR 218 million) and CIB (EUR 206 million). The remaining increase in this item reflects lower writebacks by CIB, an increase in provisions recorded by Cetelem due to a rise in outstanding loans to emerging countries, and greater consumer lending risk in Spain. Cost of risk for retail banking in France and Italy remained stable and showed no signs of deteriorating.

Net attributable income moved up 7.0% year-on-year, to EUR 7,822 million. Return on equity came in at a high 19.6%, down only 1.6 points on 2006 despite a much more challenging economic environment.

Allocation of Capital

Revenue from the capital allocated to each division is included in the division's profit and loss account. The capital allocated to each division corresponds to the amount required to comply with international capital adequacy ratios and is based on 6% of risk-weighted assets. For capital markets activities, "market risk equivalent assets" are computed in line with the requirements of the Capital Adequacy Directive concerning market and counterparty risks. Additional capital equal to 0.25% of assets under management is allocated to Private Banking, Asset Management and online brokerage. In Real Estate Services and Securities Services, additional capital is allocated in respect of operational risk. The capital allocated to proprietary equity and real estate investment activities corresponds to a certain percentage of the net book value of the securities or properties concerned. The percentage varies depending on the type of investment and is designed to reflect the actual risk. Capital allocated to the Insurance business is equal to the solvency requirements as determined according to insurance regulations.

(1) *At constant scope and exchange rates.*

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4.2 Core business results

FRENCH RETAIL BANKING

In millions of euros	2007	2006	2007/2006
Net banking income	**6,000**	**5,850**	**+2.6%**
o/w interest margin	3,312	3,380	-2.0%
o/w fees and commissions	2,688	2,470	+8.8%
Operating expenses and depreciation	(3,950)	(3,811)	+3.6%
Gross operating income	**2,050**	**2,039**	**+0.5%**
Cost of risk	(158)	(153)	+3.3%
Operating income	**1,892**	**1,886**	**+0.3%**
Non-operating items	1	1	+0.0%
Pre-tax net income	**1,893**	**1,887**	**+0.3%**
Income attributable to AMS	(141)	(117)	+20.5%
Pre-tax income of French Retail Banking	**1,752**	**1,770**	**-1.0%**
Cost/income ratio	65.8%	65.1%	+0.7 pt
Allocated equity *(€bn)*	5.9	5.5	+7.2%
Pre-tax ROE	30%	32%	-2 pts

Figures include 100% of French Private Banking for the lines net banking income to pre-tax income.

French Retail Banking (FRB) turned in another sparkling performance, particularly in terms of customer recruitment. Net growth in the number of individual cheque and deposit accounts hit a record high of 230,000, bringing the total number of customers in the French retail banking network to 6.2 million.

The French retail banking network reported a year-on-year increase of 4.1% [(1)] in net banking income, 0.7% in net interest income and 8.4% in fees and commissions. Growth in deposits picked up pace in the fourth quarter of the year (up 11.2%), while outstanding loans continued on an uptrend, advancing 11.6% on fourth-quarter 2006.

Operating expenses and depreciation edged up 3.0% [(1)], resulting in a positive 1.1 point jaws effect. Cost of risk represents 17 basis points of risk-weighted assets, a further improvement on the already low figure at end-2006 (18 basis points). This reflects the low structural risk on residential mortgage loans in France, which are mostly fixed-rate and secured by a mortgage on the property or by a guarantee from Crédit Logement, a specialist mortgage agency. The improvement in cost of risk was also driven by the effective monitoring of corporate credit risks by the Bank's independent credit analysts in each Business Centre.

Excluding the PEL/CEL effects, French Retail Banking reported pre-tax income of EUR 1,671 million in 2007, up 5.0% on 2006. Pre-tax return on allocated equity for the year edged down 1 point year-on-year, to 28% in 2007.

(1) *On a comparable basis, i.e. including 100% of revenues from French Private Banking and excluding PEL/CEL effects and Dexia Banque Privée France acquired in 2007.*

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BNL BANCA COMMERCIALE (BNL bc)

In millions of euros	2007	2006	2007/2006
Net banking income	**2,634**	**2,473**	**+6.5%**
Operating expenses and depreciation	(1,744)	(1,746)	-0.1%
Gross operating income	**890**	**727**	**+22.4%**
Cost of risk	(318)	(318)	+0.0%
Operating income	**572**	**409**	**+39.9%**
Non-operating items	0	(12)	nm
Pre-tax net income	**572**	**397**	**+44.1%**
Income attributable to AMS	(6)	(6)	+0.0%
Pre-tax income of BNL bc	**566**	**391**	**+44.8%**
Cost/income ratio	66.2%	70.6%	-4.4 pts
Allocated equity *(€bn)*	3.0	2.2	+39.5%
Pre-tax ROE	19%	14%	+5 pts

Figures include 100% of French Private Banking for the lines net banking income to pre-tax income.

BNL made a significant contribution to the Group's growth performance for the year. One year after the launch of the 2007-2009 plan, integration efforts continue to yield very satisfactory results, and 70% of the expected synergies have already been implemented.

2007 was the first year covered by the integration plan and saw considerable progress in terms of organisational and commercial efficiency. BNL's image in Italy was boosted by a number of innovative advertising campaigns and a new-look range of current accounts, loans and savings products, drawing particularly on the expertise of the Group's Asset Management and Services arm. New applications have been rolled out to front-office sales staff, while sales personnel from the retail banking network were given training on the new marketing approach. The full benefit of these initiatives should be felt as from 2008.

Gross operating income came in at EUR 572 million [(1)] for the year, up a remarkable 39.9% on 2006 [(2)]. This performance was powered by 6.5% growth in net banking income and stable operating expenses and depreciation charges compared with the year-earlier period [(2)].

Cost of risk remained stable at EUR 318 million.

Pre-tax income totalled EUR 566 million for the year, up 44.8% on 2006 [(4)]. Pre-tax return on allocated equity climbed 5 points to 19%. Thanks to BNL's successful integration within the Group, the Italian market is already confirmed as a key driver of value creation for BNP Paribas, in only the first year of the plan.

(1) *Including 100% of revenues from Italian Private Banking.*

(2) *Full-year pro forma.*

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INTERNATIONAL RETAIL BANKING AND FINANCIAL SERVICES

In millions of euros	2007	2006	2007/2006
Net banking income	**7,955**	**7,374**	**+7.9%**
Operating expenses and depreciation	(4,625)	(4,205)	+10.0%
Gross operating income	**3,330**	**3,169**	**+5.1%**
Cost of risk	(1,228)	(722)	+70.1%
Operating income	**2,102**	**2,447**	**-14.1%**
Share of earnings of associates	79	55	+43.6%
Other non-operating items	94	45	+108.9%
Pre-tax net income	**2,275**	**2,547**	**-10.7%**
Cost/income ratio	58.1%	57.0%	+1.1 pts
Allocated equity *(€bn)*	8.0	7.2	+11.6%
Pre-tax ROE	28%	35%	-7 pts

The International Retail banking and Financial Services business (IRFS) continued to enjoy fast-paced growth in emerging countries and consumer lending. BancWest was hit by the US subprime crisis, but remains largely profitable for the year as a whole.

Despite the negative currency impact stemming from a weak dollar, net banking income for the IRFS business delivered robust 7.9% growth (9.9% growth at constant scope and exchange rates), coming in at EUR 7,955 million for the year. This vigorous performance fuelled a 10.0% rise in operating expenses and depreciation (9.8% at constant scope and exchange rates), while gross operating income advanced 5.1% (9.0% at constant scope and exchange rates), to EUR 3,330 million. After factoring in the cost of risk, notably higher for BancWest due to the subprime crisis, pre-tax income for the core business came in at EUR 2,275 million in 2007, down 10.7% on 2006. Pre-tax return on allocated equity remained at a high 28%. This represents a slight fall on the year-earlier figure of 35%, which had benefited from an exceptionally low cost of risk.

CETELEM

In millions of euros	2007	2006	2007/2006
Net banking income	**3,020**	**2,684**	**+12.5%**
Operating expenses and depreciation	(1,675)	(1,518)	+10.3%
Gross operating income	**1,345**	**1,166**	**+15.4%**
Cost of risk	(700)	(520)	+34.6%
Operating income	**645**	**646**	**-0.2%**
Share of earnings of associates	74	52	+42.3%
Other non-operating items	0	36	nm
Pre-tax net income	**719**	**734**	**-2.0%**
Cost/income ratio	55.5%	56.6%	-1.1 pts
Allocated equity *(€bn)*	2.2	1.9	+16.3%
Pre-tax ROE	33%	39%	-6 pts

Cetelem, France's leading consumer lender, continued to expand its footprint in emerging countries through organic growth (new operations set up in Russia) and acquisitions (Jet Finance in Bulgaria and BGN in Brazil, both currently in progress). Thanks to a strong sales and marketing drive, outstanding loans was up 17.4% on 2006. The rise in provisions reflects the increased share of emerging countries in Cetelem's portfolio, as well as greater consumer lending risk in Spain.

In 2007 Cetelem set up Personal Finance with UCB, the Group's specialty mortgage lender. The venture will look to exploit the increasing overlap between consumer and mortgage lending and will develop a comprehensive, integrated offering encompassing home improvement loans, home equity loans and other personal finance solutions. Cetelem and UCB will pool their client bases, expand their product and service offering to third-party distributors, and capitalise on their respective international footprints. The new Personal Finance business line will be Europe's leading provider of personal financial solutions.

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BANCWEST

In millions of euros	2007	2006	2007/2006
Net banking income	**1,999**	**2,191**	**-8.8%**
Operating expenses and depreciation	(1,052)	(1,104)	-4.7%
Gross operating income	**947**	**1,087**	**-12.9%**
Cost of risk	(335)	(58)	+477.6%
Operating income	**612**	**1,029**	**-40.5%**
Share of earnings of associates	0	0	nm
Other non-operating items	15	1	nm
Pre-tax net income	**627**	**1,030**	**-39.1%**
Cost/income ratio	52.6%	50.4%	+2.2 pts
Allocated equity *(€bn)*	2.5	2.6	-1.2%
Pre-tax ROE	25%	40%	-15 pts

BancWest enjoyed a healthy sales momentum in 2007 amid markets shaken by the subprime meltdown. Outstanding loans were up 7.5% compared to 2006, while net banking income shed only 1.2% [1] despite the crisis. In the fourth quarter of 2007, net banking income edged up 2.9% versus the year-earlier period, with the benefits of a normalised yield curve and the organic growth plan launched at the end of 2006 beginning to filter through. Cost of risk came in at EUR 335 million for the year, inflated by EUR 218 million in one-off provisions linked to the crisis.

EQUIPMENT SOLUTIONS & UCB

In millions of euros	2007	2006	2007/2006
Net banking income	**1,590**	**1,462**	**+8.8%**
Operating expenses and depreciation	(1,001)	(900)	+11.2%
Gross operating income	**589**	**562**	**+4.8%**
Cost of risk	(112)	(58)	+93.1%
Operating income	**477**	**504**	**-5.4%**
Share of earnings of associates	(10)	(4)	nm
Other non-operating items	9	4	+125.0%
Pre-tax net income	**476**	**504**	**-5.6%**
Cost/income ratio	63.0%	61.6%	+1.4 pts
Allocated equity *(€bn)*	2.2	2.0	+13.4%
Pre-tax ROE	21%	25%	-4 pts

(1) *At constant exchange rates.*

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EMERGING MARKETS

In millions of euros	2007	2006	2007/2006
Net banking income	**1,346**	**1,037**	**+29.8%**
Operating expenses and depreciation	(897)	(683)	+31.3%
Gross operating income	**449**	**354**	**+26.8%**
Cost of risk	(81)	(86)	-5.8%
Operating income	**368**	**268**	**+37.3%**
Share of earnings of associates	15	7	nm
Other non-operating items	70	4	nm
Pre-tax net income	**453**	**279**	**+62.4%**
Cost/income ratio	66.6%	65.9%	+0.7 pt
Allocated equity *(€bn)*	1.1	0.8	+37.8%
Pre-tax ROE	42%	36%	+6 pts

Emerging markets continued to deliver vigorous organic growth, with 189 new retail branches opened, notably in Turkey and North Africa. The network has added 1.5 million new retail customers, bringing the total number of retail customers in emerging countries to 4.2 million.

The Group's acquisition of Libya-based Sahara Bank during the year makes it the first foreign bank to develop banking activities in that country. The acquisition also gives BNP Paribas an unrivalled network in the Mediterranean basin.

ASSET MANAGEMENT AND SERVICES

In millions of euros	2007	2006	2007/2006
Net banking income	**5,329**	**4,409**	**+20.9%**
Operating expenses and depreciation	(3,369)	(2,804)	+20.1%
Gross operating income	**1,960**	**1,605**	**+22.1%**
Cost of risk	(7)	(4)	+75.0%
Operating income	**1,953**	**1,601**	**+22.0%**
Share of earnings of associates	17	34	-50.0%
Other non-operating items	10	(4)	nm
Pre-tax net income	**1,980**	**1,631**	**+21.4%**
Cost/income ratio	63.2%	63.6%	-0.4 pt
Allocated equity *(€bn)*	5.4	4.6	+17.9%
Pre-tax ROE	36%	35%	+1 pt

Asset Management and Services (AMS) turned in another strong earnings and profitability performance in 2007, with net banking income soaring 20.9% year-on-year to EUR 5,329 million.

Net asset inflows continued to perform well, including in the second half of the year. The business reported net outflows of EUR 2.6 billion in the three months to 30 September 2007, but net inflows of EUR 1.7 billion in the fourth quarter. This showing was well above the average for the asset management industry as a whole, which suffered sharp outflows in the second half of 2007. Net asset inflows reported by BNP Paribas over the full year totalled EUR 23 billion, while assets under management moved up 8% to EUR 584 billion. These superior results are attributable to the high proportion of individual customers (62% of assets under management), who tend to present a more stable profile than institutional clients.

Outside France, AMS enjoyed fast-paced expansion across all businesses. In Italy, AMS reported sharp growth in net banking income buoyed by the success of BNL's capital protected funds among individual customers and stronger positions in high-growth markets such as India, Brazil and Singapore.

Sustained investments were required to finance this (essentially organic) growth momentum, which lifted net banking income 17.6% higher year-on-year at constant scope and exchange rates. Operating expenses and

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depreciation were up 20.1% compared with 2006, or 14.3% at constant scope and exchange rates. However, investment spending was held in check, with a positive 3-points scissors effect at constant scope and exchange rates.

Pre-tax income leapt 21.4% year-on-year to EUR 1,980 million. Pre-tax return on allocated capital came in at 36%, 1 point more than the excellent result recorded in 2006.

WEALTH AND ASSET MANAGEMENT

In millions of euros	2007	2006	2007/2006
Net banking income	**2,765**	**2,228**	**+24.1%**
Operating expenses and depreciation	(1,828)	(1,500)	+21.9%
Gross operating income	**937**	**728**	**+28.7%**
Cost of risk	(4)	(3)	+33.3%
Operating income	**933**	**725**	**+28.7%**
Share of earnings of associates	1	9	-88.9%
Other non-operating items	6	(2)	nm
Pre-tax net income	**940**	**732**	**+28.4%**
Cost/income ratio	66.1%	67.3%	-1.2 pts
Allocated equity *(€bn)*	1.7	1.4	+25.0%
Pre-tax ROE	56%	54%	+2 pts

Net banking income for Wealth and Asset Management surged 24.1% in 2007, to EUR 2,765 million. Assets under management rose 10.7% for Asset Management, and 11.7% for the Private Banking and Personal Investors businesses combined.

INSURANCE

In millions of euros	2007	2006	2007/2006
Net banking income	**1,437**	**1,276**	**+12.6%**
Operating expenses and depreciation	(664)	(599)	+10.9%
Gross operating income	**773**	**677**	**+14.2%**
Cost of risk	(3)	(1)	nm
Operating income	**770**	**676**	**+13.9%**
Share of earnings of associates	15	25	-40.0%
Other non-operating items	4	(3)	nm
Pre-tax net income	**789**	**698**	**+13.0%**
Cost/income ratio	46.2%	46.9%	-0.7 pt
Allocated equity *(€bn)*	3.1	2.7	+14.2%
Pre-tax ROE	26%	26%	+0 pt

BNP Paribas Assurance posted EUR 11 billion in asset inflows, in line with its record high of 2006. This performance was achieved despite a 6.6% decline in gross asset inflows reported by French *bancassureurs* over the year, and was driven by BNP Paribas Assurance's high-quality offering and the diversity of its internal and external distribution channels. Revenues rose 12.6% year-on-year, buoyed by a contribution from unit-linked insurance products (41% of asset inflows) well above the market average of 25%. Present in 42 countries, BNP Paribas Assurance is continuing to expand its international reach with fast-growing operations in Asia (mainly India and South Korea) and the United Kingdom.

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SECURITIES SERVICES

In millions of euros	2007	2006	2007/2006
Net banking income	**1,127**	**905**	**+24.5%**
Operating expenses and depreciation	(877)	(705)	+24.4%
Gross operating income	**250**	**200**	**+25.0%**
Cost of risk	0	0	nm
Operating income	**250**	**200**	**+25.0%**
Non-operating items	1	1	+0.0%
Pre-tax net income	**251**	**201**	**+24.9%**
Cost/income ratio	77.8%	77.9%	-0.1 pt
Allocated equity *(€bn)*	0.7	0.6	+19.6%
Pre-tax ROE	37%	36%	+1 pt

BNP Paribas Securities Services continued to strengthen its leadership across Europe. The business reported 24.5% growth in net banking income, buoyed by robust trading volumes (up 41% on 2006). Assets under custody rose 5.2% to EUR 3,801 billion at 31 December 2007.

The strong commercial momentum continued apace, with a large number of new mandates awarded on the strength of the division's high-quality offering, Assets under administration also continued to grow sharply, up 33.9% year-on-year to EUR 833.8 billion.

CORPORATE AND INVESTMENT BANKING

In millions of euros	2007	2006	2007/2006
Net banking income	**8,293**	**8,090**	**+2.5%**
Operating expenses and depreciation	(4,785)	(4,473)	+7.0%
Gross operating income	**3,508**	**3,617**	**-3.0%**
Cost of risk	(28)	264	nm
Operating income	**3,480**	**3,881**	**-10.3%**
Share of earnings of associates	8	10	-20.0%
Other non-operating items	89	32	+178.1%
Pre-tax net income	**3,577**	**3,923**	**-8.8%**
Cost/income ratio	57.7%	55.3%	+2.4 pts
Allocated equity *(€bn)*	11.9	10.1	+17.7%
Pre-tax ROE	30%	39%	-9 pts

Unlike most of its competitors, the Group's Corporate and Investment Banking arm (CIB) posted record earnings in 2007 in a market hit by the subprime crisis. This performance, which places CIB as a leading global player in the industry, is attributable to its client-focused business development model and effective risk management.

Net banking income came in 2.5% higher year-on-year, at EUR 8,293 million. Client business surged 23% on 2006, with a robust performance throughout the year (fourth-quarter 2007 up 34% on the same prior-year period). Italy, Asia and emerging countries led the growth gains in client business.

Operating expenses moved up 7% over the year on the back of the recruitment drive at key franchises. However, operating expenses and depreciation shawed satisfactory flexibility, falling 13.2% between the second and third quarters and 18.7% between the third and fourth quarters, reflecting adjustments to performance-related pay in line with the worsening economic climate.

Cost of risk came in at a very low EUR 28 million, compared with EUR 264 million in net releases from provisions one year earlier, reflecting CIB's limited exposure to high-risk assets and the superior quality of its portfolio.

Pre-tax income was down just 8.8% on 2006, at EUR 3,577 million, with positive contributions in the third and fourth quarters of the year despite the subprime crisis. Pre-tax return on allocated capital came in at 30%, down 9 points from its record level in 2006.

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ADVISORY AND CAPITAL MARKETS

In millions of euros	2007	2006	2007/2006
Net banking income	**5,625**	**5,396**	**+4.2%**
o/w Equity and Advisory	2,769	2,402	+15.3%
o/w Fixed Income	2,856	2,994	-4.6%
Operating expenses and depreciation	(3,588)	(3,327)	+7.8%
Gross operating income	**2,037**	**2,069**	**-1.5%**
Cost of risk	(65)	(16)	+306.3%
Operating income	**1,972**	**2,053**	**-3.9%**
Share of earnings of associates	8	10	-20.0%
Other non-operating items	38	44	-13.6%
Pre-tax net income	**2,018**	**2,107**	**-4.2%**
Cost/income ratio	63.8%	61.7%	+2.1 pts
Allocated equity *(€bn)*	4.5	3.9	+16.0%
Pre-tax ROE	45%	55%	-10 pts

Advisory and Capital Markets posted net banking income of EUR 5,625 million in 2007, up 4.2% on 2006 despite significant credit adjustments in respect of counterparty risk, particularly on monoline insurers.

BNP Paribas' world-leading derivatives house (equity, interest rate, currency, credit and commodity instruments) represented 50% of CIB's net banking income.

FINANCING BUSINESSES

In millions of euros	2007	2006	2007/2006
Net banking income	**2,668**	**2,694**	**-1.0%**
Operating expenses and depreciation	(1,197)	(1,146)	+4.5%
Gross operating income	**1,471**	**1,548**	**-5.0%**
Cost of risk	37	280	-86.8%
Operating income	**1,508**	**1,828**	**-17.5%**
Non-operating items	51	(12)	nm
Pre-tax net income	**1,559**	**1,816**	**-14.2%**
Cost/income ratio	44.9%	42.5%	+2.4 pts
Allocated equity *(€bn)*	7.4	6.3	+18.8%
Pre-tax ROE	21%	29%	-8 pts

The Group's Financing businesses reported EUR 2,668 million in net banking income for 2007, down 1.0% on 2006 due to fair value adjustments on the LBO underwriting portfolio. The Energy, Commodities, Export, Project (ECEP) business was not directly affected by the subprime crisis. Thanks to benign market conditions (including high energy and commodity prices, growth in international trade, increasing infrastructure needs in emerging countries and the development of renewable energies), ECEP provided its expertise and value-added financing solutions to an ever-expanding customer base in 2007.

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4.3 Balance sheet

ASSETS

OVERVIEW

At 31 December 2007, the Group's consolidated assets amounted to EUR 1,694.5 billion, up 17.6% from EUR 1,440.3 billion, at end-2006. 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 95.7% of total assets at 31 December 2007 (95.6% at 31 December 2006). The 17.6% increase in total assets reflects a rise in most of the Group's asset categories, particularly financial assets at fair value through profit or loss (up 25.1%), loans and receivables due from customers (up 13.2%) and assets available for sale (up 16.4%). These increases were partially offset by a fall of 9.4% in accrued income and other assets and 5.4% in loans and receivables due from credit institutions.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss consist of financial assets (including derivatives) held for trading purposes and financial assets that the Group opted to record and measure under the fair value option through profit or loss at the acquisition date. 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 business, 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 EUR 931.7 billion at 31 December 2007, an increase of 25.1% compared with 31 December 2006 (EUR 744.9 billion). The increase was driven by a rise of 31.0% in repurchase agreements (EUR 334.1 billion at end-2007), 46.7% in derivatives (EUR 236.9 billion at end-2007), 70.1% in negotiable debt securities (EUR 83.0 billion at end-2007) and 5.4% in equities and other variable-income securities (EUR 144.7 billion at end-2007). These movements were partially offset by a 7.7% fall in bonds to EUR 127.8 billion at 31 December 2007.

Financial assets at fair value through profit or loss represented 55.0% of BNP Paribas' total assets at year-end 2007, compared with 51.7% at 31 December 2006.

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 EUR 71.1 billion at end-2007, down 5.4% from EUR 75.2 billion at end-2006. Movements in interbank loans account for the bulk of the decrease (down 6.7% to EUR 48.9 billion at 31 December 2007). Demand accounts remained stable, totalling EUR 15.5 billion at end-2007 compared with EUR 15.2 billion at end-2006. Repurchase agreements fell 11.3% year-on-year, to EUR 6.7 billion at 31 December 2007. Provisions for impairment remained stable, totalling EUR 0.1 billion at end-2007 and end-2006.

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 EUR 445.1 billion at end-2007, up 13.2% from EUR 393.1 billion at 31 December 2006. Loans to customers account for the bulk of this increase (up 13.1% to EUR 403.3 billion at 31 December 2007). Demand accounts climbed 13.4% to EUR 29.8 billion at end-2007. Receivables under finance leases advanced 6.6% year-on-year, to EUR 24.3 billion at 31 December 2007. Impairment provisions fell 7.6% to EUR 12.5 billion at end-2007 from EUR 13.5 billion one year earlier.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are fixed- and variable-income securities other than those classified as "financial assets at fair value through profit or loss" or "held-to-maturity financial assets". These assets are remeasured at fair value at each balance sheet date.

Available-for-sale financial assets (net of impairment provisions) amounted to EUR 112.6 billion at 31 December 2007, up 16.4% on 31 December 2006. This increase was driven by a rise of 11.8% in bonds (EUR 73.5 billion at end-2007), 40.5% in negotiable debt securities (EUR 17.5 billion at end-2007) and 14.9% in equities and other variable-income securities (EUR 22.7 billion at end-2007), chiefly attributable to an increase in volumes.

Impairment provisions recognised in respect of available-for-sale financial assets remained relatively stable, slipping EUR 0.2 billion to EUR 1.0 billion at 31 December 2007 from EUR 1.2 billion at 31 December 2006. Impairment provisions are computed at each balance sheet date. Unrealised capital gains on available-for-sale financial assets fell 28.5% to EUR 5 billion at 31 December 2007.

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HELD-TO-MATURITY FINANCIAL ASSETS

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

Total held-to-maturity financial assets remained fairly stable, at EUR 14.8 billion at 31 December 2007 versus EUR 15.1 billion one year earlier.

ACCRUED INCOME AND OTHER ASSETS

Accrued income and other assets consist of 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 fell 9.4% year-on-year, to EUR 60.6 billion at 31 December 2007 from EUR 66.9 billion at end-2006. This decrease was mainly driven by a 35.5% fall in guarantee deposits and guarantees paid, partially offset by a 14.3% rise in other debtors and miscellaneous assets.

LIABILITIES (EXCLUDING SHAREHOLDERS' EQUITY)

OVERVIEW

At 31 December 2007, the Group's consolidated liabilities (excluding shareholders' equity) totalled EUR 1,635.1 billion, up 18.0% from EUR 1,385.5 billion at 31 December 2006. The main components of the Group's liabilities were 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, which together accounted for 98.2% of total liabilities (excluding shareholders' equity). The 18.0% year-on-year increase was driven by a rise of 21.9% in financial liabilities at fair value through profit or loss, 16.1% in amounts due to customers, 18.5% in amounts due to credit institutions, and 16.0% in debt securities. A 7.2% rise in technical reserves of insurance companies and a 9.6% rise in accrued expenses and other liabilities also contributed to the increase in total liabilities (excluding shareholders' equity).

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

This item includes trading book liabilities such as securities borrowing transactions, short selling transactions and repurchase agreements. It also includes derivatives and financial liabilities accounted for using the fair value option through profit or loss. Liabilities accounted for under the fair value option consist mainly of structured products where the risk exposure is managed in combination with the hedging strategy. These types of products contain significant embedded derivatives, changes in the value of which are cancelled out by changes in the value of the hedging instrument.

Total financial liabilities at fair value through profit or loss advanced 21.9% year-on-year, from EUR 653.3 billion at 31 December 2006 to EUR 796.1 billion at 31 December 2007. The increase reflects a rise of 23.5% in repurchase agreements (EUR 357.8 billion at 31 December 2007), 32.7% in trading book derivatives (EUR 244.5 billion at 31 December 2007) and 33.8% in debt securities (EUR 74.0 billion at 31 December 2007). These movements were partially offset by a 2.4% fall in securities borrowing and short selling transactions, to EUR 116.1 billion at 31 December 2007.

AMOUNTS DUE TO CREDIT INSTITUTIONS

Amounts due to credit institutions consist of borrowings, and to a lesser extent demand deposits and repurchase agreements.

Amounts due to credit institutions climbed 18.5% year-on-year, to EUR 170.2 billion at 31 December 2007 (EUR 143.7 billion at 31 December 2006). This increase is mainly attributable to the 19.3% surge in borrowings and repurchase agreements, which totalled EUR 162.0 billion at end-2007.

AMOUNTS DUE TO CUSTOMERS

Amounts due to customers consist of demand deposits, term accounts and regulated savings accounts, and to a lesser extent retail certificates of deposit and repurchase agreements.

Amounts due to customers totalled EUR 346.7 billion at 31 December 2007, an increase of 16.1% compared with the year-earlier figure (EUR 298.7 billion). This reflects the combined impact of a 29.6% jump in term accounts to EUR 130.9 billion at 31 December 2007, and a 12.2% rise in demand deposits to EUR 159.8 billion at the same date, fuelled chiefly by organic growth.

DEBT SECURITIES

This line item consists of negotiable certificates of deposit and bond issues. It does not include debt securities classified as "financial liabilities at fair value through profit or loss" (see note 5.a to the consolidated financial statements).

Debt securities advanced 16.0%, from EUR 121.6 billion at end-2006 to EUR 141.1 billion at end-2007. The increase was chiefly powered by the rise in negotiable debt securities (up 24.6% to EUR 106.4 billion at 31 December 2007), partially offset by a fall in bond issues (down 4.2% to EUR 34.7 billion at 31 December 2007).

SUBORDINATED DEBT

Subordinated debt edged up 3.8%, to EUR 18.6 billion at 31 December 2007 from EUR 18.0 billion a year earlier. The increase mainly reflects the 6.2% rise in issues of redeemable subordinated debt to EUR 17.4 billion at 31 December 2007.

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TECHNICAL RESERVES OF INSURANCE COMPANIES

Technical reserves of insurance companies moved up 7.2% to EUR 93.3 billion at 31 December 2007 from EUR 87.0 billion at end-2006. The increase was primarily attributable to a rise in technical reserves linked to the life insurance business, which enjoyed strong organic growth.

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 advanced 9.6%, from EUR 53.7 billion at 31 December 2006 to EUR 58.8 billion at 31 December 2007. This increase was powered mainly by advances in guarantee deposits received (up 36.6% to EUR 16.8 billion at end-2007), accrued expenses and deferred income (up 50.2% to EUR 5.5 billion at end-2007) and settlement accounts related to securities transactions (up 6.8% to EUR 23.2 billion at end-2007), partially offset by the fall in other creditors and miscellaneous liabilities (down 16.6% to EUR 12.9 billion at end-2007).

MINORITY INTERESTS

Minority interests remained stable at EUR 5.6 billion at 31 December 2007 versus EUR 5.3 billion one year earlier. Minority interests in the Group's income (EUR 0.5 billion at end-2007) were partially offset by the distribution of dividends and interim dividends totalling EUR 0.4 billion. Other changes reflect the redemption of preferred shares and the dividends paid on these shares (EUR 0.9 billion), offset by (i) the subscription by minority shareholders to EUR 1.1 billion in share issues by subsidiaries controlled but not wholly owned by the Group, and (ii) transactions carried out with minority shareholders, including those resulting in additions to the scope of consolidation.

CONSOLIDATED SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP

Consolidated shareholders' equity attributable to the Group before dividend payments amounted to EUR 53.8 billion at 31 December 2007, an increase of 8.7% year-on-year.

This increase reflects net attributable income of EUR 7.8 billion in 2007, as well as the preferred share issue of EUR 2.3 billion, partially offset by the EUR 2.8 billion dividend payment in respect of 2006 and the negative EUR 1.2 billion impact of treasury share transactions.

Net unrealised gains fell EUR 1.8 billion at 31 December 2007, due essentially to the EUR 1.0 billion fall in net unrealised gains on available-for-sale financial assets and to the EUR 0.9 billion decrease in translation adjustments.

OFF-BALANCE SHEET ITEMS

FINANCING COMMITMENTS

Financing commitments given to customers mainly comprise documentary credits and other confirmed letters of credit, as well as commitments relating to repurchase agreements. Financing commitments climbed 3.0% to EUR 205.3 billion at 31 December 2007. Commitments to credit institutions declined 28.8% to EUR 25.9 billion at end-2007.

Financing commitments received consist primarily of stand-by letters of credit and commitments relating to repurchase agreements. Financing commitments received surged 41.2% to EUR 107.4 billion at 31 December 2007, compared with EUR 76.0 billion at 31 December 2006. This increase reflects the rise in commitments received from credit institutions (up 40.7% to EUR 100.5 billion at 31 December 2007) and in financial commitments received on behalf of customers (up 49.0% to EUR 6.9 billion at 31 December 2007).

GUARANTEE COMMITMENTS

Financial instruments received as guarantees and which may be sold or repledged as a guarantee by the Group totalled EUR 42.0 billion at end-2007, up 67.5% year-on-year. Financial instruments given as guarantees climbed 37.9% to EUR 43.6 billion.

Guarantee commitments moved up 12.5% to EUR 91.1 billion at 31 December 2007 from EUR 80.9 billion one year earlier. This increase was powered by a 16.5% rise in commitments given to customers to EUR 80.7 billion, partially offset by an 11.0% fall in commitments given to credit institutions to EUR 10.4 billion.

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

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INTERNATIONAL CAPITAL ADEQUACY RATIO

In billions of euros	31 December 2007	31 December 2006
Shareholders' equity before appropriation of income	53.8	49.5
of which preferred and similar shares	6.7	4.4
Minority interests before appropriation of income	5.6	5.3
of which preferred and similar shares	2.2	3.0
Regulatory deductions and other items (*)	(20.2)	(20.4)
of which dividends attributable to equity holders of the parent	(3.2) (**)	(2.9)
TIER 1 CAPITAL	**39.2**	**34.4**
Tier 2 capital	22.2	21.3
Other regulatory deductions (***)	(7.7)	(7)
Allocated Tier 3 capital	1.0	0.7
TOTAL CAPITAL	**54.6**	**49.4**
Tier 1 ratio (****)	**7.3%**	**7.4%**
International capital adequacy ratio	**10.0%**	**10.5%**

(*) *Mainly goodwill.*
(**) *Remuneration of undated super subordinated notes and dividend subject to approval by the AGM.*
(***) *Mainly interests in credit institutions that are not consolidated or accounted for by the equity method.*
(****) *Based on risk-weighted assets of EUR 540.4 billion at 31 December 2007 and EUR 462.5 billion at 31 December 2006.*

CAPITAL ADEQUACY

At 31 December 2007, the BNP Paribas Group's available regulatory capital, determined in accordance with the rules and instructions issued in France for the application of the European Capital Adequacy ("Capital adequacy of investment firms and credit institutions") and Financial Conglomerates Directives, represented:

- 126% of required regulatory capital excluding Tier 3 capital (129% at end-2006); and
- 128% including Tier 3 capital (135% at end-2006).

The Financial Conglomerates Directive has come into force and is applied by BNP Paribas.

In the various countries in which the Group operates, BNP Paribas also complies with specific regulatory ratios in line with procedures controlled by the relevant supervisory authorities. These ratios mainly concern:

- concentration of risks;
- liquidity;
- mismatches.

In France, these ratios are defined as follows:

- **risk concentration ratio:** the aggregate risk on beneficiaries whose individual risks each exceed 10% of net consolidated shareholders' equity must not exceed eight times the Group's capital;
- the total amount of weighted risks on a customer group considered as a single beneficiary must not exceed 25% of net consolidated shareholders' equity;
- for the purposes of risk calculation, a single beneficiary may include natural persons or legal entities related such that it is probable that if one party were to suffer financial difficulties, the other would consequently encounter difficulties in payment;
- **liquidity ratio:** this measures the potential one-month liquidity gap. The regulatory standard liquidity is 100%;
- **own funds and permanent capital ratio:** this measures the coverage of uses of funds beyond five years with sources of funds with a residual life of more than five years. The regulatory minimum ratio is 60%.

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4.4 Recent events

PRODUCTS AND SERVICES

BNP Paribas regularly offers its customers new products and services. More information is available from press releases on the Group's website at www.invest.bnpparibas.com.

ACQUISITIONS AND PARTNERSHIPS

SREI INFRASTRUCTURE FINANCE AND BNP PARIBAS LEASE GROUP FORM 50/50 JOINT VENTURE

On 30 May 2007, SREI Infrastructure Finance Limited ("SREI"), a leading Indian financial institution specialising in infrastructure financing since 1989, and BNP Paribas Lease Group ("BPLG"), the leasing arm of BNP Paribas, entered into an agreement to form a strategic partnership regarding equipment finance in India.

The partners will bring their respective expertise and know-how to the venture, which will combine the strength of the SREI brand and its local expertise with BPLG's specialised equipment financing skills and global brand name. BPLG's investment in the project is 7.75 billion rupees (EUR 142.7 million).

Regulatory approval for the spin-off of SREI's activities was obtained at the end of January 2008. In accordance with the signed documentation, audit work on the accounts began at the beginning of February 2008.

CETELEM (BNP PARIBAS GROUP) EXPANDS BRAZILIAN FOOTPRINT WITH BANCO BGN ACQUISITION

Cetelem, a BNP Paribas company and leader in the consumer credit market in continental Europe, has announced the acquisition of the entire share capital of Banco BGN on 19 July 2007.

Banco BGN, part of the industrial group Queiroz Galvao, is a leader in consigned credit (repayments debited directly from salaries) in Brazil, with a portfolio worth BRL 1.5 billion (EUR 585 million), more than 600,000 active customers and some 850 employees.

The deal represents a major investment for BNP Paribas, which sees Brazil as a strategic growth driver. The Group has been present in the country for more than 50 years and operates in most businesses.

Brazil now represents the fourth largest revenue stream for Cetelem after France, Italy and Spain, and the acquisition should significantly strengthen Cetelem's operations in the country.

Cetelem has been an active player in Brazil since 1999, pioneering co-branded cards. It has established partnerships with more than 70 distributors including Fnac, Armarinhos Fernando, Fast Shop, Colombo, Telhanorte, Submarino, Kalunga and Casa & Vídeo. Cetelem now has over 1.8 million customers in all segments of the market.

Banco BGN will complement the existing partner relationships that Cetelem has established in the consigned credit business, thanks to its network of 107 branches and more than 1,000 banking correspondents throughout the country.

The transaction, which will involve an exchange of shares, was still pending approval by the relevant authorities at 29 February 2008.

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4.5 Outlook

CORE BUSINESSES

French Retail Banking (FRB) is targeting 4% average annual growth in net banking income. With respect to individual customers, FRB plans to create a new lead in multi-channel banking, which is expected to further enhance service quality and customer satisfaction as well as expand market share. By 2010, over 10% of sales are expected to be made via the internet.

FRB also intends to remain at the forefront of Private Banking in France. Its unique organisation in the country should help generate annual double-digit growth in assets under management.

In corporate banking services, FRB will continue to capitalise on the advantages of its Business Centre organisation. It will aim to become the main bank for a growing number of its customers, by continuing to expand cross-selling with the Corporate and Investment Banking division, particularly in M&A, where it has been the leading player in the French market for the past three years. BNP Paribas will also look to expand its corporate client base by focusing on high-growth companies.

In terms of operating efficiency, the French banking network is targeting a positive jaws effect of 1 point per annum.

The objective regarding **BNL bc** is to finalise the integration process in 2008 and unlock the remaining synergies expected in the 2007-2009 plan.

The momentum for change is set to continue, with multi-channel solutions to be rolled out to individual customers from the bank's French operating platform – an unrivalled offering in the Italian market. All existing branches will be renovated and 100 new branches will be opened.

BNL bc's objective is to become Italy's leading bank for corporate customers, by leveraging CIB's product expertise and the Group's broad-reaching international network, particularly around the Mediterranean basin.

BNL bc is targeting 6% average annual growth in net banking income and a positive jaws effect of 5 points per annum, buoyed by best in-house practices as well as economies of scale (particularly in IT) resulting from its being part of a major international group.

International Retail banking and Financial Services (IRFS) is targeting 10% average annual growth in net banking income. Its strategy is rooted in further integration between retail banking networks and specialised financing businesses. IRFS hopes to add 20 million new customers to its books by 2010, including around 6 million in retail banking networks. At the end of 2007, IRFS had 8.4 million retail banking customers, 20.9 million direct Personal Finance customers, and 22.9 million customers managed by Personal Finance.

IRFS will also strive to grow net banking income per customer by intensifying cross-selling at all levels of the business:

- within each entity, by leveraging BNP Paribas' commercial expertise in recently acquired networks and expanding Personal Finance's product offering;
- within other IRFS entities, by making the products developed by specialised companies such as auto loans available to the networks, and by offering banking services to clients of specialised companies;
- within the Group's other core businesses, by expanding credit protection insurance and private banking services, using CIB's expertise to develop international trade finance and capital market products, and creating an integrated leasing solution between Equipment Solutions and the FRB/BNL bc networks.

This growth drive will go hand-in-hand with improved operating efficiency thanks to process reengineering at each entity and shared platforms, and should generate a positive jaws effect of 1 point per annum.

Asset Management and Services (AMS) is well placed to benefit from the positive structural dynamics of the savings market, with developing countries facing a growing elderly population and increased appetite for precautionary savings, and emerging markets characterised by an expanding middle class and a rise in the number of high net worth individuals.

AMS should continue to deliver sustained growth on the strength of its unique organisational structure. The business combines an extensive range of products covering all asset classes supported by a multi-management approach, with multiple internal and external distribution channels that allow it to access a global customer base. Its international expansion should gather pace in Europe, with the business capturing a larger slice of onshore and offshore markets and reinforcing its presence in emerging countries. These currently represent 5% of the division's net banking income, a percentage expected to rise to 10% by 2010. Overall, AMS is targeting 10% average annual growth in assets under management and a 10% increase in gross operating income per annum.

Despite significant uncertainties in the market going forward, **Corporate and Investment Banking (CIB)** hopes to match this year's record performance in 2008. Its ambitious objective can be achieved thanks to:

- BNP Paribas' limited reliance on proprietary trading revenues;
- the limited size of the businesses directly hit by the subprime crisis: structured credit derivatives, securitisation and LBO origination businesses represented less than 10% of CIB's net banking income in 2007;
- an astute geographical positioning and business mix which allows CIB to benefit from positive structural dynamics in derivatives and specialist financing markets;
- the Group's financial strength, which provides a clear competitive advantage at this phase of the business cycle.

CIB will look to deepen its footprint in Europe, and especially in Italy. It will capitalise on strong positions in Asia and emerging countries (27% of client business in 2007) by boosting its presence in India, China, Russia and the Gulf region.

CIB will also step up business with financial institutions, building on BNP Paribas' expertise, high quality ratings and worldwide leadership.

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CAPITAL MANAGEMENT

On 1 January 2008, the new Basel II capital framework came into force for banks in the European Union applying advanced measurement approaches to risk. The original Basel I framework introduced in 1998 had represented a major step towards improving financial strength in the banking industry. Basel II is a considerable improvement on its predecessor, aligning capital requirements more closely to the underlying economic risks that banks face. Nowhere is this more relevant than in the current market climate.

Thanks to the quality of its banking books, the Group's transition to Basel II will result in a reduction of risk-weighted assets, although this will be limited by the applicable capital floor, set at 90% of Basel I risk-weighted assets in 2008. The calculation of eligible capital under Basel II is also more restrictive. In light of these opposing changes in the numerator and denominator, the estimated Tier 1 ratio under Basel II is 7.6% at 1 January 2008, representing an improvement of some 30 basis points compared to the Tier 1 ratio under Basel I.

The Group will monitor the dynamics of this new ratio for a year before disclosing its target Tier 1 ratio under Basel II.

BNP Paribas has opted for the advanced approaches allowed under Basel II. In accordance with the European Directive and its implementing legislation in France, on 20 December 2007 the French banking supervisor (*Commission Bancaire*) approved the use of the Group's own models to determine its minimum capital requirements as from 1 January 2008. The scope of entities authorised to use these internal risk models is significant, and includes BNP Paribas SA and Cetelem in France and abroad. However, for the time being there are a few notable exceptions such as BNL and BancWest. 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.

FIRST PILLAR: NEW MINIMUM CAPITAL REQUIREMENTS

Credit risk

BNP Paribas has been using internal ratings-based models to calculate credit risk for many years. The introduction of Basel II prompted the Group to improve and perfect its techniques and aim for a more stringent quantification, documentation and reporting of risks.

Corporate and Investment Banking

Corporate and Investment Banking incurs the bulk of the Group's credit risk on its corporate, banking and sovereign customers. Group Risk Management (GRM) ensures that credit risk policies are applied consistently by all entities, irrespective of their legal form or country. The same credit risk management and measurement rules apply throughout the Group; they are centralised and calibrated on a global scale.

Credit risk methodologies are based on the following three key parameters:

- Counterparty Rating, which reflects the probability that the borrower may default through the cycle;
- Loss Given Default (LGD), which is set as a function of the Global Recovery Rate or expected amount recoverable on a credit facility if the borrower defaults. This is estimated before the facility is granted;
- Exposure at Default (EAD), which represents the actual exposure for the lender at the time of default.

Borrowers are graded based on a series of documents and tools that make up the Group's ratings methodology, including:

- core policies: Standard Ratings Policy and Specific Ratings Policies adapted to certain business segments;
- ratings-based tools;
- a ratings process, which is part of the credit assessment procedure;
- control and oversight procedures, which involve validating and monitoring the ratings methodology.

Retail Banking

Retail banking operations are carried out either by the parent company's network of branches in France, or by certain subsidiaries including the Cetelem, BancWest and BNL sub-groups.

The methods for managing and assessing credit risk on international retail banking operations included in the Cetelem sub-group are based on a central model calibrated on local data. BNL and BancWest sub-groups will adopt this model after a number of years, once their credit risk approaches have been standardised and validated by central GRM teams and approved by supervisors in their host countries.

The Standard Ratings Policy for Retail Operations provides a framework allowing Group core businesses and risk management departments to assess, prioritise 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 system and the ability to adapt to changes in the credit environment;
- principles for defining groups of transactions with similar risk characteristics (Risk Groups);
- principles relative to credit models, particularly the need to develop discriminating and understandable models, and 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.

Scoring techniques are not focused on grading individual borrowers but on assigning them 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).

Securitised exposures

Assets securitised as part of proprietary securitisation transactions which respect the eligibility criteria under Basel II, particularly regarding the significant risk transfer are excluded from the calculation of regulatory capital. The positions that BNP Paribas may hold in the securitisation and any commitments subsequently granted to the securitisation vehicle are included in the calculation using the external ratings-based approach.

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Assets securitised as part of proprietary securitisation transactions that do not meet the Basel II eligibility criteria remain in the portfolio to which they were initially assigned. In this case, BNP Paribas is required to hold capital as if they had not been securitised.

Capital is calculated in respect of commitments granted by BNP Paribas to securitisation vehicles on behalf of third parties. The calculation is based on external ratings where possible, or on the supervisory formula in all other cases.

As eligible external ratings typically exist for positions acquired in a securitisation arranged by third parties or amounts granted to these securitisation vehicles, these are included in the calculation of capital using the external ratings-based approach.

Counterparty risk

Regarding counterparty risk, EAD is measured based on 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 (particularly volatility and correlation) calibrated on historical market data. Changes in exposure amounts are calculated up to the maturity of the corresponding transactions.

To aggregate exposures, the system takes into account the legal environment of each transaction and counterparty, and any netting or margin call agreements.

Market risk

As the new Basel II capital framework does not imply any immediate changes in respect of market risk, this continues to be calculated by the internal model used under Basel I. However, the model will be adjusted by 2010 to reflect the sudden risk of default and comply with regulatory changes.

Equity holding risk

The Bank has developed its own model in respect of equity holding risk, under which gross capital requirements are reduced by a portion of the unrealised capital gains existing at the date of calculation. Under a prudent approach considered by the *Commission Bancaire* as complying with applicable regulations, these capital gains no longer qualify as part of regulatory capital.

Capital to be held against equity investment risk is calculated by assessing future market volatility using Monte Carlo simulations. The stochastic processes used (equities, and car and property price indexes) are calibrated on historical data. Investments in unlisted companies are treated similarly to listed investments using the appropriate correlations.

Other assets

Regulatory capital requirements in respect of other assets such as property, plant and equipment or intangible assets are the same as under Basel I.

Operational risk

The principles for managing and measuring operational risk are defined centrally at the level of the Group, and the operational risk model is applied consistently throughout the organisation.

Capital to be held against operational risk is calculated based on data regarding internal and external losses, and changes in the economic environment and in internal control. The calculation also takes into account any analyses of potential risk scenarios.

Data on historical or potential risk incidents will be compiled based on a hierarchy of core Group processes and on the organisation of each business line/country, resulting in a comprehensive and coherent risk reporting process.

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SECOND PILLAR: SUPERVISORY REVIEW PROCESS

The second pillar of the new Basel II capital framework prescribes how supervisory authorities and banks can effectively discuss the appropriate level of regulatory capital. Discussions will look at all of the risks incurred by the Group and their sensitivity to crisis scenarios, and will also consider how it expects these risks will evolve in light of changes in the Group's business going forward.

BNP Paribas continues to fine-tune its tools for measuring economic capital. It is also in the process of identifying the risks that it considers could be eliminated through appropriate management and control procedures, thereby avoiding unnecessary capital charges. The Group has drawn up the following risk typology chart as a result of its analysis:

	Risks impacting the Group's solvency	Risks impacting the Group's value (share price)	Risk defined by French banking regulations	Risk defined by BNP Paribas	Method for measuring and managing risk
	Credit risk		✓	✓	Economic capital
	Equity holding risk [1]		✓	✓	Economic capital
	Operational risk		✓	✓	Economic capital
	Market risk		✓	✓	Economic capital
	Concentration risk [2]		✓	✓	Economic capital
	Asset-Liability management risk [3]		✓	✓	Economic capital
	Business risk		✗	✓	Economic capital [5]
	Insurance risk [4], including subscription risk		✗	✓	Economic capital
Quantifiable risks		Strategy risk	✓	✓	Procedures; stock market multiples
Non-quantifiable risks	Liquidity and refinancing risk		✓	✓	Quantitative/qualitative rules and stress tests
		Reputation risk	✓	✓	Procedures

Risks identified under the First Pillar.
Risks identified under the Second Pillar.
(1) *Equity holding risk is monitored as part of BNP Paribas' capital market risk management framework.*
(2) *Concentration risk is managed as part of BNP Paribas' credit risk management framework.*
(3) *Asset-Liability management risk mainly corresponds to overall interest rate risk as defined by banking regulations.*
(4) *Insurance risk does not fall within the scope of banking business; insurance activities give rise to market, operational and subscription risks.*
(5) *The economic capital model is in the process of being adjusted to reflect the modelling of this risk.*

This internal assessment tool will be gradually embedded into the Group's decision-making and management processes. The notion of economic capital will be used more widely throughout the organisation, supported by analyses considering the impact of crisis scenarios and business plans. The tool is developed at Group level and adapted to each business as appropriate. Assessments of legal entities are based on a simplified approach.

THIRD PILLAR: DISCLOSURE REQUIREMENTS

The third pillar of Basel II introduces significant new risk disclosures, particularly for companies using advanced approaches to risk. The complete set of disclosures will first be issued upon the publication of our 2008 annual report, in accordance with applicable regulations. However as in previous years, this year's report already includes information on credit quality, as well as on the type and level of exposure arising on complex financial instruments.

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5 CONSOLIDATED FINANCIAL STATEMENTS

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

The consolidated financial statements of the BNP Paribas Group are presented for the years ended 31 December 2007 and 31 December 2006. In accordance with Article 20.1 of Annex I of European Commission Regulation (EC) 809/2004, the consolidated financial statements for 2005 are provided in the registration document filed with the Autorité des marches financiers *on 7 March 2007 under number D.07-0151.*

5.1 Profit and loss account for the year ended 31 December 2007

In millions of euros	Note	Year to 31 Dec. 2007	Year to 31 Dec. 2006
Interest income	2.a	59,141	44,582
Interest expense	2.a	(49,433)	(35,458)
Commission income		10,721	10,395
Commission expense		(4,399)	(4,291)
Net gain/loss on financial instruments at fair value through profit or loss	2.c	7,843	7,573
Net gain/loss on available-for-sale financial assets	2.d	2,507	1,367
Income from other activities	2.e	22,601	23,130
Expense on other activities	2.e	(17,944)	(19,355)
NET BANKING INCOME		**31,037**	**27,943**
Operating expense		(17,773)	(16,137)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	5.k	(991)	(928)
GROSS OPERATING INCOME		**12,273**	**10,878**
Cost of risk	2.f	(1,725)	(783)
OPERATING INCOME		**10,548**	**10,095**
Share of earnings of associates		358	293
Net gain on non-current assets		153	195
Change in value of goodwill		(1)	(13)
PRE-TAX NET INCOME		**11,058**	**10,570**
Corporate income tax	2.g	(2,747)	(2,762)
NET INCOME		**8,311**	**7,808**
Net income attributable to minority interests		489	500
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		**7,822**	**7,308**
Basic earnings per share	8.a	8.49	8.03
Diluted earnings per share	8.a	8.42	7.95

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5.2 Balance sheet at 31 December 2007

In millions of euros	Note	31 December 2007	31 December 2006
ASSETS			
Cash and amounts due from central banks and post office banks		18,542	9,642
Financial assets at fair value through profit or loss	5.a	931,706	744,858
Derivatives used for hedging purposes	5.b	2,154	2,803
Available-for-sale financial assets	5.c	112,594	96,739
Loans and receivables due from credit institutions	5.d	71,116	75,170
Loans and receivables due from customers	5.e	445,103	393,133
Remeasurement adjustment on interest-rate risk hedged portfolios		(264)	(295)
Held-to-maturity financial assets	5.g	14,808	15,149
Current and deferred tax assets	5.h	2,965	3,443
Accrued income and other assets	5.i	60,608	66,915
Investments in associates	5.j	3,333	2,772
Investment property	5.k	6,693	5,813
Property, plant and equipment	5.k	13,165	12,470
Intangible assets	5.k	1,687	1,569
Goodwill	5.l	10,244	10,162
TOTAL ASSETS		**1,694,454**	**1,440,343**
LIABILITIES			
Due to central banks and post office banks		1,724	939
Financial liabilities at fair value through profit or loss	5.a	796,125	653,328
Derivatives used for hedging purposes	5.b	1,261	1,335
Due to credit institutions	5.d	170,182	143,650
Due to customers	5.e	346,704	298,652
Debt securities	5.f	141,056	121,559
Remeasurement adjustment on interest-rate risk hedged portfolios		20	367
Current and deferred tax liabilities	5.h	2,475	2,306
Accrued expenses and other liabilities	5.i	58,815	53,661
Technical reserves of insurance companies	5.m	93,320	87,044
Provisions for contingencies and charges	5.n	4,738	4,718
Subordinated debt	5.f	18,641	17,960
TOTAL LIABILITIES		**1,635,061**	**1,385,519**
CONSOLIDATED EQUITY			
Share capital and additional paid-in capital		*13,472*	*15,589*
Retained earnings		*29,233*	*21,590*
Net income for the period attributable to shareholders		*7,822*	*7,308*
Total capital and retained earnings attributable to shareholders		50,527	44,487
Unrealised or deferred gains and losses attributable to shareholders		3,272	5,025
Shareholders' equity		**53,799**	**49,512**
Minority interests		5,594	5,312
TOTAL CONSOLIDATED EQUITY		**59,393**	**54,824**
TOTAL LIABILITIES AND EQUITY		**1,694,454**	**1,440,343**

5.3 Statement of changes in shareholders' equity between 1 Jan. 2006 and 31 Dec. 2007

	Shareholders' equity				
In millions of euros	Share capital and additional paid-in capital	Preferred shares and equivalent instruments	Elimination of own equity instruments	Retained earnings and net income for the period	Total capital and retained earnings
Consolidated equity at 31 December 2005 before appropriation of net income	**9,701**	**2,424**	**(165)**	**23,287**	**35,247**
Appropriation of net income for 2005				(2,163)	(2,163)
Consolidated equity at 31 December 2005 after appropriation of net income	**9,701**	**2,424**	**(165)**	**21,124**	**33,084**
Movements arising from relations with shareholders					
Increase in share capital	5,905				5,905
Issue and redemption of preferred shares		2,023			2,023
Movements in own equity instruments			(1,706)	(70)	(1,776)
Share-based payment plans			85	30	115
Dividends on preferred shares				(80)	(80)
Interim dividends paid out of net income for the period					-
Impact of the acquisition of a controlling interest in BNL					-
Impact of acquisitions carried out subsequently to the acquisition of a controlling interest in BNL				(2,090)	(2,090)
Other transactions carried out with minority interests				16	16
	5,905	**2,023**	**(1,621)**	**(2,194)**	**4,113**
Other movements	**(17)**			**(1)**	**(18)**
Unrealised or deferred gains and losses for the period :					
Changes in fair value of financial instruments through shareholders' equity					-
Changes in fair value of financial instruments through profit or loss					-
Effect of movements in exchange rates					-
Share of changes in net assets of equity-accounted joint enterprises					-
	-	**-**	**-**	**-**	**-**
Net income for 2006				**7,308**	**7,308**
Consolidated equity at 31 December 2006	**15,589**	**4,447**	**(1,786)**	**26,237**	**44,487**
Appropriation of net income for 2006				(2,801)	(2,801)
Consolidated equity at 31 December 2006 after appropriation of net income	**15,589**	**4,447**	**(1,786)**	**23,436**	**41,686**
Movements arising from relations with shareholders					
Increase in share capital	281				281
Reduction in share capital	(2,428)		2,428		-
Issue and redemption of preferred shares		2,296			2,296
Movements in own equity instruments			(1,236)	(1)	(1,237)
Share-based payment plans			(25)	51	26
Dividends on preferred shares				(176)	(176)
Interim dividends paid out of net income for the period					-
Additional impact of the acquisition of Banca Nazionale del Lavoro				(134)	(134)
Other transactions carried out with minority interests	18			(21)	(3)
	(2,129)	**2,296**	**1,167**	**(281)**	**1,053**
Other movements	**12**			**(46)**	**(34)**
Unrealised or deferred gains and losses for the period :					
Changes in fair value of financial instruments through shareholders' equity					-
Changes in fair value of financial instruments through profit or loss					-
Effect of movements in exchange rates					-
Share of changes in net assets of equity-accounted joint enterprises					-
	-	**-**	**-**	**-**	**-**
Net income for 2007				**7,822**	**7,822**
Consolidated equity at 31 December 2007	**13,472**	**6,743**	**(619)**	**30,931**	**50,527**

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	Shareholders' equity (cont'd)					Minority interests			
	Cumulative translation adjustment	Available-for-sale reserve	Hedging reserve	Total unrealised or deferred gains & losses	Total shareholders' equity	Retained earnings and net income for the period	Unrealised or deferred gains and losses	Total minority Interests	Total consolidated equity
	366	**4,857**	**248**	**5,471**	**40,718**	**5,182**	**93**	**5,275**	**45,993**
					(2,163)	(125)		(125)	(2,288)
	366	**4,857**	**248**	**5,471**	**38,555**	**5,057**	**93**	**5,150**	**43,705**
				-	5,905			-	5,905
				-	2,023	(369)		(369)	1,654
				-	(1,776)			-	(1,776)
				-	115			-	115
				-	(80)	(225)		(225)	(305)
				-	-	(13)		(13)	(13)
				-	-	2,368		2,368	2,368
				-	(2,090)	(2,360)		(2,360)	(4,450)
				-	16	380		380	396
	-	**-**	**-**	**-**	**4,113**	**(219)**	**-**	**(219)**	**3,894**
				-	**(18)**	**13**		**13**	**(5)**
		1,103	(340)	763	763		26	26	789
		(553)	(21)	(574)	(574)			-	(574)
	(663)			(663)	(663)		(158)	(158)	(821)
	(1)	24	5	28	28			-	28
	(664)	**574**	**(356)**	**(446)**	**(446)**	**-**	**(132)**	**(132)**	**(578)**
					7,308	**500**		**500**	**7,808**
	(298)	**5,431**	**(108)**	**5,025**	**49,512**	**5,351**	**(39)**	**5,312**	**54,824**
					(2,801)	(164)		(164)	(2,965)
	(298)	**5,431**	**(108)**	**5,025**	**46,711**	**5,187**	**(39)**	**5,148**	**51,859**
				-	281			-	281
				-	-			-	-
				-	2,296	(891)		(891)	1,405
				-	(1,237)			-	(1,237)
				-	26			-	26
				-	(176)	(150)		(150)	(326)
				-	-	(42)		(42)	(42)
				-	(134)			-	(134)
				-	(3)	1,018		1,018	1,015
	-	**-**	**-**	**-**	**1,053**	**(65)**	**-**	**(65)**	**988**
		44		**44**	**10**	**101**		**101**	**111**
		252	173	425	425		16	16	441
		(1,330)	(27)	(1,357)	(1,357)			-	(1,357)
	(924)			(924)	(924)		(95)	(95)	(1,019)
	(10)	69		59	59			-	59
	(934)	**(1,009)**	**146**	**(1,797)**	**(1,797)**	**-**	**(79)**	**(79)**	**(1,876)**
					7,822	**489**		**489**	**8,311**
	(1,232)	**4,466**	**38**	**3,272**	**53,799**	**5,712**	**(118)**	**5,594**	**59,393**

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5.4 Statement of cash flows for the year ended 31 December 2007

In millions of euros	Note	Year to 31 Dec. 2007	Year to 31 Dec. 2006
Pre-tax net income		**11,058**	**10,570**
Non-monetary items included in pre-tax net income and other adjustments		**4,478**	**12,949**
Net depreciation/amortisation expense on property, plant and equipment and intangible assets		2,685	2,542
Impairment of goodwill and other non-current assets		1	20
Net addition to provisions		8,385	8,336
Share of earnings of associates		(358)	(293)
Net income from investing activities		(141)	(194)
Net income from financing activities		(750)	(249)
Other movements		(5,344)	2,787
Net decrease in cash related to assets and liabilities generated by operating activities		**(2,459)**	**(8,153)**
Net increase in cash related to transactions with credit institutions		32,022	4,308
Net increase in cash related to transactions with customers		19,670	11,485
Net decrease in cash related to transactions involving other financial assets and liabilities		(49,782)	(19,576)
Net decrease in cash related to transactions involving non-financial assets and liabilities		(2,475)	(2,424)
Taxes paid		(1,894)	(1,946)
NET INCREASE IN CASH AND EQUIVALENTS GENERATED BY OPERATING ACTIVITIES		**13,077**	**15,366**
Net decrease in cash related to acquisitions and disposals of consolidated entities	8.c	(1,210)	(11,661)
Net decrease related to property, plant and equipment and intangible assets		(1,383)	(1,348)
NET DECREASE IN CASH AND EQUIVALENTS RELATED TO INVESTING ACTIVITIES		**(2,593)**	**(13,009)**
(Decrease) increase in cash and equivalents related to transactions with shareholders		(2,938)	1,750
Increases in cash and equivalents generated by other financing activities		1,066	3,875
NET (DEREASE) INCREASE IN CASH AND EQUIVALENTS RELATED TO FINANCING ACTIVITIES		**(1,872)**	**5,625**
EFFECT OF MOVEMENTS IN EXCHANGE RATES ON CASH AND EQUIVALENTS		**(648)**	**(473)**
NET INCREASE IN CASH AND EQUIVALENTS		**7,964**	**7,509**
Balance of cash and equivalent accounts at the start of the period		**16,074**	**8,565**
Net balance of cash accounts and accounts with central banks and post office banks		8,712	6,642
Net balance of demand loans and deposits - credit institutions		7,362	1,923
Balance of cash and equivalent accounts at the end of the period		**24,038**	**16,074**
Net balance of cash accounts and accounts with central banks and post office banks		16,814	8,712
Net balance of demand loans and deposits - credit institutions		7,224	7,362
NET INCREASE IN CASH AND EQUIVALENTS		**7,964**	**7,509**

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5.5 Notes to the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union

Note1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED BY THE BNP PARIBAS GROUP

1.a APPLICABLE ACCOUNTING STANDARDS

International Financial Reporting Standards (IFRS) were applied to the consolidated financial statements from 1 January 2005 (the date of first-time adoption) in accordance with the requirements of IFRS 1 "First-time Adoption of International Financial Reporting Standards" and of other IFRS, based on the version and interpretations of standards adopted within the European Union [1], and excluding therefore certain provisions of IAS 39 on hedge accounting.

The Group has applied those standards, amendments and interpretations endorsed by the European Union and applicable as of 1 January 2007 (in particular IFRS 7 "Financial Instruments: Disclosures"). It has not early-adopted standards, amendments and interpretations whose application in 2007 is optional.

1.b CONSOLIDATION

1.b.1 Scope of consolidation

The consolidated financial statements of BNP Paribas include all entities under the exclusive or joint control of the Group or over which the Group exercises significant influence, with the exception of those entities whose consolidation is regarded as immaterial to the Group. The consolidation of an entity is regarded as immaterial if it fails to meet any of the following thresholds: a contribution of more than EUR 8 million to consolidated net banking income, more than EUR 1 million to consolidated gross operating income or net income before tax, or more than EUR 40 million to total consolidated assets. Companies that hold shares in consolidated companies are also consolidated.

Subsidiaries are consolidated from the date on which the Group obtains effective control. Entities under temporary control are included in the consolidated financial statements until the date of disposal.

The Group also consolidates special purpose entities (SPEs) formed specifically to manage a transaction or a group of transactions with similar characteristics, even where the Group has no equity interest in the entity, provided that the substance of the relationship indicates that the Group exercises control as assessed by reference to the following criteria:

- the activities of the SPE are being conducted exclusively on behalf of the Group, such that the Group obtains benefits from those activities;
- the Group has the decision-making and management powers to obtain the majority of the benefits of the ordinary activities of the SPE (as evidenced, for example, by the power to dissolve the SPE, to amend its bylaws, or to exercise a formal veto over amendments to its bylaws);
- the Group has the ability to obtain the majority of the benefits of the SPE, and therefore may be exposed to risks incident to the activities of the SPE. These benefits may be in the form of rights to some or all of the SPE's earnings (calculated on an annual basis), to a share of its net assets, to benefit from one or more assets, or to receive the majority of the residual assets in the event of liquidation;
- the Group retains the majority of the risks taken by the SPE in order to obtain benefits from its activities. This would apply, for example, if the Group remains exposed to the initial losses on a portfolio of assets held by the SPE.

1.b.2 Consolidation methods

Enterprises under the exclusive control of the Group are fully consolidated. The Group has exclusive control over an enterprise where it is in a position to govern the financial and operating policies of the enterprise so as to obtain benefits from its activities. Exclusive control is presumed to exist when the BNP Paribas Group owns, directly or indirectly, more than half of the voting rights of an enterprise. It also exists when the Group has power to govern the financial and operating policies of the enterprise under an agreement; to appoint or remove the majority of the members of the Board of Directors or equivalent governing body; or to cast the majority of votes at meetings of the Board of Directors or equivalent governing body.

Currently exercisable or convertible potential voting rights are taken into account when determining the percentage of control held.

Jointly-controlled companies are consolidated by the proportional method. The Group exercises joint control when under a contractual arrangement, strategic financial and operating decisions require the unanimous consent of the parties that share control.

Enterprises over which the Group exercises significant influence (associates) are accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decision-making of an enterprise without exercising control. Significant influence is presumed to exist when the Group holds, directly or indirectly, 20% or more of the voting power of an enterprise. Interests of less than 20% are excluded from consolidation unless they represent a strategic investment and the Group effectively exercises significant influence. This applies

[1] The full set of standards adopted for use in the European Union can be consulted on the website of the European Commission at: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission.

to companies developed in partnership with other groups, where the BNP Paribas Group participates in the strategic decision-making of the enterprise through representation on the Board of Directors or equivalent governing body, exercises influence over the enterprise's operational management by supplying management systems or decision-making tools, and provides technical assistance to support the enterprise's development.

Changes in the net assets of associates (companies accounted for under the equity method) are recognised in "Investments in associates" on the assets side of the balance sheet, and in the relevant component of shareholders' equity. Goodwill on associates is also included in "Investments in associates".

If the Group's share of losses of an associate equals or exceeds the carrying amount of its investment in the associate, the Group discontinues including its share of further losses. The investment is reported at nil value. Additional losses of the associate are provided for only to the extent that the Group has a legal or constructive obligation to do so, or has made payments on behalf of the associate.

Minority interests are presented separately in the consolidated profit and loss account and balance sheet. The calculation of minority interests takes account of outstanding cumulative preferred shares classified as equity instruments and issued by subsidiaries, and held outside the Group.

Realised gains and losses on investments in consolidated undertakings are recognised in the profit and loss account under "Net gain on non-current assets".

1.b.3 Consolidation procedures

The consolidated financial statements are prepared using uniform accounting policies for reporting like transactions and other events in similar circumstances.

Elimination of intragroup balances and transactions

Intragroup balances arising from transactions between consolidated enterprises, and the transactions themselves (including income, expenses and dividends), are eliminated. Profits and losses arising from intragroup sales of assets are eliminated, except where there is an indication that the asset sold is impaired. Unrealised gains and losses included in the value of available-for-sale assets are maintained in the consolidated financial statements.

Translation of financial statements expressed in foreign currencies

The consolidated financial statements of BNP Paribas are prepared in euros.

The financial statements of enterprises whose functional currency is not the euro are translated using the closing rate method. Under this method, all assets and liabilities, both monetary and non-monetary, are translated using the spot exchange rate at the balance sheet date. Income and expense items are translated at the average rate for the period.

The same method is applied to the financial statements of enterprises located in hyperinflationary economies, after adjusting for the effects of inflation by applying a general price index.

Differences arising on the translation of balance sheet items and profit and loss items are recorded in shareholders' equity under "Cumulative translation adjustment" for the portion attributable to shareholders, and in "Minority interests" for the portion attributable to outside investors. Under the optional treatment permitted by IFRS 1, the Group has reset at zero, by transfer to retained earnings, all cumulative translation differences attributable to shareholders and to minority interests in the opening balance sheet at 1 January 2004.

On liquidation or disposal of some or all of the interest held in a foreign enterprise, the portion of the cumulative translation adjustment recorded in shareholders' equity in respect of the interest liquidated or disposed of is recognised in the profit and loss account.

1.b.4 Business combinations and measurement of goodwill

Business combinations

Business combinations are accounted for by the purchase method. Under this method, the acquiree's identifiable assets, liabilities and contingent liabilities that meet the IFRS recognition criteria are measured at fair value at the acquisition date except for non-current assets classified as assets held for sale, which are accounted for at fair value less costs to sell. The Group may recognise any adjustments to the provisional accounting within 12 months of the acquisition date.

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities assumed, and equity instruments issued to obtain control of the acquiree, plus any costs directly attributable to the combination.

Goodwill represents the difference between the cost of the combination and the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree at the acquisition date. Positive goodwill is recognised in the acquirer's balance sheet, and badwill is recognised immediately in profit or loss, on the acquisition date.

Goodwill is recognised in the functional currency of the acquiree and translated at the closing exchange rate.

The BNP Paribas Group tests goodwill for impairment on a regular basis.

As permitted under IFRS 1, business combinations that took place before 1 January 2004 and were recorded in accordance with the previously applicable accounting standards (French GAAP), have not been restated in accordance with the principles set out above.

Cash-generating units

The BNP Paribas Group has split all its activities into cash-generating units [(1)], representing major business lines. This split is consistent with the Group's organisational structure and management methods, and reflects the independence of each unit in terms of results and management methods; it is subject to regular review in order to take account of events likely to affect the composition of cash-generating units, such as acquisitions, disposals and major reorganisations.

[(1)] *As defined by IAS 36.*

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Testing cash-generating units for impairment

Goodwill allocated to cash-generating units is tested for impairment annually and whenever there is an indication that a unit may be impaired, by comparing the carrying amount of the unit with its recoverable amount. If the recoverable amount is less than the carrying amount, an irreversible impairment loss is recognised, writing down the goodwill by the excess of the carrying amount of the unit over its recoverable amount.

Recoverable amount of a cash-generating unit

The recoverable amount of a cash-generating unit is the higher of the fair value of the unit and its value in use.

Fair value is the price that would be obtained from selling the unit at the market conditions prevailing at the date of measurement, as determined mainly by reference to actual prices of recent transactions involving similar entities or on the basis of stock market multiples for comparable companies.

Value in use is based on an estimate of the future cash flows to be generated by the cash-generating unit, derived from the annual forecasts prepared by the unit's management and approved by Group Executive Management and from analyses of long-term trends of the market positioning of the unit's activities. These cash flows are discounted at a rate that reflects the return that investors would require from an investment in the business sector and region involved.

1.c FINANCIAL ASSETS AND FINANCIAL LIABILITIES

1.c.1 Loans and receivables

Loans and receivables include credit provided by the Group, the Group's share in syndicated loans, and purchased loans that are not quoted in an active market, unless they are held for trading purposes. Loans that are quoted in an active market are classified as "Available-for-sale financial assets" and measured using the methods applicable to this category.

Loans and receivables are initially measured at fair value, which is usually the net amount disbursed at inception including directly attributable origination costs and certain types of fees or commission (syndication commission, commitment fees and handling charges) that are regarded as an adjustment to the effective interest rate on the loan.

Loans and receivables are subsequently measured at amortised cost. The income from the loan, representing interest plus transaction costs and fees/commission included in the initial value of the loan, is calculated using the effective interest method and taken to profit or loss over the life of the loan.

Commission earned on financing commitments prior to the inception of a loan is deferred and included in the value of the loan when the loan is made.

Commission earned on financing commitments where the probability of drawdown is low, or there is uncertainty as to the timing and amount of drawdowns, is recognised on a straight-line basis over the life of the commitment.

1.c.2 Regulated savings and loan contracts

Home savings accounts (*Comptes Épargne-Logement* – "CEL") and home savings plans (*Plans d'Épargne Logement* – "PEL") are government-regulated retail products sold in France. They combine a savings phase and a loan phase which are inseparable, with the loan phase contingent upon the savings phase.

These products contain two types of obligation for BNP Paribas: (i) an obligation to pay interest on the savings for an indefinite period, at a rate set by the government on inception of the contract (in the case of PEL products) or at a rate reset every six months using an indexation formula set by law (in the case of CEL products); and (ii) an obligation to lend to the customer (at the customer's option) an amount contingent upon the rights acquired during the savings phase, at a rate set on inception of the contract (in the case of PEL products) or at a rate contingent upon the savings phase (in the case of CEL products).

The Group's future obligations in respect of each generation (in the case of PEL products, a generation comprises all products with the same interest rate at inception; in the case of CEL products, all such products constitute a single generation) are measured by discounting potential future earnings from at-risk outstandings for that generation.

At-risk outstandings are estimated on the basis of a historical analysis of customer behaviour, and equate to:

- for the loan phase: statistically probable loan outstandings and actual loan outstandings;
- for the savings phase: the difference between statistically probable outstandings and minimum expected outstandings, with minimum expected outstandings being deemed equivalent to unconditional term deposits.

Earnings for future periods from the savings phase are estimated as the difference between (i) the reinvestment rate and (ii) the fixed savings interest rate on at-risk savings outstandings for the period in question. Earnings for future periods from the loan phase are estimated as the difference between (i) the refinancing rate and (ii) the fixed loan interest rate on at-risk loan outstandings for the period in question.

The reinvestment rate for savings and the refinancing rate for loans are derived from the swap yield curve and from the spreads expected on financial instruments of similar type and maturity. Spreads are determined on the basis of actual spreads on (i) fixed-rate home loans in the case of the loan phase and (ii) euro-denominated life assurance products in the case of the savings phase. In order to reflect the uncertainty of future interest rate trends, and the impact of such trends on customer behaviour models and on at-risk outstandings, the obligations are estimated using the Monte Carlo method.

Where the sum of the Group's estimated future obligations in respect of the savings and loan phases of any generation of contracts indicates a potentially unfavourable situation for the Group, a provision is recognised (with no offset between generations) in the balance sheet in "Provisions for contingencies and charges". Movements in this provision are recognised as interest income in the profit and loss account.

1.c.3 Securities

Categories of securities

Securities held by the Group are classified in one of three categories.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise:

- financial assets held for trading purposes;
- financial assets that the Group has opted, on initial recognition, to recognise and measure at fair value through profit or loss using the fair value option available under IAS 39. The conditions for applying the fair value option are set out in section 1.c.10.

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

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

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

Held-to-maturity financial assets

Held-to-maturity financial assets are investments with fixed or determinable payments and fixed maturity that the Group has the intention and ability to hold until maturity. Hedges contracted to cover assets in this category against interest rate risk do not qualify for hedge accounting as defined in IAS 39.

Assets in this category are accounted for at amortised cost using the effective interest method, which builds in amortisation of premium and discount (corresponding to the difference between the purchase price and redemption value of the asset) and incidental acquisition costs (where material). Income earned from this category of assets is included in "Interest income" in the profit and loss account.

Available-for-sale financial assets

Available-for-sale financial assets are fixed-income and variable-income securities other than those classified as "fair value through profit or loss" or "held-to-maturity".

Assets included in the available-for-sale category are initially recorded at fair value plus transaction costs where material. At the balance sheet date, they are remeasured to fair value, with changes in fair value (excluding accrued interest) shown on a separate line in shareholders' equity, "Unrealised or deferred gains or losses". On disposal, these unrealised gains and losses are transferred from shareholders' equity to the profit and loss account, where they are shown on the line "Net gain/loss on available-for-sale financial assets".

Income recognised using the effective interest method derived from fixed-income available-for-sale securities is recorded in "Interest income" in the profit and loss account. Dividend income from variable-income securities is recognised in "Net gain/loss on available-for-sale financial assets" when the Group's right to receive payment is established.

Repurchase agreements and securities lending/borrowing

Securities temporarily sold under repurchase agreements continue to be recorded in the Group's balance sheet in the category of securities to which they belong. The corresponding liability is recognised in the appropriate debt category in the balance sheet except in the case of repurchase agreements contracted for trading purposes, where the corresponding liability is classified in "Financial liabilities at fair value through profit or loss".

Securities temporarily acquired under reverse repurchase agreements are not recognised in the Group's balance sheet. The corresponding receivable is recognised in "Loans and receivables" except in the case of reverse repurchase agreements contracted for trading purposes, where the corresponding receivable is recognised in "Financial assets at fair value through profit or loss".

Securities lending transactions do not result in derecognition of the loaned securities, and securities borrowing transactions do not result in recognition of the borrowed securities in the balance sheet, except in cases where the borrowed securities are subsequently sold by the Group. In such cases, the obligation to deliver the borrowed securities on maturity is recognised in the balance sheet under "Financial liabilities at fair value through profit or loss".

Date of recognition for securities transactions

Securities classified as at fair value through profit or loss, held-to-maturity or available-for-sale financial assets are recognised at the trade date.

Regardless of their classification (at fair value through profit or loss, loans and receivables or debt), temporary sales of securities as well as sales of borrowed securities are initially recognised at the settlement date.

Securities transactions are carried on the balance sheet until the Group's rights to receive the related cash flows expire, or until the Group has transferred substantially all the risks and rewards incident to ownership of the securities.

1.c.4 Foreign currency transactions

The methods used to account for assets and liabilities relating to foreign currency transactions entered into by the Group, and to measure the foreign exchange risk arising on such transactions, depends upon whether the asset or liability in question is classified as a monetary or a non-monetary item.

Monetary assets and liabilities [1] expressed in foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into the functional currency of the relevant Group entity at the closing rate. Translation differences are recognised in the profit and loss account, except for those arising on financial instruments designated as a cash flow hedge or a net foreign investment hedge, which are recognised in shareholders' equity.

Non-monetary assets and liabilities expressed in foreign currencies

Non-monetary assets may be measured either at historical cost or at fair value. Non-monetary assets expressed in foreign currencies are translated using the exchange rate at the date of the transaction if they are measured at historical cost, and at the closing rate if they are measured at fair value.

Translation differences on non-monetary assets expressed in foreign currencies and measured at fair value (variable-income securities) are recognised in the profit and loss account if the asset is classified in "Financial assets at fair value through profit or loss", and in shareholders' equity if the asset is classified in "Available-for-sale financial assets", unless the financial asset in question is designated as an item hedged against foreign exchange risk in a fair value hedging relationship, in which case the translation difference is recognised in the profit and loss account.

1.c.5 Impairment of financial assets

Impairment of loans and receivables and held-to-maturity financial assets, provisions for financing and guarantee commitments

An impairment loss is recognised against loans and held-to-maturity financial assets where (i) there is objective evidence of a decrease in value as a result of an event occurring after inception of the loan or acquisition of the asset; (ii) the event affects the amount or timing of future cash flows; and (iii) the consequences of the event can be measured reliably. Loans are assessed for evidence of impairment initially on an individual basis, and subsequently on a portfolio basis. Similar principles are applied to financing and guarantee commitments given by the Group, with the probability of drawdown taken into account in any assessment of financing commitments.

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

- the existence of accounts more than three months past due (six months past due for real estate loans and loans to local authorities);
- knowledge or indications that the borrower is in significant financial difficulty, such that a risk can be considered to have arisen regardless of whether the borrower has missed any payments;
- concessions in respect of the credit terms granted to the borrower that the lender would not have considered had the borrower not been in financial difficulty.

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

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

Counterparties that are not individually impaired are risk-assessed on the basis of portfolios of loans with similar characteristics. This assessment draws upon an internal rating system based on historical data, adjusted as necessary to reflect circumstances prevailing at the balance sheet date. It enables the Group to identify groups of counterparties which, as a result of events occurring since inception of the loans, have collectively acquired a probability of default at maturity that provides objective evidence of impairment of the entire portfolio, but without it being possible at that stage to allocate the impairment to individual counterparties. This assessment also estimates the amount of the loss on the portfolios in question, taking account of trends in the economic cycle during the assessment period. Changes in the amount of portfolio impairments are taken to the profit and loss account under "Cost of risk".

Based on the experienced judgement of the Bank's divisions or Risk Management, the Group may recognise additional collective impairment provisions in respect of a given economic sector or geographic area affected by exceptional economic events. This may be the case when the consequences of these events cannot be measured with sufficient accuracy to adjust the parameters used to determine the collective provision recognised against affected portfolios of loans with similar characteristics.

Impairment of available-for-sale financial assets

Impairment of available-for-sale financial assets (which mainly comprise securities) is recognised on an individual basis if there is objective evidence of impairment as a result of one or more events occurring since acquisition.

In the case of variable-income securities quoted in an active market, a prolonged or significant (>20%) decline in quoted price below the acquisition cost is regarded as an indication of impairment and prompts the Group to carry out a qualitative analysis. Where appropriate, the impairment loss is calculated based on the quoted price for the securities.

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

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A similar quantitative and qualitative method is applied for unlisted variable-income securities.

In the case of fixed-income securities, impairment is assessed based on the same criteria as applied to individually impaired loans and receivables.

Impairment losses taken against variable-income securities are recognised as a component of net banking income on the line "Net gain/loss on available-for-sale financial assets", and may not be reversed through the profit and loss account until the securities in question are sold. Any subsequent decline in fair value constitutes an additional impairment loss, recognised in the profit and loss account.

Impairment losses taken against fixed-income securities are recognised in "Cost of risk", and may be reversed through the profit and loss account in the event of an increase in fair value that relates objectively to an event occurring after the last impairment was recognised.

1.c.6 Issues of debt securities

Financial instruments issued by the Group are qualified as debt instruments if the Group company issuing the instruments has a contractual obligation to deliver cash or another financial asset to the holder of the instrument. The same applies if the Group may be obliged to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group, or to deliver a variable number of the Group's own equity instruments.

Issues of debt securities are initially recognised at the issue value including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Bonds redeemable for or convertible into equity instruments of the Group are accounted for as hybrid instruments with a debt component and an equity component, determined on initial recognition.

1.c.7 Own equity instruments and own equity instrument derivatives

The term "own equity instruments" refers to shares issued by the parent company (BNP Paribas SA) or by its fully-consolidated subsidiaries.

Own equity instruments held by the Group, also known as treasury shares, are deducted from consolidated shareholders' equity irrespective of the purpose for which they are held. Gains and losses arising on such instruments are eliminated from the consolidated profit and loss account.

When the Group acquires equity instruments issued by subsidiaries under the exclusive control of BNP Paribas, the difference between the acquisition price and the share of net assets acquired is recorded in retained earnings attributable to BNP Paribas shareholders. Similarly, the liability corresponding to put options granted to minority shareholders in such subsidiaries, and changes in the value of that liability, are offset initially against minority interests, with any surplus offset against retained earnings attributable to BNP Paribas shareholders. Until these options have been exercised, the portion of net income attributable to minority interests is allocated to minority interests in the profit and loss account. A decrease in the Group's interest in a fully consolidated subsidiary is recognised in the Group's accounts as a change in shareholders' equity.

Own equity instrument derivatives are treated as follows, depending on the method of settlement:

- as equity instruments if they are settled by physical delivery of a fixed number of own equity instruments for a fixed amount of cash or other financial asset. Such instruments are not revalued;
- as debt instruments if the contract includes an obligation, whether contingent or not, for the issuer to repurchase its own shares;
- as derivatives if they are settled in cash, or if the issuer can choose whether they are settled by physical delivery of the shares or in cash. Changes in value of such instruments are taken to the profit and loss account.

1.c.8 Derivative instruments and hedge accounting

All derivative instruments are recognised in the balance sheet on the trade date at the transaction price, and are remeasured to fair value on the balance sheet date.

Derivatives held for trading purposes

Derivatives held for trading purposes are recognised in the balance sheet in "Financial assets at fair value through profit or loss" when their fair value is positive, and in "Financial liabilities at fair value through profit or loss" when their fair value is negative. Realised and unrealised gains and losses are taken to the profit and loss account on the line "Net gain/loss on financial instruments at fair value through profit or loss".

Derivatives and hedge accounting

Derivatives contracted as part of a hedging relationship are designated according to the purpose of the hedge.

Fair value hedges are used in particular to hedge interest rate risk on fixed-rate assets and liabilities, both for identified financial instruments (securities, debt issues, loans, borrowings) and for portfolios of financial instruments (in particular, demand deposits and fixed-rate loans).

Cash flow hedges are used in particular to hedge interest rate risk on floating-rate assets and liabilities, including rollovers, and foreign exchange risk on highly probable forecast foreign currency revenues.

At the inception of the hedge, the Group prepares formal documentation of the hedging relationship identifying the instrument (or portion of the instrument or portion of risk) that is being hedged; the hedging strategy and the type of risk covered; the hedging instrument; and the methods used to assess the effectiveness of the hedging relationship.

On inception and at least quarterly, the Group assesses, consistently with the original documentation, the actual (retrospective) and expected (prospective) effectiveness of the hedging relationship. Retrospective effectiveness tests are designed to assess whether actual changes in the fair value or cash flows of the hedging instrument and the hedged item are within a range of 80% to 125%. Prospective effectiveness tests are designed to ensure that expected changes in the fair value or cash flows of the derivative over the residual life of the hedge adequately offset those of the hedged item. For highly probable forecast transactions, effectiveness is assessed largely on the basis of historical data for similar transactions.

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Under IAS 39 as adopted by the European Union (which excludes certain provisions on portfolio hedging), interest rate risk hedging relationships based on portfolios of assets or liabilities qualify for fair value hedge accounting as follows:

- the risk designated as being hedged is the interest rate risk associated with the interbank rate component of interest rates on commercial banking transactions (loans to customers, savings accounts and demand deposits);
- the instruments designated as being hedged correspond, for each maturity band, to a portion of the interest rate gap associated with the hedged underlyings;
- the hedging instruments used consist exclusively of "plain vanilla" swaps;
- prospective hedge effectiveness is established by the fact that all derivatives must, on inception, have the effect of reducing interest rate risk in the portfolio of hedged underlyings. Retrospectively, a hedge will be disqualified from hedge accounting once a shortfall arises in the underlyings specifically associated with that hedge for each maturity band (due to prepayment of loans or withdrawals of deposits).

The accounting treatment of derivatives and hedged items depends on the hedging strategy.

In a fair value hedging relationship, the derivative instrument is remeasured at fair value in the balance sheet, with changes in fair value taken to profit or loss in "Net gain/loss on financial instruments at fair value through profit or loss", symmetrically with the remeasurement of the hedged item to reflect the hedged risk. In the balance sheet, the fair value remeasurement of the hedged component is recognised in accordance with the classification of the hedged item in the case of a hedge of identified assets and liabilities, or under "Remeasurement adjustment on interest rate risk hedged portfolios" in the case of a portfolio hedging relationship.

If a hedging relationship ceases or no longer fulfils the effectiveness criteria, the hedging instrument is transferred to the trading book and accounted for using the treatment applied to this asset category. In the case of identified fixed-income instruments, the remeasurement adjustment recognised in the balance sheet is amortised at the effective interest rate over the remaining life of the instrument. In the case of interest rate risk hedged fixed-income portfolios, the adjustment is amortised on a straight-line basis over the remainder of the original term of the hedge. If the hedged item no longer appears in the balance sheet, in particular due to prepayments, the adjustment is taken to the profit and loss account immediately.

In a cash flow hedging relationship, the derivative is stated at fair value in the balance sheet, with changes in fair value taken to shareholders' equity on a separate line, "Unrealised or deferred gains or losses". The amounts taken to shareholders' equity over the life of the hedge are transferred to the profit and loss account under "Net interest income" as and when the cash flows from the hedged item impact profit or loss. The hedged items continue to be accounted for using the treatment specific to the asset category to which they belong.

Cash flow hedges contracted to protect the Group against foreign currency risk qualified for cash flow hedge accounting up to 31 December 2005, whenever the currency hedged was a currency other than the euro. In an amendment to IAS 39 effective 1 January 2006, transactions carried out in the functional currency of the entity initiating the transaction may no longer be designated as the hedged item in a foreign currency cash flow hedge. Any such hedges existing at that date were therefore disqualified from hedge accounting.

If the hedging relationship ceases or no longer fulfils the effectiveness criteria, the cumulative amounts recognised in shareholders' equity as a result of the remeasurement of the hedging instrument remain in equity until the hedged transaction itself impacts profit or loss, or until it becomes clear that the transaction will not occur, at which point they are transferred to the profit and loss account.

If the hedged item ceases to exist, the cumulative amounts recognised in shareholders' equity are immediately taken to the profit and loss account.

Whatever the hedging strategy used, any ineffective portion of the hedge is recognised in the profit and loss account under "Net gain/loss on financial instruments at fair value through profit or loss".

Hedges of net foreign-currency investments in subsidiaries and branches are accounted for in the same way as cash flow hedges. The gains and losses initially recognised in shareholders' equity are taken to the profit and loss account when the net investment is sold or liquidated in full or in part. Hedging instruments may be currency hedges or any other non-derivative financial instrument.

Embedded derivatives

Derivatives embedded in hybrid financial instruments are extracted from the value of the host contract and accounted for separately as a derivative if the hybrid instrument is not recorded as a financial asset or liability at fair value through profit or loss and if the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract.

1.c.9 Determination of fair value

Financial assets and liabilities classified as fair value through profit or loss, and financial assets classified as available-for-sale, are measured and accounted for at fair value upon initial recognition and at subsequent dates. Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. On initial recognition, the value of a financial instrument is generally the transaction price (i.e. the value of the consideration paid or received).

Method of determining fair value

Fair value is determined:

- on the basis of quoted prices in an active market; or
- using valuation techniques involving :
  - mathematical calculation methods based on accepted financial theories, and
  - parameters derived in some cases from the prices of instruments traded in active markets, and in others from statistical estimates or other quantitative methods.

The distinction between the two valuation methods is made according to whether or not the instrument is traded in an active market.

A market for an instrument is regarded as active, and hence liquid, if there is regular trading in that market or instruments are traded that are very similar to the instrument being valued.

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The Bank distinguishes between three categories of financial instruments based on the characteristics of the instrument and the measurement method used. This classification is used as the basis for the information provided in the notes to the consolidated financial statements in accordance with international accounting standards:

- category 1: financial instruments quoted on an active market;
- category 2: financial instruments measured using valuation models based on observable parameters;
- category 3: financial instruments measured using valuation models based wholly or partly on non-observable parameters. A non-observable parameter is defined as a parameter whose value results from assumptions or correlations which are not based on observable current market transactions in the same instrument at the valuation date, or on observable market data at that date.

Instruments traded in active markets

If quoted prices in an active market are available, they are used to determine fair value. This method is used for quoted securities and for derivatives traded on organised markets such as futures and options.

The majority of over-the-counter derivatives, swaps, forward rate agreements, caps, floors and standard options are traded in active markets. Valuations are determined using generally accepted models (discounted cash flows, Black-Scholes model, interpolation techniques) based on quoted market prices for similar instruments or underlyings.

The valuation derived from these models is adjusted for liquidity and credit risk.

Starting from valuations derived from median market prices, price adjustments are used to value the net position in each financial instrument at bid price in the case of short positions, or at asking price in the case of long positions. Bid price is the price at which a counterparty would buy the instrument, and asking price is the price at which a seller would sell the same instrument.

A counterparty risk adjustment is included in the valuation derived from the model in order to reflect the credit quality of the derivative instrument.

Instruments traded in inactive markets

Products traded in inactive markets and valued using an internal valuation model based on directly observable parameters or on parameters derived from observable data

Some financial instruments, although not traded in an active market, are valued using methods based on observable market data.

These models use market parameters calibrated on the basis of observable data such as yield curves, implicit volatility layers of options, default rates, and loss assumptions obtained from consensus data or from active over-the-counter markets. Valuations derived from these models are adjusted for liquidity, credit and model risk.

The margin generated when these financial instruments are traded is taken to the profit and loss account immediately.

Products traded in inactive markets and valued using an internal valuation model based on parameters that are not observable or only partially observable

Some complex financial instruments, which are usually tailored, illiquid or have long maturities, are valued using internally-developed techniques and techniques that are based on data only partially observable on active markets.

In the absence of observable data, these instruments are measured on initial recognition in a way that reflects the transaction price, regarded as the best indication of fair value. Valuations derived from these models are adjusted for liquidity risk and credit risk.

The margin generated when these complex financial instruments are traded (day one profit) is deferred and taken to the profit and loss account over the period during which the valuation parameters are expected to remain non-observable. When parameters that were originally non-observable become observable, or when the valuation can be substantiated by comparison with recent similar transactions in an active market, the unrecognised portion of the day one profit is released to the profit and loss account.

Unlisted equity securities

The fair value of unquoted equity securities is measured by comparison with recent transactions in the equity of the company in question carried out with an independent third party on an arm's length basis. If no such reference is available, the valuation is determined either on the basis of generally accepted practices (EBIT or EBITDA multiples) or of the Group's share of net assets as calculated using the most recently available information.

1.c.10 Financial assets and liabilities designated at fair value through profit or loss (fair value option)

The amendment to IAS 39 relating to the "fair value option" was adopted by the European Union on 15 November 2005, with effect from 1 January 2005.

This option allows entities to designate any financial asset or financial liability on initial recognition as measured at fair value, with changes in fair value recognised in profit or loss, in the following cases:

- hybrid financial instruments containing one or more embedded derivatives which otherwise would have been extracted and accounted for separately;
- where using the option enables the entity to eliminate or significantly reduce a mismatch in the measurement and accounting treatment of assets and liabilities that would arise if they were to be classified in separate categories;
- where a group of financial assets and/or financial liabilities is managed and measured on the basis of fair value, under a properly documented management and investment strategy.

BNP Paribas applies this option primarily to financial assets related to unit-linked business (in order to achieve consistency of treatment with the related liabilities), and to structured issues containing significant embedded derivatives.

1.c.11 Income and expenses arising from financial assets and financial liabilities

Income and expenses arising from financial instruments measured at amortised cost and from fixed-income securities classified in "Available-for-sale financial assets" are recognised in the profit and loss account using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the asset or liability in the balance sheet. The effective interest rate calculation takes account of (i) all fees received or paid that are an integral part of the effective interest rate of the contract, (ii) transaction costs, and (iii) premiums and discounts.

The method used by the Group to recognise service-related commission income and expenses depends upon the nature of the service. Commission treated as an additional component of interest is included in the effective interest rate, and is recognised in the profit and loss account in "Net interest income". Commission payable or receivable on execution of a significant transaction is recognised in the profit and loss account in full on execution of the transaction, under "Net commission income". Commission payable or receivable for recurring services is recognised over the term of the service, also under "Net commission income".

Commission received in respect of financial guarantee commitments is regarded as representing the fair value of the commitment. The resulting liability is subsequently amortised over the term of the commitment, under commission income in net banking income.

External costs that are directly attributable to an issue of new shares are deducted from equity net of all related taxes.

1.c.12 Cost of risk

Cost of risk includes movements in provisions for impairment of fixed-income securities and loans and receivables due from customers and credit institutions, movements in financing and guarantee commitments given, losses on irrecoverable loans and amounts recovered on loans written off. This caption also includes impairment losses recorded in respect of default risk incurred on counterparties for over-the-counter financial instruments, as well as expenses relating to fraud and to disputes inherent to the financing business.

1.c.13 Derecognition of financial assets and financial liabilities

The Group derecognises all or part of a financial asset either (i) when the contractual rights to the cash flows from the asset expire or (ii) when the Group transfers the contractual rights to the cash flows from the asset and substantially all the risks and rewards of ownership of the asset. Unless these conditions are fulfilled, the Group retains the asset in its balance sheet and recognises a liability for the obligation created as a result of the transfer of the asset.

The Group derecognises all or part of a financial liability when the liability is extinguished in full or in part.

1.c.14 Netting of financial assets and financial liabilities

A financial asset and a financial liability are offset and the net amount presented in the balance sheet if, and only if, the Group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.d INSURANCE

The specific accounting policies relating to assets and liabilities generated by insurance contracts and financial contracts with a discretionary participation feature written by fully-consolidated insurance companies are retained for the purposes of the consolidated financial statements. These policies comply with IFRS 4.

All other insurance company assets and liabilities are accounted for using the policies applied to the Group's assets and liabilities generally, and are included in the relevant balance sheet and profit and loss account headings in the consolidated financial statements.

1.d.1 Assets

Financial assets and non-current assets are accounted for using the policies described elsewhere in this note. The only exceptions are shares in civil property companies (SCIs) held in unit-linked insurance contract portfolios, which are measured at fair value on the balance sheet date with changes in fair value taken to profit or loss.

Financial assets representing technical provisions related to unit-linked business are shown in "Financial assets at fair value through profit or loss", and are stated at the realisable value of the underlying assets at the balance sheet date.

1.d.2 Liabilities

The Group's obligations to policyholders and beneficiaries are shown in "Technical reserves of insurance companies" and comprise liabilities relating to insurance contracts carrying a significant insurance risk (e.g., mortality or disability) and to financial contracts with a discretionary participation feature, which are covered by IFRS 4. A discretionary participation feature is one which gives life policyholders the right to receive, as a supplement to guaranteed benefits, a share of actual profits.

Liabilities relating to other financial contracts, which are covered by IAS 39, are shown in "Due to customers".

Unit-linked contract liabilities are measured by reference to the fair value of the underlying assets at the balance sheet date.

The technical reserves of life insurance subsidiaries consist primarily of mathematical reserves, which generally correspond to the surrender value of the contract.

The benefits offered relate mainly to the risk of death (term life insurance, annuities, loan repayment, guaranteed minimum on unit-linked contracts) and, for borrowers insurance, to disability, incapacity and unemployment risks. These types of risks are controlled by the use of appropriate mortality tables (certified tables in the case of annuity-holders), medical screening appropriate to the level of benefit offered, statistical monitoring of insured populations, and reinsurance programmes.

Non-life technical reserves include unearned premium reserves (corresponding to the portion of written premiums relating to future periods) and outstanding claims reserves, inclusive of claims handling costs.

The adequacy of technical reserves is tested at the balance sheet date by comparing them with the average value of future cash flows as derived from stochastic analyses. Any adjustments to technical reserves are taken to the profit and loss account for the period. A capitalisation reserve is set up in individual statutory accounts on the sale of amortisable securities in order to defer part of the net realised gain and hence maintain the yield to maturity on the portfolio of admissible assets. In the consolidated financial statements, the bulk of this reserve is reclassified to "Policyholders' surplus" on the liabilities side of the consolidated balance sheet; a deferred tax liability is recognised on the portion taken to shareholders' equity.

This item also includes the policyholders' surplus reserve resulting from the application of shadow accounting. This represents the interest of policyholders, mainly within French life insurance subsidiaries, in unrealised gains and losses on assets where the benefit paid under the policy is linked to the return on those assets. This interest is an average derived from stochastic analyses of unrealised gains and losses attributable to policyholders in various scenarios.

1.d.3 Profit and loss account

Income and expenses arising on insurance contracts written by the Group are recognised in the profit and loss account under "Income from other activities" and "Expenses on other activities".

Other insurance company income and expenses are included in the relevant profit and loss account item. Consequently, movements in the policyholders' surplus reserve are shown on the same line as gains and losses on the assets that generated the movements.

1.e PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment and intangible assets shown in the consolidated balance sheet comprise assets used in operations and investment property.

Assets used in operations are those used in the provision of services or for administrative purposes, and include non-property assets leased by the Group as lessor under operating leases.

Investment property comprises property assets held to generate rental income and capital gains.

Property, plant and equipment and intangible assets are initially recognised at purchase price plus directly attributable costs, together with borrowing costs where a long period of construction or adaptation is required before the asset can be brought into service.

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

Subsequent to initial recognition, property, plant and equipment and intangible assets are measured at cost less accumulated depreciation or amortisation and any impairment losses. The only exceptions are shares in civil property companies (SCIs) held in unit-linked insurance contract portfolios, which are measured at fair value on the balance sheet date, with changes in fair value taken to profit or loss.

The depreciable amount of property, plant and equipment and intangible assets is calculated after deducting the residual value of the asset. Only assets leased by the Group as lessor under operating leases are presumed to have a residual value, as the useful life of property, plant and equipment and intangible assets used in operations is generally the same as their economic life.

Property, plant and equipment and intangible assets are depreciated or amortised using the straight-line method over the useful life of the asset. Depreciation and amortisation expense is recognised in the profit and loss account under "Depreciation, amortisation and impairment of property, plant and equipment and intangible assets".

Where an asset consists of a number of components that may require replacement at regular intervals, or that have different uses or different patterns of consumption of economic benefits, each component is recognised separately and depreciated using a method appropriate to that component. The BNP Paribas Group has adopted the component-based approach for property used in operations and for investment property.

The depreciation periods used for office property are as follows: 80 years or 60 years for the shell (for prime and other property respectively); 30 years for facades; 20 years for general and technical installations; and 10 years for fixtures and fittings.

Software is amortised, depending on its type, over periods of no more than 8 years in the case of infrastructure developments and 3 years or 5 years in the case of software developed primarily for the purpose of providing services to customers.

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

Depreciable property, plant and equipment and intangible assets are tested for impairment if there is an indication of potential impairment at the balance sheet date. Non-depreciable assets are tested for impairment at least annually, using the same method as for goodwill allocated to cash-generating units.

If there is an indication of impairment, the new recoverable amount of the asset is compared with the carrying amount. If the asset is found to be impaired, an impairment loss is recognised in the profit and loss account. This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. Impairment losses are taken to the profit and loss account in "Depreciation, amortisation and impairment of property, plant and equipment and intangible assets".

Gains and losses on disposals of property, plant and equipment and intangible assets used in operations are recognised in the profit and loss account in "Net gain on non-current assets".

Gains and losses on disposals of investment property are recognised in the profit and loss account in "Income from other activities" or "Expenses on other activities".

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1.f LEASES

Group companies may be either the lessee or the lessor in a lease agreement.

1.f.1 Lessor accounting

Leases contracted by the Group as lessor are categorised as either finance leases or operating leases.

Finance leases

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

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

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

Operating leases

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

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

1.f.2 Lessee accounting

Leases contracted by the Group as lessee are categorised as either finance leases or operating leases.

Finance leases

A finance lease is treated as an acquisition of an asset by the lessee, financed by a loan. The leased asset is recognised in the balance sheet of the lessee at the lower of its fair value or the present value of the minimum lease payments calculated at the interest rate implicit in the lease. A matching liability, equal to the fair value of the leased asset or the present value of the minimum lease payment, is also recognised in the balance sheet of the lessee. The asset is depreciated using the same method as that applied to owned assets, after deducting the residual value from the amount initially recognised, over the useful life of the asset. The lease obligation is accounted for at amortised cost.

Operating leases

The asset is not recognised in the balance sheet of the lessee. Lease payments made under operating leases are taken to the profit and loss account of the lessee on a straight-line basis over the lease term.

1.g NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Where the Group decides to sell non-current assets and it is highly probable that the sale will occur within twelve months, these assets are shown separately in the balance sheet, on the line "Non-current assets held for sale". Any liabilities associated with these assets are also shown separately in the balance sheet, on the line "Liabilities associated with non-current assets held for sale".

Once classified in this category, non-current assets and groups of assets and liabilities are measured at the lower of carrying amount or fair value less costs to sell.

Such assets are no longer depreciated. If an asset or group of assets and liabilities becomes impaired, an impairment loss is recognised in the profit and loss account. Impairment losses may be reversed.

Where a group of assets and liabilities held for sale represents a major business line, it is categorised as a "discontinued operation". Discontinued operations include operations that are held for sale, operations that have been shut down, and subsidiaries acquired exclusively with a view to resale.

All gains and losses related to discontinued operations are shown separately in the profit and loss account, on the line "Post-tax gain/loss on discontinued operations and assets held for sale". This line includes the post-tax profits or losses of discontinued operations, the post-tax gain or loss arising from remeasurement at fair value less costs to sell, and the post-tax gain or loss on disposal of the operation.

1.h EMPLOYEE BENEFITS

Employee benefits are classified in one of four categories:

- short-term benefits such as salary, annual leave, incentive plans, profit-sharing and additional payments;
- long-term benefits, including compensated absences, long-service awards, and other types of cash-based deferred compensation;
- termination benefits;
- post-employment benefits, including top-up banking industry pensions in France and pension plans in other countries, some of which are operated through pension funds.

1.h.1 Short-term benefits

The Group recognises an expense when it has used services rendered by employees in exchange for employee benefits.

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1.h.2 Long-term benefits

These are benefits (other than post-employment benefits and termination benefits) which do not fall wholly due within twelve months after the end of the period in which the employees render the associated service. This relates in particular to compensation deferred for more than twelve months, which is accrued in the financial statements for the period in which it is earned.

The actuarial techniques used are similar to those used for defined-benefit post-employment benefits, except that actuarial gains and losses are recognised immediately and no "corridor" is applied. The effect of any plan amendments regarded as relating to past service is also recognised immediately.

1.h.3 Termination benefits

Termination benefits are employee benefits payable as a result of a decision by the Group to terminate a contract of employment before the legal retirement age or a decision by an employee to accept voluntary redundancy in exchange for a benefit. Termination benefits falling due more than twelve months after the balance sheet date are discounted.

1.h.4 Post-employment benefits

In accordance with IFRS, the BNP Paribas Group draws a distinction between defined-contribution plans and defined-benefit plans.

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

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

The classification of plans into these two categories is based on the economic substance of the plan, which is reviewed to determine whether the Group has a legal or constructive obligation to pay the agreed benefits to employees.

Post-employment benefit obligations under defined-benefit plans are measured using actuarial techniques that take account of demographic and financial assumptions.

The amount of the obligation recognised as a liability is measured on the basis of the actuarial assumptions applied by the Group, using the projected unit credit method. This method takes account of various parameters such as demographic assumptions, the probability that employees will leave before retirement age, salary inflation, a discount rate, and the general inflation rate. The value of any plan assets is deducted from the amount of the obligation.

Where the value of the plan assets exceeds the amount of the obligation, an asset is recognised if it represents a future economic benefit for the Group in the form of a reduction in future contributions or a future partial refund of amounts paid into the plan.

The amount of the obligation under a plan, and the value of the plan assets, may show significant fluctuations from one period to the next due to changes in actuarial assumptions, thereby giving rise to actuarial gains and losses. The Group applies the "corridor" method in accounting for actuarial gains and losses. Under this method, the Group is allowed to recognise, as from the following period and over the average remaining service lives of employees, only that portion of actuarial gains and losses that exceeds the greater of (i) 10% of the present value of the gross defined-benefit obligation or (ii) 10% of the fair value of plan assets at the end of the previous period.

At the date of first-time adoption, BNP Paribas elected for the exemption allowed under IFRS 1, under which all unamortised actuarial gains and losses at 1 January 2004 are recognised as a deduction from equity at that date.

The effects of plan amendments on past service cost are recognised in profit or loss over the full vesting period of the amended benefits.

The annual expense recognised in the profit and loss account under "Salaries and employee benefits" in respect of defined-benefit plans comprises the current service cost (the rights vested in each employee during the period in return for service rendered), interest cost (the effect of discounting the obligation), the expected return on plan assets, amortisation of actuarial gains and losses and past service cost arising from plan amendments, and the effect of any plan curtailments or settlements.

1.i SHARE-BASED PAYMENT

Share-based payment transactions are payments based on shares issued by the Group, whether the transaction is settled in the form of equity or cash of which the amount is based on trends in the value of BNP Paribas shares.

IFRS 2 requires share-based payments granted after 7 November 2002 to be recognised as an expense. The amount recognised is the value of the share-based payment made to the employee.

The Group grants stock subscription option plans and deferred share-based compensation plans to employees, and also offers them the possibility of subscribing for specially-issued BNP Paribas shares at a discount on condition that they retain the shares for a specified period.

1.i.1 Stock option plans

The expense related to stock option plans is recognised at the date of grant if the grantee immediately acquires rights to the shares, or over the vesting period if the benefit is conditional upon the grantee's continued employment. Stock option expense is recorded in salaries and employee benefits, and its credit entry is posted to shareholders' equity. It is calculated on the basis of the overall plan value, determined at the date of grant by the Board of Directors.

In the absence of any market for these instruments, mathematical valuation models are used. The total expense of a plan is determined by multiplying the unit value per option by the estimated number of options that will vest at the end of the vesting period, taking account of conditions regarding the grantee's continued employment.

The only assumptions revised during the vesting period, and hence resulting in a remeasurement of the expense, are those relating to the probability that employees will leave the Group and those relating to performance conditions that are not linked to the value of BNP Paribas shares.

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A similar accounting treatment is applied to deferred share-based compensation plans.

1.i.2 Share subscriptions or purchases offered to employees under the company savings plan

Share subscriptions or purchases offered to employees under the company savings plan (*Plan d'Épargne Entreprise*) at lower-than-market rates over a specified period do not include a vesting period. However, employees are prohibited by law from selling shares acquired under this plan for a period of five years. This restriction is taken into account in measuring the benefit to the employees, which is reduced accordingly. The benefit therefore equals the difference, at the date the plan is announced to employees, between the fair value of the share (after allowing for the restriction on sale) and the acquisition price paid by the employee, multiplied by the number of shares acquired.

The cost of the mandatory five-year holding period is equivalent to the cost of a strategy involving the forward sale of shares subscribed at the time of the capital increase reserved for employees and the cash purchase of an equivalent number of BNP Paribas shares on the market, financed by a loan repaid at the end of a five-year period out of the proceeds from the forward sale transaction. The interest rate on the loan is the rate that would be applied to a five-year general purpose loan taken out by an individual with an average risk profile. The forward sale price for the shares is determined on the basis of market parameters.

1.j PROVISIONS RECORDED UNDER LIABILITIES

Provisions recorded under liabilities (other than those relating to financial instruments, employee benefits and insurance contracts) mainly relate to restructuring, claims and litigation, fines and penalties, and tax risks.

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation arising from a past event, and a reliable estimate can be made of the amount of the obligation. The amount of such obligations is discounted, where the impact of discounting is material, in order to determine the amount of the provision.

1.k CURRENT AND DEFERRED TAXES

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

Deferred taxes are recognised when temporary differences arise between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax liabilities are recognised for all taxable temporary differences other than:

- taxable temporary differences on initial recognition of goodwill;
- taxable temporary differences on investments in enterprises under the exclusive or joint control of the Group, where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Deferred tax assets and liabilities are offset when they arise within a group tax election under the jurisdiction of a single tax authority, and there is a legal right of offset.

Current and deferred taxes are recognised as tax income or expense in the profit and loss account, except deferred taxes relating to unrealised gains or losses on available-for-sale assets or to changes in the fair value of instruments designated as cash flow hedges, which are taken to shareholders' equity.

When tax credits on revenues from receivables and securities are used to settle corporate income tax payable for the period, the tax credits are recognised on the same line as the income to which they relate. The corresponding tax expense continues to be carried in the profit and loss account under "Corporate income tax".

1.l STATEMENT OF CASH FLOWS

The cash and cash equivalents balance is composed of the net balance of cash accounts and accounts with central banks and post office banks, and the net balance of interbank demand loans and deposits.

Changes in cash and cash equivalents related to operating activities reflect cash flows generated by the Group's operations, including cash flows related to investment property, held-to-maturity financial assets and negotiable certificates of deposit.

Changes in cash and cash equivalents related to investing activities reflect cash flows resulting from acquisitions and disposals of subsidiaries, associates or joint ventures included in the consolidated group, as well as acquisitions and disposals of property, plant and equipment excluding investment property and property held under operating leases.

Changes in cash and cash equivalents related to financing activities reflect the cash inflows and outflows resulting from transactions with shareholders, cash flows related to bonds and subordinated debt, and debt securities (excluding negotiable certificates of deposit).

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1.m USE OF ESTIMATES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

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

This applies in particular to:

- impairment losses recognised to cover credit risks inherent in banking intermediation activities;
- the use of internally-developed models to measure positions in financial instruments that are not quoted in organised markets;
- calculations of the fair value of unquoted financial instruments classified in "Available-for-sale financial assets", "Financial assets at fair value through profit or loss" or "Financial liabilities at fair value through profit or loss", and (more generally) calculations of the fair value of financial instruments subject to a fair value disclosure requirement;
- impairment tests performed on intangible assets;
- the appropriateness of the designation of certain derivative instruments as cash flow hedges, and the measurement of hedge effectiveness;
- estimates of the residual value of assets leased under finance leases or operating leases, and (more generally) of assets on which depreciation is charged net of their estimated residual value;
- the measurement of provisions for contingencies and charges.

This is also the case for assumptions applied to assess the sensitivity of each type of market risk and the sensitivity of valuations to non-observable parameters.

Note 2. NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

2.a NET INTEREST INCOME

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

Interest income and expense on derivatives accounted for as fair value hedges are included with the revenues generated by the hedged item. In like manner, 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.

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In millions of euros	Year to 31 Dec. 2007 Income	Expense	Net	Year to 31 Dec. 2006 Income	Expense	Net
Customer items	**26,269**	**(11,970)**	**14,299**	**20,255**	**(8,481)**	**11,774**
Deposits, loans and borrowings	24,732	(11,731)	13,001	18,984	(8,339)	10,645
Repurchase agreements	29	(157)	(128)	12	(90)	(78)
Finance leases	1,508	(82)	1,426	1,259	(52)	1,207
Interbank items	**5,283**	**(8,137)**	**(2,854)**	**4,412**	**(6,329)**	**(1,917)**
Deposits, loans and borrowings	4,943	(7,363)	(2,420)	4,202	(5,924)	(1,722)
Repurchase agreements	340	(774)	(434)	210	(405)	(195)
Debt securities issued	**-**	**(7,091)**	**(7,091)**	**-**	**(5,634)**	**(5,634)**
Cash flow hedge instruments	**1,628**	**(899)**	**729**	**2,805**	**(1,455)**	**1,350**
Interest rate portfolio hedge instruments	**1,028**	**(685)**	**343**	**452**	**(92)**	**360**
Trading book	**20,319**	**(20,651)**	**(332)**	**12,724**	**(13,467)**	**(743)**
Fixed-income securities	4,285	-	4,285	2,686	-	2,686
Repurchase agreements	15,944	(17,564)	(1,620)	9,946	(11,234)	(1,288)
Loans / Borrowings	90	(194)	(104)	92	(124)	(32)
Debt securities	-	(2,893)	(2,893)	-	(2,109)	(2,109)
Available-for-sale financial assets	**3,872**	**-**	**3,872**	**3,184**	**-**	**3,184**
Held-to-maturity financial assets	**742**	**-**	**742**	**750**	**-**	**750**
TOTAL INTEREST INCOME/(EXPENSE)	**59,141**	**(49,433)**	**9,708**	**44,582**	**(35,458)**	**9,124**

Interest income on individually impaired loans amounted to EUR 316 million at 31 December 2007 and EUR 309 million at 31 December 2006.

Gains and losses relating to cash flow hedges previously recorded under "Unrealised or deferred gains or losses" and taken to the profit and loss account in 2007 amounted to EUR 27 million and EUR 23 million in 2006.

2.b COMMISSION INCOME AND EXPENSE

Commission income on financial assets and commission expense on financial liabilities which are not measured at fair value through profit or loss amounted to EUR 2,553 million and EUR 312 million respectively in 2007, compared with income of EUR 2,394 million and expense of EUR 379 million in 2006.

Net commission income related to trust and similar activities through which the Group holds or invests assets on behalf of clients, trusts, pension and personal risk funds or other institutions amounted to EUR 2,125 million in 2007, compared with EUR 1,891 million in 2006.

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

"Net gain/loss on financial instruments at fair value through profit or loss" includes all profit and loss items relating to financial instruments managed in the trading book and financial instruments (including dividends) that the Group has designated as at fair value through profit or loss under the fair value option, other than interest income and expense which are recognised in "Net interest income" (Note 2.a).

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In millions of euros	Year to 31 Dec. 2007			Year to 31 Dec. 2006		
	Trading book	Assets designated at fair value through profit or loss	Total	Trading book	Assets designated at fair value through profit or loss	Total
Fixed-income securities	(1,968)	758	(1,210)	266	273	539
Variable-income securities	7,737	643	8,380	9,888	276	10,164
Derivative instruments	51	-	51	(3,935)	-	(3,935)
Repurchase agreements	70	19	89	(20)	12	(8)
Loans	(118)	(120)	(238)	(3)	(133)	(136)
Borrowings	(36)	(12)	(48)	29	32	61
Remeasurement of interest-rate risk hedged portfolios	399	-	399	185	-	185
Remeasurement of currency positions	420	-	420	703	-	703
TOTAL	**6,555**	**1,288**	**7,843**	**7,113**	**460**	**7,573**

The net loss for the year on hedging instruments in fair value hedges amounted to EUR 314 million (net loss of EUR 428 million in 2006) and the net profit on the hedged components amounted to EUR 275 million (net profit of EUR 507 million in 2006).

In addition, net gains on the trading book included in 2007 and 2006 an immaterial amount related to the ineffective portion of cash flow hedges.

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

"Net gain/loss on available-for-sale financial assets" includes net gains or losses on non-derivative financial assets not classified as either loans and receivables or held-to-maturity investments.

In millions of euros	Year to 31 Dec. 2007	Year to 31 Dec. 2006
Fixed-income securities [(1)]	**31**	**38**
Disposal gains and losses	31	38
Equities and other variable-income securities	**2,476**	**1,329**
Dividend income	634	452
Additions to impairment provisions	(55)	(77)
Net disposal gains	1,897	954
TOTAL	**2,507**	**1,367**

(1) *Interest income from available-for-sale fixed-income securities is included in "Net interest income" (Note 2.a), and impairment losses related to potential issuer default are included in "Cost of risk" (Note 2.f).*

Unrealised gains and losses - previously recorded under "Unrealised or deferred gains and losses" in shareholders' equity - and taken to the profit and loss account amounted to EUR 1,886 million for the year ended 31 December 2007 and EUR 725 million for the year ended 31 December 2006.

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2.e NET INCOME FROM OTHER ACTIVITIES

In millions of euros	Year to 31 Dec. 2007			Year to 31 Dec. 2006		
	Income	Expense	Net	Income	Expense	Net
Net income from insurance activities	16,967	(14,091)	2,876	18,066	(15,767)	2,299
Net income from investment property	790	(219)	571	735	(225)	510
Net income from assets held under operating leases	3,949	(3,237)	712	3,586	(3,018)	568
Net income from property development activities	189	(36)	153	136	(34)	102
Other	706	(361)	345	607	(311)	296
TOTAL NET INCOME FROM OTHER ACTIVITIES	**22,601**	**(17,944)**	**4,657**	**23,130**	**(19,355)**	**3,775**

➤ NET INCOME FROM INSURANCE ACTIVITIES

In millions of euros	Year to 31 Dec. 2007	Year to 31 Dec. 2006
Gross premiums written	14,914	14,701
Movement in technical reserves	(6,247)	(8,470)
Claims and benefits expense	(6,689)	(6,462)
Reinsurance ceded, net	(43)	(22)
Change in value of admissible investments related to unit-linked business	916	2,509
Other income and expense	25	43
TOTAL NET INCOME FROM INSURANCE ACTIVITIES	**2,876**	**2,299**

"Claims and benefits expense" includes expenses arising from surrenders, maturities and claims relating to insurance contracts. "Movement in technical reserves" reflects changes in the value of financial contracts, in particular unit-linked contracts. Interest paid on such contracts is recognised in "Interest expense".

➤ OPERATING LEASES

In millions of euros	31 December 2007	31 December 2006
Future minimum lease payments receivable under non-cancellable leases	**4,011**	**3,404**
Payments receivable within 1 year	1,747	1,584
Payments receivable after 1 year but within 5 years	2,230	1,781
Payments receivable beyond 5 years	34	39

Future minimum lease payments receivable under non-cancellable leases comprise payments that the lessee is required to make during the lease term.

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2.f COST OF RISK

"Cost of risk" represents the net amount of impairment losses recognised in respect of credit risks inherent in the Group's banking intermediation activities, plus any impairment losses in the case of known counterparty risks on over-the-counter derivative instruments.

➤ COST OF RISK FOR THE PERIOD

Cost of risk for the period *In millions of euros*	Year to 31 Dec. 2007	Year to 31 Dec. 2006
Net additions to impairment provisions	(1,762)	(775)
Recoveries on loans and receivables previously written off	329	247
Irrecoverable loans and receivables not covered by impairment provisions	(292)	(255)
TOTAL COST OF RISK FOR THE PERIOD	**(1,725)**	**(783)**

Cost of risk for the period by asset type *In millions of euros*	Year to 31 Dec. 2007	Year to 31 Dec. 2006
Loans and receivables due from credit institutions	5	2
Loans and receivables due from customers	(1,472)	(810)
Available-for-sale financial assets	(130)	6
Other assets	(57)	(7)
Off-balance sheet commitments and other items	(71)	26
TOTAL COST OF RISK FOR THE PERIOD	**(1,725)**	**(783)**

➤ PROVISIONS FOR IMPAIRMENT: CREDIT RISKS

Movement in impairment provisions during the period *In millions of euros*	Year to 31 Dec. 2007	Year to 31 Dec. 2006
Total impairment provisions at start of period	**14,455**	**11,094**
Net additions to impairment provisions	*1,762*	*775*
Utilisation of impairment provisions	*(2,409)*	*(1,429)*
Impact of the consolidation of Banca Nazionale del Lavoro	*-*	*4,143*
Effect of exchange rate movements and other items	*(344)*	*(128)*
TOTAL IMPAIRMENT PROVISIONS AT END OF PERIOD	**13,464**	**14,455**

The main changes in impairment provisions in 2007 and 2006 are related to loans and receivables due from customers.

Impairment provisions by asset type *In millions of euros*	31 December 2007	31 December 2006
Impairment of assets		
Loans and receivables due from credit institutions (Note 5.d)	*54*	*92*
Loans and receivables due from customers (Note 5.e)	*12,499*	*13,525*
Available-for-sale financial assets (Note 5.c)	*231*	*133*
Other assets	*22*	*27*
TOTAL IMPAIRMENT PROVISIONS AGAINST FINANCIAL ASSETS	**12,806**	**13,777**
Provisions recognised as liabilities		
Provisions for off-balance sheet commitments		
to credit institutions (Note 4.a)	-	3
to customers (Note 4.a)	202	235
Other items subject to provisions	456	440
TOTAL PROVISIONS RECOGNISED AS LIABILITIES	**658**	**678**
TOTAL IMPAIRMENT PROVISIONS	**13,464**	**14,455**

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2.g CORPORATE INCOME TAX

NET CORPORATE INCOME TAX EXPENSE

In millions of euros	Year to 31 Dec. 2007	Year to 31 Dec. 2006
Current tax expense for the period	(2,390)	(2,304)
Net deferred tax expense for the period (Note 5.h)	(357)	(458)
NET CORPORATE INCOME TAX EXPENSE	**(2,747)**	**(2,762)**

The tax saving arising from the recognition of deferred taxes on unused carry forwards of tax losses and on previous temporary differences was EUR 137 million for the year ended 31 December 2007, compared with EUR 71 million for the year ended 31 December 2006.

ANALYSIS OF EFFECTIVE TAX RATE

In millions of euros	Year to 31 Dec. 2007	Year to 31 Dec. 2006
Net income	8,311	7,808
Corporate income tax expense	(2,747)	(2,762)
Average effective tax rate	**24.8%**	**26.1%**
Standard tax rate in France	33.3%	33.3%
Differential in tax rates applicable to foreign entities	-4.9%	-3.4%
Items taxed at reduced rate in France	-2.4%	-2.0%
Permanent differences	-	0.1%
Other items	-1.2%	-1.9%
Average effective tax rate	**24.8%**	**26.1%**

Note 3. SEGMENT INFORMATION

The Group is composed of five core businesses:

- French Retail Banking;
- Italian Retail Banking (BNL banca commerciale);
- International Retail banking and Financial Services (IRFS): financial services (consumer credit, leasing, equipment loans and home loans), plus retail banking activities in the United States (BancWest) and in emerging and overseas markets;
- Asset Management and Services (AMS): Securities Services, Private Banking, Asset Management, Online Savings and Brokerage, Insurance and Real Estate Services;
- Corporate and Investment Banking (CIB), comprising Advisory & Capital Markets (Equities, Fixed Income & Forex, Corporate Finance) and Financing (Structured Loans & Financing plus Commodity, Energy and Project Financing).

Other activities mainly comprise the Private Equity business of BNP Paribas Capital, the Klépierre property investment company, and the Group's corporate functions.

Inter-segment transactions are conducted at arm's length. The segment information presented comprises agreed inter-segment transfer prices.

Segment assets and liabilities include all items shown in the consolidated balance sheet. Segment assets are determined by extracting accounting data allocated for each segment. Segment liabilities are determined on the basis of normalised equity by core business used for capital allocation purposes.

This capital allocation is carried out on the basis of risk exposure, taking account of various assumptions relating primarily to the capital requirement of the business as derived from the risk-weighted asset calculations required under capital adequacy rules. Normalised equity income by business segment is determined by attributing to each segment the income of its allocated equity.

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3.a INFORMATION BY BUSINESS SEGMENT

➤ INCOME BY BUSINESS SEGMENT [1]

In millions of euros	French Retail Banking		BNL banca commerciale		IRFS	
	Year to 31 Dec. 2007	Year to 31 Dec. 2006	Year to 31 Dec. 2007	Year to 31 Dec. 2006	Year to 31 Dec. 2007	Year to 31 Dec. 2006
Net banking income	**5,743**	**5,633**	**2,609**	**1,861**	**7,955**	**7,374**
Operating expense	(3,834)	(3,711)	(1,725)	(1,322)	(4,625)	(4,205)
Cost of risk	(158)	(153)	(318)	(234)	(1,228)	(722)
Operating income	**1,751**	**1,769**	**566**	**305**	**2,102**	**2,447**
Share of earnings of associates	1	1	1	-	79	55
Other non-operating items	-	-	(1)	(10)	94	45
Pre-tax net income	**1,752**	**1,770**	**566**	**295**	**2,275**	**2,547**

➤ ASSETS AND LIABILITIES BY BUSINESS SEGMENT [1]

In millions of euros	French Retail Banking		BNL banca commerciale		IRFS	
	Year to 31 Dec. 2007	Year to 31 Dec. 2006	Year to 31 Dec. 2007	Year to 31 Dec. 2006	Year to 31 Dec. 2007	Year to 31 Dec. 2006
TOTAL SEGMENT ASSETS	**135,771**	**123,495**	**72,271**	**60,604**	**179,197**	**159,404**
of which goodwill on acquisitions during the period	*46*	*-*	*96*	*1,601*	*25*	*432*
of which investments in associates	*6*	*5*	*13*	*8*	*1,123*	*756*
TOTAL SEGMENT LIABILITIES	**129,645**	**117,908**	**67,493**	**56,090**	**164,305**	**145,253**

3.b INFORMATION BY GEOGRAPHIC AREA

The geographic split of segment results, assets and liabilities is based on the region in which they are recognised for accounting purposes and does not necessarily reflect the counterparty's nationality or the location of operations.

➤ NET BANKING INCOME BY GEOGRAPHIC AREA

In millions of euros	France		Other European countries	
	Year to 31 Dec. 2007	Year to 31 Dec. 2006	Year to 31 Dec. 2007	Year to 31 Dec. 2006
NET BANKING INCOME	**14,446**	**13,658**	**9,737**	**8,281**

➤ ASSETS AND LIABILITIES BY GEOGRAPHIC AREA

In millions of euros	France		Other European countries	
	Year to 31 Dec. 2007	Year to 31 Dec. 2006	Year to 31 Dec. 2007	Year to 31 Dec. 2006
TOTAL SEGMENT ASSETS	**969,771**	**834,373**	**370,598**	**291,870**
Goodwill on acquisitions during the period	**75**	**69**	**381**	**2,508**

[1] The creation of a new retail banking unit in Italy in the first half of 2007 led to certain transfers between business segments. In order to facilitate period-on-period comparisons of segment results, assets and liabilities, the data for 2006 have been restated to reflect the new organisational structure.

[2] Including Klépierre and the entities ordinarily known as BNP Paribas Capital.

[3] In 2006, restructuring costs incurred in connection with the acquisition of BNL were included in operating expense of «Other Activities» in an amount of EUR 151 million.

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	AMS		Corporate & Investment Banking				Other Activities (2)		Total	
			Advisory & Capital Markets		Financing					
	Year to 31 Dec. 2007	Year to 31 Dec. 2006	Year to 31 Dec. 2007	Year to 31 Dec. 2006	Year to 31 Dec. 2007	Year to 31 Dec. 2006	Year to 31 Dec. 2007	Year to 31 Dec. 2006 (3)	Year to 31 Dec. 2007	Year to 31 Dec. 2006
	5,329	**4,409**	**5,625**	**5,396**	**2,668**	**2,694**	**1,108**	**576**	**31,037**	**27,943**
	(3,369)	(2,804)	(3,588)	(3,327)	(1,197)	(1,146)	(426)	(550)	(18,764)	(17,065)
	(7)	(4)	(65)	(16)	37	280	14	66	(1,725)	(783)
	1,953	**1,601**	**1,972**	**2,053**	**1,508**	**1,828**	**696**	**92**	**10,548**	**10,095**
	17	34	8	10	-	-	252	193	358	293
	10	(4)	38	44	51	(12)	(40)	119	152	182
	1,980	**1,631**	**2,018**	**2,107**	**1,559**	**1,816**	**908**	**404**	**11,058**	**10,570**

	AMS		Corporate & Investment Banking		Other Activities (2)		Total	
	Year to 31 Dec. 2007	Year to 31 Dec. 2006	Year to 31 Dec. 2007	Year to 31 Dec. 2006	Year to 31 Dec. 2007	Year to 31 Dec. 2006	Year to 31 Dec. 2007	Year to 31 Dec. 2006
	199,261	**143,109**	**1,070,848**	**916,462**	**37,106**	**37,269**	**1,694,454**	**1,440,343**
	294	*184*	*22*	*362*	*-*	*1*	*483*	*2,580*
	403	*464*	*7*	*29*	*1,781*	*1,510*	*3,333*	*2,772*
	191,666	**136,660**	**1,057,618**	**905,663**	**31,138**	**31,740**	**1,641,865**	**1,393,314**

	Americas		Asia – Oceania		Other countries		Total	
	Year to 31 Dec. 2007	Year to 31 Dec. 2006	Year to 31 Dec. 2007	Year to 31 Dec. 2006	Year to 31 Dec. 2007	Year to 31 Dec. 2006	Year to 31 Dec. 2007	Year to 31 Dec. 2006
	4,197	**3,975**	**1,707**	**1,291**	**950**	**738**	**31,037**	**27,943**

	Americas		Asia – Oceania		Other countries		Total	
	Year to 31 Dec. 2007	Year to 31 Dec. 2006	Year to 31 Dec. 2007	Year to 31 Dec. 2006	Year to 31 Dec. 2007	Year to 31 Dec. 2006	Year to 31 Dec. 2007	Year to 31 Dec. 2006
	217,777	**199,799**	**113,306**	**99,286**	**23,002**	**15,015**	**1,694,454**	**1,440,343**
	-	**3**	**18**	**-**	**9**	**-**	**483**	**2,580**

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Note 4. RISK EXPOSURE AND HEDGING STRATEGIES

Organisation of risk management

Risk management is key in the business of banking. At BNP Paribas, operating methods and procedures throughout the organisation are geared towards effectively addressing this matter. The entire process is supervised 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.

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 performs continuous, generally ex-ante controls that are fundamentally different from the periodic, ex-post examinations of the Internal Auditors. The department 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.

GRM's role is to hedge all financial risks resulting from the Group's business operations. It intervenes at all levels in the process of risk taking and risk monitoring. Its remit includes formulating recommendations concerning risk policies, analysing 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 validating 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 (legal affairs, compliance, financial security, tax affairs, information systems, general and management accounting). The quality of the validation 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.

The GRM function is organised based on a differentiated approach by risk-type: Credit and Counterparty Risk, Market and Liquidity Risk; and Operational Risk, supported by specialist units responsible for analysing, summarising and reporting risk data.

4.a CREDIT RISK

Credit risk is the risk of incurring an economic loss on loans and receivables (existing or potential due to commitments given) as a result of a change in the credit quality of the Bank's debtors, which can ultimately result in default. Credit quality is measured primarily based on probability of default and loss given default. Credit risk is measured at portfolio level, taking into account correlations between the values of the loans and receivables making up the portfolio concerned.

Credit risk arises in relation to lending activities as well as market, investing and/or payment transactions that potentially expose the Bank to the risk of default by the counterparty.

Counterparty risk is the risk that the other party in a credit transaction will default. The amount of this risk may vary over time in line with market parameters that impact the value of the transaction.

4.a.1 Group's gross exposure to credit risk

The following table shows all of the BNP Paribas Group's financial assets, including government bonds and Treasury bills, exposed to credit risk. Credit risk exposure, determined without taking account of unrecognised netting or collateral, equates to the carrying amount of financial assets in the balance sheet net of impairment.

In millions of euros	31 December 2007	31 December 2006
Financial assets at fair value through profit or loss (excluding variable-income securities) (Note 5.a)	787,022	607,541
Derivatives used for hedging purposes	2,154	2,803
Available-for-sale financial assets (excluding variable-income securities) (Note 5.c)	90,725	78,033
Loans and receivables due from credit institutions	71,116	75,170
Loans and receivables due from customers	445,103	393,133
Held-to-maturity financial assets	14,808	15,149
Balance sheet commitment exposure, net of impairment provisions	**1,410,928**	**1,171,829**
Financing commitments given (Note 6.a)	231,227	235,736
Guarantee commitments given (Note 6.b)	91,099	80,945
Provisions for off balance sheet commitments (Note 2.f)	(202)	(238)
Off-balance sheet commitment exposure, net of provisions	**322,124**	**316,443**
TOTAL NET EXPOSURE	**1,733,052**	**1,488,272**

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This exposure does not take into account the effect of master netting agreements in force during each period or collateral on over-the-counter forward financial instruments. Based on calculations prepared using the method provided for in banking regulations, the impact of these items would reduce the Group's credit risk exposure by EUR 166 billion at 31 December 2007 (approximately EUR 123 billion at 31 December 2006). In addition, this exposure does not take into account collateral and other security obtained by the Bank in connection with its lending activities, nor purchases of credit protection.

4.a.2 Management of credit risk – lending activities

General credit policy and credit control and provisioning procedures

The Bank's lending activities are governed by the Global Credit Policy approved by the Risk Policy 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 required to be passed up to a higher level for approval. In addition, an industry expert or designated specialist may also be required to sign off on the loan application. 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 has been established, covering all Group entities. The system is organised around Control and Reporting units which are responsible for ensuring that lending commitments comply with the loan approval decision, that credit risk reporting data are reliable and that risks accepted by the Bank are effectively monitored. 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 organisation 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 sensitive or problem loans in excess of a certain amount. Its responsibilities include deciding on any adjustments to impairment provisions, based on the recommendations of the business line and GRM. A tailored system is applied in the Retail Banking business.

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 recognised, 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 realisation of collateral.

In addition, a portfolio-based impairment provision is established for each core business. A committee comprising the Core Business Director, the Group Chief Financial Officer 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 provisions). The simulations carried out by GRM use the parameters of the internal rating system described below.

Internal rating system

The Bank has a comprehensive internal rating system that has been upgraded in order to comply with the requirements of banking supervisors for determining risk-weighted assets used to compute capital adequacy ratios. A periodic assessment and control process is being deployed to ensure that the system is appropriate and is being correctly implemented. The system was formally validated by the French banking supervisor (*Commission Bancaire*) in December 2007. For corporate loans, the system is based on a default probability rating and an overall recovery rate which depends on the structure of the transaction. There are twelve counterparty ratings. Ten cover clients that are not in default 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 have the final say. 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. 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, validating it or verifying its performance.

Portfolio policy

In addition to carefully selecting and evaluating individual risks, BNP Paribas follows a portfolio-based policy designed to diversify risks among borrowers, industries and countries. The results of this policy are regularly reviewed by the Risk Policy Committee, which may modify or fine-tune it as required, based on GRM's analyses and recommendations. As part of this policy, BNP Paribas uses credit risk transfer instruments (such as securitisation programmes or credit derivatives) to hedge individual risks, reduce portfolio concentration or cap potential losses from crisis scenarios. The Bank also purchases credit risks as part of its portfolio diversification and capital utilisation strategy, based on strict risk/yield ratio guidelines.

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Risk mitigation techniques

Collateral and other security

The BNP Paribas Global Credit Policy stipulates how transactions should be structured in order to mitigate risk. Collateral and other security are taken into account at fair value, and only accepted as the main source of repayment in exceptional cases; cash generated by operations is regarded as the primary source of the borrower's ability to repay. Guarantors are subject to the same rigorous upfront assessment process as primary debtors.

Banking regulations set clear guidelines for assessing the risk-mitigating effect of collateral and other security under the Basel II advanced IRB approach. The Bank's diversified business base means that loans are secured by many different types of collateral and security, particularly asset financing, which may be secured by aircraft, ships or real estate for example. Risk assessments also take into account direct guarantees issued by the counterparty's parent company or other guarantors such as financial institutions. Other guarantees assessed by the Bank include credit derivatives and export credit insurance written by government agencies and private insurers. Acceptance of these types of guarantees is governed by strict criteria. A guarantee is considered as mitigating a risk only when the guarantor is rated higher than the counterparty.

BNP Paribas' system for assessing the risk-mitigating effects of collateral and other security has been validated by the French banking supervisor (*Commission Bancaire*) as part of the implementation of the new Basel II capital adequacy ratio.

Purchases of credit protection

In order to reduce the credit risk on certain portfolios, the Group carries out synthetic securitisations that transfer part of the risk to the market using credit derivatives (purchases of options or credit default swaps) contracted either via special purpose entities or directly with other banks.

The loans hedged by the credit derivatives remain on the consolidated balance sheet. BNP Paribas is exposed to counterparty risk in relation to the sellers of the credit protection. This risk is subject to the same decision-making and management process as that applied to derivatives used for other purposes.

For portfolio transactions, BNP Paribas retains part of the risk in the form of tranches which are generally junior or mezzanine.

4.a.3 Diversification of credit risks of financing activities

The gross value of the Bank's portfolio of commercial loans and commitments amounts to EUR 788 billion at 31 December 2007 (EUR 715 billion at 31 December 2006). The diversification analysis below covers loans granted to customers and demand accounts with credit institutions and central banks as well as financing commitments (excluding share repurchase agreements) and financial guarantees given. 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 geographic 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 of commitments by counterparty is closely and regularly monitored. The Bank's concentration of credit risks is well below the thresholds set in the European Directive on major banking risks, with the top 10 client groups representing less than 4% of total commitments as of 31 December 2007 (3% as of 31 December 2006).

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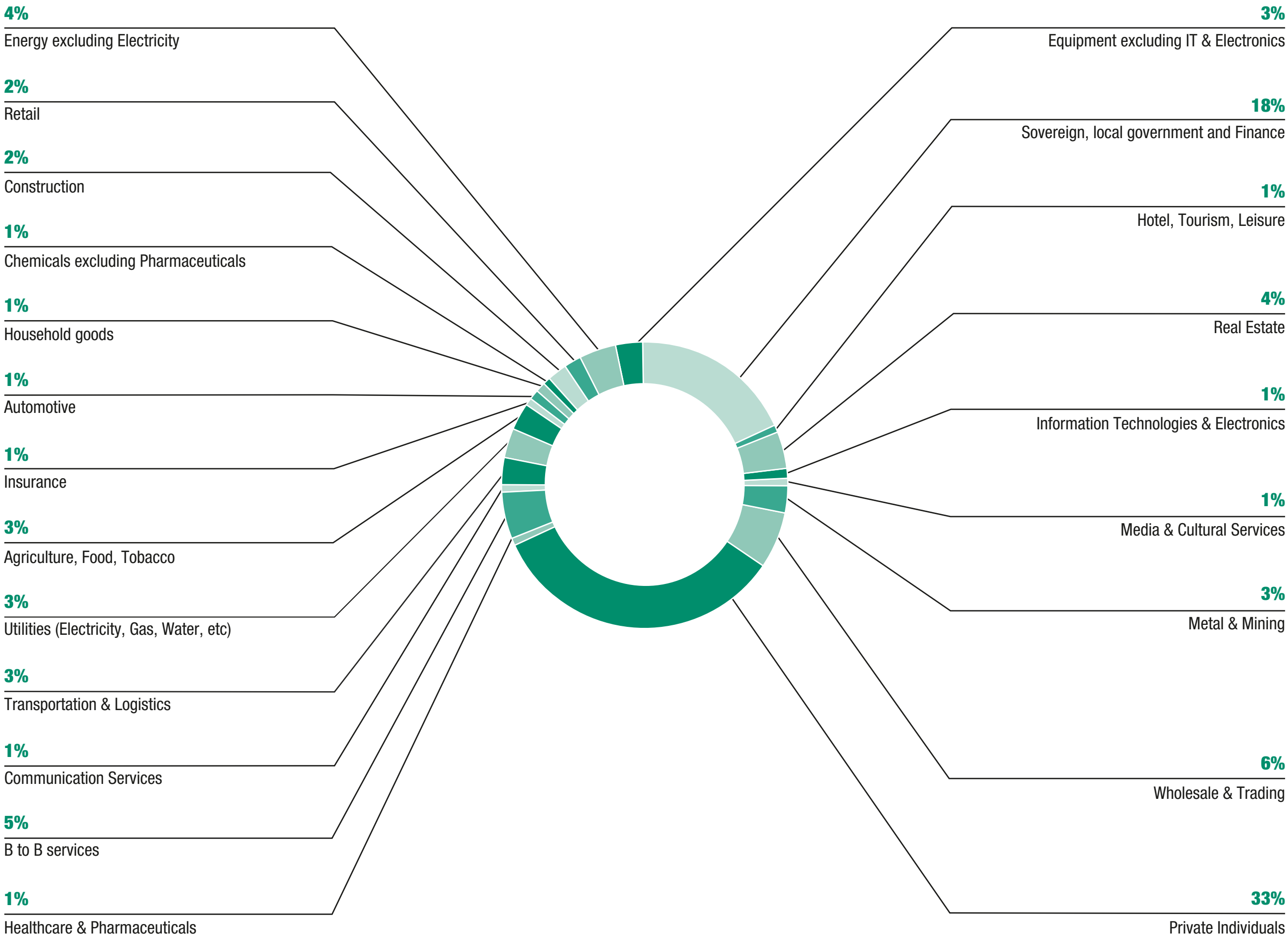
INDUSTRY DIVERSIFICATION

➤ BREAKDOWN OF THE PORTFOLIO OF COMMERCIAL LOANS AND COMMITMENTS AT 31 DECEMBER 2007 BY INDUSTRY



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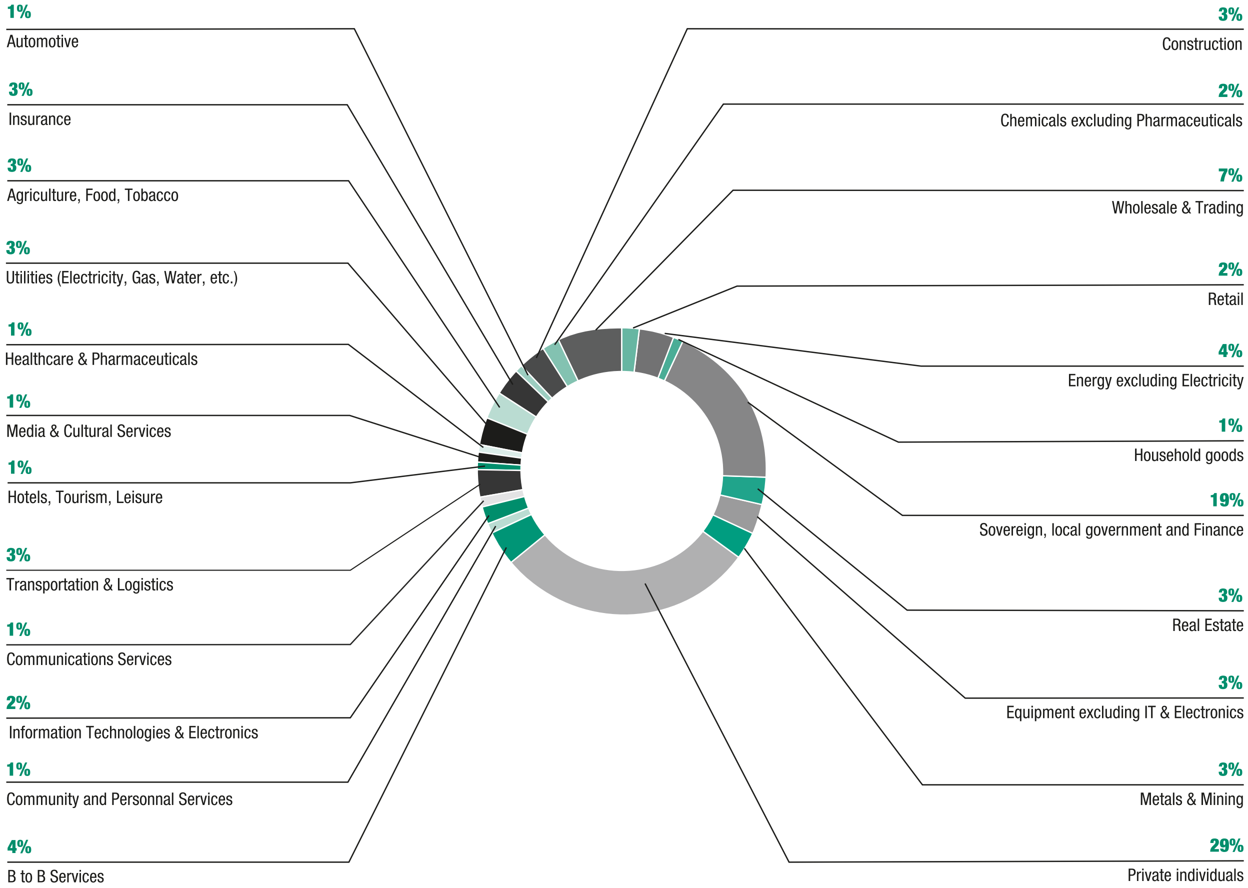
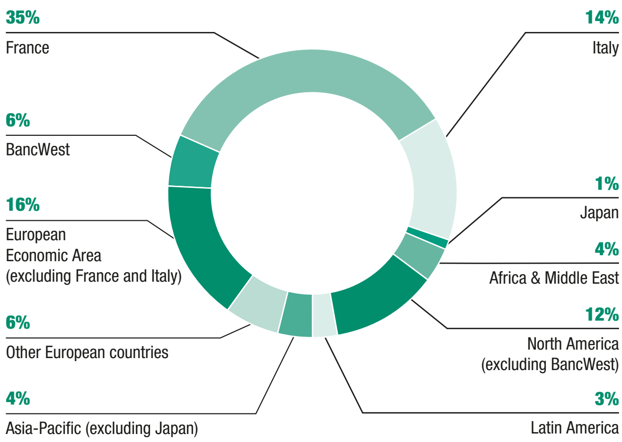
➤ BREAKDOWN OF THE PORTFOLIO OF COMMERCIAL LOANS AND COMMITMENTS AT 31 DECEMBER 2006 BY INDUSTRY



GEOGRAPHIC DIVERSIFICATION

➤ GEOGRAPHICAL BREAKDOWN OF THE PORTFOLIO OF COMMERCIAL LOANS AND COMMITMENTS AT 31 DECEMBER 2007



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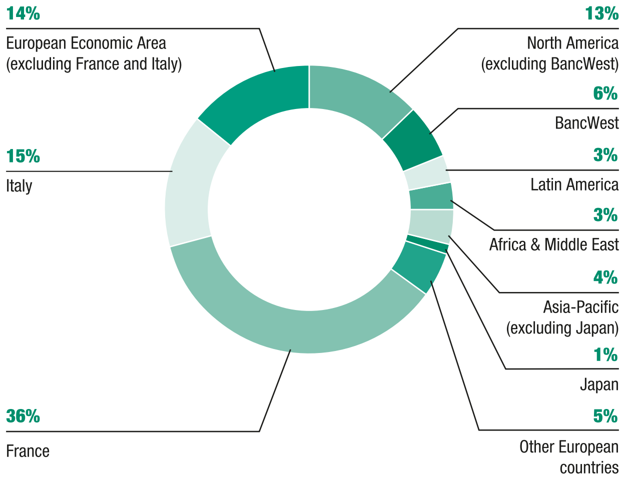
GEOGRAPHICAL BREAKDOWN OF THE PORTFOLIO OF COMMERCIAL LOANS AND COMMITMENTS AT 31 DECEMBER 2006

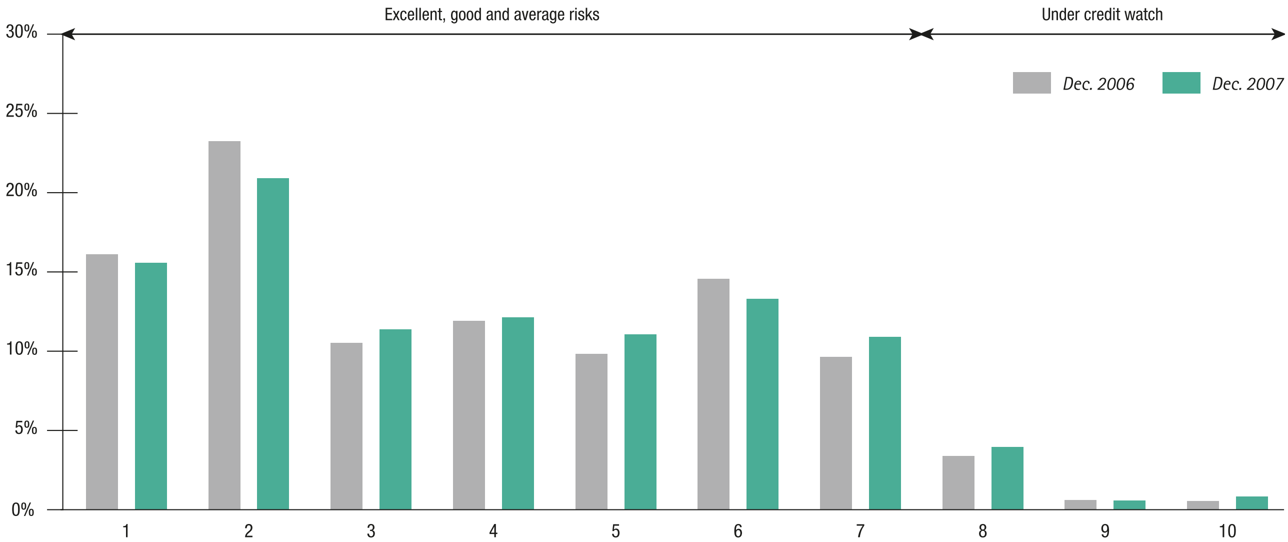


4.a.4 Quality of the portfolio exposed to credit risk

The internal rating system developed by the Bank covers the entire Corporate and Investment Banking (CIB) portfolio and French Retail Banking (FRB) portfolio, as well as a substantial proportion of the other divisions' portfolios, and is gradually being rolled out to all Group units.

The chart below shows the breakdown of CIB and FRB sound corporate loans and commitments (corporates, government agencies, banks and institutions) based on the ratings used to calculate risk-weighted assets under the advanced IRB approach. This represents almost one-half (EUR 377 billion) of the gross amount of the Group's portfolio of commercial loans and commitments as well as loans outstanding with financial institutions (EUR 65 billion) granted by the Group as part of its ALM-Treasury activities, i.e., a total amount of EUR 442 billion. 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 higher recovery 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.

BREAKDOWN BY CREDIT RATING



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4.a.5 Loans with past-due instalments and related collateral or other security

The following table presents the carrying amounts of financial assets that are past due but not impaired (by age of past due instalments), of impaired assets, as well as of related collateral held as security and other credit enhancements. The amounts shown are stated before any portfolio impairment.

	31 December 2007							
	Maturities of unimpaired past-due loans					Impaired assets and commitments covered by provisions	Total loans and commitments	Collateral received in respect of these loans and commitments
In millions of euros	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)	6	-	-	-	6	-	6	-
Available-for-sale financial assets (excl. variable-income securities)	2	-	-	-	2	119	121	-
Loans and receivables due from credit institutions	151	66	24	13	48	37	188	35
Loans and receivables due from customers	7,003	6,574	370	30	29	5,753	12,756	6,690
Past-due assets, net of individual impairment provisions	**7,162**	**6,640**	**394**	**43**	**85**	**5,909**	**13,071**	**6,725**
Financing commitments given						149	149	111
Guarantee commitments given						517	517	12
Off-balance sheet non-performing commitments, net of provisions						**666**	**666**	**123**
TOTAL	**7,162**	**6,640**	**394**	**43**	**85**	**6,575**	**13,737**	**6,848**

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								31 December 2006
	Maturities of unimpaired past-due loans					Impaired assets and commitments covered by provisions	Total loans and commitments	Collateral received in respect of these loans and commitments
In millions of euros	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)	6	-	-	-	6	-	6	-
Available-for-sale financial assets (excl. variable-income securities)	1	-	-	-	1	44	45	-
Loans and receivables due from credit institutions	77	58	-	7	12	81	158	44
Loans and receivables due from customers	6,570	6,065	362	40	103	6,151	12,721	6,676
Past-due assets, net of individual impairment provisions	**6,654**	**6,123**	**362**	**47**	**122**	**6,276**	**12,930**	**6,720**
Financing commitments given						231	231	80
Guarantee commitments given						445	445	32
Off-balance sheet non-performing commitments, net of provisions						**676**	**676**	**112**
TOTAL	**6,654**	**6,123**	**362**	**47**	**122**	**6,952**	**13,606**	**6,832**

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.

4.a.6 Management of counterparty risk on market activities

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. The BNP Paribas Group also participates in EchoNetting, enabling it to use multilateral netting for transactions with other participants within the organisation.

Credit adjustments to over-the-counter financial instruments

The fair values of financial instruments traded over-the-counter by the Fixed Income, Equities & Derivatives and Commodity Derivatives units include credit adjustments. A credit adjustment is an adjustment to a portfolio of transactions with a counterparty, to reflect the fair value of the credit risk corresponding to potential default by the counterparty. It is calculated based on the probability of default and the loss given default for the existing exposure.

Dynamic counterparty risk management

The credit adjustment 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 has developed a dynamic hedging strategy based on the purchase of market instruments such as credit derivatives.

4.b MARKET RISKS RELATED TO FINANCIAL INSTRUMENTS

Market risk is the risk of gains or losses due to changes in market parameters such as interest rates, exchange rates, and equity or commodity prices. The main market risks faced by the Group are defined below:

- Interest rate risk covers potential fluctuations in the value of fixed-rate financial instruments or financial instruments indexed to a market benchmark due to changes in market interest rates, and in future cash flows on floating-rate financial instruments.
- Currency risk is the risk that the value of an instrument or of future cash flows from that instrument will fluctuate due to changes in foreign exchange rates.
- Price risk arises from changes in market prices, whether caused by factors specific to an individual instrument or issuer or by factors affecting all instruments traded on the market. This may relate, for example, to changes in the price or volatility of shares, stock market indices or commodities. Variable-income securities, equity derivatives and commodity derivatives are exposed to this risk.
- Credit spread risk on the trading book: BNP Paribas trades actively in credit derivatives to meet the needs of its customers. Transactions include trades in ordinary instruments such as credit default swaps, and structured transactions with complex risk profiles tailored to targeted strategies. As part of this trading activity, BNP Paribas buys and sells protection; the net position is subject to strict limits. Market risks generated by these products are tracked by the Capital Market Risk unit, in the same way as for other derivatives risks. The underlying counterparty risk is also covered by normal risk management processes.
- 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.

Market risks arise mainly from the trading activities carried out by the Fixed Income and Equities teams within Corporate and Investment Banking.

4.b.1 Risk acceptance process

The trading book market risk acceptance structure is based on:

- general exposure limits. These take the form of GEaR (Gross Earnings at Risk) limits or "nominal" limits (limits on trading volumes and activities in financial instruments exposed to country risk, issuer risk limits, and sensitivity limits to contain certain specific risks not fully captured by GEaR or stress tests);
- rolled-down exposure limits. These are derived from the powers of the Chief Executive Officer and the Capital Market Risk Committee. For secondary market trading, they are expressed in terms of GEaR or OYE (One year Equivalent); for underwriting activities, they refer to a signature quality scale;
- decision-making rules. Risk acceptance involves a two-pronged decision-making process, combining a validation process for new activities or new risks with an approval process for transactions arising from routine business. Large or complex transactions must be approved by the Executive Position Committee (EPC), an offshoot of the Capital Market Risk Committee. Responsibility for analysing credit risk on trading activities lies with the Group Credit Committee.

Risk monitoring is based on:

- daily calculation of the value of the Group's trading positions and related exposures;
- daily monitoring of compliance with the limits set for each activity, with accidental or authorised temporary trading limit overruns logged in a central database;
- periodic reviews of market risk measurement and management models, with the measurement process subject to regular audits by individuals from outside the business line who review and assess the economic validity of the models, check the prices and parameters used, and check observability criteria;
- a weekly report aggregating all significant positions by activity;
- the Capital Market Risk Committee, which meets monthly to approve the main market risks incurred by the Group.

4.b.2 Measurement of market risk on trading activities

Market risk on trading activities is measured and assessed by performing detailed sensitivity analyses of each type of position, and global analyses, such as GEaR and stress tests that measure aggregate exposures.

Analysis of sensitivity to market parameters

In the first instance, market risk is analysed by systematically measuring portfolio sensitivity to the various market parameters. The information obtained is used to set tolerance ranges for maturities and for option strike prices. These sensitivity indicators, compiled at various aggregate position levels, are compared with the market limits, and are reported to Executive Management and to the heads of the trading units by the Capital Market Risk unit.

Value at Risk

BNP Paribas uses an internal Value at Risk (VaR) model, approved by the banking supervisor, to estimate the potential loss arising from an unfavourable change in market conditions, the key element in market risk measurement.

Potential losses are measured using "Value at Risk" (VaR). VaR takes into account a large number of variables that could affect portfolio values, including interest rates, credit spreads, exchange rates, securities prices, commodity prices, and the volatility of and correlation between these variables.

The system uses the latest simulation techniques and includes processing of non-linear (convex) positions, as well as the volatility risk generated by options. Daily movements in the different variables are simulated to estimate potential losses on market transactions under normal market conditions and normal market liquidity. VaR calculation methods are continually fine-tuned to better reflect the specific features of each business, especially as regards exotic products. The accuracy of the model is constantly tested by comparing any daily losses with 1-day VaR.

The banking supervisor has approved this internal model and the underlying methodologies, which include:

- capturing the correlation between interest rate, currency, commodity and equity risks, to factor in the knock-on effects of risk diversification;
- capturing the specific interest rate risk arising from potential fluctuations in credit spreads, to accurately and dynamically measure the risk associated with trading in credit derivatives.

The Values at Risk set out below were determined using the internal model, which uses parameters that comply with the method recommended by the Basel Committee for determining estimated values at risk ("Supplement to the Capital Accord to Incorporate Market Risks"). The main parameters are:

- change in the value of the portfolio over a holding period of 10 trading days;
- confidence level of 99% (i.e. over a 10-day holding period, any losses should be less than the corresponding VaR in 99% of cases);
- historical data covering one year (260 days) of trading.

In 2007, total average Value at Risk was EUR 156 million (with a minimum of EUR 41 million and a maximum of EUR 378 million), after taking into account the EUR 152 million effect of netting the different types of risk. These amounts break down as follows:

Type of risk	Year to 31 Dec. 2007			31 December 2007	Year to 31 Dec. 2006	31 December 2006
	Average	Minimum	Maximum		Average	
Interest rate risk	61	26	110	82	42	45
Credit risk	79	42	160	147	55	70
Currency risk	17	3	41	41	7	8
Equity price risk	134	38	323	152	55	66
Commodity price risk	17	10	28	12	16	17
Effect of netting	*(152)*			*(189)*	*(104)*	*(142)*
TOTAL	**156**	**41**	**378**	**245**	**71**	**64**

4.c MARKET RISKS RELATED TO BANKING INTERMEDIATION ACTIVITIES AND INVESTMENTS

Interest rate and currency risks related to banking intermediation activities and investments mainly concern retail banking activities in France and abroad, the specialised financing and savings management subsidiaries, and investments made by the Group. They are managed centrally by the Asset/Liability Management unit, which forms part of the Asset/Liability Management & Treasury (ALM-Treasury) Department.

ALM-Treasury is part of the Corporate and Investment Banking Division and reports directly to one of the Chief Operating Officers. Strategic decisions are made by ALM committees tasked with overseeing ALM-Treasury's activities. These committees have been set up within each division (AMS, FRB, CIB, BNL, IRFS) and at the level of the business lines and/or the main subsidiaries.

4.c.1 Interest rate risk

Interest rate risk management structure

Interest rate risk on the commercial transactions of the French and International Retail Banking divisions, the specialised financing subsidiaries, and the savings management business lines in the AMS and Corporate Banking divisions are managed centrally by ALM-Treasury through the client intermediation book, with the exception of transactions initiated in the United States by BancWest Corp. subsidiaries. Interest rate risk on the Bank's equity and investments is also managed centrally by ALM-Treasury, in the equity intermediation and investments book.

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Transactions initiated by the Bank in France are transferred to ALM-managed positions via internal contracts booked in the management accounts. Interest rate and liquidity positions on commercial transactions initiated by Group subsidiaries (other than BancWest) are transferred in the form of loans and borrowings based on the entity's net position.

Positions are measured and transfers to ALM-Treasury are controlled at monthly or quarterly committee meetings for each business line. These meetings are attended by the management of the business line, ALM-Treasury, and the business line ALM managers (who have a dotted-line reporting relationship with ALM-Treasury).

Interest rate risk on the commercial activities of the subsidiaries of BancWest Corp. is independently managed by the Bank of the West and First Hawaian Bank ALM units, which report to each subsidiary's executive management via monthly committee meetings.

Measurement of interest rate risk

Banking book interest rate gaps are measured, with embedded behavioural options translated into delta equivalents. Maturities of outstanding assets are determined based on the contractual characteristics of the transactions and historical customer behaviour. For retail banking products, behavioural models are based on historical data and econometric studies. The models deal with early repayments, regulated savings accounts and current accounts in credit and debit. 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. Due to the existence of partial or even zero correlations between customer interest rates and market rates, and the volume sensitivity caused by behavioural options, rotation of balance sheet items generates a structural sensitivity of revenues to interest rate changes.

Lastly, for products with underlying behavioural options, a specific option risk indicator is analysed in order to fine-tune hedging strategies.

These indicators are systematically presented to specialist committees, and serve as the basis for hedging decisions taking into account the nature of the risk involved. In 2007, teams with no reporting relationship with product control units were set up to oversee the production of these indicators. In addition, Group Risk Management continued to control risks arising from the use of behavioural models by the ALM unit. The results of these controls are presented once a year to the Board of Directors and periodically to the ALM committees.

Risk limits

The euro customer banking intermediation book is subject to a primary limit, based on the sensitivity of revenues to gradual changes in nominal and real interest rates and in the inflation rate over a five-year timeframe. The changes are defined by reference to historical volatility data and correlations between the various parameters. 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 five-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 exposure to interest rate risk of BancWest Corp. subsidiaries is controlled by means of limits on the sensitivity of annual revenues to an immediate change in nominal rates. Sensitivity is monitored at quarterly meetings of the BancWest ALM committee.

Global interest rate risk on the other intermediation books is controlled by interest rate gap limits, which are monitored monthly and adjusted annually by the ALM Commercial Banking Committee.

The specialised financing subsidiaries are exposed to very low levels of interest rate risk, considering the centralisation 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 the value of banking intermediation books

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. To comply with the financial reporting rules prescribed by IFRS, BNP Paribas determines the value of the financial instruments that make up these books (see note 8.f) and the sensitivity of that value to interest rate fluctuations.

The table below shows the sensitivity of the value of consolidated banking intermediation books, by currency and by maturity band, to an instantaneous movement of one basis point across the entire yield curve. This analysis takes into account all future cash flows generated by transactions outstanding at the reporting date, irrespective of maturity. The sensitivity data shown take account of the replication portfolios used to model theoretical maturities, especially on the Bank's equity.

The sensitivity of the value of banking intermediation books to an instantaneous change of one basis point in interest rates was an increase in value in the event of a fall and a decrease in value in the event of a rise of approximately EUR 2,146,000 at 31 December 2007, compared with approximately EUR 315,000 at 31 December 2006.

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Interest rate sensitivity of the value of the Group's customer banking and equity intermediation books:

						31 December 2007
In thousands of euros	less than 3 months	3 to 12 months	1 to 3 years	3 to 5 years	more than 5 years	Total
EUR	550	(1,274)	(646)	(2,022)	3,244	(148)
USD	74	(309)	(856)	(209)	(1,197)	(2,497)
GBP	85	(25)	(59)	(20)	(7)	(26)
Other currencies	4	(11)	(22)	(12)	566	525
TOTAL	**713**	**(1,619)**	**(1,583)**	**(2,263)**	**2,606**	**(2,146)**

						31 December 2006
In thousands of euros	less than 3 months	3 to 12 months	1 to 3 years	3 to 5 years	more than 5 years	Total
EUR	(33)	(362)	(1,146)	(1,681)	4,468	1,246
USD	(99)	71	(390)	(185)	(768)	(1,371)
GBP	(8)	(57)	(61)	(49)	(5)	(180)
Other currencies	(20)	(53)	(12)	17	58	(10)
TOTAL	**(160)**	**(401)**	**(1,609)**	**(1,898)**	**3,753**	**(315)**

4.c.2 Currency risk

Currency risk and hedging of earnings generated in foreign currencies

The Group's exposure to currency risks relates in particular to the earnings of foreign subsidiaries and branches. The ALM unit is responsible for hedging the variability of Group earnings due to currency movements, including positions arising from foreign-currency earnings generated by activities located in France. Local treasury managers at foreign sites manage currency risk arising in relation to their functional currency. Positions relating to portfolio impairment are managed centrally by the ALM function.

Currency 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.

Group policy is usually to borrow the investment currency in order to protect the investment against currency risk. Such borrowings are documented as hedges of net investments in foreign operations. However, for most of soft currencies, the investment is financed by purchasing the currency in question.

4.c.3 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, forwards or futures.

Depending on the hedging objective, derivative financial instruments used for hedging purposes are designated 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.

Hedging of financial instruments recognised in the balance sheet *(fair value hedges)*

Fair value hedges of interest rate risks relate either to identified fixed-rate assets or liabilities, or to portfolios of fixed-rate assets or liabilities. Derivatives are contracted to reduce the exposure of the fair value of these instruments to changes in interest rates.

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 behaviour (prepayment assumptions and estimated default rates).

Demand deposits, which do not bear interest at contractual rates, are qualified as fixed rate medium-term financial liabilities. Consequently, the value of these liabilities is sensitive to changes in interest rates. Estimates of future cash outflows are based on historical analyses. 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.

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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 hedges

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 currency 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 shows the amount of hedged future cash flows, split by forecast date of realisation:

In millions of euros	31 December 2007				31 December 2006			
Period to realisation	Less than 1 year	1 to 5 years	More than 5 years	Total	Less than 1 year	1 to 5 years	More than 5 years	Total
Hedged cash flows	1,042	2,080	3,445	6,567	657	1,988	2,720	5,365

In the year ended 31 December 2007, no hedges of forecast transactions were requalified as ineligible for hedge accounting on the grounds that the related future event would be no longer highly probable.

4.d LIQUIDITY AND REFINANCING RISK

Liquidity and refinancing risk is the risk of the Bank being unable to fulfil 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.

4.d.1 Liquidity risk management 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 ALM-CIB Committee, acting on recommendations from ALM-Treasury, reviews and approves the general principles of the liquidity policy. The Committee is informed on a regular basis of liquidity indicators and the results of stress tests, as well as of the execution of financing programmes. It is also informed of any crisis situation, and is responsible for deciding on the allocation of crisis management roles and approving emergency plans.

ALM-Treasury draws up and recommends the general principles of the liquidity policy. Once these have been approved by the ALM-CIB Committee, ALM-Treasury is responsible for implementing the policy at both central and individual entity level. It is also owner of the systems used to manage liquidity risk.

The business line ALM committees and local ALM committees implement at local level the strategy approved by the ALM-CIB Committee.

GRM contributes to defining liquidity policy principles and exercises oversight of the related models, risk indicators, limits and market parameters, as well as performing liquidity stress tests.

Centralised 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 securitisation programmes 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 and business lines, and investing their surplus cash.

4.d.2 Liquidity risk management and supervision

Day-to-day liquidity management is based on a full range of internal standards and warning flags 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 does business.
- The refinancing capacity needed 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.
- BNP Paribas uses indicators to monitor the diversification of its sources of short-term funds on a worldwide basis to ensure that it is not over-dependent on a limited number of providers of capital.

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- Three internal ratios are used to manage medium/long-term liquidity at Group level:
  - the one-year internal liquidity ratio for financing with contractual maturities, corresponding to the maturity gap beyond one year between sources of funds with the same characteristics and maturities and uses of funds with the same characteristics and maturities;
  - the one-year internal liquidity ratio for total financing, corresponding to the maturity gap beyond one year between sources of funds with the same maturities and uses of funds with the same maturities, and carried on and off-balance sheet in the form of contractual commitments with no fixed maturity. The ratio was capped at 25% until 2006 and at 20% in 2007;
  - the own funds and permanent capital ratio, corresponding to the ratio between (i) Tier One capital less non-current assets plus net customer demand deposits and (ii) the maturity gap beyond one year for financing with contractual maturities. The minimum ratio is 60%.

These three internal ratios are based on maturity schedules of balance sheet and off-balance sheet items for all Group entities, whether contractual (including undrawn confirmed credit facilities contracted with banks - 100% weighted, and with customers - 20% or 30% weighted), theoretical (i.e. based on customer behaviour: prepayments in the case of loans, behaviour modelling in the case of regulated savings accounts) or statistical (demand deposits, regulated savings deposits, trust deposits, non-performing loans and general accounts).

The Group's consolidated liquidity position by maturity (1 month, 3 months, 6 months, then annually to 10 years, then 15 years) is measured regularly by business line and currency.

In addition, regular stress tests are performed, based on market factors and factors specific to BNP Paribas that would adversely affect its liquidity position.

Regulatory ratios represent the final plank in the liquidity risk management system.

These include the 1-month liquidity ratio and observation ratios, which are 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.

4.d.3 Risk mitigation techniques

As part of the day-to-day management of liquidity, in the event of a temporary liquidity crisis, the Group's most liquid assets constitute a financing reserve enabling the Bank to adjust its treasury position by selling them on the repo market or discounting them with the central bank. If there is a prolonged liquidity crisis, the Bank may have to gradually reduce its total balance sheet position by selling assets outright.

Less liquid assets may be swiftly converted into cash as part of the day-to-day management of liquidity, by securitising pools of home loans and consumer loans granted to retail banking customers, as well as pools of corporate loans.

Liquidity risk is also reduced by the diversification of financing sources in terms of structure, investors, and secured/unsecured financing. In the last quarter of 2006, BNP Paribas set up a EUR 25 billion covered bond programme. Issuance under this programme at 31 December 2007 totalled EUR 9 billion.

4.e INSURANCE RISKS

The insurance subsidiaries' risk exposures result from the sale, in France and abroad, of savings and personal risk contracts.

4.e.1 Financial risks

Financial risks arise 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 life insurance policies are based on either a fixed rate specified in the policy or a variable rate, with or without a yield guarantee. 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 analysed 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.

To cover potential financial losses estimated over the life of the policies, a provision for future adverse deviation (*provision pour aléas financiers*) is booked when the guaranteed yield payable to policyholders is not covered by 80% of the yield on the admissible assets. No provision for future adverse deviation was booked at 31 December 2007 or 2006 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 customers 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 modelling purposes, forcing it to sell assets at a loss in order to free up the necessary cash for surrenders in excess of forecast.

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.

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- Policyholder behaviour 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

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 EUR 765,000 per insured. In addition, the guarantee is not normally available beyond the insured's 80th birthday.

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.

The capital guarantee reserve 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 EUR 27 million at 31 December 2007, compared with EUR 40 million at 31 December 2006.

4.e.2 Insurance subscription risks

The insurance subscription risks arise mainly in the Personal Risk business, which accounts for some 5% of the insurance subsidiaries' liabilities.

They result mainly from the sale of annuity policies in France and loan protection insurance worldwide.

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 from annuity and loan protection insurance business are monitored at quarterly intervals by BNP Paribas Assurance's Executive Committee, based on an analysis of loss ratios.

Loss ratios for annuity contracts are based on mortality tables applicable under insurance regulations, as adjusted by independent actuaries where appropriate. Annuity risks are low.

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.

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.

4.f IMPACT OF THE SUBPRIME CRISIS IN SECOND-HALF 2007

4.f.1 Background

During the second half of 2007, financial market players were hit by the effects of the housing market downturn in the United States. Subprime borrowers (borrowers with poor credit histories) in the US, who had been aggressively targeted by mortgage lenders, were plunged into serious financial difficulties by rising interest rates, at a time when house prices were falling, leading to a growing number of defaults.

These high interest home loans were the subject of intense securitisation activity, creating synthetic financial assets that were placed with vast numbers of investors. Anticipating a significant decline in interest and capital flows from the underlying loans, as a result of the subprime crisis, investors moved quickly to sell these synthetic assets, leading to a sharp drop in their market prices.

The subprime mortgage-backed securities were insured by credit enhancement companies in the United States, known as monoline insurers because they write only one type of business. The potential scale of the losses on subprime business as a result of the crisis was such that the monolines' financial position was severely weakened. Holders of the insured securities and the monolines' counterparties in derivatives transactions also had to assess the risk of the monolines being unable to fulfil their commitments in the case of default by subprime borrowers.

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In addition to the effects related directly to the financing of the subprime mortgage market in the United States, investors started turning their backs on assets created through a securitisation process and there was also a fall in demand for credit instruments. This led to a broadbased 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 securitisation 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, the 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.

4.f.2 Review of BNP Paribas positions exposed to the effects of the crisis

In this environment, BNP Paribas' management gave the risk surveillance and financial control teams the task of identifying all of the Bank's positions that may be affected by the crisis and reviewing the methods and parameters used to value these positions. The identified risks at 31 December 2007 are described below.

Exposure to subprime risks

Within Corporate and Investment Banking, the net positions of the capital markets business lines on products exposed to subprime risk are very limited. The small position in subprime Residential Mortgage Backed Securities (RMBSs) is offset by purchased protection consisting of subprime Collateralized Debt Obligations (CDOs).

The counterparty risk on the subprime protection for a nominal amount of approximately EUR 3 billion purchased from monoline insurers amounted to EUR 1,089 million at 31 December 2007, net of purchased protection amounting to EUR 245 million against monoline default. The risk is covered by a EUR 388 million credit adjustment, reflecting the CDS market's most conservative assessment of the monoline insurers as of the approval date of the Group's consolidated financial statements. In addition, credit adjustments totalling EUR 80 million have been recorded in respect of counterparty risks on purchased protection for non-subprime assets obtained from the monolines. In all, credit adjustments on monoline counterparties totalled EUR 468 million.

Following the credit adjustment, at 31 December 2007 the Bank had no residual position with the only monoline insurer in default at that date.

BancWest's mortgage loan policy consists of lending essentially to prime and superprime borrowers, with subprime borrowers representing just 1% of the mortgage loan book. Including the risks in the investment portfolio, after provisions for impairment, BancWest's net exposure to subprime risks is limited to around EUR 300 million.

Exposure on leveraged buyouts in progress

The Bank's gross exposure at 31 December 2007 was approximately EUR 2,500 million. Negative fair value adjustments of EUR 238 million were recorded in the second half.

Exposure on sponsored conduits

BNP Paribas manages six securitisation conduits on behalf of clients, representing total assets of some EUR 11,000 million. These assets, which are presented in note 6.c, are relatively low risk. They include some EUR 4,200 million in US assets, including around EUR 200 million in mortgage-backed assets of which the subprime portion is not material.

These conduits have not been consolidated since they do not meet the consolidation criteria set out in note 1.b.1 "Scope of consolidation". Although the Group provided liquidity assistance to some of these conduits during certain periods (debt securities issued by these conduits and provisionally carried in the Group's balance sheet represented EUR 4,095 million at 31 December 2007), the analysis of criteria demonstrating the absence of control by the Group has not been substantially modified.

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4.f.3 Direct effects of the second half 2007 crisis on profit for the year

In millions of euros	2007
EFFECTS ON CORPORATE AND INVESTMENT BANKING NET BANKING INCOME	
Asset impairments	
Loan syndications in progress	(238)
Securitisations	(88)
Credit adjustments to reflect counterparty risks on over-the-counter derivative financial instruments	
Monoline insurers	(468)
Other counterparties	(57)
TOTAL EFFECTS ON NET BANKING INCOME	**(851)**
EFFECTS ON COST OF RISK	
Bancwest securities portfolio	(131)
Bancwest customer loans	(87)
Corporate and Investment Banking	(206)
TOTAL EFFECTS ON COST OF RISK	**(424)**

Note 5. NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2007

5.a FINANCIAL ASSETS, FINANCIAL LIABILITIES AND DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and financial liabilities at fair value through profit or loss consist of trading account transactions (including derivatives) and certain assets and liabilities designated by the Group as at fair value through profit or loss at the time of acquisition or issue.

Financial assets

Trading book assets include proprietary securities transactions, repurchase agreements, and derivative instruments contracted for position management purposes. Assets designated by the Group as at fair value through profit or loss include admissible investments related to unit-linked insurance business, and to a lesser extent assets with embedded derivatives that have not been separated from the host contract.

Financial liabilities

Trading book liabilities comprise securities borrowing and short selling transactions, repurchase agreements, and derivative instruments contracted for position management purposes. Financial liabilities at fair value through profit or loss mainly comprise issues originated and structured on behalf of customers, where the risk exposure is managed in combination with the hedging strategy. These types of issue contain significant embedded derivatives, whose changes in value are cancelled out by changes in the value of the hedging instrument.

The nominal value of financial liabilities at fair value through profit or loss at 31 December 2007 was EUR 79,680 million (EUR 61,521 million at 31 December 2006). Their fair value takes into account any change attributable to issuer risk relating to the BNP Paribas Group itself insofar as this change is considered material in respect of the Group's conditions of issuance. The Group has recognised a EUR 141 million reduction in the fair value of its debt, taking into consideration the increase in the value of its own credit spread observed during the crisis affecting the financial markets in the second half of 2007.

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	31 December 2007			31 December 2006		
In millions of euros	Trading book	Assets designated at fair value through profit or loss	TOTAL	Trading book	Assets designated at fair value through profit or loss	TOTAL
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Negotiable certificates of deposit	**82,476**	**554**	**83,030**	**48,633**	**174**	**48,807**
Treasury bills and other bills eligible for central bank refinancing	65,077	12	65,089	34,680	9	34,689
Other negotiable certificates of deposit	17,399	542	17,941	13,953	165	14,118
Bonds	**121,314**	**6,488**	**127,802**	**131,938**	**6,577**	**138,515**
Government bonds	56,294	491	56,785	66,962	206	67,168
Other bonds	65,020	5,997	71,017	64,976	6,371	71,347
Equities and other variable-income securities	**100,709**	**43,975**	**144,684**	**94,989**	**42,328**	**137,317**
Repurchase agreements	**334,033**	**95**	**334,128**	**254,967**	**103**	**255,070**
Loans	**2,791**	**2,351**	**5,142**	**231**	**3,451**	**3,682**
to credit institutions	*-*	*2,240*	*2,240*	*7*	*3,407*	*3,414*
to corporate customers	*2,781*	*111*	*2,892*	*214*	*44*	*258*
to private individual customers	*10*	*-*	*10*	*10*		*10*
Trading book derivatives	**236,920**	**-**	**236,920**	**161,467**	**-**	**161,467**
Currency derivatives	23,627	-	23,627	17,799	-	17,799
Interest rate derivatives	99,308	-	99,308	78,707	-	78,707
Equity derivatives	75,243	-	75,243	51,661	-	51,661
Credit derivatives	30,342	-	30,342	9,487	-	9,487
Other derivatives	8,400	-	8,400	3,813	-	3,813
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**878,243**	**53,463**	**931,706**	**692,225**	**52,633**	**744,858**
of which loaned securities	*40,530*		*40,530*	*28,307*		*28,307*
excluding equities and other variable-income securities (note 4.a)			*787,022*			*607,541*
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS						
Borrowed securities and short selling	**116,073**	**-**	**116,073**	**118,987**	**-**	**118,987**
Repurchase agreements	**357,386**	**451**	**357,837**	**289,711**	**-**	**289,711**
Borrowings	**1,517**	**2,254**	**3,771**	**748**	**4,392**	**5,140**
Credit institutions	*811*	*1,475*	*2,286*	*547*	*1,436*	*1,983*
Corporate customers	*706*	*779*	*1,485*	*201*	*2,956*	*3,157*
Debt securities	**-**	**73,973**	**73,973**		**55,279**	**55,279**
Trading book derivatives	**244,471**	**-**	**244,471**	**184,211**		**184,211**
Currency derivatives	26,017	-	26,017	19,242	-	19,242
Interest rate derivatives	97,412	-	97,412	79,004	-	79,004
Equity derivatives	83,455	-	83,455	71,983	-	71,983
Credit derivatives	30,180	-	30,180	9,634	-	9,634
Other derivatives	7,407	-	7,407	4,348	-	4,348
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**719,447**	**76,678**	**796,125**	**593,657**	**59,671**	**653,328**

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The derivative instruments included in the trading book mostly relate to transactions initiated for position management purposes, and may be contracted in connection with market-making or arbitrage activities. BNP Paribas actively trades in derivatives so as to meet the needs of its customers. Transactions include trades in ordinary instruments such as credit default swaps, and structured transactions with tailored complex risk profiles. The net position is in all cases subject to limits.

Trading account derivative instruments also include derivatives contracted to hedge financial assets or financial liabilities but for which the Group has not documented a hedging relationship, or which do not qualify for hedge accounting under IFRS. This applies in particular to credit derivative transactions which are primarily contracted to protect the Group's loan book.

The positive or negative fair value of derivative instruments classified in the trading book represents the replacement value of these instruments. This value may fluctuate significantly in response to changes in market parameters such as interest rates or exchange rates.

The total notional amount of trading derivatives was EUR 29,510,170 million at 31 December 2007, compared with EUR 24,354,680 million at 31 December 2006. The notional amounts of derivative instruments are merely an indication of the volume of the Group's activities in financial instruments markets, and do not reflect the market risks associated with such instruments.

Derivatives traded on organised markets represented 42% of the Group's derivatives transactions at 31 December 2007 (43% at 31 December 2006).

Breakdown of financial instruments by type of fair price measurement

The breakdown of financial instruments by type of fair value measurement given in the following table has been prepared in accordance with categories defined in note 1.c.9 "Determination of fair value".

In millions of euros at	31 December 2007				31 December 2006			
	Market price (cat 1)	Model with observable parameters (cat 2)	Model with non-observable parameters (cat 3)	Total	Market price (cat 1)	Model with observable parameters (cat 2)	Model with non-observable parameters (cat 3)	Total
FINANCIAL ASSETS								
Financial assets held for trading purposes at fair value through profit or loss	624,082	250,518	3,643	878,243	516,399	173,257	2,569	692,225
Financial assets at fair value through profit or loss under the fair value option	46,790	6,673	-	53,463	46,171	6,462	-	52,633
FINANCIAL LIABILITIES								
Financial liabilities held for trading purposes at fair value through profit or loss	481,831	229,788	7,828	719,447	434,873	152,915	5,869	593,657
Financial liabilities at fair value through profit or loss under the fair value option	451	76,227	-	76,678	-	59,671	-	59,671

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Day one profit

Changes in the margin not taken to the profit and loss account and contained in the price of derivatives sold to clients and measured using internal models based on non-observable parameters («day one profit») can be analysed as follows over years 2006 and 2007:

In millions of euros	Year to 31 Dec. 2007	Year to 31 Dec. 2006
Deferred margin at 1 January	**731**	**708**
Deferred margin on transactions during the year	411	503
Margin taken to the profit and loss account during the year	(469)	(480)
Deferred margin at 31 December	**673**	**731**

This deferred margin is recorded in "Financial assets held for trading purposes at fair value through profit or loss held for trading purposes" or "Financial liabilities held for trading purposes at fair value through profit or loss", which are measured by models based on non-observable parameters.

Sensitivity to reasonable changes in assumptions

The fair value of certain complex derivatives is determined using measurement techniques or internally-developed models based on assumptions which do not rely directly on currently-observable market data. These models are based on methods widely used in the financial community, are subject to a internal approval procedure and are regularly reviewed by Risk Management.

The uncertainty inherent to the use of these models is quantified through analyses of sensitivities to non-observable parameters as well as through comparison with valuations resulting from alternative models. Given this uncertainty, the Group uses reserves to adjust the carrying amount of the instruments concerned.

Day one profit is calculated net of these reserves, and is taken to the profit and loss account over the period during which the valuation parameters are expected to remain unobservable (note 1.c.9). The unamortised amount is included in the balance sheet as a reduction in the fair value of these complex transactions.

At 31 December 2007, the sensitivity of the values resulting from reasonable alternative assumptions likely to be used to quantify the parameters used can be estimated at approximately EUR 270 million.

5.b DERIVATIVES USED FOR HEDGING PURPOSES

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

In millions of euros	31 December 2007		31 December 2006	
	Negative fair value	Positive fair value	Negative fair value	Positive fair value
DERIVATIVES USED AS FAIR VALUE HEDGES OF NON-DERIVATIVE FINANCIAL INSTRUMENTS				
Currency derivatives	-	22	4	1
Interest rate derivatives	655	1,487	771	2,134
Other derivatives	14	43	7	8
FAIR VALUE HEDGES	**669**	**1,552**	**782**	**2,143**
DERIVATIVES USED AS CASH FLOW HEDGES OF NON-DERIVATIVE FINANCIAL INSTRUMENTS				
Currency derivatives	162	173	86	243
Interest rate derivatives	418	428	463	416
Other derivatives	2	-	-	1
CASH FLOW HEDGES	**582**	**601**	**549**	**660**
DERIVATIVES USED AS NET FOREIGN INVESTMENT HEDGES				
Currency derivatives	10	1	4	-
NET INVESTMENT HEDGES	**10**	**1**	**4**	**-**
DERIVATIVES USED FOR HEDGING PURPOSES	**1,261**	**2,154**	**1,335**	**2,803**

The total notional amount of derivatives used for hedging purposes stood at EUR 371,339 million at 31 December 2007, compared with EUR 328,354 million at 31 December 2006.

Derivatives used for hedging purposes are primarily contracted on over-the-counter markets and are measured using models based on observable parameters.

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5.c AVAILABLE-FOR-SALE FINANCIAL ASSETS

In millions of euros	31 December 2007	31 December 2006
Negotiable certificates of deposit	**17,499**	**12,456**
Treasury bills and other bills eligible for central bank refinancing	12,762	8,653
Other negotiable certificates of deposit	4,737	3,803
Bonds	**73,457**	**65,710**
Government bonds	48,802	45,935
Other bonds	24,655	19,775
Equities and other variable-income securities	**22,670**	**19,730**
of which listed securities	*14,454*	*12,750*
of which unlisted securities	*8,216*	*6,980*
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS, BEFORE IMPAIRMENT PROVISIONS	**113,626**	**97,896**
of which unrealised gains and losses	*5,025*	*7,026*
of which fixed-income securities	*90,956*	*78,166*
of which loaned securities	*1,729*	*538*
Provisions for impairment of available-for-sale financial assets	**(1,032)**	**(1,157)**
Fixed-income securities	(231)	(133)
Variable-income securities	(801)	(1,024)
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET OF IMPAIRMENT PROVISIONS	**112,594**	**96,739**
of which fixed-income securities, net of impairment provisions (note 4.a)	*90,725*	*78,033*

5.d INTERBANK AND MONEY-MARKET ITEMS

➤ LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

In millions of euros	31 December 2007	31 December 2006
Demand accounts	15,497	15,230
Loans	48,901	52,394
Repurchase agreements	6,772	7,638
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS, BEFORE IMPAIRMENT PROVISIONS	**71,170**	**75,262**
Provisions for impairment of loans and receivables due from credit institutions	(54)	(92)
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS, NET OF IMPAIRMENT PROVISIONS	**71,116**	**75,170**

➤ DUE TO CREDIT INSTITUTIONS

In millions of euros	31 December 2007	31 December 2006
Demand accounts	8,165	7,892
Borrowings	130,370	121,417
Repurchase agreements	31,647	14,341
TOTAL DUE TO CREDIT INSTITUTIONS	**170,182**	**143,650**

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5.e CUSTOMER ITEMS

LOANS AND RECEIVABLES DUE FROM CUSTOMERS

In millions of euros	31 December 2007	31 December 2006
Demand accounts	29,794	26,271
Loans to customers	403,295	356,564
Repurchase agreements	247	1,065
Finance leases	24,266	22,758
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS, BEFORE IMPAIRMENT PROVISIONS	**457,602**	**406,658**
Impairment of loans and receivables due from customers	(12,499)	(13,525)
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS, NET OF IMPAIRMENT PROVISIONS	**445,103**	**393,133**

BREAKDOWN OF FINANCE LEASES

In millions of euros	31 December 2007	31 December 2006
GROSS INVESTMENT	**27,294**	**25,486**
Receivable within 1 year	*7,407*	*7,739*
Receivable after 1 year but within 5 years	*14,671*	*13,216*
Receivable beyond 5 years	*5,216*	*4,531*
Unearned interest income	**(3,028)**	**(2,728)**
NET INVESTMENT BEFORE IMPAIRMENT PROVISIONS	**24,266**	**22,758**
Receivable within 1 year	*6,258*	*6,895*
Receivable after 1 year but within 5 years	*13,453*	*11,833*
Receivable beyond 5 years	*4,555*	*4,030*
Impairment provisions	**(431)**	**(437)**
NET INVESTMENT AFTER IMPAIRMENT PROVISIONS	**23,835**	**22,321**

DUE TO CUSTOMERS

In millions of euros	31 December 2007	31 December 2006
Demand deposits	159,842	142,522
Term accounts	130,869	100,988
Regulated savings accounts	40,198	40,469
Retail certificates of deposit	9,390	10,640
Repurchase agreements	6,405	4,033
TOTAL DUE TO CUSTOMERS	**346,704**	**298,652**

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5.f DEBT SECURITIES AND SUBORDINATED DEBT

In millions of euros	31 December 2007	31 December 2006
Debt securities at fair value through profit or loss (note 5.a)	**73,973**	**55,279**
Other debt securities	**141,056**	**121,559**
Negotiable certificates of deposit	106,381	85,363
Bond issues	34,675	36,196
Subordinated debt	**18,641**	**17,960**
Redeemable subordinated debt	17,393	16,376
Undated subordinated debt	1,248	1,584
TOTAL	**233,670**	**194,798**

5.f.1 Redeemable subordinated debt

The redeemable subordinated debt issued by the Group is in the form of medium and long-term debt securities, equivalent to ordinary subordinated debt; these issues are redeemable prior to the contractual maturity date in the event of liquidation of the issuer, and rank after the other creditors but before holders of participating loans and participating subordinated notes.

These debt issues may contain a call provision authorising the Group to redeem the securities prior to maturity by repurchasing them in the stock market, via public tender offers, or (in the case of private placements) over the counter.

Debt issued by BNP Paribas SA or foreign subsidiaries of the Group via placements in the international markets may be subject to early redemption of the capital and early payment of interest due at maturity at the issuer's discretion on or after a date stipulated in the issue particulars (call option), or in the event that changes in the then applicable tax rules oblige the BNP Paribas Group issuer to compensate debt-holders for the consequences of such changes. Redemption may be subject to a notice period of between 15 and 60 days, and is in all cases subject to approval by the banking supervisory authorities.

5.f.2 Undated subordinated debt

Undated subordinated debt consists of undated floating-rate subordinated notes (*titres subordonnés à durée indéterminée* – TSDIs), other undated subordinated notes, and undated participating subordinated notes (*titres participatifs*).

In millions of euros	31 December 2007	31 December 2006
Undated floating-rate subordinated notes (TSDIs)	757	808
Other undated subordinated notes	140	406
Undated participating subordinated notes	274	290
Issue costs and fees, accrued interest	77	80
TOTAL	**1,248**	**1,584**

Undated floating-rate subordinated notes and other undated subordinated notes

The TSDIs and other undated subordinated notes issued by BNP Paribas are redeemable on liquidation of the Bank after repayment of all other debts but ahead of undated participating subordinated notes. They confer no rights over residual assets.

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Undated floating-rate subordinated notes

The various TSDI issues are as follows:

In millions of euros Issuer	Issue date	Currency	Original amount in issue currency	Rate	31 December 2007	31 December 2006
Paribas SA	September 1984	USD	24 million	3-month Libor +3/8%	16	18
BNP SA	October 1985	EUR	305 million	TMO - 0.25%	290	290
Paribas SA	July 1986	USD	165 million	3-month Libor +1/8%	109	121
BNP SA	September 1986	USD	500 million	6-month Libor +0.75%	342	379
TOTAL					**757**	**808**

The TSDIs issued in US dollars contain a specific call option provision, whereby they may be redeemed at par prior to maturity at the issuer's discretion at any time after a date specified in the issue particulars, after approval of the banking supervisory authorities. They are not subject to any interest step up clause. Payment of interest is obligatory, but the Board of Directors may postpone interest payments if within the twelve months preceding the interest payment date the Ordinary General Meeting of Shareholders approves a decision not to pay a dividend.

Payment of interest is obligatory on the TSDIs issued in October 1985 (representing a nominal amount of EUR 305 million), but the Board of Directors may postpone interest payments if within the twelve months preceding the interest payment date the Ordinary General Meeting of Shareholders notes that there is no income available for distribution.

Other undated subordinated notes

The other undated subordinated notes issued by the Group between 1997 and 1999 may be redeemed at par prior to maturity on a date specified in the issue particulars, after approval of the banking supervisory authorities, and are entitled to a step up in interest from this date if the notes have not been redeemed. Payment of interest is obligatory, but the Board of Directors may postpone interest payments if within the twelve months preceding the interest payment date the Ordinary General Meeting of Shareholders Meeting approves a decision not to pay a dividend.

In millions of euros Issuer	Issue date	Currency	Original amount in issue currency	Redemption option/interest step up date	Interest rate	Interest step up (basis points)	31 December 2007	31 December 2006
BNP SA	January 1997	USD	50 million	January 2007	3-month Libor +0.65%	+150 bp	-	38
BNP SA	May 1997	EUR	191 million	May 2007	6.50%	+200 bp [(2)]	-	189
BNP SA	July 1997	USD	50 million	July 2007	3-month Libor +0.56%	+150 bp	-	38
BNP SA	Nov. 1997	EUR	9 million	November 2007	6.36%	+205 bp [(2)]	-	9
BNP SA	April 1998	EUR	77 million	April 2008	3-month Libor +0.70%	+150 bp	77	77
Laser	May 1999	EUR	110 million [(1)]	May 2009	5.935%	+250 bp [(3)]	55	55
Others							8	
TOTAL							**140**	**406**

(1) *Before application of the proportionate consolidation rate.*
(2) *Above the 3-month Euribor.*
(3) *Above the 3-month Eurolibor.*

The four transactions which included a redemption option or interest step up date in 2007 were redeemed in advance of the date provided in the issue particulars.

The USD 50 million in undated notes issued in January 1997 were redeemed prior to maturity in January 2007. The EUR 191 million in undated notes issued in May 1997 were redeemed prior to maturity in May 2007. The USD 50 million in undated notes issued in July 1997 were redeemed prior to maturity in September 2007. The USD 9 million in undated notes issued in November 1997 were redeemed prior to maturity in November 2007.

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Undated participating subordinated notes

Undated participating subordinated notes issued by the Bank between 1984 and 1988 for a total amount of EUR 337 million are redeemable only in the event of liquidation of the Bank, but may be retired on the terms specified in the law of 3 January 1983. Under this option, 325,560 notes were retired in 2004 and 2006 and 108,707 notes in March 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 Meeting held to approve the financial statements notes that there is no income available for distribution.

5.f.3 Breakdown of debt securities and subordinated debt by contractual maturity

The carrying amount of debt securities (except for negotiable certificates of deposit, recorded within "Other debt securities", regarded mostly as having a maturity of less than one year) is broken down in the table below by contractual maturity date, or in the case of undated notes, by interest uplift date (if any). All BNP Paribas debt issues are converted to floating-rate, irrespective of the benchmark rate on issue.

Maturity or call option date, in millions of euros (unless otherwise indicated)	2008	2009	2010	2011	2012	2013-2017	After 2017	Total at 31 dec 2007
TOTAL SENIOR AND SUBORDINATED DEBT	**28,925**	**17,158**	**11,376**	**11,773**	**13,255**	**32,961**	**11,841**	**127,289**

Maturity or call option date, in millions of euros (unless otherwise indicated)	2007	2008	2009	2010	2011	2012-2016	After 2016	Total at 31 dec 2006
TOTAL SENIOR AND SUBORDINATED DEBT	**16,085**	**11,457**	**9,390**	**7,748**	**11,730**	**32,181**	**20,844**	**109,435**

5.g HELD-TO-MATURITY FINANCIAL ASSETS

In millions of euros	31 December 2007	31 December 2006
Negotiable certificates of deposit	**2,904**	**2,915**
Treasury bills and other bills eligible for central bank refinancing	2,848	2,860
Other negotiable certificates of deposit	56	55
Bonds	**11,904**	**12,234**
Government bonds	11,564	11,868
Other bonds	340	366
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**14,808**	**15,149**

5.h CURRENT AND DEFERRED TAXES

In millions of euros	31 December 2007	31 December 2006
Current taxes	1,297	1,926
Deferred taxes	1,668	1,517
Current and deferred tax assets	**2,965**	**3,443**
Current taxes	1,189	1,309
Deferred taxes	1,286	997
Current and deferred tax liabilities	**2,475**	**2,306**

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Deferred taxes on temporary differences relate to the following items:

Change in deferred taxes over the year in millions of euros	31 December 2007	31 December 2006
NET DEFERRED TAXES AT 1 JANUARY	**520**	**(571)**
Deferred income tax charge	(357)	(458)
Impact of the consolidation of Banca Nazionale del Lavoro	-	1,158
Effect of exchange rate and other movements	219	391
NET DEFERRED TAXES AT 31 DECEMBER	**382**	**520**

Breakdown of net deferred taxes by temporary differences in millions of euros	31 December 2007	31 December 2006
Provisions for employee benefit obligations	373	497
Other provisions	1,537	1,591
Unrealised finance lease reserve	(755)	(854)
Available-for-sale financial assets	(552)	(794)
Other items	(221)	80
NET DEFERRED TAXES	**382**	**520**
of which		
Deferred tax assets	1,668	1,517
Deferred tax liabilities	(1,286)	(997)

Carryforwards of tax losses accounted for EUR 478 million of total deferred tax assets at 31 December 2007 (EUR 67 million at 31 December 2006).

Unrecognised deferred tax assets amounted to EUR 529 million at 31 December 2007 (EUR 626 million at 31 December 2006).

The decrease in deferred tax assets related to the reduction in tax rates in Italy amounted to EUR 146 million.

5.i ACCRUED INCOME/EXPENSE AND OTHER ASSETS/LIABILITIES

In millions of euros	31 December 2007	31 December 2006
Guarantee deposits and bank guarantees paid	16,358	25,379
Settlement accounts related to securities transactions	16,066	17,799
Collection accounts	2,517	2,206
Reinsurers' share of technical reserves	2,554	2,414
Accrued income and prepaid expenses	3,919	2,330
Other debtors and miscellaneous assets	19,194	16,787
TOTAL ACCRUED INCOME AND OTHER ASSETS	**60,608**	**66,915**
Guarantee deposits received	16,818	12,315
Settlement accounts related to securities transactions	23,151	21,681
Collection accounts	401	484
Accrued expenses and deferred income	5,509	3,668
Other creditors and miscellaneous liabilities	12,936	15,513
TOTAL ACCRUED EXPENSES AND OTHER LIABILITIES	**58,815**	**53,661**

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The movement in "Reinsurers' share of technical reserves" breaks down as follows:

In millions of euros	31 December 2007	31 December 2006
REINSURERS' SHARE OF TECHNICAL RESERVES AT START OF PERIOD	**2,414**	**2,283**
Increase in technical reserves borne by reinsurers	353	401
Amounts received in respect of claims and benefits passed on to reinsurers	(232)	(271)
Effect of changes in exchange rates and scope of consolidation	19	1
REINSURERS' SHARE OF TECHNICAL RESERVES AT END OF PERIOD	**2,554**	**2,414**

5.j INVESTMENTS IN ASSOCIATES

The Group's investments in associates (companies carried under the equity method), which represent amounts in excess of EUR 100 million, are shown below:

In millions of euros	31 December 2007	31 December 2006
Bank of Nanjing	136	78
Sahara Bank LSC	148	-
BNL Vita	179	229
Cofidis France	94	102
Erbe	1,396	1,164
JetFinance International	172	-
Servicios Financieros Carrefour EFC SA	105	99
Société de Paiement Pass	203	202
Verner Investissement	334	308
Other associates	566	590
INVESTMENTS IN ASSOCIATES	**3,333**	**2,772**

Financial data as published by the Group's principal associates under local generally accepted accounting principles are as follows:

In millions of euros	Total assets at 31 Dec. 2007	Net banking income or net revenueYear to 31 Dec. 2007	Net incomeYear to 31 Dec. 2007
Bank of Nanjing	7,134	177	84
Sahara Bank LSC [(1)]	1,623	37	19
BNL Vita	10,555	71	51
Cofidis France	5,932	755	149
Erbe [(1)]	3,829		428
JetFinance International	111	25	8
Servicios Financieros Carrefour EFC SA	1,284	120	17
Société de Paiement Pass	2,989	253	57
Verner Investissement [(1)]	5,190	420	97

(1) *Data at 31 December 2006 or for the year then ended.*

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5.k PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS USED IN OPERATIONS, INVESTMENT PROPERTY

In millions of euros	31 December 2007			31 December 2006		
	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount
INVESTMENT PROPERTY	**7,738**	**(1,045)**	**6,693**	**6,704**	**(891)**	**5,813**
Land and buildings	5,010	(925)	4,085	5,015	(866)	4,149
Equipment, furniture and fixtures	4,055	(2,465)	1,590	3,614	(2,230)	1,384
Plant and equipment leased as lessor under operating leases	9,367	(3,086)	6,281	8,536	(2,838)	5,698
Other property, plant and equipment	1,830	(621)	1,209	1,813	(574)	1,239
PROPERTY, PLANT AND EQUIPMENT	**20,262**	**(7,097)**	**13,165**	**18,978**	**(6,508)**	**12,470**
Purchased software	1,505	(1,018)	487	1,452	(939)	513
Internally-developed software	1,123	(661)	462	811	(454)	357
Other intangible assets	908	(170)	738	943	(244)	699
INTANGIBLE ASSETS	**3,536**	**(1,849)**	**1,687**	**3,206**	**(1,637)**	**1,569**

The main changes in investment property in theYear to 31 December 2007 are attributable to the acquisition by Klépierre of shopping centres for more than EUR 590 million.

5.k.1 Investment property

Land and buildings leased by the Group as lessor under operating leases, and land and buildings held as investments in connection with life insurance business, are recorded in "Investment property".

The estimated fair value of investment property accounted for at cost at 31 December 2007 was EUR 12,605 million, compared with EUR 10,157 million at 31 December 2006.

5.k.2 Intangible assets

"Other intangible assets" comprise leasehold rights, goodwill and trademarks acquired by the Group.

5.k.3 Depreciation, amortisation and impairment

Net depreciation and amortisation expense for the year ended 31 December 2007 was EUR 987 million, compared with EUR 907 million for the year ended 31 December 2006.

The net increase in impairment losses on property, plant and equipment and intangible assets taken to the profit and loss account in the year ended 31 December 2007 amounted to EUR 4 million, compared with a net increase of EUR 21 million for the year ended 31 December 2006.

5.l GOODWILL

In millions of euros	Year to 31 Dec. 2007	Year to 31 Dec. 2006
Gross value at start of period	**10,194**	**8,093**
Accumulated impairment at start of period	**(32)**	**(14)**
Carrying amount at start of period	**10,162**	**8,079**
Acquisitions	483	2,580
Divestments	(2)	(37)
Impairment losses recognised during the period	(1)	(14)
Translation adjustments	(475)	(448)
Subsidiaries previously accounted for by the equity method	64	-
Other movements	13	2
Gross value at end of period	**10,277**	**10,194**
Accumulated impairment recognised during the period	**(33)**	**(32)**
CARRYING AMOUNT AT END OF PERIOD	**10,244**	**10,162**

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Goodwill by core business is as follows:

In millions of euros	Carrying amount at 31 December 2007	Carrying amount at 31 December 2006 [(1)]
International Retail banking and Financial Services	**6,108**	**6,503**
of which BancWest Corp	*3,412*	*3,771*
of which Consumer Credit	*1,546*	*1,525*
of which Contract Hire and Fleet Management	*649*	*697*
Italian Retail Banking (BNL bc)	**1,698**	**1,602**
Asset Management and Services	**1,705**	**1,408**
of which BNP Paribas Personal Investors	*403*	*385*
Corporate and Investment Banking	**445**	**428**
French Retail Banking	**68**	**23**
Other Activities	**220**	**198**
TOTAL	**10,244**	**10,162**

(1) The creation of a new retail banking unit in Italy in the first half of 2007 led to certain transfers between business segments. In order to facilitate period-on-period comparisons of goodwill, the carrying amounts at 31 December 2006 have been restated to reflect the new organisational structure.

5.m TECHNICAL RESERVES OF INSURANCE COMPANIES

In millions of euros	31 December 2007	31 December 2006
Liabilities related to insurance contracts	**82,471**	**74,795**
Gross technical reserves		
Unit-linked contracts	*36,226*	*33,027*
Other insurance contracts	*46,245*	*41,768*
Liabilities related to financial contracts	**8,014**	**8,457**
Liabilities related to financial contracts with discretionary participation feature	8,014	8,457
Policyholders' surplus	**2,835**	**3,792**
TOTAL TECHNICAL RESERVES OF INSURANCE COMPANIES	**93,320**	**87,044**
Liabilities related to unit-linked financial contracts [(1)]	5,450	4,347
TOTAL LIABILITIES RELATED TO CONTRACTS WRITTEN BY INSURANCE COMPANIES	**98,770**	**91,391**

(1) Liabilities related to unit-linked financial contracts are included in "Due to customers" (Note 5.e).

The policyholders' surplus reserve arises from the application of shadow accounting. It represents the interest of policyholders, mainly within French life insurance subsidiaries, in unrealised gains and losses on assets where the benefit paid under the policy is linked to the return on those assets. This interest, set at 95% for France, is an average derived from stochastic analyses of unrealised gains and losses attributable to policyholders in various scenarios.

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The movement in liabilities related to insurance contracts breaks down as follows:

In millions of euros	Year to 31 Dec. 2007	Year to 31 Dec. 2006
LIABILITIES RELATED TO CONTRACTS AT START OF PERIOD	**91,391**	**80,613**
Additions to insurance contract technical reserves and deposits taken on financial contracts related to life insurance	13,802	14,533
Claims and benefits paid	(6,744)	(6,500)
Contracts portfolio disposals	(294)	-
Effect of changes in scope of consolidation	63	289
Effect of movements in exchange rates	(364)	(53)
Effect of changes in value of admissible investments related to unit-linked business	916	2,509
LIABILITIES RELATED TO CONTRACTS AT END OF PERIOD	**98,770**	**91,391**

Please refer to Note 5.i for details of reinsurers' share of technical reserves.

5.n PROVISIONS FOR CONTINGENCIES AND CHARGES

In millions of euros	Year to 31 Dec. 2007	Year to 31 Dec. 2006
TOTAL PROVISIONS AT START OF PERIOD	**4,718**	**3,850**
Additions to provisions	1,050	1,154
Reversals of provisions	(534)	(962)
Provisions utilised	(758)	(890)
Impact of the consolidation of Banca Nazionale del Lavoro	260	1,620
Effect of movements in exchange rates and other movements	2	(54)
TOTAL PROVISIONS AT END OF PERIOD	**4,738**	**4,718**

At 31 December 2006 and 31 December 2007, provisions for contingencies and charges mainly included provisions for post-employment benefits (Note 7.b), for impairment related to credit risks (Note 2.e), for risks on regulated savings products and for litigation in connection with banking transactions.

➤ PROVISIONS FOR REGULATED SAVINGS PRODUCT RISKS

➤ *Deposits, loans and savings – home savings accounts (CEL) and home savings plans (PEL)*

In millions of euros	31 December 2007	31 December 2006
Deposits collected under home savings accounts and plans	**15,995**	**17,581**
of which deposits collected under home savings plans	12,890	14,417
aged more than 10 years	*4,476*	*5,223*
aged between 4 and 10 years	*6,542*	*7,016*
aged less than 4 years	*1,872*	*2,178*
Outstanding loans granted under home savings accounts and plans	**552**	**643**
of which loans granted under home savings plans	150	213
Provisions recognised for home savings accounts and plans	**135**	**216**
of which home savings plans	97	171
aged more than 10 years	*51*	*91*
aged between 4 and 10 years	*33*	*65*
aged less than 4 years	*13*	*15*

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Change in provisions for regulated savings products

In millions of euros	Year to 31 Dec. 2007		Year to 31 Dec. 2006	
	Provisions recognised – home savings plans	Provisions recognised – home savings accounts	Provisions recognised – home savings plans	Provisions recognised – home savings accounts
Total provisions at start of period	**171**	**45**	**350**	**38**
Additions to provisions during the period	-	2	-	7
Provision reversals during the period	(74)	(9)	(179)	-
Total provisions at end of period	**97**	**38**	**171**	**45**

Note 6. FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS

6.a FINANCING COMMITMENTS

Contractual value of financing commitments given and received:

In millions of euros	31 December 2007	31 December 2006
Financing commitments given:		
- to credit institutions	**25,933**	**36,412**
- to customers:	**205,294**	**199,324**
Confirmed letters of credit	177,907	139,200
Other commitments given to customers	27,387	60,124
TOTAL FINANCING COMMITMENTS GIVEN (Note 4.a)	**231,227**	**235,736**
Financing commitments received:		
- from credit institutions	**100,593**	**71,398**
- from customers	**6,888**	**4,622**
TOTAL FINANCING COMMITMENTS RECEIVED	**107,481**	**76,020**

Financing commitments given concern in particular liquidity facilities granted to entities created within the scope of securitisation programmes described in section 6.c.

6.b GUARANTEE COMMITMENTS

Financial instruments given and received as guarantees

The carrying amount of financial instruments given by the Group as guarantees of liabilities or contingent liabilities amounted to EUR 43,621 million at 31 December 2007, compared with EUR 31,632 million at 31 December 2006). In addition, financial instruments given by the Group as collateral in respect of notes, securities and receivables from central banks amounts to EUR 7,480 million at 31 December 2007, versus EUR 2,937 million at 31 December 2006.

Financial instruments received as guarantees by the Group which it is authorised to sell or give as guarantees amounted to EUR 38,014 million at 31 December 2007 (EUR 13,775 million at 31 December 2006).

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GUARANTEE COMMITMENTS GIVEN

In millions of euros	31 December 2007	31 December 2006
Guarantee commitments given:		
to credit institutions	**10,436**	**11,723**
to customers:	**80,663**	**69,222**
- Property guarantees	2,142	1,610
- Sureties provided to tax and other authorities, other sureties	36,172	27,459
- Other guarantees	42,349	40,153
TOTAL GUARANTEE COMMITMENTS GIVEN (Note 4.a)	**91,099**	**80,945**

6.c CUSTOMER SECURITISATION PROGRAMMES

The BNP Paribas Group carries out securitisation programmes involving the creation of special-purpose entities on behalf of its customers. These programmes have liquidity facilities and, where appropriate, guarantee facilities. Special-purpose entities over which the Group does not exercise control are not consolidated.

6.c.1 Short-term refinancing

At 31 December 2007, 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. The Group has issued letters of credit guaranteeing the secondary default risk on securitised receivables managed for customers by these entities up to an amount of EUR 655 million (EUR 580 million at 31 December 2006), and has granted liquidity facilities totalling EUR 15,012 million to these entities (EUR 12,518 million at 31 December 2006).

The financial instruments held by these entities have the following characteristics:

Securitisation entities at 31 December 2007	Starbird	Matchpoint	Eliopee	Thesee	J Bird 1 & 2	Total
Issuing country	United States	Europe	Europe	Europe	Japan	
Ratings [1]	A1/P1	A1/P1	P1	A1/P1/F1	A1/P1	
Assets *(in millions of euros)*	4,232	3,364	1,944	875	475	10,890
Portion invested in the United States (%)	100%	4%	-	-	-	40%
Liquidity facilities granted by BNP Paribas *(in millions of euros)*	7,579	3,789	2,256	904	484	15,012
Breakdown by type of assets held						
Automobile loans	38%	35%	-	-	-	26%
Trade receivables	7%	8%	100%	58%	-	28%
CDOs et CLOs [2] [3]	17%	24%	-	-	-	14%
CMBS [4]	-	18%	-	-	-	5%
Consumer credit	23%	6%	-	29%	100%	18%
Capital goods loans	9%	-	-	-	-	3%
Mortgages [5]	5%	7%	-	-	-	4%
Insurance	-	-	-	13%	-	1%
Other assets	1%	2%	-	-	-	1%
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

(1) *Ratings regularly confirmed by rating agencies.*
(2) *CDOs & CLOs: Collateralised debt and loan obligations.*
(3) *100% of the CDOs held by Starbird are AAA rated, 90% of the CLOs held by Starbird are AA or AAA rated. 100% of the CDOs and CLOs held by Matchpoint are structured by BNP Paribas and are AAA rated.*
(4) *CMBS: Commercial mortgage backed securities.*
(5) *Starbird's exposure to subprime loans is limited to EUR 5 million, i.e. 0.2% of assets.*

6.c.2 Medium/long-term bond refinancing

BNP Paribas also acts as arranger for customers, setting up funds that receive securitised customer assets and issuing medium and long-term bonds which are then placed by the Group. However, BNP Paribas does not manage these funds, and they are not consolidated. At 31 December 2007, the BNP Paribas Group had granted liquidity facilities totalling EUR 309 million (EUR 289 million at 31 December 2006) to thirteen such funds (Meliadi SARL, Tenzing CFO, Forest Finance, Italfinance, Emerald Assets, LFE Capital III, Cavendish, RMF Euro CDO IV, RMF Euro CDO V, Master Dolfin 2003, CR Ferrara, CR Firenze and Halcyon), representing a total of EUR 4,580 million in securitised receivables (EUR 6,480 million at 31 December 2006).

Note 7. SALARIES AND EMPLOYEE BENEFITS

7.a SALARY AND EMPLOYEE BENEFIT EXPENSES

Salary and employee benefit expenses for the year to 31 December 2007 came to EUR 11,105 million (EUR 10,260 million for the year to 31 December 2006).

Fixed and variable remuneration, incentive bonuses and profit-sharing amounted to EUR 8,391 million (EUR 7,560 million in 2006); retirement bonuses, pension costs and social security taxes to EUR 2,368 million (EUR 2,336 million in 2006); and payroll taxes to EUR 346 million (EUR 364 million in 2006).

7.b EMPLOYEE BENEFIT OBLIGATIONS

7.b.1 Post-employment benefits under defined-contribution plans

In France, the BNP Paribas Group pays contributions to various nationwide basic and top-up pension schemes. BNP Paribas SA and certain subsidiaries have set up a funded pension plan under a company-wide agreement. Under this plan, employees will receive an annuity on retirement in addition to the pension paid by nationwide schemes.

In the rest of the world, defined-benefit plans have been closed to new employees in most of the countries in which the Group operates (primarily the United States, Germany, Luxembourg, the United Kingdom, Ireland, Norway and Australia). These employees are now offered defined-contribution plans. Under these plans, the Group's obligation is essentially limited to paying a percentage of the employee's annual salary into the plan.

The amount paid into defined-contribution post-employment plans in France and other countries for the year to 31 December 2007 was approximately EUR 362 million (EUR 346 million for the year to 31 December 2006).

7.b.2 Post-employment benefits under defined-benefit plans

The legacy defined-benefit plans in France and other countries are valued independently using actuarial techniques, applying the projected unit cost method, in order to determine the expense arising from rights vested in employees and benefits payable to retired employees. The demographic and financial assumptions used to estimate the present value of these obligations and of plan assets take account of economic conditions specific to each country and Group company. Actuarial gains and losses outside the permitted 10% "corridor" are amortised; these gains and losses are calculated separately for each defined-benefit plan.

Provisions set up to cover obligations under defined-benefit post-employment plans at 31 December 2007 totalled EUR 1,391 million (EUR 1,554 million at 31 December 2006), comprising EUR 469 million for French plans and EUR 930 million for other plans.

Pension plans and other post-employment benefits

Pension plans

In France, BNP Paribas pays a top-up banking industry pension arising from rights acquired to 31 December 1993 by ex-employees in retirement at that date and active employees in service at that date. The residual pension obligations are covered by a provision in the consolidated financial statements or transferred to an insurance company outside the Group.

The defined-benefit plans previously granted to Group executives formerly employed by BNP, Paribas or Compagnie Bancaire have all been closed and converted into top-up type schemes. The amounts allocated to the beneficiaries, subject to their still being with the Group at retirement, were fixed when the previous schemes were closed. These pension plans have been contracted out to insurance companies. The fair value of the related plan assets in these companies' balance sheets breaks down as 75% bonds, 18% equities and 7% property assets.

In other countries, pension plans are based either on pensions linked to the employee's final salary and length of service *(United Kingdom)*, or on annual vesting of rights to a capital sum expressed as a percentage of annual salary and paying interest at a pre-defined rate *(United States)*. Some plans are top-up schemes linked to statutory pensions *(Norway)*. Some plans are managed by an insurance company *(Spain)*, a foundation (*Switzerland*) or by independent fund managers *(United Kingdom)*. At 31 December 2007, 88% of the gross obligations under these plans concerned 20 plans in the United Kingdom, the United States and Switzerland. The fair value of the related plan assets was split as follows: 46% equities, 42% bonds, 12% other financial instruments.

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Other post-employment benefits

Group employees also receive various other contractual post-employment benefits such as bonuses payable on retirement. BNP Paribas' obligations for these bonuses in France are funded through a contract taken out with a third-party insurer. In 2006, BNP Paribas paid a premium of EUR 372 million under this contract, an amount that had previously been provisioned.

In other countries, the bulk of the Group's obligations are in Italy (84%), where pension reforms changed Italian termination indemnity schemes (TFR) into defined-contribution plans with effect from 1 January 2007. Rights vested up to 31 December 2006 continue to be classified as defined benefit obligations.

The tables below provide details relating to the Group's obligations for both pensions and other post-employment benefits:

➤ RECONCILIATION OF ASSETS AND LIABILITIES RECOGNISED IN THE BALANCE SHEET

In millions of euros	31 December 2007	31 December 2006
Present value of obligation	**4,047**	**3,884**
Present value of obligations wholly or partially funded by plan assets	3,156	2,837
Present value of unfunded obligations	891	1,047
Fair value of plan assets	**(2,474)**	**(2,213)**
of which financial instruments issued by BNP Paribas	-	3
Fair value of surplus assets	**(68)**	**(70)**
Fair value of segregated assets [1]	**(14)**	**(12)**
Cost not yet recognised in accordance with IAS 19	**(280)**	**(216)**
Past service cost	(245)	(52)
Net actuarial losses/gains	(35)	(164)
Other amounts recognised in the balance sheet	**50**	**54**
NET OBLIGATION RECOGNISED IN THE BALANCE SHEET FOR DEFINED-BENEFIT PLANS	**1,261**	**1,427**

[1] *Segregated assets are ring-fenced assets held in the balance sheets of Group insurance companies to cover post-employment benefit obligations transferred to the insurance companies for certain categories of employees of other Group entities.*

➤ MOVEMENTS IN THE PRESENT VALUE OF THE OBLIGATION AND SURPLUS ASSETS

In millions of euros	31 December 2007	31 December 2006
PRESENT VALUE OF OBLIGATION AT START OF PERIOD	**3,814**	**3,073**
Gross present value of obligation at start of period	3,884	3,151
Fair value of surplus assets at start of period	(70)	(78)
Service cost for the period	117	115
Expense arising on discounting of the obligation	166	144
Effect of plan amendments	192	122
Effect of plan curtailments or settlements	(80)	(17)
Net actuarial gains and losses	(117)	(12)
Contributions by plan participants	11	1
Benefits paid	(205)	(183)
Effect of movements in exchange rates	(120)	(55)
Effect of changes in scope of consolidation	222	700
Other movements	(21)	(74)
PRESENT VALUE OF OBLIGATION AT END OF PERIOD	**3,979**	**3,814**
Gross present value of obligation at end of period	4,047	3,884
Fair value of surplus assets at end of period	(68)	(70)

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MOVEMENTS IN THE FAIR VALUE OF PLAN ASSETS AND SEGREGATED ASSETS

In millions of euros	31 December 2007	31 December 2006
FAIR VALUE OF ASSETS AT START OF PERIOD	**2,225**	**1,808**
Fair value of plan assets at start of period	2,213	1,735
Fair value of segregated assets at start of period	12	73
Expected return on plan assets	123	100
Effect of plan curtailments or settlements	(1)	3
Net actuarial gains and losses	15	16
Contributions by plan participants	11	1
BNP Paribas contributions to plan assets	122	463
Benefits paid to recipients of funded benefits	(120)	(103)
Effect of movements in exchange rates	(105)	(42)
Effect of changes in scope of consolidation	218	33
Other movements	-	(54)
FAIR VALUE OF ASSETS AT END OF PERIOD	**2,488**	**2,225**
Fair value of plan assets at end of period	2,474	2,213
Fair value of segregated assets at end of period	14	12

COMPONENTS OF PENSION COST

In millions of euros	Year to 31 Dec. 2007	Year to 31 Dec. 2006
Service cost for the period	117	115
Expense arising on discounting of the obligation	166	144
Expected return on plan assets	(123)	(100)
Amortisation of actuarial gains and losses	4	4
Amortisation of past service cost	3	(7)
Effect of plan curtailments or settlements	(77)	(19)
TOTAL EXPENSE RECORDED IN "SALARY AND EMPLOYEE BENEFIT EXPENSES"	**90**	**137**

MAIN ACTUARIAL ASSUMPTIONS USED IN EMPLOYEE BENEFIT CALCULATIONS AT THE BALANCE SHEET DATE

In %	31 December 2007				31 December 2006			
	France	Euro zone excl. France	UK	USA	France	Euro zone excl. France	UK	USA
Discounting rate	4.11%-4.60%	4.15%-4.70%	5.69%	6.00%	3.92%-4.13%	3.40%-4.13%	5.04%	5.50%
Future rate of salary increases	2.50%-5.00%	2.00%-5.00%	4.30%-4.75%	4.00%-5.00%	2.50%-5.50%	2.00%-5.00%	4.00%-4.50%	4.00%-5.00%

EFFECTIVE RATE OF RETURN ON PLAN ASSETS DURING THE YEAR

In %	Year to 31 Dec. 2007				Year to 31 Dec. 2006			
	France	Euro zone excl. France	UK	USA	France	Euro zone excl. France	UK	USA
Expected return on plan assets (1)	4.20%	2.00%-6.90%	4.80%-7.30%	6.50%-8.25%	4.00%	2.00%-6.60%	4.30%-6.30%	4.00%-8.50%
Actual return on plan assets (1)	4.50%-4.70%	3.00%-6.00%	6.00%-9.00%	5.00%-12.00%	4.50%-5.00%	3.00%-16.00%	3.50%-10.00%	9.00%-13.00%

(1) *Range of values, reflecting the existence of several plans within a single country or zone.*

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Actuarial gains and losses arising in 2007 due to updating the assumptions used for calculating employee benefits (e.g. discount rate and future rate of salary increases) and the expected return on plan assets reduced the value of the Group's net obligation of approximately EUR 132 million. Actuarial gains and losses arising in France were not material, while other countries reported mainly actuarial gains due to the increase in the discount rates applied.

Post-employment healthcare plans

In France, BNP Paribas no longer has any obligations in relation to healthcare benefits for its retired employees.

Several healthcare benefit plans for retired employees exist in other countries, mainly in the United States. Provisions for obligations under these plans at 31 December 2007 amounted to EUR 48 million (EUR 45 million at 31 December 2006).

Obligations under post-employment healthcare benefit plans are measured using the mortality tables applicable in each country. They also build in assumptions about healthcare benefit costs, including forecast trends in the cost of healthcare services and in inflation, which are derived from historical data.

7.b.3 Termination benefits

In France, BNP Paribas is encouraging voluntary redundancy among employees who meet certain eligibility criteria. The obligations to eligible active employees under such plans are provided for where the plan is the subject of an agreement or a draft bilateral agreement. In 2005, the Group set up a provision of EUR 43 million to cover an Employment Adaptation Plan to be implemented from 2006 to 2008 by BNP Paribas in France, in anticipation of the effect of demographic changes and of quantitative and qualitative changes in job requirements. A similar provision of EUR 114 million was recorded in 2006, primarily relating to BNL.

Provisions for voluntary redundancy and early retirement plans amounted to EUR 264 million at 31 December 2007 (EUR 487 million at 31 December 2006), of this total, EUR 171 million related to the Group's operations outside France (EUR 366 million at 31 December 2006).

7.c SHARE-BASED PAYMENT

7.c.1 Share-based loyalty and incentive schemes

BNP Paribas has set up share-based payment systems for certain employees, including stock option and share award plans implemented as part of loyalty schemes and a Global Share-Based Incentive Plan.

Loyalty schemes

As part of the Group's variable remuneration policy, certain high-performing or newly-recruited employees are offered a loyalty bonus scheme, entitling them to specific share-based remuneration (in the form of shares or cash payments indexed to the BNP Paribas share price), payable over several years, and subject to the condition that the employees remain within the Group. Under IFRS 2, these plans are recognised as an expense over the vesting period of the rights. The expense recognised in the year to 31 December 2007 related to awards made between 2004 and 2007.

Global Share-Based Incentive Plan

Until 2005, various stock option plans were granted to Group employees by BNP, by Paribas and its subsidiaries, and subsequently by BNP Paribas, under successive authorisations given by Extraordinary Shareholders' Meetings.

Since 2005, the Group has set up stock option plans on an annual basis with a view to actively involving various categories of managers in creating value for the Group, and thereby encouraging the convergence of their interests with those of the Group's shareholders. The managers selected for these plans represent the Group's best talent, including the next generation of leaders: senior managers, managers in key positions, line managers and technical experts, high-potential managers, high-performing young managers with good career development prospects, and major contributors to the Group's results.

The option exercise price under these plans is determined at the time of issue in accordance with the terms of the authorisation given by the corresponding Extraordinary Shareholders' Meeting. No discount is offered. Since the 2005 plan, the life of the options granted has been reduced to 8 years. The plans are subject to vesting conditions under which a portion of the options granted is conditional upon the performance of the BNP Paribas share relative to the Euro Stoxx Bank index. This relative performance is measured at the end of the second, third and fourth years of the compulsory holding period. Depending on the results of this measurement, the exercise price of the portion of the options subject to this performance-related condition may be increased or their exercise may be deemed null and void.

In 2006, BNP Paribas used the authorisations granted by the Extraordinary Shareholders' Meeting of 18 May 2005 to set up a Global Share-Based Incentive Plan for the above-mentioned employee categories, which consists of stock options with share awards. Under this plan, senior managers and corporate officers are exclusively granted stock options, whereas managers in key positions receive both stock options and share awards. High-potential managers and major contributors are exclusively granted share awards.

Employees' rights under share awards vest after a period of 2 or 3 years depending on the case and provided the employee is still a member of the Group. The compulsory holding period for the shares granted free of consideration is two years. Share awards were only made to Group employees in France.

All unexpired plans involve potential settlement in BNP Paribas shares.

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Expense for the year

The expense recognised in the year to 31 December 2007 in respect of all the plans granted amounted to EUR 107 million (EUR 90 million in the year to 31 December 2006).

In millions of euros	Stock option plans	Share award plans	Other plans	2007 Total expense	2006 Total expense
Loyalty schemes	-	-	19	19	32
Global Share-Based Incentive Plan	44	44	-	88	58
TOTAL	**44**	**44**	**19**	**107**	**90**

Description of the plans

The tables below give details of the characteristics and terms of all unexpired plans at 31 December 2007:

➤ STOCK SUBSCRIPTION OPTION PLANS

Characteristics of the plan							Options outstanding at end of period	
Originating company	Date of grant	Number of grantees	Number of options granted	Start date of exercise period	Option expiry date	Adjusted exercise price *(in euros)* (5)	Number of options	Remaining period until expiry of options (years)
BNP (1) (5)	05/13/1998	259	2,074,000	05/14/2003	05/13/2008	36.95	207,476	1
BNP (1) (5)	05/03/1999	112	670,000	05/04/2004	05/03/2009	37.31	65,386	2
BNL (6)	09/13/1999	137	614,763	09/13/2001	09/13/2011	82.05	443,822	4
BNP (1) (4) (5)	12/22/1999	642	5,064,000	12/23/2004	12/22/2009	44.77	1,600,183	2
BNP (1) (4) (5)	04/07/2000	1,214	1,754,200	04/08/2005	04/07/2010	42.13	374,809	3
BNL (6)	10/20/2000	161	504,926	10/20/2003	10/20/2013	103.55	485,185	6
BNP Paribas SA (1) (2) (5)	05/15/2001	932	6,069,000	05/15/2005	05/14/2011	48.57	3,009,046	4
BNL (6)	10/26/2001	153	479,685	10/26/2004	10/26/2012	63.45	2,074	5
BNL (6)	10/26/2001	223	573,250	10/26/2004	10/26/2014	63.45	4,740	7
BNP Paribas SA (2) (5)	05/31/2002	1,384	2,158,570	05/31/2006	05/30/2012	59.48	1,084,342	5
BNP Paribas SA (3) (5)	03/21/2003	1,302	6,693,000	03/21/2007	03/20/2013	36.78	3,812,936	6
BNP Paribas SA (3) (5)	03/24/2004	1,458	1,779,850	03/24/2008	03/21/2014	49.36	1,603,314	7
BNP Paribas SA (3) (5)	03/25/2005	2,380	4,332,550	03/25/2009	03/22/2013	54.62	4,186,385	6
BNP Paribas SA (3)	04/05/2006	2,583	3,894,770	04/06/2010	04/04/2014	75.25	3,766,865	7
BNP Paribas SA (3)	03/08/2007	2,023	3,630,165	03/08/2011	03/06/2015	82.70	3,602,090	8
BNP Paribas SA (3)	04/06/2007	219	405,680	04/06/2001	04/03/2015	78.50	399,630	8
TOTAL OPTIONS OUTSTANDING AT END OF PERIOD							**24,648,283**	

(1) *The number of options and the exercise price have been adjusted for the two-for-one BNP Paribas share split that took place on 20 February 2002.*

(2) *These options were subject to vesting conditions related to the financial performance of the Group as measured by the ratio of net income to average shareholders' equity for the year in question. The minimum requirement is an average ratio of 16% over four years starting in the year of grant, or alternatively over three rolling years starting in the second year after the year of grant. This condition has been met for the plans concerned.*

(3) *The plan is subject to vesting conditions under which a proportion of the options granted to employees is conditional upon the performance of the BNP Paribas share relative to the Dow Jones Euro Stoxx Bank index during the applicable holding period.*
Based on this relative performance condition, the adjusted exercise price for these options has been set at:
- EUR 38.62 for 600,526 options under the 21 March 2003 plan, outstanding at the year-end.
- EUR 51.83 for 1,514 options under the 24 March 2004 plan, outstanding at the year-end.

(4) *Plans granted to employees of the two pre-merger groups, BNP and Paribas. The options vested only in the event that no payments were due in respect of the Contingent Value Rights Certificates attached to the shares issued at the time of the merger. This condition has been met for the two plans concerned.*

(5) *The exercise prices for options granted under plans prior to 31 March 2006, as well as the number of options outstanding at that date have been adjusted in accordance with the applicable regulations in order to take into account the issue of a preferential subscription right on 7 March 2006.*

(6) *Following the merger between BNL and BNP Paribas on 1 October 2007, stock option plans granted by BNL between 1999 and 2001 entitle beneficiaries to subscribe to BNP Paribas shares as of the date of the merger. Beneficiaries may subscribe to the shares based on a ratio of 1 BNP Paribas share for 27 BNL shares. The exercise price has been adjusted in line with this ratio.*

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SHARE AWARD PLANS

Characteristics of the plan						Number of shares outstanding at end of period
Originating company	Date of grant	Number of grantees	Number of shares granted	Vesting date of share granted	Expiry date of holding period for shares granted	
BNP Paribas SA	04/05/2006	2,034	544,370	04/07/2008	04/07/2010	526,688
BNP Paribas SA	04/05/2006	253	64,281	04/06/2009	04/06/2011	60,420
BNP Paribas SA	03/08/2007	2,145	834,110	03/09/2009	03/09/2011	821,235
BNP Paribas SA	03/08/2007	327	76,813	06/28/2010	06/28/2012	75,287
TOTAL SHARES OUTSTANDING AT END OF PERIOD						**1,483,630**

Movements over the past two years

STOCK SUBSCRIPTION OPTION PLANS

	2007		2006	
	Number of options	Weighted average exercise price (euros)	Number of options	Weighted average exercise price (euros)
OPTIONS OUTSTANDING AT 1 JANUARY	**24,474,326**	**50.63**	**25,388,170**	**46.63**
Options granted during the period	4,035,845	82.28	3,894,770	75.25
Options arising from the 31 March 2006 capital increase	-		218,317	
Options arising from the conversion of BNL plans into BNP Paribas shares	989,317		-	
Options exercised during the period	(4,488,732)	40.86	(4,522,809)	46.95
Options expired during the period	(362,473)		(504,122)	
OPTIONS OUTSTANDING AT 31 DECEMBER	**24,648,283**	**59.07**	**24,474,326**	**50.63**
OPTIONS EXERCISABLE AT 31 DECEMBER	**10,154,176**	**44.16**	**8,299,495**	**48.14**

The average quoted stock market price for the option exercise period in 2007 was EUR 81.52 (EUR 78.11 in 2006).

STOCK PURCHASE OPTION PLANS

	2007		2006	
	Number of options	Weighted average exercise price (euros)	Number of options	Weighted average exercise price (euros)
OPTIONS OUTSTANDING AT 1 JANUARY	**13,508**	**31.60**	**1,504,355**	**20.58**
Options arising from the 31 March 2006 capital increase			11,198	
Options exercised during the period	(13,508)	31.60	(1,498,931)	20.32
Options expired during the period			(3,114)	
OPTIONS OUTSTANDING AT 31 DECEMBER	**-**	**-**	**13,508**	**31.60**
OPTIONS EXERCISABLE AT 31 DECEMBER	**-**	**-**	**13,508**	**31.60**

The average quoted stock market price for the option exercise period in 2007 was EUR 81.11 (EUR 78.06 in 2006).

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SHARE AWARD PLANS

	2007	2006
	Number of shares	Number of shares
SHARES OUTSTANDING AT 1 JANUARY	**595,669**	**-**
Shares granted during the period	910,923	608,651
Shares vested during the period	(463)	(265)
Shares expired during the period	(22,499)	(12,717)
SHARES OUTSTANDING AT 31 DECEMBER	**1,483,630**	**595,669**

Value attributed to stock options and share awards

As required under IFRS 2, BNP Paribas attributes a value to stock options and share awards granted to employees and recognises an expense, determined at the date of grant, calculated on the basis of the fair value of the options and shares concerned. This initial fair value may not subsequently be adjusted for changes in the quoted market price of BNP Paribas shares. The only assumptions that may result in a revision to fair value during the vesting period, and hence to an adjustment in the expense, are those related to the population of grantees (loss of rights). The Group's share-based payment plans are valued by an independent specialist firm.

Measurement of stock subscription options

Binomial or trinomial tree algorithms are used to build in the possibility of non-optimal exercise of options from the vesting date. The Monte Carlo method is used to price in the characteristics of certain secondary grants linking options to the performance of the BNP Paribas share relative to a sector index.

The implied volatility used in measuring stock option plans is estimated on the basis of a range of ratings prepared by various dealing rooms. The level of volatility used by the Group takes account of historical volatility trends for the benchmark index and BNP Paribas shares over a 10-year period.

Stock subscription options granted on 8 March 2007 were valued at EUR 14.57 and EUR 12.90 depending on whether or not they are subject to performance conditions (compared with EUR 15.36 and EUR 14.03, respectively, for stock subscription options granted in 2006). Stock subscription options granted on 6 April 2007 were valued at EUR 16.68 and EUR 14.47, respectively.

	Year to 31 Dec. 2007		Year to 31 Dec. 2006
	8 March 2007 Plan	6 April 2007 Plan	5 April 2006 Plan
BNP Paribas share price on the grant date *(in euros)*	79.31	80.60	76.85
Option exercise price *(in euros)*	82.70	75.50	75.25
Implied volatility of BNP Paribas shares	23.3%	23.3%	22.4%
Expected option holding period	7 years	7 years	7 years
Expected dividend on BNP Paribas shares [(1)]	4.0%	4.0%	3.5%
Risk-free interest rate	4.1%	4.3%	4.0%
Expected proportion of options that will be forfeited	1.5%	1.5%	1.5%

[(1)] The dividend rate shown above is an average of the estimated annual dividends over the life of the option.

Measurement of share awards

The unit value used to measure shares awarded free of consideration is the value at the end of the compulsory holding period plus dividends paid since the date of acquisition, discounted at the grant date.

The value of shares awarded free of consideration by BNP Paribas in 2007 was EUR 72.43 for the shares whose holding period expires on 10 March 2011, and EUR 65.48 for shares whose holding period expires on 29 June 2012.

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7.c.2 Shares subscribed or purchased by employees under the Company Savings Plan

	Year to 31 Dec. 2007	Year to 31 Dec. 2006
Date plan announced	15 May 2007	18 May 2006
Quoted price of BNP Paribas shares at date plan announced *(in euros)*	92.77	72.25
Number of shares issued or transfered	5,971,476	4,670,388
Purchase or subscription price *(in euros)*	69.20	60.50
Five-year risk-free interest rate	4.16%	3.88%
Five-year borrowing cost	8.00%	7.20%
Borrowing cost during the holding period	16.56%	14.54%

The Group did not recognise an expense in relation to the Company Savings Plan in 2006 as the discount granted to employees subscribing or purchasing shares under this plan represents a non-material financial expense for BNP Paribas when valued taking into account the five-year compulsory holding period applicable to the shares purchased. Of the total number of BNP Paribas Group employees who were offered the opportunity of buying shares under the Plan in 2007, 52% accepted the offer and 48% turned it down.

Note 8. ADDITIONAL INFORMATION

8.a CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

8.a.1 Management of regulatory capital

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 controlled by the relevant supervisory authorities. These ratios mainly address the issues of capital adequacy, risk concentration, liquidity and asset/liability mismatches.

The capital adequacy ratio corresponds to total regulatory capital expressed as a percentage of the sum of:

- risk-weighted assets; and
- the regulatory capital requirement for market risks, multiplied by 12.5.

Regulatory capital is determined in accordance with *Comité de la Réglementation Bancaire et Financière* (CRBF) regulation 90-02 dated 23 February 1990. It comprises three components – Tier One capital, Tier Two capital and Tier Three capital – determined as follows:

- tier One capital corresponds to consolidated equity (excluding unrealised or deferred gains and losses), adjusted for certain items. 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 preferred shares and undated super subordinated notes;
- tier Two capital consists of subordinated debt (see Note 5.f) and part of unrealised gains on variable-income securities. A discount is applied to subordinated debt due in less than five years, and dated subordinated debt included in Tier Two capital is capped at the equivalent of 50% of Tier One capital. Total Tier Two capital is capped at the equivalent of 100% of Tier One capital;
- tier Three capital comprises subordinated debt with shorter maturities and can only be allocated to covering a certain proportion of market risks;
- the carrying amount of investments in associates (accounted for by the equity method), subordinated debt towards credit institutions and finance companies and the regulatory capital of companies subject to banking regulations that are more than 10% owned by the Group are deducted for the purpose of calculating regulatory capital.

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The following table shows the main items taken into account in the calculation of regulatory capital:

In millions of euros at	31 December 2007	31 December 2006
Tier One capital	**37,601**	**33,346**
Shareholders' equity	53,799	49,512
Minority interests	5,594	5,312
Regulatory deductions (1)	(21,792)	(21,478)
Tier Two capital	**19,224**	**18,344**
Deductions	**(3,254)**	**(3,784)**
Tier Three capital	**1,013**	**1,519**
TOTAL REGULATORY CAPITAL	**54,584**	**49,425**

(1) *Including the dividend to be recommended at the Annual General Meeting.*

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 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 2006 and 2007, BNP Paribas' 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, share buyback programmes, planned issues of hybrid capital instruments and exchange rate assumptions. Changes in ratios are reviewed by the Group's executive management at quarterly intervals and whenever an event occurs or a decision is made that will materially affect consolidated ratios.

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8.a.2 Operations affecting share capital

Operations affecting share capital	Number of shares	Par value (in euros)	Date of authorisation by Shareholders' Meeting	Date of decision by Board of Directors
Number of shares outstanding at 31 December 2005	**838,247,872**	**2**		
Increase in share capital by exercise of stock subscription options on 23 January 2006	1,369,623	2	[1]	[1]
Increase in share capital by exercise of stock subscription options on 27 March 2006	971,037	2	[1]	[1]
Increase in share capital by issue of new shares on 31 March 2006	84,058,853	2	28 May 04	14 Febr. 06
Increase in share capital by issue of new shares on 6 June 2006	945	2	23 May 06	27 March 06
Increase in share capital by exercise of stock subscription options on 26 July 2006	1,148,759	2	[1]	[1]
Capital increase reserved for members of the Company Savings Plan on 26 July 2006	4,670,388	2	14 May 03	14 Febr. 06
Number of shares outstanding at 31 December 2006	**930,467,477**	**2**		
Increase in share capital by exercise of stock subscription options on 22 January 2007	2,411,013	2	[1]	[1]
Increase in share capital by exercise of stock subscription options on 20 July 2007	3,820,865	2	[1]	[1]
Increase in capital resulting from the merger with BNL on 1 October 2007	439,358	2	15 May 07	31 July 07
Reduction in share capital by cancellation of treasury shares on 4 October 2007	(32,111,135)	2	15 May 07	31 July 07
Increase in share capital by exercise of stock subscription options on 5 October 2007	232,730	2	[1]	[1]
Number of shares outstanding at 31 Decembre 2007	**905,260,308**	**2**		

[1] *Various resolutions voted in Shareholders' General Meetings and decisions of the Board of Directors authorising the granting of stock subscription options that were exercised during the period.*

At 31 December 2007, the share capital of BNP Paribas SA consisted of 905,260,308 fully-paid ordinary shares with a par value of EUR 2 (compared with 930,467,477 ordinary shares at 31 December 2006). During the fourth quarter of 2007, under BNP Paribas stock option plans, employees subscribed 435,137 new shares with a par value of EUR 2 each, carrying dividend rights from 1 January 2007. The corresponding capital increase was placed on record on 28 January 2008 .

Authorisations to carry out operations affecting share capital that were in force during 2007 resulted from the following resolutions of Shareholders' General Meetings:

The 16th and 17th resolutions of the Shareholders' General Meeting of 23 May 2006 authorised the Board of Directors to increase the share capital by up to EUR 1 billion (representing 500 million shares) with pre-emptive rights, and up to EUR 320 million (representing 160 million shares) without pre-emptive rights. The aggregate nominal value of debt securities giving immediate and/or future access to BNP Paribas shares issued under these authorisations is limited to EUR 10 billion in the case of securities with pre-emptive rights, and EUR 7 billion in the case of securities without pre-emptive rights. These authorisations were granted for a period of 26 months.

The 19th resolution of the Shareholders' General Meeting of 23 May 2006 authorised the Board of Directors to increase the share capital by up to EUR 1 billion by capitalising, successively or simultaneously, some or all of BNP Paribas SA's retained earnings, profits or additional paid-in capital and issuing and allotting consideration-free shares, or raising the par value of the shares, or applying a combination of these two methods. This authorisation was granted for a period of 26 months.

The 20th resolution of the Shareholders' General Meeting of 23 May 2006 set the maximum par value of capital increases liable to be carried out immediately and/or in the future under the authorisations granted under the 16th, 17th and 19th resolutions at EUR 1 billion and the maximum par value of debt securities liable to be issued under the authorisations granted under the sixteenth and seventeenth resolutions at EUR 10 billion.

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The 22nd resolution of the Shareholders' General Meeting of 23 May 2006, as amended by the 10th resolution of the Shareholders' General Meeting of 15 May 2007, authorised the Board of Directors to increase the Bank's capital, on one or more occasions at its own discretion, by a maximum par value of EUR 36 million, via the issue of shares reserved for the members of the Corporate Savings Plan. The authorisation may also be used to sell existing shares to Plan members. This authorisation was granted for a period of 26 months from 23 May 2006.

During 2007, 5,971,476 shares were sold to members of the Corporate Savings Plan pursuant to this authorisation.

The 11th resolution of the Shareholders' General Meeting of 15 May 2007 authorised the Board of Directors to cancel, on one or several occasions, some or all of the BNP Paribas shares that the Bank currently holds or that it may acquire pursuant to the authorisation granted at the same Meeting, provided that the number of shares cancelled in any twenty-four month period does not exceed 10% of the total number of shares outstanding. The resolution also authorised the Board of Directors to cancel the 2,638,403 own shares acquired at the time of the 23 May 2006 merger with Société Centrale d'Investissments and to charge the difference between the carrying amount of the cancelled shares and their par value against additional paid-in capital and distributable reserves, including the legal reserve provided that the amount charged against this reserve does not exceed 10% of the par value of the cancelled shares. These authorisations were granted for a period of 18 months from 15 May 2007.

On 4 October 2007, 32,111,135 shares were cancelled under this resolution.

The 12th resolution of the Shareholders' General Meeting of 15 May 2007 approving the merger of BNL into BNP Paribas, authorised the Board of Directors to issue BNP Paribas shares with a par value of EUR 2 each to BNL shareholders in payment for their BNL shares. A total of between 402,735 and 1,539,740 shares were to be issued, depending on the number of BNL shares held by outside shareholders on the merger completion date, which would be no later than 31 December 2007.

On 1 October 2007, 439,358 shares were issued under this resolution.

8.a.3 Preferred shares and equivalent instruments

Preferred shares issued by Group companies

In December 1997, BNP US Funding LLC, a subsidiary under the exclusive control of the Group, made a USD 500 million issue of undated non-cumulative preferred shares governed by the laws of the United States, which did not dilute BNP Paribas ordinary shares. The shares paid a fixed rate dividend for a period of ten years. Thereafter, the shares were redeemable at par at the issuer's discretion at the end of each calendar quarter, with unredeemed shares paying a Libor-indexed dividend. The issuer had the option of not paying dividends on these preferred shares if no dividends were paid on BNP Paribas SA ordinary shares and no coupons were paid on preferred share equivalents (Undated Super Subordinated Notes) in the previous year. Unpaid dividends were not carried forward. The preferred shares were redeemed by the issuer in December 2007 at the end of the contractual ten-year period.

In October 2000, a USD 500 million undated non-cumulative preferred share issue was carried out by BNP Paribas Capital Trust, a subsidiary under the exclusive control of the Group. These shares pay a fixed rate dividend for a period of ten years. Thereafter, the shares are redeemable at par at the issuer's discretion at the end of each calendar quarter, with unredeemed shares paying a Libor-indexed dividend.

In October 2001, two undated non-cumulative preferred share issues, of EUR 350 million and EUR 500 million respectively, were carried out by two subsidiaries under the exclusive control of the Group, BNP Paribas Capital Trust II and III. Shares in the first issue paid a fixed rate dividend over five years minimum, and shares in the second issue pay a fixed rate dividend over ten years. Shares in the first issue were redeemed by the issuer in October 2006 at the end of the contractual five-year period. Shares in the second issue are redeemable at the issuer's discretion after a ten-year period, and thereafter at each coupon date, with unredeemed shares paying a Euribor-indexed dividend.

In January and June 2002, two undated non-cumulative preferred share issues, of EUR 660 million and USD 650 million respectively, were carried out by two subsidiaries under the exclusive control of the Group, BNP Paribas Capital Trust IV and V. Shares in the first issue pay a fixed rate annual dividend over ten years, and shares in the second issue paid a fixed rate quarterly dividend over five years. Shares in the first issue are redeemable at the issuer's discretion after a ten-year period, and thereafter at each coupon date, with unredeemed shares paying a Euribor-indexed dividend. Shares in the second issue were redeemed by the issuer in June 2007 at the end of the contractual five-year period.

In January 2003, a non-cumulative preferred share issue of EUR 700 million was carried out by BNP Paribas Capital Trust VI, a subsidiary under the exclusive control of the Group. The shares pay an annual fixed rate dividend. They are redeemable at the end of a 10-year period and thereafter at each coupon date. Shares not redeemed in 2013 will pay a Euribor-indexed quarterly dividend.

In 2003 and 2004, the LaSer-Cofinoga sub-group – which is proportionately consolidated by BNP Paribas – carried out three issues of undated non-voting preferred shares through special purpose entities governed by UK law and exclusively controlled by the LaSer-Cofinoga sub-group. These shares pay a non-cumulative preferred dividend for a ten-year period, at a fixed rate for those issued in 2003 and an indexed rate for the 2004 issue. After this ten-year period, they will be redeemable at par at the issuer's discretion at the end of each quarter on the coupon date, and the dividend payable on the 2003 issue will become Euribor-indexed.

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Issuer	Date of issue	Currency	Amount	Rate and term before 1st call date		Rate after 1st call date
BNPP Capital Trust	October 2000	USD	500 millions	9.003%	10 years	3-month Libor + 3.26%
BNPP Capital Trust III	October 2001	EUR	500 millions	6.625%	10 years	3-month Euribor + 2.6%
BNPP Capital Trust IV	January 2002	EUR	660 millions	6.342%	10 years	3-month Euribor + 2.33%
BNPP Capital Trust VI	January 2003	EUR	700 millions	5.868%	10 years	3-month Euribor + 2.48%
Cofinoga Funding I LP	March 2003	EUR	100 millions (1)	6.820%	10 years	3-month Euribor + 3.75%
Cofinoga Funding II LP	January and May 2004	EUR	80 millions (1)	TEC 10 (2) + 1.35%	10 years	TEC 10 (2) + 1.35%

(1) *Before application of the proportionate consolidation rate.*
(2) *TEC 10 is the daily long-term government bond index, corresponding to the yield to maturity of a ficticious 10-year Treasury note.*

The proceeds of these issues are recorded under "Minority interests" in the balance sheet, and the dividends are reported under "Minority interests" in the profit and loss account.

Undated Super Subordinated Notes (preferred share equivalents) issued by BNP Paribas SA

In June 2005, BNP Paribas SA carried out an issue of Undated Super Subordinated Notes representing USD 1,350 million. The notes pay a semi-annual fixed rate coupon. They are redeemable at the end of a 10-year period and thereafter at each coupon date. If the notes are not redeemed in 2015, they will pay a quarterly Libor-indexed coupon.

In October 2005, BNP Paribas SA carried out two issues of Undated Super Subordinated Notes representing EUR 1,000 million and USD 400 million respectively. The notes in both issues pay an annual fixed rate coupon. They are redeemable at the end of a 6-year period and thereafter at each coupon date. If the notes are not redeemed in October 2011, they will continue to pay the fixed-rate coupon.

In April 2006, BNP Paribas SA carried out two issues of Undated Super Subordinated Notes representing EUR 750 million and GBP 450 million respectively. The notes in both issues pay an annual fixed rate coupon. They are redeemable at the end of a 10-year period and thereafter at each coupon date. If the notes are not redeemed in 2016, they will pay a quarterly Euribor-indexed coupon in the case of the first issue, and a Libor-indexed coupon in the case of the second issue.

In July 2006, BNP Paribas SA carried out two issues of Undated Super Subordinated Notes. The notes in the first issue – representing EUR 150 million – pay an annual fixed rate coupon. These euro-denominated notes are redeemable at the end of a 20-year period and thereafter at each coupon date. If the notes are not redeemed in 2026, they will pay a quarterly Euribor-indexed coupon. The notes in the second issue – representing GBP 325 million – pay an annual fixed rate coupon. These sterling-denominated notes are redeemable at the end of a 10-year period and thereafter at each coupon date. If the notes are not redeemed in 2016, they will pay a quarterly Libor-indexed coupon.

In April 2007, BNP Paribas SA carried out an issue of Undated Super Subordinated Notes representing EUR 750 million. The notes pay an annual fixed rate coupon. They are redeemable at the end of a 10-year period and thereafter at each coupon date. If the notes are not redeemed in 2017, they will pay a quarterly Euribor-indexed coupon.

In June 2007, BNP Paribas SA carried out two issues of Undated Super Subordinated Notes. The notes in the first issue – representing USD 600 million – pay a quarterly fixed rate coupon and are redeemable at the end of a 5-year period. The notes in the second issue - representing USD 1,100 million – pay a semi-annual fixed rate coupon. They are redeemable at the end of a 30-year period and thereafter at each coupon date. If the notes are not redeemed in 2037, they will pay a quarterly Libor-indexed coupon.

In October 2007, BNP Paribas SA carried out an issue of Undated Super Subordinated Notes representing GBP 200 million. The notes pay an annual fixed rate coupon. They are redeemable at the end of a 10-year period and thereafter at each coupon date. If the notes are not redeemed in 2017, they will pay a quarterly Libor-indexed coupon.

BNP Paribas has the option of not paying interest due on these Undated Super Subordinated Notes if no dividends were paid on BNP Paribas SA ordinary shares or on preferred shares in the previous year. Unpaid interest is not carried forward.

The contracts relating to these Undated Super Subordinated Notes contain a loss absorption clause. Under the terms of this clause, in the event of insufficient regulatory capital – which is not fully offset by a capital increase or any other equivalent measure – the nominal value of the notes may be reduced in order to serve as a new basis for the calculation of the related coupons until the capital deficiency is made up and the nominal value of the notes is increased to its original amount. However, in the event of the liquidation of BNP Paribas, the amount due to the holders of these notes will represent their original nominal value irrespective of whether or not their nominal value has been reduced.

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Issuer	Date of issue	Currency	Amount	Rate and term before 1st call date		Rate after 1st call date
BNP Paribas SA	June 2005	USD	1,350 millions	5.186%	10 years	USD 3-month Libor + 1.68%
BNP Paribas SA	October 2005	EUR	1,000 millions	4.875%	6 years	4.875%
BNP Paribas SA	October 2005	USD	400 millions	6.250%	6 years	6.250%
BNP Paribas SA	April 2006	EUR	750 millions	4.730%	10 years	3-month Euribor + 1.69%
BNP Paribas SA	April 2006	GBP	450 millions	5.945%	10 years	GBP 3-month Libor + 1.13%
BNP Paribas SA	July 2006	EUR	150 millions	5.450%	20 years	3-month Euribor + 1.92%
BNP Paribas SA	July 2006	GBP	325 millions	5.945%	10 years	GBP 3-month Libor + 1.81%
BNP Paribas SA	April 2007	EUR	750 millions	5.019%	10 years	3-month Euribor + 1.72%
BNP Paribas SA	June 2007	USD	600 millions	6.500%	5 years	6.50%
BNP Paribas SA	June 2007	USD	1 100 millions	7.195%	30 years	USD 3-month Libor + 1.29%
BNP Paribas SA	October 2007	GBP	200 millions	7.436%	10 years	GBP 3-month Libor + 1.85%

The proceeds raised by these issues are recorded in equity under "Retained earnings". In accordance with IAS 21, issues denominated in foreign currencies are recognised at their historical value based on their translation into euros at the issue date. Interest on the instruments is treated in the same way as dividends.

8.a.4 Own equity instruments (shares issued by BNP Paribas and held by the Group)

The 5th resolution of the Shareholders' General Meeting of 23 May 2006 authorised BNP Paribas to buy back shares representing up to 10% of the Bank's issued capital at a maximum purchase price of EUR 100. The shares could be acquired for the following purposes: for subsequent cancellation, on a basis to be determined by the shareholders in Extraordinary Meeting; to fulfil the Bank's obligations relative to the issue of shares or share equivalents, stock option plans, the award of consideration-free shares to employees, directors or corporate officers, and the allocation or sale of shares to employees in connection with the employee profit-sharing scheme, employee share ownership plans or corporate savings plans; to be held in treasury stock for subsequent remittance in exchange or payment for external growth transactions; within the scope of a liquidity agreement; or for asset and financial management purposes.

This authorisation, which was given for a period of 18 months, was cancelled and replaced by the authorisation granted under the 5th resolution of the Shareholders' General Meeting of 15 May 2007, which authorised the Board of Directors to buy back shares representing up to 10% of the Bank's issued capital for the same purposes as under the previous resolution, but at a maximum purchase price of EUR 105 per share. This latter authorisation was granted for a period of eighteen months.

In addition, a BNP Paribas subsidiary involved in market index trading and arbitrage activities carries out, as part of these activities, short selling of shares issued by BNP Paribas SA.

At 31 December 2007, the Group held 8,972,652 BNP Paribas shares representing an amount of EUR 619 million, deducted from shareholders' equity in the balance sheet.

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Own equity instruments (shares issued by BNP Paribas and held by the Group)	Proprietary transactions		Trading account transactions		Total	
	Number of shares	Carrying amount (in millions of euros)	Number of shares	Carrying amount (in millions of euros)	Number of shares	Carrying amount (in millions of euros)
Shares held at 31 December 2005	**9,060,019**	**461**	**(4,335,737)**	**(296)**	**4,724,282**	**165**
Acquisitions	12,512,868	945			12,512,868	945
Other movements	(2,327,379)	(114)	10,302,138	790	7,974,759	676
Shares held at 31 December 2006	**19,245,508**	**1,292**	**5,966,401**	**494**	**25,211,909**	**1,786**
Acquisitions	26,776,958	2,223			26,776,958	2,223
Reduction in share capital	(32,111,135)	(2,428)			(32,111,135)	(2,428)
Other movements	(4,775,217)	(457)	(6,129,863)	(505)	(10,905,080)	(962)
Shares held at 31 December 2007	**9,136,114**	**630**	**(163,462)**	**(11)**	**8,972,652**	**619**

8.a.5 Earnings per share

Diluted earnings per share corresponds to net income for the year divided by the weighted average number of shares outstanding as adjusted for the maximum effect of the conversion of dilutive equity instruments into ordinary shares. Stock subscription options are taken into account in the diluted earnings per share calculation. Conversion of these instruments would have no effect on the net income figure used in this calculation.

	Year to 31 Dec. 2007	Year to 31 Dec. 2006
Net income used to calculate basic and diluted earnings per share *(in millions of euros)* [1]	**7,629**	**7,180**
Weighted average number of ordinary shares outstanding during the year	**898,407,216**	**893,811,947**
Effect of potentially dilutive ordinary shares	7,629,130	9,518,828
Weighted average number of ordinary shares used to calculate diluted earnings per share	**906,036,346**	**903,330,775**
Basic earnings per share *(in euros)*	**8.49**	**8.03**
Diluted earnings per share *(in euros)*	**8.42**	**7.95**

[1] *Net income used to calculate basic and diluted earnings per share is net income per the profit and loss account, adjusted for the remuneration on the Undated Super Subordinated Notes issued by BNP Paribas SA (qualified as preferred share equivalents), which for accounting purposes is treated as dividends.*

A dividend of EUR 3.10 per share was paid in 2007 out of 2006 net income (compared with a dividend EUR 2.60 per share paid in 2006 out of 2005 net income).

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8.b SCOPE OF CONSOLIDATION

Name	(A)	(B)	(C)	(D)	Country	Method	Group voting interest (%)	Group ownership interest (%)
Consolidating Company								
BNP Paribas SA					France	Full	100.00%	100.00%
French Retail Banking								
Banque de Bretagne (*)					France	Full	100.00%	100.00%
BNP Paribas Developpement SA (*)					France	Full	100.00%	100.00%
BNP Paribas Factor (*)					France	Full	100.00%	100.00%
Compagnie pour le Financement des Loisirs – Cofiloisirs		2			France	Equity	33.33%	33.33%
Retail Banking - Italy (BNL Banca Commerciale)								
Artigiancassa SPA	1				Italy	Full	73.86%	73.86%
Artigiansoa – Org. Di Attestazione SPA	1		7		Italy	Equity	80.00%	59.08%
Banca Nazionale del Lavoro SPA	1			5	Italy			
BNL Broker Assicurazioni SPA	1		8		Italy	Full	100.00%	100.00%
BNL Direct Services SPA	1			5	Italy			
BNL Edizioni SRL	1		7		Italy	Equity	100.00%	100.00%
BNL Finance SPA	1				Italy	Full	100.00%	100.00%
BNL Partecipazioni SPA	1				Italy	Full	100.00%	100.00%
BNL Positivity SRL	1				Italy	Full	51.00%	51.00%
BNL Progetto SPA			2		Italy	Full	100.00%	100.00%
Creaimpresa SPA (Groupe)	1		7		Italy	Equity	76.90%	56.80%
Elep SPA	1				Italy	Equity	49.03%	27.85%
International Factors Italia SPA – Ifitalia	1				Italy	Full	99.65%	99.65%
Serfactoring SPA	1				Italy	Equity	27.00%	26.94%
Special Purpose Entities								
Vela ABS	1				Italy	Full		
Vela Home SRL	1				Italy	Full		
Vela Public Sector SRL	1				Italy	Full		
International Retail and Financial Services								
Retail Banking - United States of America								
1897 Services Corporation					USA	Full	100.00%	100.00%
AmerUS Leasing, Incorporated.					USA	Full	100.00%	100.00%
BancWest Corporation					USA	Full	100.00%	100.00%
Bancwest Investment Services, Incorporated					USA	Full	100.00%	100.00%
Bank of the West Business Park Association LLC					USA	Full	53.49%	47.60%
Bank of the West					USA	Full	100.00%	100.00%
Bishop Street Capital Management Corporation					USA	Full	100.00%	100.00%
BW Insurance Agency, Incorporated					USA	Full	100.00%	100.00%
BW Leasing, Incorporated					USA	Full	100.00%	100.00%
Center Club, Incorporated					USA	Full	100.00%	100.00%
CFB Community Development Corporation					USA	Full	100.00%	100.00%
Commercial Federal Affordable Housing, Incorporated.					USA	Full	100.00%	100.00%
Commercial Federal Community Development Corporation					USA	Full	100.00%	100.00%
Commercial Federal Insurance Corporation					USA	Full	100.00%	100.00%
Commercial Federal Investments Services, Incorporated					USA	Full	100.00%	100.00%

(*) French subsidiaries whose regulatory supervision falls within the scope of the consolidated Group, in accordance with article 4.1 of CRBF regulation 2000.03.

(A) Movements for 6 months to 30 June 2006
(B) Movements for 6 months to 31 December 2006
(C) Movements for 6 months to 30 June 2007
(D) Movements for 6 months to 31 December 2007

1. *Acquisition*
2. *Entity newly incorporated or passing qualifying threshold*
3. *Disposal*
4. *Deconsolidation*
5. *Merger between consolidated entities*
6. *Change of method – Proportionate method to full consolidation*
7. *Change of method – Full consolidation to equity method*
8. *Change of method - Equity method to full consolidation*
9. *Change of method - Full consolidation to proportionate method*
10. *Change of method - Equity method to proportionate method*
11. *Reconsolidation*
12. *Entities consolidated using a simplified equity method (non-material)*
13. *Business transfers due to the creation of Italian retail banking segment*

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Name	(A)	(B)	(C)	(D)	Country	Method	Group voting interest (%)	Group ownership interest (%)
Retail Banking - United States of America (continued)								
Commercial Federal Realty Investors Corporation					USA	Full	100.00%	100.00%
Commercial Federal Service Corporation					USA	Full	100.00%	100.00%
Community First Home Mortgage					USA	Full	100.00%	100.00%
Community First Insurance, Incorporated					USA	Full	100.00%	100.00%
Community Service, Incorporated					USA	Full	100.00%	100.00%
Contractors Insurance Services					USA	Full	100.00%	100.00%
Equity Lending Incorporated					USA	Full	100.00%	100.00%
Essex Crédit Corporation					USA	Full	100.00%	100.00%
FHL Lease Holding Company Incorporated					USA	Full	100.00%	100.00%
FHL SPC One, Incorporated					USA	Full	100.00%	100.00%
First Bancorp					USA	Full	100.00%	100.00%
First Hawaïan Bank					USA	Full	100.00%	100.00%
First Hawaiian Leasing, Incorporated					USA	Full	100.00%	100.00%
First National Bancorp, Incorporated				4	USA			
First National Bancorporation					USA	Full	100.00%	100.00%
First Santa Clara Corporation					USA	Full	100.00%	100.00%
First Savings Investment Corporation					USA	Full	100.00%	100.00%
HBC Aviation, LLC					USA	Prop.	40.48%	36.61%
KIC Technology1, Incorporated					USA	Full	100.00%	100.00%
KIC Technology2, Incorporated					USA	Full	100.00%	100.00%
KIC Technology3, Incorporated					USA	Full	100.00%	100.00%
Liberty Leasing Company					USA	Full	100.00%	100.00%
Mountain Fall Acquisition					USA	Full	100.00%	100.00%
Nabity - Perry Insurance, Incorporated				5	USA			
ORE, Incorporated					USA	Full	100.00%	100.00%
Roxborough Acquisition Corporation					USA	Full	100.00%	100.00%
St Paul Agency Incorporated					USA	Full	100.00%	100.00%
The Bankers Club, Incorporated					USA	Full	100.00%	100.00%
The Voyager HR Group					USA	Full	100.00%	100.00%
Special Purpose Entities								
CFB Capital 4					USA	Full		
Commercial Federal Capital Trust 1					USA	Full		
Commercial Federal Capital Trust 2					USA	Full		
Commercial Federal Capital Trust 3					USA	Full		
First Hawaiian Capital 1					USA	Full		
Leasing - Finance Leases								
Albury Asset Rentals Limited					UK	Full	100.00%	100.00%
All In One Allemagne					Germany	Full	100.00%	100.00%
All In One Vermietung GmbH		12	8		Austria	Full	100.00%	100.00%
Antin Bail (*)					France	Full	100.00%	100.00%
Aprolis Finance					France	Full	51.00%	51.00%
Avelingen Finance BV		4			Netherlands			
Barloword Heftruck BV					Netherlands	Equity	50.00%	50.00%
BNP Paribas Lease Group (*)					France	Full	100.00%	100.00%
BNP Paribas Lease Group BV					Netherlands	Full	100.00%	100.00%

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Name	(A)	(B)	(C)	(D)	Country	Method	Group voting interest (%)	Group ownership interest (%)
Leasing - Finance Leases (continued)								
BNP Paribas Lease Group GmbH & Co KG			2		Austria	Full	100.00%	100.00%
BNP Paribas Lease Group Holding SPA					Italy	Full	100.00%	100.00%
BNP Paribas Lease Group KFT	2				Hungary	Full	100.00%	100.00%
BNP Paribas Lease Group Netherlands BV					Netherlands	Full	100.00%	100.00%
BNP Paribas Lease Group Polska SP z.o.o		12	8		Poland	Full	100.00%	100.00%
BNP Paribas Lease Group RT	2				Hungary	Full	100.00%	100.00%
BNP Paribas Lease Group UK PLC					UK	Full	100.00%	100.00%
BNP Paribas Lease Group SA Belgium					Belgium	Full	100.00%	100.00%
BNP Paribas Lease Group SPA					Italy	Full	100.00%	100.00%
BNP Paribas Leasing Gmbh					Germany	Full	100.00%	100.00%
Bureau Services Limited					UK	Full	100.00%	100.00%
Centro Leasing SPA				3	Italy			
Claas Financial Services					France	Full	60.11%	60.11%
Claas Financial Services Limited			2		UK	Full	51.00%	51.00%
Claas Leasing Gmbh					Germany	Full	100.00%	60.11%
CNH Capital Europe (*)					France	Full	50.10%	50.10%
CNH Capital Europe Limited					UK	Full	100.00%	50.10%
Cofiplan (*)		2			France	Full	99.99%	99.99%
Commercial Vehicle Finance Limited					UK	Full	100.00%	100.00%
Cooperleasing SPA	1		13	3	Italy			
Diamond Finance UK Limited					UK	Full	60.00%	60.00%
Equipment Lease BV					Netherlands	Full	100.00%	100.00%
Geveke Rental BV		4			Netherlands			
H.F.G.L Limited					UK	Full	100.00%	100.00%
HIH Management Limited		4			UK			
Humberclyde Commercial Investments Limited					UK	Full	100.00%	100.00%
Humberclyde Commercial Investments N°1 Limited					UK	Full	100.00%	100.00%
Humberclyde Commercial Investments N° 4 Limited					UK	Full	100.00%	100.00%
Humberclyde Finance Limited					UK	Full	100.00%	100.00%
Humberclyde Industrial Finance Limited					UK	Full	100.00%	100.00%
Humberclyde Investments Limited					UK	Full	100.00%	100.00%
Humberclyde Management Services Limited		4			UK			
Humberclyde Spring Leasing Limited		4			UK			
JCB Finance (ex SA Finance et Gestion) (*)					France	Full	70.00%	70.00%
Leaseco International BV					Netherlands	Full	100.00%	100.00%
Leasing J. Van Breda & Cie	1	5			Belgium			
Locafit SPA	1		13		Italy	Full	100.00%	100.00%
Locatrice Italiana SPA	1		13		Italy	Full	100.00%	100.00%

(*) French subsidiaries whose regulatory supervision falls within the scope of the consolidated Group, in accordance with article 4.1 of CRBF regulation 2000.03.

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13. *Business transfers due to the creation of Italian retail banking segment*

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Name	(A)	(B)	(C)	(D)	Country	Method	Group voting interest (%)	Group ownership interest (%)
Leasing - Finance Leases (continued)								
Locatrice Strumentale SRL	1		13	5	Italy			
Manitou Finance Limited		2			UK	Full	51.00%	51.00%
Natiobail 2 (*)					France	Full	100.00%	100.00%
Natiocrédibail (*)					France	Full	100.00%	100.00%
Natiocrédimurs (*)					France	Full	100.00%	100.00%
Natioénergie (*)					France	Full	100.00%	100.00%
Paricomi (*)					France	Full	100.00%	100.00%
SAS MFF (*)					France	Full	51.00%	51.00%
Same Deutz-Fahr Finance					France	Full	100.00%	100.00%
Same Deutz Fahr Finance Limited					UK	Full	100.00%	100.00%
UFB Asset Finance Limited					UK	Full	100.00%	100.00%
United Care Group Limited					UK	Full	100.00%	100.00%
United Care (Cheshire) Limited					UK	Full	100.00%	100.00%
United Corporate Finance Limited		4			UK			
United Inns Management Limited		4			UK			
Consumer Credit								
Axa Banque Financement		2			France	Equity	35.00%	35.00%
Banco Cetelem Argentina			11		Argentina	Full	60.00%	60.00%
Banco Cetelem Portugal					Portugal	Full	100.00%	100.00%
Banco Cetelem SA					Spain	Full	100.00%	100.00%
Bieffe 5 SPA			2		Italy	Equity	100.00%	50.00%
Carrefour Administration Cartos de Creditos – CACC					Brazil	Equity	40.00%	40.00%
Cetelem					France	Full	100.00%	100.00%
Cetelem Algérie		12	8		Algeria	Full	100.00%	100.00%
Cetelem America					Brazil	Full	100.00%	100.00%
Cetelem Asia			2		Hong-Kong	Full	100.00%	100.00%
Cetelem Bank SA					Poland	Full	100.00%	100.00%
Cetelem Belgium					Belgium	Full	100.00%	100.00%
Cetelem Benelux BV					Netherlands	Full	100.00%	100.00%
Cetelem Brésil					Brazil	Full	100.00%	100.00%
Cetelem CR					Czech Rep.	Full	100.00%	100.00%
Cetelem IFN SA	1				Romania	Full	100.00%	100.00%
Cetelem Maroc					Morocco	Full	99.79%	92.64%
Cetelem Mexico SA de CV		12	8		Mexico	Full	100.00%	100.00%
Cetelem Polska Expansion SA					Poland	Full	100.00%	100.00%
Cetelem Processing Services (Shanghai) Limited		12	8		China	Full	100.00%	100.00%
Cetelem Serviços Limitada			2		Brazil	Equity	100.00%	100.00%
Cetelem Slovensko	2				Slovakia	Full	100.00%	100.00%
Cetelem Thailande					Thailand	Full	100.00%	100.00%
Cetelem UK					UK	Full	100.00%	100.00%
Cofica Bail (*)					France	Full	100.00%	100.00%
Cofidis France					France	Equity	15.00%	15.00%
Cofinoga					France	Prop.	100.00%	50.00%
Cofiparc SNC					France	Full	100.00%	100.00%

Name	(A)	(B)	(C)	(D)	Country	Method	Group voting interest (%)	Group ownership interest (%)
Consumer Credit (continued)								
Compagnie Médicale de financement de Voitures et matériels – CMV Médiforce (*)					France	Full	100.00%	100.00%
Credial Italie SPA	2				Italy	Prop.	50.00%	50.00%
Credirama SPA				2	Italy	Equity	51.00%	25.50%
Credisson Holding Limited	1				Cyprus	Full	100.00%	100.00%
Crédit Moderne Antilles (*)					France	Full	100.00%	100.00%
Crédit Moderne Guyane (*)					France	Full	100.00%	100.00%
Crédit Moderne Océan Indien (*)					France	Full	97.81%	97.81%
Dresdner-Cetelem Kreditbank (ex Cetelem Bank Gmbh)					Germany	Full	50.10%	50.10%
Effico Iberia					Spain	Full	100.00%	100.00%
Effico Soreco					France	Full	99.95%	99.95%
Eurocredito					Spain	Full	100.00%	100.00%
Facet (*)					France	Full	100.00%	100.00%
Fidem (*)					France	Full	51.00%	51.00%
Fimestic Expansion SA					Spain	Full	100.00%	100.00%
Findomestic					Italy	Prop.	50.00%	50.00%
Findomestic Banka a.d		12			Serbia	Equity	49.88%	49.88%
Findomestic Leasing SPA				2	Italy	Equity	50.00%	50.00%
JetFinance International				1	Bulgaria	Equity	100.00%	100.00%
KBC Pinto Systems		2			Belgium	Equity	39.99%	39.99%
Laser (Groupe)	10				France	Prop.	50.00%	50.00%
Loisirs Finance (*)					France	Full	51.00%	51.00%
Magyar Cetelem					Hungary	Full	100.00%	100.00%
Métier Regroupement de Crédits (*)		12	8		France	Full	100.00%	100.00%
Monabank		2			France	Equity	34.00%	34.00%
Natixis Financement (ex Caisse d'Epargne Financement – CEFI) (*)					France	Equity	33.00%	33.00%
Norrsken Finance					France	Full	51.00%	51.00%
Novacrédit		2		5	France			
Prestacomer SA de CV				2	Mexico	Equity	50.00%	50.00%
Projeo (*)		2			France	Full	51.00%	51.00%
SA Domofinance	9				France	Prop.	55.00%	55.00%
Servicios Financieros Carrefour EFC					Spain	Equity	44.08%	40.00%
Société de Paiement Pass					France	Equity	40.01%	40.01%
Submarino Finance Promotora de Credito Limitada		2			Brazil	Prop.	50.00%	50.00%
Including Debt Investment Fund								
FCC Findomestic	4				Italy			
FCC Master Dolphin					Italy	Prop.	50.00%	0.00%

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Consumer Credit (continued)								
FCC Master Noria	4				France			
FCC Retail ABS Finance					France	Full	100.00%	100.00%
Property Loans								
Banca UCB SPA					Italy	Full	100.00%	100.00%
BNP Paribas Invest Immo (*)					France	Full	100.00%	100.00%
SAS Prêts et Services (*)					France	Full	100.00%	100.00%
Sundaram Home Finance Limited				1	India	Equity	49.90%	49.90%
UCB (*)					France	Full	100.00%	100.00%
UCB Hypotheken					Netherlands	Full	100.00%	100.00%
UCB Suisse		12	8		Switzerland	Full	100.00%	100.00%
Union de Creditos Immobiliarios – UCI (Groupe)					Spain	Prop.	50.00%	50.00%
Including Debt Investment Fund								
FCC Domos 2003					France	Full	100.00%	100.00%
FCC Master Domos					France	Full	100.00%	100.00%
FCC Master Domos 4					France	Full	100.00%	100.00%
FCC Master Domos 5					France	Full	100.00%	100.00%
FCC U.C.I 4-17 (ex FCC 4-16)					Spain	Prop.	50.00%	50.00%
Contract Hire and Fleet Management								
Arius SA					France	Full	100.00%	100.00%
Arma Beheer BV					Netherlands	Full	100.00%	100.00%
Artegy Limited					UK	Full	100.00%	100.00%
Artegy SAS					France	Full	100.00%	100.00%
Arval Austria GmbH				2	Austria	Equity	100.00%	100.00%
Arval Belgium					Belgium	Full	100.00%	100.00%
Arval Brasil Limitada		12			Brazil	Equity	100.00%	100.00%
Arval Business Services Limited					UK	Full	100.00%	100.00%
Arval BV					Netherlands	Full	100.00%	100.00%
Arval Deutschland GmbH					Germany	Full	100.00%	100.00%
Arval ECL SAS					France	Full	100.00%	100.00%
Arval India Private Limited				12	India	Equity	100.00%	100.00%
Arval Limited					UK	Full	100.00%	100.00%
Arval Luxembourg					Luxembourg	Full	100.00%	100.00%
Arval NV					Belgium	Full	100.00%	100.00%
Arval PHH Holding SAS					France	Full	100.00%	100.00%
Arval PHH Holdings Limited					UK	Full	100.00%	100.00%
Arval PHH Holdings UK Limited					UK	Full	100.00%	100.00%
Arval PHH Service Lease CZ		12	8		Czech Rep.	Full	100.00%	100.00%
Arval Portugal					Portugal	Full	100.00%	100.00%
Arval Russie		12			Russia	Equity	100.00%	99.99%
Arval Schweiz AG					Switzerland	Full	100.00%	100.00%
Arval Service Lease					France	Full	100.00%	100.00%
Arval Service Lease Espagne					Spain	Full	99.98%	99.97%
Arval Service Lease Italia					Italy	Full	100.00%	100.00%
Arval Service Lease Polska SP					Poland	Full	100.00%	100.00%
Arval Service Lease Romania SRL				12	Romania	Equity	100.00%	100.00%

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Contract Hire and Fleet Management (continued)								
Arval Trading	2				France	Full	100.00%	100.00%
Arval UK Group Limited					UK	Full	100.00%	100.00%
Arval UK Limited					UK	Full	100.00%	100.00%
BNP Paribas Fleet Holdings Limited					UK	Full	100.00%	100.00%
Dialcard Fleet Information Services Limited					UK	Full	100.00%	100.00%
Dialcard Limited					UK	Full	100.00%	100.00%
Gestion et Location Holding					France	Full	100.00%	100.00%
Harpur UK Limited					UK	Full	100.00%	100.00%
Overdrive Business Solutions Limited					UK	Full	100.00%	100.00%
Overdrive Credit Card Limited					UK	Full	100.00%	100.00%
PHH Financial services Limited					UK	Full	100.00%	100.00%
PHH Holdings (1999) Limited					UK	Full	100.00%	100.00%
PHH Investment Services Limited					UK	Full	100.00%	100.00%
PHH Leasing (N°9) Limited					UK	Full	100.00%	100.00%
PHH Treasury Services Limited					UK	Full	100.00%	100.00%
PHH Truck Management Services Limited					UK	Full	100.00%	100.00%
Pointeuro Limited					UK	Full	100.00%	100.00%
The Harpur Group UK Limited					UK	Full	100.00%	100.00%
Emerging and overseas markets								
Bank of Nanjing (ex Nanjing City Commercial Bank Corp Limited)	1				China	Equity	12.61%	12.61%
Banque Internationale du Commerce et de l'Industrie Burkina Faso					Burkina Faso	Full	51.00%	51.00%
Banque Internationale du Commerce et de l'Industrie Côte d'Ivoire					Ivory Coast	Full	67.49%	67.49%
Banque Internationale du Commerce et de l'Industrie Gabon					Gabon	Full	46.67%	46.67%
Banque Internationale du Commerce et de l'Industrie Guinée		2			Guinea	Equity	30.83%	30.83%
Banque Internationale du Commerce et de l'Industrie Mali		12	8		Mali	Full	85.00%	85.00%
Banque Internationale du Commerce et de l'Industrie Sénégal					Senegal	Full	54.11%	54.11%
Banque Malgache de l'Océan Indien					Madagascar	Full	75.00%	75.00%
Banque Marocaine du Commerce et de l'Industrie					Morocco	Full	63.85%	63.85%
Banque Marocaine du Commerce et de l'Industrie Crédit Conso			2		Morocco	Full	100.00%	77.96%
Banque Marocaine du Commerce et de l'Industrie Gestion		12			Morocco	Equity	100.00%	63.85%
Banque Marocaine du Commerce et de l'Industrie Leasing					Morocco	Full	72.03%	46.00%

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Emerging and overseas markets (continued)								
Banque Marocaine du Commerce et de l'Industrie Offshore					Morocco	Full	100.00%	63.85%
Banque pour le Commerce et l'Industrie de la Mer Rouge				3	Djibouti			
BNP Intercontinentale – BNPI (*)					France	Full	100.00%	100.00%
BNP Paribas BDDI Participations					France	Full	100.00%	100.00%
BNP Paribas Cyprus Limited					Cyprus	Full	100.00%	100.00%
BNP Paribas El Djazair					Algeria	Full	100.00%	100.00%
BNP Paribas Guadeloupe (*)					France	Full	100.00%	100.00%
BNP Paribas Guyane (*)					France	Full	100.00%	100.00%
BNP Paribas Le Caire					Egypt	Full	95.19%	95.19%
BNP Paribas Martinique (*)					France	Full	100.00%	100.00%
BNP Paribas Nouvelle Calédonie (*)					France	Full	100.00%	100.00%
BNP Paribas Réunion (*)					France	Full	100.00%	100.00%
BNP Paribas Vostok Holdings	2				France	Full	100.00%	100.00%
Sahara Bank LSC				1	Libya	Equity	19.00%	19.00%
SIFIDA			4		Luxembourg			
Turk Ekonomi Bankasi Yatirimlar Anonim Sirketi (Groupe)					Turkey	Prop.	50.00%	50.00%
Ukranian Insurance Alliance		12			Ukraine	Equity	49.99%	25.50%
Ukrsib Asset Management				2	Ukraine	Equity	99.94%	50.97%
Ukrsib Asset Management PI Fund				2	Ukraine	Equity	99.97%	50.98%
UkrSibbank		1			Ukraine	Full	51.00%	51.00%
BNP Paribas Vostok LLC (ex UkrSibbank LLC)		12	8		Russia	Full	100.00%	100.00%
Union Bancaire pour le Commerce et l'Industrie					Tunisia	Full	50.00%	50.00%
Union Bancaire pour le Commerce et l'Industrie Leasing					Tunisia	Full	75.40%	37.70%
Special Purpose Entities								
Vela Lease SRL	1		13		Italy	Full		
Asset Management & Services								
Insurance								
Assu-Vie SA		12			France	Equity	50.00%	50.00%
Banque Financière Cardif	5				France			
BNL Vita SPA	1		13		Italy	Equity	49.00%	49.00%
BNP Paribas Assurance				5	France			
BNP Paribas Assurance (ex Cardif SA)					France	Full	100.00%	100.00%
Cardif Assicurazioni SPA					Italy	Full	100.00%	100.00%
Cardif Assurance Vie					France	Full	100.00%	100.00%
Cardif Assurance Vie Polska					Poland	Full	100.00%	100.00%
Cardif Compania de Seguros				2	Perou	Equity	100.00%	100.00%
Cardif Compania de Seguros de Vida				11	Argentina	Equity	100.00%	100.00%
Cardif do Brasil Seguros					Brazil	Full	100.00%	100.00%
Cardif do Brasil Seguros e Garantias		12			Brazil	Equity	100.00%	100.00%
Cardif Holdings Incorporation				2	USA	Full	99.89%	99.89%
Cardif Leven					Belgium	Full	100.00%	100.00%
Cardif Levensverzekeringen NV					Netherlands	Full	100.00%	100.00%

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Insurance (continued)								
Cardif Life Insurance Company Corporation				2	USA	Full	100.00%	99.89%
Cardif Mexico Seguros de Vida		12			Mexico	Equity	100.00%	100.00%
Cardif Mexico Seguros Generales SA		12			Mexico	Equity	100.00%	100.00%
Cardif Nederland Holding BV					Netherlands	Full	100.00%	100.00%
Cardif Nordic				2	Sweden	Equity	100.00%	100.00%
Cardif Pinnacle Insurance Holding Limited (ex Pinnafrica Holding Limited)		12		8	South Africa	Full	100.00%	100.00%
Cardif RD					France	Full	100.00%	100.00%
Cardif Retraite Assurance Vie	11				France	Full	100.00%	100.00%
Cardif Schadeverzekeringen NV					Netherlands	Full	100.00%	100.00%
Cardivida Correduria de Seguros		12			Spain	Equity	100.00%	100.00%
Centro Vita Assicurazioni SPA					Italy	Prop.	49.00%	49.00%
Compagnie Bancaire Uk Fonds C					UK	Full	100.00%	100.00%
Compania de Seguros Generales					Chile	Full	100.00%	100.00%
Compania de Seguros Vida SA	11				Chile	Full	100.00%	100.00%
Cybele RE			5		Luxembourg			
Darnell Limited					Ireland	Full	100.00%	100.00%
European Reinsurance Limited				11	UK	Equity	100.00%	100.00%
Financial Telemarketing Services				11	UK	Equity	100.00%	100.00%
GIE BNP Paribas Assurance					France	Full	100.00%	99.00%
Global Euro			2		France	Full	100.00%	99.83%
Investlife Luxembourg SA					Luxembourg	Full	100.00%	100.00%
Natio Assurance					France	Prop.	50.00%	50.00%
Natio Fonds Athènes Investissement 5			2		France	Full	100.00%	100.00%
Natio Fonds Collines Investissement 1			2		France	Full	100.00%	100.00%
Natio Fonds Collines Investissement 3			2		France	Full	100.00%	100.00%
Patrimoine Management & Associés	1				France	Full	67.00%	67.00%
Pinnacle Insurance Holding PLC					UK	Full	100.00%	100.00%
Pinnacle Insurance Management Services PLC					UK	Full	100.00%	100.00%
Pinnacle Insurance PLC					UK	Full	100.00%	100.00%
Pinnafrica Insurance Company Limited		12			South Africa	Equity	100.00%	100.00%
Pinnafrica Insurance Life Limited		12			South Africa	Equity	100.00%	100.00%
Pojistovna Cardif Pro Vita		12			Czech Rep.	Equity	100.00%	100.00%
Pojistovna Cardif Slovakia A.S				11	Czech Rep.	Equity	100.00%	100.00%
SARL Carma Grand Horizon			2		France	Full	100.00%	100.00%

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Insurance (continued)								
SARL Reumal Investissements					France	Full	100.00%	100.00%
SAS Hibernia France				1	France	Full	100.00%	99.87%
SCA Capital France Hotel				1	France	Full	99.87%	99.87%
SCI 104-106 rue Cambronne					France	Full	100.00%	100.00%
SCI 14 rue Vivienne					France	Full	100.00%	100.00%
SCI 24-26 rue Duranton			3		France			
SCI 25 rue Abbé Carton			3		France			
SCI 25 rue Gutenberg			3		France			
SCI 40 rue Abbé Groult			3		France			
SCI 100 rue Lauriston					France	Full	100.00%	100.00%
SCI 6 Square Foch					France	Full	100.00%	100.00%
SCI 8-10 place du Commerce					France	Full	100.00%	100.00%
SCI Asnières 1					France	Full	100.00%	100.00%
SCI Beauséjour					France	Full	100.00%	100.00%
SCI BNP Paribas Pierre 2					France	Full	100.00%	100.00%
SCI Boulevard Malesherbes					France	Full	100.00%	100.00%
SCI Boulogne Centre					France	Full	100.00%	100.00%
SCI Boulogne Nungesser					France	Full	100.00%	100.00%
SCI Corosa					France	Full	100.00%	100.00%
SCI Courbevoie					France	Full	100.00%	100.00%
SCI Défense Étoile					France	Full	100.00%	100.00%
SCI Défense Vendôme					France	Full	100.00%	100.00%
SCI Étoile					France	Full	100.00%	100.00%
SCI Immeuble Demours					France	Full	100.00%	100.00%
SCI Le Chesnay 1			3		France			
SCI Levallois 2					France	Full	100.00%	100.00%
SCI Maisons 1			3		France			
SCI Malesherbes Courcelles					France	Full	100.00%	100.00%
SCI Montrouge 2			3		France			
SCI Montrouge 3			3		France			
SCI Paris Cours de Vincennes			2		France	Full	100.00%	100.00%
SCI Moussorgski					France	Full	100.00%	100.00%
SCI Résidence le Chatelard					France	Full	100.00%	100.00%
SCI rue Mederic					France	Full	100.00%	100.00%
SCI Rueil 1			3		France			
SCI Rueil Ariane					France	Full	100.00%	100.00%
SCI Rueil Caudron					France	Full	100.00%	100.00%
SCI Saint Maurice 2			3		France			
SCI Suresnes 2			3		France			
SCI Suresnes 3					France	Full	100.00%	100.00%
Shinan et Life Corée		2			South Korea	Prop.	50.00%	50.00%
State Bank India Life Cy		2			India	Equity	26.00%	26.00%
Thai Cardif Insurance Life Company Limited		2			Thailand	Equity	25.00%	25.00%
Valtitres			2		France	Full	100.00%	100.00%

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Private Banking								
Banque Privée Anjou (ex Dexia Banque Privée) (*)			1	5	France			
Bergues Finance Holding					Bahamas	Full	100.00%	99.99%
BNL International Luxembourg	1		5		Luxembourg			
BNP Paribas Bahamas Limited (ex United European Bank Trust Nassau)					Bahamas	Full	100.00%	99.99%
BNP Paribas Espana SA					Spain	Full	99.57%	99.57%
BNP Paribas Investment Services LLC					USA	Full	100.00%	100.00%
BNP Paribas Private Bank (*)					France	Full	100.00%	100.00%
BNP Paribas Private Bank Monaco (*)					France	Full	100.00%	99.99%
BNP Paribas Private Bank Switzerland	5				Switzerland			
Conseil Investissement					France	Full	100.00%	100.00%
Lavoro Bank Ag Zurigo	1			5	Switzerland			
Nachenius, Tjeenk et Co NV					Netherlands	Full	100.00%	100.00%
Servizio Italia SPA	1			4	Italy			
United European Bank Switzerland		5			Switzerland			
Personal Investors								
B*Capital (*)					France	Full	99.96%	99.96%
Cortal Consors France (*)					France	Full	100.00%	100.00%
FundQuest					France	Full	100.00%	100.00%
Geojit Financial Services Limited (Groupe)			1	10	India	Prop.	27.18%	27.18%
Asset Management								
Antin Participation 23				2	France	Equity	100.00%	100.00%
BNL Fondi Immobiliari	1		13		Italy	Full	100.00%	100.00%
BNL Gestioni SGR	1		13		Italy	Full	100.00%	100.00%
BNP PAM Group					France	Full	100.00%	100.00%
BNP Paribas Asset Management					France	Full	100.00%	100.00%
BNP Paribas Asset Management Asia				2	Hong-Kong	Equity	100.00%	100.00%
BNP Paribas Asset Management Brasil Limitada					Brazil	Full	100.00%	100.00%
BNP Paribas Asset Management GmbH		12			Germany	Equity	100.00%	100.00%
BNP Paribas Asset Management Japan Limited	11				Japan	Full	100.00%	100.00%
BNP Paribas Asset Management Group Luxembourg					Luxembourg	Full	99.66%	99.66%
BNP Paribas Asset Management Singapore Limited				2	Singapore	Equity	100.00%	100.00%
BNP Paribas Asset Management SGR Milan SPA		12		5	Italy			
BNP Paribas Asset Management UK Limited					UK	Full	100.00%	100.00%
BNP Paribas Asset Management Uruguay SA		12			Uruguay	Equity	100.00%	100.00%
BNP Paribas Épargne et Retraite Entreprise		5			France			
BNP Paribas Financière AMS (Fin'AMS) (*)		2			France	Full	100.00%	100.00%

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Asset Management (continued)								
BNP Paribas Fund Services France					France	Full	100.00%	100.00%
BNP Paribas Private Equity		12			France	Equity	100.00%	100.00%
BNP Paribas SGIIC		12			Spain	Equity	100.00%	99.57%
Cardif Asset Management					France	Full	100.00%	100.00%
Cardif Gestion d'Actifs	11				France	Full	100.00%	100.00%
Charter Atlantic Corporation (ex Fischer Francis Trees & Watts)			8		USA	Full	100.00%	100.00%
Charter Atlantic Capital corporation			8		USA	Full	100.00%	100.00%
Charter Atlantic Securities Incorporation			8		USA	Full	100.00%	100.00%
Cooper Neff Alternative Managers		12	8		France	Full	71.51%	71.51%
Fauchier Partners Management Limited (Groupe)					UK	Prop.	50.00%	50.00%
Fischer Francis Trees & Watts Incorporation			8		USA	Full	100.00%	100.00%
Fischer Francis Trees & Watts Kabushiki Kaisha			8		Japan	Full	100.00%	100.00%
Fischer Francis Trees & Watts Limited			8		UK	Full	100.00%	100.00%
Fischer Francis Trees & Watts Pte Limited			8		Singapore	Full	100.00%	100.00%
Fischer Francis Trees & Watts UK			8		UK	Full	100.00%	100.00%
Fund Quest Incorporation					USA	Full	100.00%	100.00%
Overlay Asset Management		12			France	Equity	100.00%	100.00%
Shinhan BNP Paribas Investment Trust Management Co Limited		12	10		South Korea	Prop.	50.00%	50.00%
Sundaram BNP Paribas Asset Management Company Limited		2			India	Equity	49.90%	49.90%
Securities Services								
BNP Paribas Fund Services					Luxembourg	Full	100.00%	100.00%
BNP Paribas Fund Services Australasia Limited					Australia	Full	100.00%	100.00%
BNP Paribas Fund Services Dublin Limited					Ireland	Full	100.00%	100.00%
BNP Paribas Fund Services Holdings					UK	Full	100.00%	100.00%
BNP Paribas Fund Services UK Limited					UK	Full	100.00%	100.00%
BNP Paribas Securities Services – BP2S (*)					France	Full	100.00%	100.00%
BNP Paribas Securities Services International Holding SA				5	France			
Banco Excel Bank SA			1	5	Spain			
Royal Bank of Scotland International Trustee (Guernesey Limited)				1	Guernsey	Equity	100.00%	100.00%
Royal Bank of Scotland International Custody Bank Limited				1	Jersey	Full	100.00%	100.00%
Royal Bank of Scotland International Securities Services (Holdings) Limited				1	Jersey	Full	100.00%	100.00%
Property Services								
Asset Partenaires					France	Full	100.00%	96.77%
Atisreal Expertise					France	Full	100.00%	100.00%
Atisreal Auguste-Thouard					France	Full	95.84%	95.84%
Atisreal Auguste-Thouard Habitat Foncier		5			France			
Atisreal Belgium SA					Belgium	Full	100.00%	100.00%
Atisreal Benelux SA					Belgium	Full	100.00%	100.00%
Atisreal Consult			5		France			
Atisreal Consult (ex SAS Astrim)					France	Full	100.00%	100.00%
Atisreal Consult GmbH					Germany	Full	100.00%	100.00%

Name	(A)	(B)	(C)	(D)	Country	Method	Group voting interest (%)	Group ownership interest (%)
Property Services (continued)								
Atisreal Espana SA					Spain	Full	100.00%	100.00%
Atisreal GmbH					Germany	Full	100.00%	100.00%
Atisreal Holding Belgium SA		5			Belgium			
Atisreal Holding France					France	Full	100.00%	100.00%
Atisreal Holding GmbH					Germany	Full	100.00%	100.00%
Atisreal International					France	Full	100.00%	100.00%
Atisreal Irlande			1		Ireland	Full	100.00%	100.00%
Atisreal Italia			1		Italy	Full	100.00%	100.00%
Atisreal Limited					UK	Full	100.00%	100.00%
Atisreal Luxembourg SA					Luxembourg	Full	100.00%	100.00%
Atisreal Netherlands BV	4				Netherlands			
Atisreal Property Management Gmbh					Germany	Full	100.00%	100.00%
Atisreal Property Management Services					Belgium	Full	100.00%	100.00%
Atisreal Proplan Gmbh					Germany	Full	87.59%	87.59%
Atisreal Services		4			France			
Atisreal USA Incorporated					USA	Full	100.00%	100.00%
BNP Paribas Immobilier (ex Meunier Promotion)					France	Full	100.00%	100.00%
BNP Paribas Immobilier		5			France			
BNP Paribas Immobilier Property Management					France	Full	100.00%	100.00%
BNP Paribas Participations Finance Immobilier					France	Full	100.00%	100.00%
BNP Paribas Real Estate Investment Management					France	Full	96.77%	96.77%
BNP Paribas Real Estate Investments services Limited (ex Atisreal Weatheralls Financial Limited)					UK	Full	100.00%	100.00%
BNP Paribas Real Estate Property Developpement Italia				2	Italy	Full	100.00%	100.00%
BNP Paribas Real Estate Property Management Italia			1		Italy	Full	100.00%	100.00%
BSA Immobilier					France	Full	100.00%	100.00%
Cabinet Claude Sanchez			1		France	Full	100.00%	100.00%
Chancery Lane Management Services Limited					UK	Full	100.00%	100.00%
Compagnie Tertiaire	1		5		France			
F G Ingénierie et Promotion Immobilière					France	Full	100.00%	100.00%
Genisar Servicios Immobiliarios		1		5	Spain			
Immobilière des Bergues					France	Full	100.00%	100.00%
Partner's & Services			1		France	Full	100.00%	100.00%
Partenaires Gérance Soprofinance				5	France			
SA Comadim Hispania			1		Spain	Full	100.00%	100.00%
SA Gerer					France	Full	100.00%	100.00%
SA Meunier Hispania			1		Spain	Full	100.00%	100.00%
SA Procodis			5		France			

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Property Services (continued)								
SAS BNP Paribas Real Estate Property Management (ex SA Comadim)					France	Full	100.00%	100.00%
SAS BRSI			1		France	Full	100.00%	100.00%
SAS ECM Real Estate			1		France	Full	100.00%	100.00%
SAS Meunier Développements					France	Full	100.00%	100.00%
SAS Meunier Habitat					France	Full	100.00%	100.00%
SAS Meunier Habitat Sud Ouest				2	France	Full	100.00%	100.00%
SAS Meunier Immobilière d'Entreprises					France	Full	100.00%	100.00%
SAS Meunier Méditerranée					France	Full	100.00%	100.00%
SAS Meunier Rhône Alpes					France	Full	100.00%	100.00%
SAS Multi Vest (France) 4			1		France	Full	100.00%	100.00%
SAS Newport Management			1		France	Full	100.00%	100.00%
SAS Sofiane					France	Full	100.00%	100.00%
SAS Studelites (ex SNC Comadim Résidences Services)					France	Full	100.00%	100.00%
SNC Espaces Immobiliers					France	Full	100.00%	100.00%
SNC Lot 2 Porte d'Asnières					France	Full	100.00%	100.00%
SNC Meunier Gestion					France	Full	100.00%	100.00%
Sifonte SL		1		5	Spain			
Soprofinance		5			France			
SP & Partners				2	France	Full	95.84%	95.84%
Tasaciones Hipotecarias SA		1			Spain	Full	100.00%	100.00%
Valuation Consulting Limited		1			UK	Full	100.00%	100.00%
Weatheralls Consultancy Services Limited					UK	Full	100.00%	100.00%
Corporate & Investment Banking								
France								
BNP Paribas Arbitrage (*)					France	Full	100.00%	100.00%
BNP Paribas Equities France (*)					France	Full	99.96%	99.96%
BNP Paribas Equity Stratégies France					France	Full	100.00%	100.00%
BNP Paribas Peregrine Group				5	France			
BNP Paribas Stratégies Actions					France	Full	100.00%	100.00%
Capstar Partners SAS France					France	Full	100.00%	100.00%
Harewood Asset Management		12			France	Equity	100.00%	100.00%
Paribas Dérivés Garantis Snc					France	Full	100.00%	100.00%
Parifergie (*)					France	Full	100.00%	100.00%
SAS Esomet					France	Full	100.00%	100.00%
SAS Parilease (*)					France	Full	100.00%	100.00%
Europe								
BNP Capital Finance Limited	4				Ireland			
BNP Factor Portugal					Portugal	Full	100.00%	100.00%
BNP Paribas Ireland					Ireland	Full	100.00%	100.00%
BNP Paribas (Bulgaria) AD					Bulgaria	Full	100.00%	100.00%
BNP Paribas Bank (Hungaria) RT					Hungary	Full	100.00%	100.00%
BNP Paribas Bank (Polska) SA					Poland	Full	100.00%	100.00%
BNP Paribas Bank NV					Netherlands	Full	100.00%	100.00%
BNP Paribas Capital Investments Limited					UK	Full	100.00%	100.00%

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Name	(A)	(B)	(C)	(D)	Country	Method	Group voting interest (%)	Group ownership interest (%)
Europe (continued)								
BNP Paribas Capital Markets Group Limited					UK	Full	100.00%	100.00%
BNP Paribas Commodity Futures Limited					UK	Full	100.00%	100.00%
BNP Paribas E & B Limited					UK	Full	100.00%	100.00%
BNP Paribas Finance PLC					UK	Full	100.00%	100.00%
BNP Paribas Fixed Assets Limited	4				UK			
BNP Paribas Luxembourg SA					Luxembourg	Full	100.00%	100.00%
BNP Paribas Net Limited					UK	Full	100.00%	100.00%
BNP Paribas Services	5				Switzerland			
BNP Paribas Sviluppo			4		Italy			
BNP Paribas Suisse SA					Switzerland	Full	99.99%	99.99%
BNP Paribas UK Holdings Limited					UK	Full	100.00%	100.00%
BNP Paribas UK Limited					UK	Full	100.00%	100.00%
BNP PUK Holding Limited					UK	Full	100.00%	100.00%
BNP Paribas ZAO					Russia	Full	100.00%	100.00%
Calilux SARL				2	Luxembourg	Full	60.00%	60.00%
Capstar Partners Limited					UK	Full	100.00%	100.00%
Dealremote Limited	4				UK			
Delta Reinsurance Limited	2		8		Ireland	Full	100.00%	100.00%
Harewood Holdings Limited		2			UK	Full	100.00%	100.00%
ISIS Factor SPA			4		Italy			
Landspire Limited				2	UK	Full	100.00%	100.00%
Paribas Management Service Limited	4				UK			
Paribas Trust Luxembourg SA					Luxembourg	Full	100.00%	100.00%
Utexam Limited					Ireland	Full	100.00%	100.00%
Americas								
BNP Paribas Andes			4		Perou			
BNP Paribas Asset Management Incorporated					USA	Full	100.00%	100.00%
BNP Paribas Brasil SA					Brazil	Full	100.00%	100.00%
BNP Paribas Canada					Canada	Full	100.00%	100.00%
BNP Paribas Capstar Partners Incorporated					USA	Full	100.00%	100.00%
BNP Paribas Commodities Futures Incorporated					USA	Full	100.00%	100.00%
BNP Paribas Leasing Corporation					USA	Full	100.00%	100.00%
BNP Paribas North America Incorporated					USA	Full	100.00%	100.00%
BNP Paribas Principal Incorporated					USA	Full	100.00%	100.00%
BNP Paribas RCC Incorporation					USA	Full	100.00%	100.00%
BNP Paribas Securities Corporation					USA	Full	100.00%	100.00%
Capstar Partners LLC					USA	Full	100.00%	100.00%
Cooper Neff Advisors Incorporated					USA	Full	100.00%	100.00%

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Name	(A)	(B)	(C)	(D)	Country	Method	Group voting interest (%)	Group ownership interest (%)
Americas (continued)								
Cooper Neff Group Incorporated					USA	Full	100.00%	100.00%
French American Banking Corporation – F.A.B.C					USA	Full	100.00%	100.00%
Paribas North America					USA	Full	100.00%	100.00%
Petits Champs Participaçoes e Servicios SA					Brazil	Full	100.00%	100.00%
Asia – Oceania								
BNP Equities Asia Limited					Malaysia	Full	100.00%	100.00%
BNP Paribas (China) Limited					China	Full	100.00%	100.00%
BNP Paribas Arbitrage (Hong-Kong) Limited					Hong-Kong	Full	100.00%	100.00%
BNP Paribas Capital (Asia Pacific) Limited					Hong-Kong	Full	100.00%	100.00%
BNP Paribas Capital (Singapore) Limited					Singapore	Full	100.00%	100.00%
BNP Paribas Finance (Hong-Kong) Limited					Hong-Kong	Full	100.00%	100.00%
BNP Paribas Futures (Hong-Kong) Limited					Hong-Kong	Full	100.00%	100.00%
BNP Paribas GRS (Hong Kong) Limited					Hong-Kong	Full	100.00%	100.00%
BNP Paribas India Solutions Private Limited	2				India	Full	100.00%	100.00%
BNP Paribas Japan Limited			2		Japan	Full	100.00%	100.00%
BNP Paribas Pacific (Australia) Limited					Australia	Full	100.00%	100.00%
BNP Paribas Peregrine Securities (Thailande) Limited	3				Thailand			
BNP Paribas Principal Investments Japan Limited			2		Japan	Full	100.00%	100.00%
BNP Paribas Securities (Asia) Limited					Hong-Kong	Full	100.00%	100.00%
BNP Paribas Securities (Japan) Limited					Hong-Kong	Full	100.00%	100.00%
BNP Paribas Securities (Taiwan) Co Limited					Taiwan	Full	100.00%	100.00%
BNP Paribas Securities Korea Company Limited					South Korea	Full	100.00%	100.00%
BNP Paribas Securities (Singapore) Pte Limited					Singapore	Full	100.00%	100.00%
BNP Paribas Services (Hong Kong) Limited					Hong-Kong	Full	100.00%	100.00%
Crédit Agricole Indosuez Securities Limited	4				Japan			
Paribas Asia Equities Limited					Hong-Kong	Full	100.00%	100.00%
PT Bank BNP Paribas Indonesia					Indonesia	Full	100.00%	99.99%
PT BNP Paribas Securities Indonesia					Indonesia	Full	99.00%	99.00%
Special Purpose Entities								
54 Lombard Street Investments Limited					UK	Full		
Alectra Finance PLC		2			Ireland	Full		
Altels Investments Limited					Ireland	Full		
APAC Finance Limited					New Zealand	Full		
APAC Investments Limited					New Zealand	Full		
APAC NZ Holdings Limited					New Zealand	Full		
ARV International Limited					Cayman Islands	Full		
Austin Finance	2				France	Full		
BNP Paribas Arbitrage Issuance BV					Netherlands	Full		
BNP Paribas Emissions und Handel. GmbH					Germany	Full		
BNP Paribas Finance Incorporated					USA	Full		
BNP Paribas New Zealand Limited	4				New Zealand			
BNP Paribas Singapore Funding Partnership				2	Singapore	Full		
Bougainville BV					Netherlands	Full		

Name	(A)	(B)	(C)	(D)	Country	Method	Group voting interest (%)	Group ownership interest (%)
Special Purpose Entities (continued)								
China Jenna Finance 1 à 3		2			France	Full		
China Lucie Finance 1 à 3					France	Full		
China Marie Finance 1 et 2				2	France	Full		
China Newine Finance 1 à 4				2	France	Full		
China Samantha Finance 1 à 10					France	Full		
Crisps Limited					Cayman Islands	Full		
Epimetheus Investments Limited			4		Cayman Islands			
Epping Funding Limited				2	Cayman Islands	Full		
Epsom Funding Limited					Cayman Islands	Full		
Euroliberté PLC			4		Ireland			
European Hedged Equity Limited					Cayman Islands	Full		
Fidex PLC					UK	Full		
Financière Paris Haussmann	2				France	Full		
Financière Taitbout	2				France	Full		
Forsete Investments SA				4	Luxembourg			
Global Guaranteed Cliquet Investment Limited	4				Cayman Islands			
Global Guaranteed Equity Limited					Cayman Islands	Full		
Global Hedged Equity Investment Limited			4		Cayman Islands			
Global Liberté		2			France	Full		
Global Protected Alternative Investments Limited					Cayman Islands	Full		
Global Protected Equity Limited					Cayman Islands	Full		
Grenache et Cie SNC				2	Luxembourg	Full		
Harewood Investments N°1 à 6 Limited					Cayman Islands	Full		
Henaross Property Limited					Australia	Full		
Highbridge Limited (ex Carleton Court Investments Limited)				2	Cayman Islands	Full		
Iliad Investments PLC					Ireland	Full		
Joconde Investments SA				4	Luxembourg			
Laffitte Participation 2					France	Full		
Laffitte Participation 10					France	Full		
Laffitte Participation 12					France	Full		
Liquidity Trust				4	Cayman Islands			
Lock-In Global equity Limited					Cayman Islands	Full		
Marc Finance Limited					Cayman Islands	Full		
Mexita Limited N° 3	4				Cayman Islands			
Mexita Limited N° 4	4				Cayman Islands			
Muscat Investments Limited				2	Jersey	Full		
Olan 2 Enterprises PLC	4				Ireland			

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Name	(A)	(B)	(C)	(D)	Country	Method	Group voting interest (%)	Group ownership interest (%)
Special Purpose Entities (continued)								
Omega Capital Investments Plc	2				Ireland	Full		
Omega Investments Cayman Limited	2			4	Cayman Islands			
Omega Capital Europe PLC				2	Ireland	Full		
Omega Capital Funding Limited				2	Ireland	Full		
Optichamps					France	Full		
Paregof			4		France			
Parritaye Property Limited					Australia	Full		
Participations Opéra	2				France	Full		
Robin Flight Limited					Ireland	Full		
Royal Neuve I Sarl	2				Luxembourg	Full		
Royal Neuve V Sarl				2	Luxembourg	Full		
Royal Neuve VI Sarl				2	Luxembourg	Full		
SAS Esra 1 à 3			2		France	Full		
SAS Financière des Italiens			2		France	Full		
Singapore Emma Finance 1 SAS					France	Full		
Singapore Emma Finance 2 SAS					France	Full		
Sirocco Investments SA				4	Luxembourg			
SNC Atargatis					France	Full		
SNC Compagnie Investissement Italiens			2		France	Full		
SNC Compagnie Investissement Opéra			2		France	Full		
SNC Méditerranéa					France	Full		
St Maarten CDO Limited				4	Cayman Islands			
Sunny Funding Limited					Cayman Islands	Full		
Swallow Flight Limited					Ireland	Full		
Tender Option Bond Municipal program					USA	Full		
Thunderbird Investments PLC					Ireland	Full		
Other Business Units								
Private Equity (BNP Paribas Capital)								
Banexi Société de Capital-Risque		5			France			
Clairville					Belgium	Full	100.00%	100.00%
Cobema					Belgium	Full	100.00%	100.00%
Cobepa Technology					Belgium	Full	100.00%	100.00%
Compagnie Financière Ottomane					Luxembourg	Full	96.79%	96.79%
Erbe					Belgium	Equity	47.01%	47.01%
Evialis	7		4		France			
Gepeco					Belgium	Full	100.00%	100.00%
Paribas Participation Limitée					Canada	Full	100.00%	100.00%
Property Companies (property used in operations)								
Capefi			5		France			
Compagnie Immobilière de France			5		France			
Ejesur					Spain	Full	100.00%	100.00%
SAS 5 Avenue Kléber					France	Full	100.00%	100.00%
SAS Foncière de la Compagnie Bancaire					France	Full	100.00%	100.00%
SAS Noria		1			France	Full	100.00%	100.00%
SCI Immobilière Marché Saint-Honoré					France	Full	100.00%	100.00%

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Name	(A)	(B)	(C)	(D)	Country	Method	Group voting interest (%)	Group ownership interest (%)
Property Companies (continued)								
Société d'Études Immobilières de Constructions – Setic					France	Full	100.00%	100.00%
Antin Participation 4				5	France			
Antin Participation 5					France	Full	100.00%	100.00%
Investment companies and other subsidiaries								
Antin Participation 15	2			5	France			
BNL International Investment SA	1				Luxembourg	Full	100.00%	100.00%
BNL Multiservizi SPA	1		7		Italy	Equity	100.00%	100.00%
BNP Paribas Covered Bonds (*)		2			France	Full	100.00%	100.00%
BNP Paribas de Réassurance au Luxembourg					Luxembourg	Full	100.00%	100.00%
BNP Paribas Emergis		5			France			
BNP Paribas International BV					Netherlands	Full	100.00%	100.00%
BNP Paribas Mediterranée Innovation & Technologies				2	Morocco	Full	100.00%	96.39%
BNP Paribas Partners for Innovation (Groupe)					France	Equity	50.00%	50.00%
BNP Paribas UK Treasury Limited					UK	Full	100.00%	100.00%
Compagnie Auxiliaire d'Entreprises et de Chemins de Fer	5				France			
Compagnie Bancaire UK Fonds B					UK	Full	100.00%	100.00%
Compagnie d'Investissements de Paris – C.I.P					France	Full	100.00%	100.00%
Financière BNP Paribas					France	Full	100.00%	100.00%
Financière Marché Saint Honoré					France	Full	100.00%	100.00%
GIE Groupement Auxiliaire et de Moyens – GAM					France	Full	100.00%	100.00%
Kle 65		5			France			
Kle 66	5				France			
Le Sphinx Assurances Luxembourg SA		12			Luxembourg	Equity	100.00%	100.00%
Luxpar-Ré		3			Luxembourg			
Omnium Gestion Développement Immobilier					France	Full	100.00%	100.00%
Paribas International	5				France			
Placement, Gestion & Finance Holding – Plagefin					Luxembourg	Full	99.99%	99.99%
Quatch	5				France			
Sagip					Belgium	Full	100.00%	100.00%
SAS Klefinances		5			France			
Société Auxiliaire de Construction Immobilière – SACI					France	Full	100.00%	100.00%
Société Centrale d'Investissement		5			France			
Societe Française Auxiliaire - S.F.A.			5		France			
Société Jovacienne de Participations		5			France			
Société Orbaisienne de Participations			2		France	Full	100.00%	100.00%
UCB Bail (*)					France	Full	100.00%	100.00%
UCB Entreprises (*)					France	Full	100.00%	100.00%

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Investment companies and other subsidiaries (continued)								
UCB Locabail immobilier (*)					France	Full	100.00%	100.00%
Verner Investissements (Groupe)					France	Equity	48.40%	48.40%
Special Purpose Entities								
Antin Participation 7				5	France			
Antin Participation 13				5	France			
BNP Paribas Capital Trust LLC 1 – 3 – 4 – 6					USA	Full		
BNP Paribas Capital Trust LLC 2		4			USA			
BNP Paribas Capital Trust LLC 5			4		USA			
BNP Paribas US Medium Term Notes Program					USA	Full		
BNP Paribas US Structured Medium Term Notes LLC					USA	Full		
BNP US Funding LLC				4	USA			
Klépierre								
Akciova Spolocnost Arcol					Slovakia	Full	100.00%	51.17%
AMAC SRO	2				Slovakia	Full	100.00%	51.17%
AMC – Prague SRO	2			5	Czech Rep.			
Besloten Vennotschap Capucine BV					Netherlands	Full	100.00%	51.17%
Bestes	1				Czech Rep.	Full	99.00%	50.65%
Corvin Office				1	Hungary	Full	100.00%	51.17%
Duna Plaza Offices z.o.o			2		Hungary	Full	100.00%	51.17%
Entertainment Plaza	1				Czech Rep.	Full	100.00%	51.17%
GIE Klepierre Services					France	Full	100.00%	51.17%
IGC SPA					Italy	Prop.	50.00%	25.58%
ICD SPA					Italy	Full	85.00%	43.49%
Klecar Italia SPA					Italy	Full	100.00%	42.47%
Klefin Italia SPA					Italy	Full	100.00%	51.17%
Klépierre Corvin				2	Hungary	Full	100.00%	51.17%
Klépierre CZ SRO					Czech Rep.	Full	100.00%	51.17%
Klépierre Galiera Krakow				2	Poland	Full	100.00%	51.17%
Klépierre Galiera Poznan				2	Poland	Full	100.00%	51.17%
Klépierre Krakow SP z.o.o					Poland	Prop.	100.00%	51.17%
Klépierre Larissa Limited			2		Greece	Full	100.00%	51.17%
Klépierre Lublin			2		Poland	Full	100.00%	51.17%
Klépierre Luxembourg			2		Luxembourg	Full	100.00%	51.17%
Klépierre Novo	2				Czech Rep.	Full	100.00%	51.17%
Klépierre Poznan SP z.o.o					Poland	Prop.	100.00%	51.17%
Klépierre Sadyba SP z.o.o					Poland	Full	100.00%	51.17%
Klépierre Sosnowiec			2		Poland	Full	100.00%	51.17%
Klépierre Rybnik			2		Poland	Full	100.00%	51.17%
Klépierre Warsaw SP z.o.o			2		Poland	Full	100.00%	51.17%
Krakow Plaza SP z.o.o					Poland	Full	100.00%	51.17%
La Marquaysonne				1	France	Full	100.00%	38.79%
Leg II Hellenic Holdings			2		Luxembourg	Full	100.00%	51.17%

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Name	(A)	(B)	(C)	(D)	Country	Method	Group voting interest (%)	Group ownership interest (%)
Klépierre (continued)								
Les Boutiques de Saint Maximin			1		France	Full	43.00%	22.00%
Movement Poland SA				1	Poland	Full	100.00%	51.17%
Noblespecialiste				1	France	Full	100.00%	38.79%
Progest			1		France	Full	100.00%	51.17%
Restorens				1	France	Full	100.00%	38.79%
Ruda Slaska Plaza SP z.o.o					Poland	Full	100.00%	51.17%
Rybnik Plaza SP z.o.o			2		Poland	Full	100.00%	51.17%
SA Brescia		5			France			
SA Cap Nord			1		France	Full	100.00%	42.98%
SA Cinéma de l'Esplanade					Belgium	Full	100.00%	51.17%
SA Coimbra					Belgium	Full	100.00%	51.17%
SA Delcis CR					Czech Rep.	Full	100.00%	51.17%
SA Devimo Consult					Belgium	Equity	35.00%	17.91%
SA Finascente				6	Portugal	Full	100.00%	51.17%
SA Foncière de Louvain la Neuve					Belgium	Full	100.00%	51.17%
SA Galiera Parque Nascente				6	Portugal	Full	100.00%	51.17%
SA Gondobrico				6	Portugal	Full	100.00%	51.17%
SA Klecar Foncier Espana					Spain	Full	100.00%	42.47%
SA Klecar Foncier Iberica					Spain	Full	100.00%	42.47%
SA Klelou Immobiliare					Portugal	Full	100.00%	51.17%
SA Kleminho	2				Portugal	Full	100.00%	51.17%
SA Klenor Immobiliaria					Portugal	Full	100.00%	51.17%
SA Klépierre					France	Full	51.27%	51.17%
SA Klépierre Athinon AE					Greece	Full	100.00%	42.47%
SA Klépierre Foncier Makedonia					Greece	Full	100.00%	42.47%
SA Klépierre NEA Efkarpia AE					Greece	Full	100.00%	42.47%
SA Klépierre Peribola Patras AE					Greece	Full	100.00%	42.47%
SA Klépierre Portugal SGPS					Portugal	Full	100.00%	51.17%
SA Klépierre Vallecas					Spain	Full	100.00%	51.17%
SA Klépierre Vinaza					Spain	Full	100.00%	51.17%
SA Kletel Immobiliaria					Portugal	Full	100.00%	51.17%
SA Place de l'accueil					Belgium	Full	100.00%	51.17%
SA Poznan Plaza					Poland	Full	100.00%	51.17%
SA Reze Sud			1		France	Equity	15.00%	7.67%
SA Sadyba Center					Poland	Full	100.00%	51.17%
SA Sogecaec					Portugal	Full	100.00%	51.17%
SARL Belvedere Invest			1		France	Full	62.00%	31.72%

(*) French subsidiaries whose regulatory supervision falls within the scope of the consolidated Group, in accordance with article 4.1 of CRBF regulation 2000.03.

(A) Movements for 6 months to 30 June 2006
(B) Movements for 6 months to 31 December 2006
(C) Movements for 6 months to 30 June 2007
(D) Movements for 6 months to 31 December 2007

1. *Acquisition*
2. *Entity newly incorporated or passing qualifying threshold*
3. *Disposal*
4. *Deconsolidation*
5. *Merger between consolidated entities*
6. *Change of method – Proportionate method to full consolidation*
7. *Change of method – Full consolidation to equity method*
8. *Change of method - Equity method to full consolidation*
9. *Change of method - Full consolidation to proportionate method*
10. *Change of method - Equity method to proportionate method*
11. *Reconsolidation*
12. *Entities consolidated using a simplified equity method (non-material)*
13. *Business transfers due to the creation of Italian retail banking segment*

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Name	(A)	(B)	(C)	(D)	Country	Method	Group voting interest (%)	Group ownership interest (%)
Klépierre (continued)								
SARL Bois des Fenêtres				1	France	Equity	20.00%	10.23%
SARL Csepel 2002					Hungary	Full	100.00%	51.17%
SARL Debrecen 2002					Hungary	Full	100.00%	51.17%
SARL Duna Plaza					Hungary	Full	100.00%	51.17%
SARL Effe Kappa					Italy	Prop.	50.00%	25.58%
SARL Forwing			1		France	Full	90.00%	46.05%
SARL Galiera Commerciale Assago					Italy	Full	100.00%	51.17%
SARL Galiera Commerciale Cavallino					Italy	Full	100.00%	51.17%
SARL Galiera Commerciale Collegno					Italy	Full	100.00%	51.17%
SARL Galiera Commerciale Klépierre					Italy	Full	100.00%	51.17%
SARL Galiera Commerciale Seravalle					Italy	Full	100.00%	51.17%
SARL Galiera Commerciale Solbiate					Italy	Full	100.00%	51.17%
SARL Gyor 2002					Hungary	Full	100.00%	51.17%
SARL Immobiliare Magnolia					Italy	Full	85.00%	43.49%
SARL Kanizsa 2002					Hungary	Full	100.00%	51.17%
SARL Kaposvar 2002					Hungary	Full	100.00%	51.17%
SARL Miskolc 2002					Hungary	Full	100.00%	51.17%
SARL Novate					Italy	Full	85.00%	43.49%
SARL Nyiregyhaza Plaza					Hungary	Full	100.00%	51.17%
SARL Proreal			1		France	Full	51.00%	26.09%
SARL Szeged Plaza					Hungary	Full	100.00%	51.17%
SARL Szolnok Plaza					Hungary	Full	100.00%	51.17%
SARL Uj Alba					Hungary	Full	100.00%	51.17%
SARL Zalaegerszeg Plaza					Hungary	Full	100.00%	51.17%
SAS 192 avenue Charles de Gaulle	5				France			
SAS 21 Kléber	5				France			
SAS 21 la Perouse	5				France			
SAS 43 Grenelle	5				France			
SAS 43 Kléber		5			France			
SAS 46 Notre-Dame des Victoires	5				France			
SAS 5 Turin				5	France			
SAS Cande	5				France			
SAS CB Pierre					France	Full	100.00%	51.17%
SAS Cecobil					France	Prop.	50.00%	25.58%
SAS Cecoville					France	Full	100.00%	51.17%
SAS Centre Jaude Clermont					France	Full	100.00%	51.17%
SAS Concorde Puteaux	5				France			
SAS Doumer Caen	5				France			
SAS du 23 avenue Marignan	5				France			
SAS Espace Cordeliers				3	France			
SAS Espace Dumont d'Urville	5				France			
SAS Espace Kléber	5				France			
SAS Flandre	5				France			
SAS Holding Gondomar 1					France	Full	100.00%	51.17%
SAS Holding Gondomar 2				1	France	Full	100.00%	51.17%

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Name	(A)	(B)	(C)	(D)	Country	Method	Group voting interest (%)	Group ownership interest (%)
Klépierre (continued)								
SAS Holding Gondomar 3					France	Full	100.00%	51.17%
SAS Holding Gondomar 4				1	France	Full	100.00%	51.17%
SAS Issy Desmoulins	5				France			
SAS Kle Projet 1			1		France	Full	100.00%	51.17%
SAS Kle Projet 2			2		France	Full	100.00%	51.17%
SAS Klecapnor			2		France	Full	100.00%	42.98%
SAS KLE 1					France	Full	100.00%	51.17%
SAS Kleber Levallois	5				France			
SAS Klecar Participations Italie					France	Full	83.00%	42.47%
SAS Klemurs					France	Full	84.00%	42.98%
SAS Klépierre Finance					France	Full	100.00%	51.17%
SAS Klépierre Participations et Financements (ex SAS Klépierre Hongrie)					France	Full	100.00%	51.17%
SAS Klépierre Pologne					Poland	Full	100.00%	51.17%
SAS Le Havre Capelet				5	France			
SAS Le Havre Tourneville				5	France			
SAS Leblanc Paris 15		5			France			
SAS LP7					France	Full	100.00%	51.17%
SAS Marseille Le Merlan	5				France			
SAS Melun Saint-Pères	5				France			
SAS Odysseum Place de France					France	Prop.	50.00%	25.58%
SAS Opale				5	France			
SAS Poitiers Alienor					France	Full	100.00%	51.17%
SAS Saint-André Pey berland	5				France			
SAS Soaval					France	Prop.	50.00%	25.58%
SAS Socoseine			4		France			
SAS Strasbourg La Vigie	5				France			
SAS Suffren Paris 15		5			France			
SAS Tours Nationale	5				France			
SAS Vannes Coutume				2	France	Full	100.00%	51.17%
SC Centre Bourse					France	Full	100.00%	51.17%
SC Solorec					France	Full	80.00%	40.93%
SCI Achères 2000			1		France	Equity	30.00%	15.35%
SCI Aulnes Développement			1		France	Full	50.00%	13.30%
SCI Bassin Nord					France	Prop.	50.00%	25.58%
SCI Beausevran					France	Full	100.00%	42.47%
SCI Bègles Papin					France	Full	100.00%	51.17%
SCI Besançon Chalezeule				1	France	Full	76.00%	38.89%

(*) French subsidiaries whose regulatory supervision falls within the scope of the consolidated Group, in accordance with article 4.1 of CRBF regulation 2000.03.

(A) Movements for 6 months to 30 June 2006
(B) Movements for 6 months to 31 December 2006
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(D) Movements for 6 months to 31 December 2007

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8. *Change of method - Equity method to full consolidation*
9. *Change of method - Full consolidation to proportionate method*
10. *Change of method - Equity method to proportionate method*
11. *Reconsolidation*
12. *Entities consolidated using a simplified equity method (non-material)*
13. *Business transfers due to the creation of Italian retail banking segment*

Name	(A)	(B)	(C)	(D)	Country	Method	Group voting interest (%)	Group ownership interest (%)
Klépierre (continued)								
SCI Champs de Mais			2		France	Equity	25.00%	12.79%
SCI Champs des Haies			2		France	Prop.	50.00%	25.58%
SCI Combault	2				France	Full	100.00%	51.17%
SCI Des Dunes			1		France	Prop.	50.00%	25.58%
SCI Des Salines			1		France	Prop.	50.00%	25.58%
SCI Du Plateau			1		France	Equity	27.00%	9.21%
SCI Girardin			1		France	Prop.	33.00%	16.88%
SCI Haies Hautes Pommeraie			1		France	Equity	43.00%	22.00%
SCI Halles Plerin			1		France	Equity	25.00%	12.79%
SCI Immobilière de la Pommeraie			2		France	Prop.	50.00%	25.58%
SCI l'Emperi			1		France	Equity	15.00%	7.67%
SCI La Française			1		France	Prop.	50.00%	25.58%
SCI La Plaine du Moulin à vent					France	Prop.	50.00%	25.58%
SCI La Rive			1		France	Full	47.00%	24.05%
SCI La Rocade			1		France	Equity	38.00%	19.44%
SCI La Rocade Ouest			1		France	Equity	37.00%	18.93%
SCI La Roche Invest				2	France	Equity	33.00%	16.88%
SCI LC			2		France	Full	60.00%	16.88%
SCI Le Grand Pré			1		France	Prop.	50.00%	25.58%
SCI Le Mais			2		France	Full	55.00%	28.14%
SCI Les Bas Champs			1		France	Prop.	50.00%	25.58%
SCI Les Boutiques d'Osny			1		France	Full	67.00%	19.44%
SCI Les Roseaux			2	5	France			
SCI Maximeuble			1		France	Full	100.00%	51.17%
SCI Osny Invest			1		France	Full	57.00%	29.16%
SCI Plateau de Plerin			1		France	Equity	25.00%	12.79%
SCI Plateau des Haies			1		France	Full	90.00%	46.05%
SCI Pommeraie Parc			2		France	Prop.	50.00%	25.58%
SCI Rebecca			1		France	Full	70.00%	35.82%
SCI Saint Maximin Construction			1		France	Prop.	50.00%	25.58%
SCI Sandri-Rome			1		France	Equity	15.00%	7.67%
SCI Secovalde					France	Full	55.00%	28.14%
SCI Sogegamar			1		France	Equity	33.00%	16.88%
SCI Tour Marcel Brot		4			France			
SCS Begles Arcins					France	Prop.	50.00%	25.58%
SCS Klecar Europe Sud					France	Full	83.00%	42.47%
SCS Ségécé					France	Full	100.00%	51.17%
Ségécé Ceska Republika (ex SRO FMC Central Europe)					Czech Rep.	Full	100.00%	51.17%
Ségécé Espana (ex SL Centros Shopping Gestion)					Spain	Full	100.00%	51.17%
Ségécé Hellas Réal Estate Management					Greece	Full	100.00%	51.17%
Ségécé Italia (ex SARL P S G)	6				Italy	Full	100.00%	51.17%
Ségécé Magyarorszag (ex SARL Plaza Center Management)					Hungary	Full	100.00%	51.17%
Ségécé Polska (ex Plaza Center Management Poland SP z.o.o)					Poland	Full	100.00%	51.17%

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Name	(A)	(B)	(C)	(D)	Country	Method	Group voting interest (%)	Group ownership interest (%)
Klépierre (continued)								
SNC Angoumars					France	Full	100.00%	51.17%
SNC Foncière Saint Germain					France	Full	100.00%	51.17%
SNC Galae					France	Full	100.00%	51.17%
SNC Général Leclerc 11-11bis Levallois					France	Full	100.00%	51.17%
SNC Gier Services Entreprises – GSE			2	5	France			
SNC Jardins des Princes					France	Full	100.00%	51.17%
SNC KC 1 à 12					France	Full	100.00%	42.47%
SNC KC20					France	Full	100.00%	42.47%
SNC Kléber la Perouse					France	Full	100.00%	51.17%
SNC Klecar France					France	Full	83.00%	42.47%
SNC Klegestion					France	Full	100.00%	51.17%
SNC Klépierre Conseil					France	Full	100.00%	51.17%
SNC Kletransactions					France	Full	100.00%	51.17%
SNC Le Barjac Victor					France	Full	100.00%	51.17%
SNC Le Havre Lafayette					France	Prop.	50.00%	25.58%
SNC Le Havre Vauban					France	Prop.	50.00%	25.58%
SNC Parc de Coquerelles			1		France	Prop.	50.00%	25.58%
SNC Pasteur	11				France	Full	100.00%	51.17%
SNC Ségécé Loisirs Transactions					France	Full	100.00%	51.17%
SNC Soccendre					France	Full	100.00%	51.17%
SNC Société des Centres d'Oc et d'Oil – SCOO					France	Full	80.00%	40.93%
SNC Sodevac					France	Full	100.00%	51.17%
SNC Sodirev				1	France	Full	100.00%	38.79%
Sosnowiec Plaza z.o.o			2		Poland	Full	100.00%	51.17%
Société des Centres Toulousains				1	France	Full	75.81%	38.79%

(*) French subsidiaries whose regulatory supervision falls within the scope of the consolidated Group, in accordance with article 4.1 of CRBF regulation 2000.03.

(A) Movements for 6 months to 30 June 2006
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(C) Movements for 6 months to 30 June 2007
(D) Movements for 6 months to 31 December 2007

1. *Acquisition*
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8. *Change of method - Equity method to full consolidation*
9. *Change of method - Full consolidation to proportionate method*
10. *Change of method - Equity method to proportionate method*
11. *Reconsolidation*
12. *Entities consolidated using a simplified equity method (non-material)*
13. *Business transfers due to the creation of Italian retail banking segment*

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8.c BUSINESS COMBINATIONS

8.c.1 Business combinations in the year ended 31 December 2007

Acquired subsidiaries	Segment	Country	Acquired percentage	Acquisition price	Goodwill	Net cash inflow	Balance sheet key figure at the acquisition date [(1)] Assets		Liabilities	
				In millions of euros						
Sahara Bank LSC	IRFS	Libya	19%	146	106	(146)	Loans to customers and loans due from credit institutions and amounts due from central banks	3,255 [(2)]	Customers demand accounts	2,525 [(2)]
JetFinance International	IRFS	Bulgaria	100%	172	172	(172)	Loans to customers	73	Bond issues	79
Banque Privée Anjou	AMS and French Retail Banking	France	100%	183	68	(78)	Loans due from credit institutions	124	Amounts due to credit institutions	38
							and loans to customers	273	and customers demand accounts	277
RBS International Securities Services Limited	AMS	United Kingdom	100%	174	124	(174)	Loans due from credit institutions	2,580	Customers demand accounts	2,811
Exelbank	AMS	Spain	100%	65	39	(65)	Loans due from credit institutions	413	Customers demand accounts	391

(1) *Recognised at fair value.*
(2) *Recognised at historical cost.*

Sahara Bank LSC

In September 2007, BNP Paribas SA acquired 19% of the capital of Sahara Bank, a full-service bank with 1,500 employees and a market share of 17% in loans and 22% in deposits in Libya.

This subsidiary has been consolidated since the fourth quarter of 2007. Sahara Bank's contribution to BNP Paribas' net income was not material in 2007.

The main shareholder of Sahara Bank LSC, the Social and Economic Development Fund, transferred operational control of the bank to BNP Paribas at the date BNP Paribas acquired its 19% interest. Under the shareholders' agreement between the Social and Economic Development Fund and BNP Paribas, the Group may appoint the majority of the members of the Board of Directors, thereby granting it control over the management of Sahara Bank. BNP Paribas also has a call option exercisable after three to five years on 32% of Sahara Bank's capital. If exercised, BNP Paribas would own a majority stake of 51%.

Sahara Bank LSC is accounted for by the equity method in the Group's 2007 consolidated financial statements and will be fully consolidated in 2008 upon completion of the action plan that has been implemented to allow the bank to produce financial data in line with Group financial reporting standards.

JetFinance International

In November 2007, Cetelem SA acquired all of the shares of JetFinance International, the leading supplier of consumer credit, with a network of 3,600 outlets and a portfolio of 500,000 customers.

This subsidiary has been consolidated since the acquisition date. The contribution of JetFinance International to the BNP Paribas Group's net income was not material in 2007.

JetFinance International is accounted for by the equity method in the Group's 2007 consolidated financial statements and will be fully consolidated in 2008 upon completion of the action plan that has been implemented to allow the bank to produce financial data in line with Group financial reporting standards.

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Banque Privée Anjou

In May 2007, BNP Paribas SA acquired the entire capital of Dexia Banque Privée France, subsequently renamed Banque Privée Anjou. Banque Privée Anjou manages over EUR 2.2 billion in assets, mainly for individual clients and not-for-profit organisations.

This subsidiary has been consolidated since the acquisition date. The contribution of Banque Privée Anjou to the BNP Paribas Group's net income was not material in 2007.

As Banque Privée Anjou transferred all of its assets and liabilities to BNP Paribas SA on 28 December 2007, from that date it was no longer recognised as a consolidated subsidiary of BNP Paribas.

RBS International Securities Services Limited

In June 2007, BNP Paribas acquired the entire capital of RBS International Securities Services Limited. RBS International Securities Services Limited offers global custody, fund administration and corporate trustee services to fund managers and private asset managers in the offshore markets of Jersey, Guernsey and the Isle of Man. It has over EUR 44 billion of assets in custody and EUR 9 billion in assets under administration.

RBS International Security Services was consolidated in the second half of 2007. Its contribution to the BNP Paribas Group's net income was not material in 2007.

Exelbank

In June 2007, BNP Paribas Securities Services, a subsidiary of BNP Paribas, acquired the entire capital of Exelbank. This Spanish bank offers settlement-delivery, custody and depositary services and private banking outsourcing services.

This subsidiary has been consolidated since the second half of 2007. Exelbank's contribution to the BNP Paribas Group's net income was not material in 2007.

Exelbank merged with the Spanish branch of BNP Paribas Securities Services on 23 October 2007, the retrospective value date with regard to its acquisition by the BNP Paribas Group.

8.c.2 Business combinations in the year ended 31 December 2006

Acquisition of Banca Nazionale del Lavoro (BNL)

On 3 February 2006, BNP Paribas announced that it had entered into several conditional agreements with a group of BNL shareholders, including Unipol, to acquire a 48% stake in BNL. As of 5 April 2006, BNP Paribas held a 50.4% interest in BNL, and had effectively obtained control of the company. BNP Paribas subsequently launched a public tender offer for the remaining shares held by minority shareholders. On 16 May 2006, BNP Paribas held 95.5% of BNL's ordinary shares further to the tender offer, representing a holding in excess of the 91.5% threshold set by the Italian securities regulator for a residual offer on outstanding shares. The residual offer for the outstanding shares ran from 30 June 2006 to 20 July 2006. BNL's ordinary shares were delisted on 26 July 2006. The acquisition of BNL therefore took place in several stages: the acquisition of a 50.4% controlling interest, followed by subsequent acquisitions of minority interests, resulting in BNP Paribas owning BNL's entire share capital. At 1 October 2007, BNL was merged into BNP Paribas SA.

BNL is Italy's sixth largest bank in terms of deposit and loan volumes. Its network spans across the whole of the country, with 17,000 employees and around 800 branches and outlets located in all major Italian cities.

BNL has some 3 million private individual customers, 39,000 corporate clients, and 16,000 public-sector clients. BNL is particularly active in specialised financing solutions such as factoring and leasing, and also offers consumer credit, asset management services (EUR 26 billion in assets under management), private banking and life insurance solutions.

The cost of BNL's entire share capital held by BNP Paribas SA at the date of the merger amounted to EUR 9,083 million, of which EUR 9,065 million was paid in cash and EUR 18 million was paid in shares.

The BNP Paribas Group restated BNL's balance sheet at 31 March 2006 in order to bring BNL's accounting methods into line with those applied by the BNP Paribas Group and to comply with the purchase accounting rules prescribed by IFRS (see Note 1.b.4, "Business combinations and measurement of goodwill").

These adjustments represented a negative EUR 877 million after the tax impact. They primarily concerned the following:

- the measurement of provisions for credit risk on individual loans and loan portfolios – mainly including the effect of reclassifying loans more than 90 days past due as doubtful – as well as provisions for litigation and contingent liabilities (negative impact of EUR 536 million);
- employee benefit obligations (negative impact of EUR 325 million), primarily relating to contingent liabilities;
- the measurement of property, plant and equipment (EUR 144 million positive impact), the BNL brand (EUR 50 million positive impact) and the application of the Group's rules relating to depreciation/amortisation of assets (EUR 113 million negative impact), representing in all a net positive impact of EUR 81 million;
- the valuation of market transactions in accordance with the rules applicable within the BNP Paribas Group (EUR 112 million negative impact);
- the fair value measurement of loans, securities and other assets, as well as debt, other liabilities and insurance contracts (EUR 40 million positive impact);
- the tax effect of the above adjustments (EUR 293 million net deferred tax asset) and of contingent liabilities (EUR 318 million negative impact, including EUR 260 million recognised in the first half of 2007), representing a net negative impact of EUR 25 million.

As part of the purchase price allocation, the BNL brand was recognised separately from goodwill. It was measured on initial recognition using standard practices in the banking industry for valuing this type of asset and by comparisons with other listed banks of a comparable size. The calculation also took into account the recent changes in BNL brand recognition during the years preceding the acquisition.

BNP Paribas did not recognise an intangible asset for BNL's contractual customer relationships corresponding to account and deposit agreements entered into with customers. In addition, other than business combinations, no transactions were identified in Italy relating to similar assets which could be used as a basis of estimation. In accordance with paragraph 16 of IAS 38, these contractual customer relationships cannot be identified separately from BNL's goodwill as the bank does not have any legal or contractual rights to control the future relationships with its customers, or the loyalty of the customers to the bank. In any event, the value of this asset is not material as the interest rates on the vast majority of the bank's demand deposits do not result in material economic benefits. The economic benefit compared with alternative refinancing in the market is minimal due to the management costs and regulatory restrictions concerning the management of said deposits.

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These adjustments reduced the Group share of BNL's equity at 31 March 2006 by the same amount, and gave rise to residual goodwill of EUR 2,295 million at 5 April 2006, the date BNP Paribas obtained effective control of BNL.

In accordance with the accounting policies described in note 1.c.7, "Own equity instruments and own equity instrument derivatives", the difference between the acquisition cost and the Group's equity in BNL's net assets held by minority shareholders and acquired after the date of acquisition (i.e. between 5 April 2006 and 31 December 2006) was recorded as a deduction from retained earnings attributable to BNP Paribas shareholders in an amount of EUR 2,224 million at 31 December 2007.

BNP Paribas financed the BNL acquisition by means of (i) a EUR 5,467 million issue of shares with pre-emptive subscription rights for existing shareholders; (ii) a EUR 2,023 million issue of undated super subordinated notes; and (iii) its own funds. Details of these issues are provided in note 8.a, "Changes in share capital and earnings per share".

The table below shows (i) BNL's consolidated balance sheet at 31 March 2006 prepared in accordance with IFRS before taking into account the controlling interest acquired by the Group in its capital; and (ii) BNL's Balance sheet at the same date after adjustments recorded to comply with applicable rules on business combinations as prescribed by IFRS and with BNP Paribas Group accounting policies.

In millions of euros	31 March 2006 After acquisition-related adjustments	31 March 2006 Prior to acquisition
ASSETS		
Financial assets at fair value through profit or loss	7,730	7,541
Available-for-sale financial assets	1,160	1,157
Loans and receivables due from credit institutions	8,705	8,705
Loans and receivables due from customers	63,860	63,763
Property, plant & equipment and intangible assets	2,682	2,600
Non-current assets held for sale	-	850
Other assets	5,318	4,284
TOTAL ASSETS	**89,455**	**88,900**
LIABILITIES		
Financial liabilities at fair value through profit or loss	8,303	8,007
Due to credit institutions	10,549	10,549
Due to customers	37,085	37,100
Debt securities	20,509	20,199
Non-current liabilities held for sale	-	784
Other liabilities	8,534	6,909
TOTAL LIABILITIES	**84,980**	**83,548**
CONSOLIDATED EQUITY		
Shareholders' equity	4,434	5,311
Minority interests	41	41
TOTAL CONSOLIDATED EQUITY	**4,475**	**5,352**
TOTAL LIABILITIES AND EQUITY	**89,455**	**88,900**

The BNL sub-group has been fully consolidated as from the acquisition date. For the last three quarters of 2006 BNL contributed EUR 294 million to the BNP Paribas Group's net income and EUR 248 million to net income attributable to equity holders.

If the acquisition had taken place on 1 January 2006, the BNL sub-group would have contributed EUR 3,036 million to net banking income and EUR 395 million to net income for the full year. This acquisition led to a net cash outflow of EUR 11,490 million for the BNP Paribas Group in 2006.

The Extraordinary General Meeting of BNP Paribas SA shareholders on 15 May 2007 approved BNL's merger into the Group, to be carried out by BNL transferring to BNP Paribas all of its assets in return for BNP Paribas assuming all of BNL's liabilities (twelfth resolution). This transaction was completed on 1 October 2007, and involved a link-up between the branches owned by BNL outside Italy and any BNP Paribas branches located in these countries. In the United States, the Group obtained an agreement in principle from the US tax authorities allowing the transaction to benefit from tax neutrality. Under the agreement, BNP Paribas may allocate tax losses carried forward by BNL New York against future taxable profits of its New York branch. In view of the conditions set out in the agreement and the US tax rules governing utilizations of loss carryforwards resulting from a merger and change in control, the Group recognised EUR 124 million in tax assets.

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Acquisition of UkrSibbank (IRFS)

On 14 April 2006, BNP Paribas acquired 51% of UkrSibbank. Existing shareholders of UkrSibbank signed a long-term agreement with BNP Paribas and will retain a 49% interest in the Ukrainian entity.

UkrSibbank offers a wide range of services in the retail, corporate and investment banking arenas. At the acquisition date it was Ukraine's fifth-largest bank in terms of assets and had a network of 830 branches and outlets, employing close to 9,500 people.

The UkrSibbank Group's assets and liabilities – which were recognised at fair value at the acquisition date – primarily comprised customer loans amounting to EUR 1,423 million and customer deposits representing EUR 929 million.

Goodwill representing the local currency equivalent of EUR 201 million at 31 December 2006 was recorded on the consolidation of the UkrSibbank Group.

UkrSibbank has been consolidated since the acquisition date and its contribution to the BNP Paribas Group's net income for 2006 was not material. This acquisition led to a net cash outflow of EUR 161 million for the BNP Paribas Group in 2006.

8.d RELATED PARTIES

Related parties of the BNP Paribas Group comprise consolidated companies (including entities consolidated under the equity method), entities managing post-employment benefit plans offered to Group employees (except for multi-employer and multi-industry schemes), and key management personnel of the BNP Paribas Group.

Transactions between the BNP Paribas Group and related parties are carried out on an arm's length basis.

8.d.1 Relations between consolidated companies

A list of companies consolidated by BNP Paribas is provided in Note 8.b "Scope of consolidation". As transactions and period-end balances between fully-consolidated entities are eliminated in full on consolidation, the tables below only show figures relating to transactions and balances with (i) companies over which BNP Paribas exercises joint control (accounted for by the proportionate consolidation method), showing only the proportion not eliminated on consolidation, and (ii) companies over which BNP Paribas exercises significant influence (accounted for by the equity method).

➤ RELATED-PARTY BALANCE SHEET ITEMS

	31 December 2007		31 December 2006	
In millions of euros	Consolidated entities under the proportionate method	Consolidated entities under the equity method	Consolidated entities under the proportionate method	Consolidated entities under the equity method
ASSETS				
Loans, advances and securities				
Demand accounts	12	-	4	4
Loans	7,132	1,268	3,955	1,008
Securities	54	-	54	-
Finance leases	-	-	-	-
Other assets	8	13	1	10
TOTAL	**7,206**	**1,281**	**4,014**	**1,022**
LIABILITIES				
Deposits				
Demand accounts	44	412	4	202
Other borrowings	12	217	-	2
Debt securities	8	293	12	-
Other liabilities	30	77	-	40
TOTAL	**94**	**999**	**16**	**244**
FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS				
Financing commitments given	84	3	10	37
Guarantee commitments given	12	1	10	1
TOTAL	**96**	**4**	**20**	**38**

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Within the scope of its International Retail banking and Financial Services business, the Group also carries out trading transactions with related parties involving derivatives (swaps, options and forwards) and financial instruments (equities, bonds etc.). These transactions are carried out on an arm's length basis.

➤ RELATED-PARTY PROFIT AND LOSS ITEMS

	Year to 31 Dec 2007		Year to 31 Dec 2006	
In millions of euros	Consolidated entities under the proportionate method	Consolidated entities under the equity method	Consolidated entities under the proportionate method	Consolidated entities under the equity method
Interest income	236	40	115	43
Interest expense	(2)	(24)	(1)	(1)
Commission income	22	21	3	21
Commission expense	(6)	(53)	(26)	(38)
Services provided	2	117	1	29
Services received	-	(308)	-	(255)
Lease income	2	-	2	-
TOTAL	**254**	**(207)**	**94**	**(201)**

8.d.2 Entities managing post-employment benefit plans offered to Group employees

The main post-employment benefits of the BNP Paribas Group are retirement bonus plans, and top-up defined-benefit and defined-contribution pension plans.

In France, some of these benefits are paid by the BNP and Paribas pension funds *(Caisses de retraite)* and the BNP welfare benefit fund *(Caisse de Prévoyance)*. As from 1 January 2006, the obligations concerning pension benefits paid by the BNP pension fund have been assumed in full by BNP Paribas SA. The BNP pension fund was liquidated in the first half of 2007. Furthermore, over the six months to 30 June 2007, all of the pension benefits provided by the Paribas pension fund as well as the provisions for retirement bonuses existing within the BNP welfare benefit fund were transferred to an external insurance company.

In other countries, post-employment benefit plans are generally managed by independent fund managers or independent insurance companies, and occasionally by Group companies (in particular BNP Paribas Asset Management, BNP Paribas Assurance, Bank of the West and First Hawaiian Bank). In Switzerland, a dedicated foundation manages benefit plans for BNP Paribas Switzerland's employees.

At 31 December 2006, the value of plan assets managed by Group companies was EUR 991 million (EUR 1,174 million at 31 December 2006). Amounts received relating to services provided by Group companies in the year to 31 December 2007 totalled EUR 1.1 million, and mainly comprised management and custody fees (2006: EUR 1.4 million).

At 31 December 2007, the BNP and Paribas pension funds and the BNP welfare benefit fund showed a credit balance of EUR 44,040 in the Group's accounting books (compared with a credit balance of EUR 216,767 at 31 December 2006).

8.d.3 Relations with key management personnel

Remuneration and benefits awarded to the Group's corporate officers

Remuneration and benefits policy relating to the Group's corporate officers

Remuneration paid to the Group's corporate officers

- The remuneration paid to the Group's corporate officers is determined by the method recommended by the Compensation Committee and approved by the Board of Directors.
- This remuneration comprises both a fixed and a variable component, the levels of which are determined using market benchmarks established by firms specialised in surveys of executive remuneration in the European banking sector.
- The variable component is determined by reference to a basic bonus which is calculated as a proportion of the officer's fixed remuneration and varies in line with Group performance criteria as well as the attainment of personal objectives.
- Group performance criteria account for 70% of the basic bonus and comprise parameters including earnings per share, core business pre-tax net income, and the fulfilment of gross operating income targets at consolidated and core business level.
- Personnel objective-based criteria concern managerial performance as assessed by the Board of Directors. The Board's assessment is made in view of the foresight, decision-making and leadership skills shown by the officer in implementing the Group's strategy and preparing its future. These criteria are clearly defined and account for 30% of the basic bonus.
- The variable component of corporate officers' remuneration is capped at a level set in proportion to the basic remuneration, and since 2005 has been paid in full during the following year.
- The Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officers do not receive any remuneration from Group companies except BNP Paribas SA.

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Post-employment benefits

Compensation on termination of office

Corporate officers are not entitled to any contractual compensation on termination of office.

Retirement bonuses

Michel Pébereau is not entitled to a retirement bonus. Baudouin Prot (Chief Executive Officer), Georges Chodron de Courcel and Jean Clamon (Chief Operating Officers) are entitled under their employment contracts to the standard retirement bonus benefits awarded to all BNP Paribas employees. Under this standard scheme, employees receive a bonus on retirement from the Group of up to 11.66 months' basic salary, depending on their initial contractual position and length of service at their retirement date.

Pension plans

- The defined benefit plans previously granted to executive managers of the Group who were formerly employed by BNP, Paribas or Compagnie Bancaire have all been converted into top-up type plans. The amounts allocated to the beneficiaries were fixed when the previous schemes were closed to new entrants.
- A similar procedure was applied to Michel Pébereau (Chairman of the Board of Directors), Baudouin Prot (Chief Executive Officer), and to Georges Chodron de Courcel and Jean Clamon (Chief Operating Officers). Pursuant to articles L. 137.11 and R. 137.16 of the French Social Security Code, these four corporate officers now belong to a contingent collective top-up pension plan. Under this plan, their pensions will be calculated (subject to their still being part of the Group on retirement) on the basis of the fixed and variable remuneration received in 1999 and 2000, with no possibility of acquiring any subsequent rights.
- The amount of retirement benefits, including the pensions paid out by the general French Social Security scheme and the ARRCO and AGIRC top-up schemes, plus any additional banking industry pension arising from the industry-wide agreement that took effect on 1 January 1994 and pension rights acquired as a result of payments by the employer into top-up funded schemes, is capped at 50% of the above-mentioned remuneration amounts.
- These retirement benefits will be revalued from 1 January 2002 until their actual payment date, based on the average annual rate of increase in pension benefits paid by the French Social Security, ARRCO and AGIRC schemes. On payment of the benefits, the top-up pensions will be equal to the differential between these revalued amounts and the pension benefits provided by the above-mentioned general and top-up schemes. Once the amount of these top-up benefits has been finally determined, the benefit will then be indexed to the growth rate in the benefit value per point under the AGIRC scheme.
- These obligations were covered by provisions recorded by BNP or Paribas as appropriate. The amount of these provisions was adjusted when the legacy plans were closed and the obligations transferred to an external insurance company.
- The Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officers belong to the defined-contribution pension plan set up for all BNP Paribas SA employees, in accordance with article 83 of the French General Tax Code.

Welfare benefit plans

- The Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officers are entitled to the same flexible welfare benefits (death and disability cover) as all BNP Paribas SA employees.
- They are also entitled to the same benefits under the *Garantie Vie Professionnelle Accidents* death/disability cover plan as all BNP Paribas SA employees, and to the supplementary plan set up for members of the Group Executive Committee, which pays out additional capital of EUR 1.08 million in the event of work-related death or total and permanent disability.
- If Baudouin Prot, Georges Chodron de Courcel or Jean Clamon die before the age of 60, their heirs will receive compensation under an insurance policy. The premium applicable under this policy is paid by the Group and treated in accordance with the social security rules applicable to employers' contributions to top-up welfare schemes in France.

Amount of remuneration and benefits awarded to the Group's corporate officers

- The tables below show (i) gross remuneration payable to the Group's corporate officers for the year to 31 December 2007, including benefits in kind and directors' fees; and (ii) gross remuneration paid in 2007, including benefits in kind and directors' fees.

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REMUNERATION PAYABLE TO THE GROUP'S CORPORATE OFFICERS FOR 2007

Remuneration payable for 2007	Remuneration				
In euros	Fixed [1]	Variable [2]	Directors' fees [3]	Benefits in kind [4]	TOTAL Remuneration
Michel Pébereau Chairman of the Board of Directors					
2007	*700,000*	*875,000*	*29,728*	*2,490*	*1,607,218*
(2006)	*(700,000)*	*(1,051,070)*	*(29,728)*	*(4,609)*	*(1,785,407)*
Baudouin Prot Chief Executive Officer					
2007	*900,000*	*2,272,608*	*142,278*	*5,362*	*3,320,248*
(2006)	*(883,333)*	*(2,324,348)*	*(129,551)*	*(5,227)*	*(3,342,459)*
Georges Chodron de Courcel Chief Operating Officer					
2007	*545,833*	*1,772,120*	*147,977*	*4,271*	*2,470,201*
(2006)	*(500,000)*	*(1,631,593)*	*(125,189)*	*(4,274)*	*(2,261,056)*
Jean Clamon Chief Operating Officer					
2007	*460,000*	*702,255*	*139,690*	*4,703*	*1,306,648*
(2006)	*(460,000)*	*(796,130)*	*(130,637)*	*(4,703)*	*(1,391,470)*
Total remuneration payable to the Group's corporate officers for 2007					*8,704,315*
(for 2006)					*(8,780,392)*

(1) *Remuneration actually paid in 2007.*

(2) *Variable remuneration payable for 2006 and 2007, paid the following year. The amount due to Michel Pébereau in respect of 2007 has been capped in accordance with the provisions on restrictions placed on the variable remuneration payable to corporate officers.*

(3) *The Chairman of the Board of Directors and the Chief Executive Officer do not receive directors' fees from any Group companies other than from BNP Paribas SA, and from Erbé and BNL in the case of the Chief Executive Officer. Directors' fees received in 2007 by the Chief Executive Officer from Erbé and BNL will be deducted from the variable remuneration paid to him in 2008.*
Georges Chodron de Courcel receives fees in his capacity as a director of BNP Paribas Suisse, BNL and Erbé. Jean Clamon receives fees in his capacity as a director of Cetelem, BNP Paribas Lease Group, Paribas International, Erbé, CNP and BNL. The fees received by Georges Chodron de Courcel and Jean Clamon in their capacity as directors of these companies will be deducted from the variable remuneration paid to them in 2008.

(4) *The Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officers each have a company car and a mobile telephone.*

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REMUNERATION PAID TO THE GROUP'S CORPORATE OFFICERS IN 2007

Remuneration paid in 2007	Remuneration					
In euros	Fixed	Variable	Deferred [1]	Directors' fees	Benefits in kind	TOTAL Remuneration [5]
Michel Pébereau Chairman of the Board of Directors						
2007	*700,000*	*1,051,070*	*247,940*	*29,728*	*2,490*	*2,031,228*
(2006)	*(700,000)*	*(1,081,601)*	*(385,414)*	*(29,728)*	*(4,609)*	*(2,201,352)*
Baudouin Prot Chief Executive Officer						
2007 [2]	*900,000*	*2,233,999*	*277,830*	*143,418*	*5,362*	*3,560,609*
(2006)	*(883,333)*	*(1,817,599)*	*(325,940)*	*(120,078)*	*(5,227)*	*(3,152,177)*
Georges Chodron de Courcel Chief Operating Officer						
2007 [3]	*545,833*	*1,519,045*	*249,030*	*149,117*	*4,271*	*2,467,296*
(2006)	*(500,000)*	*(1,316,247)*	*(323,920)*	*(112,548)*	*(4,274)*	*(2,256,989)*
Jean Clamon Chief Operating Officer						
2007 [4]	*460,000*	*704,122*	*89,030*	*172,393*	*4,703*	*1,430,248*
(2006)	*(460,000)*	*(567,370)*	*(120,130)*	*(92,008)*	*(4,703)*	*(1,244,211)*
Total remuneration payable to the Group's corporate officers for 2007						*9,489,381*
(for 2006)						*(8,854,729)*

[1] Corresponding to the transfer of the final third of the deferred bonus awarded in 2003 in the form of BNP Paribas shares and to the second third of the 2004 deferred bonus in cash.

[2] Baudoin Prot's variable remuneration in respect of 2006 paid in 2007 was reduced by EUR 90,349, corresponding to directors' fees received in 2006.

[3] Georges Chodron de Courcel's variable remuneration in respect of 2006 paid in 2007, was reduced by EUR 112,548 corresponding to directors' fees received in 2006.

[4] Jean Clamon's variable remuneration in respect of 2006 paid in 2007, was reduced by EUR 92,008, corresponding to directors' fees received in 2006.

[5] The average payroll tax rate on this remuneration was 31.6% in 2007 (30.7% in 2006).

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BENEFITS AWARDED TO THE GROUP'S CORPORATE OFFICERS

Benefits awarded to the Group's corporate officers	2007	2006
Post-employment benefits		
Retirement bonuses		
Present value of the benefit obligation	*524,901 €*	*499,556 €*
Contingent collective defined-benefit top-up pension plan		
Total present value of the benefit obligation	*30,5 M€*	*30,9 M€*
Defined contribution pension plan		
Contributions paid by the company during the year	*1,416 €*	*1,367 €*
Welfare benefits		
Flexible personal risk plan		
Premiums paid by the company during the year	*10,312 €*	*9,954 €*
Garantie Vie Professionnelle Accidents death/disability cover plan		
Premiums paid by the company during the year	*9,365 €*	*9,366 €*
Supplementary personal risk plan		
Premiums paid by the company during the year	*229,924 €*	*224,219 €*

Stock subscription option plans

Under the authorisation granted by the Extraordinary General Meeting of 18 May 2005, BNP Paribas set up a Global Share-based Incentive Plan, which combines stock options with share awards. The provisions of this plan were approved by the Board of Directors and apply in full to the corporate officers.

In principle, the Board of Directors grants stock options to the Group's corporate officers on an annual basis. The options do not carry a discount. The plans are subject to vesting conditions under which a portion of the options granted is conditional upon the performance of the BNP Paribas share relative to the Euro Stoxx Bank index. This relative performance is measured at the end of the second, third and fourth years of the compulsory holding period. Depending on the results of this measurement, the exercise price of the portion of the options subject to this performance-related condition may be increased or their exercise may be deemed null and void.

Stock options are granted to corporate officers as a long-term incentive, in accordance with shareholders' interests. The number of options granted to corporate officers is determined by the Board of Directors using market benchmarks established by firms specialised in surveys of executive remuneration in the European banking sector.

Corporate officers are not entitled to share awards.

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The table below shows the number and the valuation of stock subscription options granted to and/or exercised by the Group's corporate officers in 2007.

Stock subscription options granted to and/or exercised by the Group's corporate officers	Number of options granted/ exercised	Exercise price (in euros)	Grant date	Plan expiry date	Individual allocation valuation		
					in euros [(1)]	as a % of the recognised expense [(2)]	as a % of share capital
OPTIONS GRANTED IN 2007							
Michel Pébereau	50,000	82.70	03/08/2007	03/06/2015	703,450	0.600%	0.005%
Baudouin Prot	170,000	82.70	03/08/2007	03/06/2015	2,403,420	2.100%	0.018%
Georges Chodron de Courcel	90,000	82.70	03/08/2007	03/06/2015	1,266,210	1.100%	0.010%
Jean Clamon	65,000	82.70	03/08/2007	03/06/2015	914,485	0.800%	0.007%
Aggregate					**5,287,565**	**4.600%**	**0.040%**
OPTIONS EXERCISED IN 2007							
Michel Pébereau	60,000	36.95	05/13/1998	05/13/2008			
Baudouin Prot	40,000	36.95	05/13/1998	05/13/2008			
Baudouin Prot	36,000	18.29	05/22/1997	05/22/2007			
Baudouin Prot	14,438	18.29	05/22/1997	05/22/2007			
Georges Chodron de Courcel	56,000	36.78	03/21/2003	03/20/2013			
Georges Chodron de Courcel	8,069	38.62	03/21/2003	03/20/2013			
Georges Chodron de Courcel	8,069	38.62	03/21/2003	03/20/2013			
Jean Clamon	1,266	48.57	05/15/2001	05/14/2011			
Jean Clamon	15,000	48.57	05/15/2001	05/14/2011			
OPTIONS GRANTED IN 2006							
Michel Pébereau	100,000	75.25	04/05/2006	04/04/2014	1,496,100	1.600%	0.011%
Baudouin Prot	180,000	75.25	04/05/2006	04/04/2014	2,692,980	2.800%	0.019%
Georges Chodron de Courcel	90,000	75.25	04/05/2006	04/04/2014	1,346,490	1.400%	0.010%
Jean Clamon	65,000	75.25	04/05/2006	04/04/2014	972,465	1.000%	0.007%
Aggregate					**6,508,035**	**6.800%**	**0.047%**
OPTIONS EXERCISED IN 2006							
Michel Pébereau	20,000	18.45	05/22/1997	05/22/2007			
Michel Pébereau	30,263	18.29	05/22/1997	05/22/2007			
Georges Chodron de Courcel	5,000	37.64	05/03/1999	05/03/2009			
Georges Chodron de Courcel	80,710	48.57	05/15/2001	05/14/2011			
Jean Clamon	60,523	44.77	12/22/1999	12/22/2009			
Jean Clamon	70,623	20.23	11/17/1998	11/17/2006			

(1) *The stock options granted in 2007 which were not subject to performance conditions have been valued for accounting purposes at EUR 14.57 each (EUR 15.36 in 2006).*
The stock options granted in 2007 which were subject to performance conditions have been valued for accounting purposes at EUR 12.90 each (EUR 14.03 in 2006)

(2) *% of the expense recognised for the Global Share-based Incentive Plan, which combines stock options with share awards.*

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The table below shows the number of outstanding options held by the Group's corporate officers at 31 December 2007.

Originating company	BNP	BNP	BNP Paribas	BNP Paribas	BNP Paribas	BNP Paribas	BNP Paribas
Date of grant	05/13/1998	12/22/1999	05/15/2001	03/21/2003	03/25/2005	04/05/2006	03/08/2007
Number of options outstanding at end-2007	91,698	353,050	407,454	492,738	353,081	435,000	375,000

Compulsory share ownership – Holding period for shares received on exercise of stock options

As from 1 January 2007, the Group's corporate officers are required to own a minimum number of shares for the duration of their term of office, calculated based on both the opening BNP Paribas share price and their fixed remuneration at 2 January 2007. The number of shares must correspond to seven years' fixed remuneration for Michel Pébereau (58,700 shares) and Baudouin Prot (75,500 shares) and five years' fixed remuneration for Georges Chodron de Courcel (30,000 shares) and Jean Clamon (27,600 shares). This obligation must be complied with by 13 February 2010 at the latest.

The Chairman of the Board of Directors, Chief Executive Officer and Chief Operating Officers are also required to hold a quantity of shares issued following the exercise of stock options for the duration of their term of office. This holding requirement represents 50% of the net gain realised on the purchase of shares under options granted as from 1 January 2007, and will be considered as satisfied once the threshold defined for compulsory share ownership has been reached based on shares resulting from the exercise of options as of said date.

Remuneration and benefits awarded to employee-elected directors

Total remuneration paid in 2007 to employee-elected directors – calculated based on their actual attendance – amounted to EUR 81,045 in 2007 (EUR 89,942 in 2006), excluding directors' fees. The total amount of directors' fees paid in 2007 to employee-elected directors was EUR 69,103 (EUR 76,551 in 2006). These sums were paid directly to the trade union bodies of the directors concerned.

Employee-elected directors are entitled to the same death/disability cover and the same *Garantie Vie Professionnelle Accidents* benefits as all BNP Paribas SA employees. The total amount of premiums paid into these schemes by BNP Paribas in 2007 on behalf of the employee-elected directors was EUR 1,026 (EUR 989 in 2006).

The employee-elected directors belong to the defined-contribution plan set up for all BNP Paribas SA employees, in accordance with article 83 of the French General Tax Code. The total amount of contributions paid into this plan by BNP Paribas in 2007 on behalf of the employee-elected directors was EUR 649 (EUR 639 in 2006). Employee-elected directors are also entitled to top-up banking industry pensions under the industry-wide agreement that took effect on 1 January 1994.

Loans, advances and guarantees granted to the Group's corporate officers

At 31 December 2007, total outstanding loans granted directly or indirectly to the Group's corporate officers amounted to EUR 6,340,882 (EUR 4,095,895 at 31 December 2006).

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8.e BALANCE SHEET BY MATURITY

The table below gives a breakdown of the balance sheet by contractual maturity. The maturities of financial assets and liabilities measured at fair value through profit or loss within the trading portfolio are regarded as undetermined insofar as these instruments are intended to be sold or redeemed before their contractual maturity dates. The maturities of variable-income financial assets classified as available for sale, derivative hedging instruments, remeasurement adjustments on interest-rate risk hedged portfolios and undated subordinated debt are also deemed to be undetermined. Since the majority of technical reserves of insurance companies are considered as demand deposits, they are not presented in this table.

In millions of euros, at 31 December 2007	Not determined	Overnight or demand	Up to 1 month (excl. overnight)	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	TOTAL
Cash and amounts due from central banks and post office banks		18,542						18,542
Financial assets at fair value through profit or loss	931,706							931,706
Derivatives used for hedging purposes	2,154							2,154
Available-for-sale financial assets	21,869		2,971	5,034	9,611	21,558	51,551	112,594
Loans and receivables due from credit institutions		20,636	16,222	12,656	5,323	8,871	7,408	71,116
Loans and receivables due from customers		36,679	44,959	32,278	57,154	144,893	129,140	445,103
Remeasurement adjustment on interest-rate risk hedged portfolios	(264)							(264)
Held-to-maturity financial assets			4	513	625	1,450	12,216	14,808
FINANCIAL ASSETS BY MATURITY	**955,465**	**75,857**	**64,156**	**50,481**	**72,713**	**176,772**	**200,315**	**1,595,759**
Due to central banks and post office banks		1,724						1,724
Financial liabilities at fair value through profit or loss	722,099		1,704	2,718	17,399	32,295	19,910	796,125
Derivatives used for hedging purposes	1,261							1,261
Due to credit institutions		23,210	75,262	36,816	11,706	14,249	8,939	170,182
Due to customers		199,009	96,352	36,984	9,858	2,484	2,017	346,704
Debt securities			37,632	39,169	27,606	23,442	13,207	141,056
Subordinated debt	1,226		15	534	862	3,416	12,588	18,641
Remeasurement adjustment on interest-rate risk hedged portfolios	20							20
FINANCIAL LIABILITIES BY MATURITY	**724,606**	**223,943**	**210,965**	**116,221**	**67,431**	**75,886**	**56,661**	**1,475,713**

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In millions of euros, at 31 December 2006	Not determined	Overnight or demand	Up to 1 month (excl. overnight)	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	TOTAL
Cash and amounts due from central banks and post office banks		9,642						9,642
Financial assets at fair value through profit or loss	744,858							744,858
Derivatives used for hedging purposes	2,803							2,803
Available-for-sale financial assets	18,706		5,665	6,983	10,587	15,128	39,670	96,739
Loans and receivables due from credit institutions		18,498	25,527	12,437	4,598	4,726	9,384	75,170
Loans and receivables due from customers		30,245	35,535	36,572	49,738	129,113	111,930	393,133
Remeasurement adjustment on interest-rate risk hedged portfolios	(295)							(295)
Held-to-maturity financial assets			7	505	353	788	13,496	15,149
FINANCIAL ASSETS BY MATURITY	**766,072**	**58,385**	**66,734**	**56,497**	**65,276**	**149,755**	**174,480**	**1,337,199**
Due to central banks and post office banks		939						939
Financial liabilities at fair value through profit or loss	597,990		636	2,406	8,523	25,381	18,392	653,328
Derivatives used for hedging purposes	1,335							1,335
Due to credit institutions		23,950	63,049	25,324	14,102	11,802	5,423	143,650
Due to customers		175,874	76,265	26,725	9,115	2,895	7,778	298,652
Debt securities			28,771	21,680	25,971	20,892	24,245	121,559
Subordinated debt	1,558		968	320	773	2,159	12,182	17,960
Remeasurement adjustment on interest-rate risk hedged portfolios	367							367
FINANCIAL LIABILITIES BY MATURITY	**601,250**	**200,763**	**169,689**	**76,455**	**58,484**	**63,129**	**68,020**	**1,237,790**

8.f FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTISED COST

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

- These fair values are an estimate of the value of the relevant instruments as of 31 December 2007. They are liable to fluctuate from day to day as a result of changes in various parameters, such as interest rates and credit quality of the counterparty. In particular, they may differ significantly from the amounts actually received or paid on maturity of the instrument. In most cases, the fair value is not intended to be realised immediately, and in practice might not be realised immediately. Consequently, this fair value does not reflect the actual value of the instrument to BNP Paribas as a going concern.
- Most of these fair values are not meaningful, and hence are not taken into account in the management of the commercial banking activities which use these instruments.
- Estimating a fair value for financial instruments carried at historical cost often requires the use of modelling techniques, hypotheses and assumptions that may vary from bank to bank. This means that comparisons between the fair values of financial instruments carried at historical cost as disclosed by different banks may not be meaningful.
- The fair values shown below do not include the fair values of non-financial instruments such as property, plant and equipment, goodwill and other intangible assets such as the value attributed to demand deposit portfolios or customer relationships. Consequently, these fair values should not be regarded as the actual contribution of the instruments concerned to the overall valuation of the BNP Paribas Group.

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In millions of euros	31 December 2007		31 December 2006	
	Carrying value [1]	Estimated fair value	Carrying value [1]	Estimated fair value
FINANCIAL ASSETS				
Loans and receivables due from credit institutions	71,116	70,846	75,170	75,439
Loans and receivables due from customers	445,103	441,939	393,133	392,600
Held-to-maturity financial assets	14,808	15,083	15,149	15,628
FINANCIAL LIABILITIES				
Due to credit institutions	170,182	169,919	143,650	143,906
Due to customers	346,704	346,645	298,652	298,678
Debt securities	141,056	140,495	121,559	121,429
Subordinated debt	18,641	18,100	17,960	18,127

(1) The carrying amount does not include the remeasurement of portfolios of financial instruments in fair value hedging relationships. At 31 December 2007, this is included within "Remeasurement adjustment on interest-rate risk hedged portfolios" under assets in a negative amount of EUR 264 million, and under liabilities for a positive amount of EUR 20 million (respectively, a negative amount of EUR 295 million and a positive amount of EUR 367 million at 31 December 2006).

The fair values shown above relate solely to financial instruments recognised in the balance sheet, and hence do not include non-financial assets and liabilities.

The fair value of a financial instrument is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The valuation techniques and assumptions used by BNP Paribas ensure that the fair value of financial assets and liabilities is measured on a consistent basis throughout the Group. Fair value is based on prices quoted in an active market when these are available. In other cases, fair value is determined using valuation techniques such as discounting of estimated future cash flows for loans, liabilities and held-to-maturity financial assets, or specific valuation models for other financial instruments as described in Note 1, "Principal accounting policies applied by the BNP Paribas Group". In the case of loans, liabilities and held-to-maturity financial assets that have an initial maturity of less than one year (including demand deposits) or are granted on floating-rate terms, fair value equates to carrying amount. The same applies to most regulated savings products.

In 2006, the valuation techniques implemented to comply with IFRS disclosure requirements and to measure the financial instruments comprising the banking intermediation book are based on assumption of stable credit spreads. In 2007, the change in market conditions over the year revealed a widening of spreads on bank financing and investment activities from approximately 10 basis points for clients having the three highest ratings in the bank's internal rating system to approximately 200 basis points for clients having the lowest rating. These observed changes were taken into account in the fair value estimated for financial assets at 31 December 2007. Debt securities with residual maturities of more than one year were measured assuming a widening in the Bank's spread of approximately 10 basis points, which is consistent with the change in spread taken into account in the measurement of the debt at fair value through profit and loss; in the case of subordinated debt, the widening in the Bank's spread taken into account in the valuation was approximately 60 basis points.

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5.6 Statutory Auditors' report on the consolidated financial statements

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Year ended 31 December 2007

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars & Guérard
185, avenue Charles de Gaulle	63, rue de Villiers	61, rue Henri Regnault
92524 Neuilly-sur-Seine Cedex	92208 Neuilly-sur-Seine Cedex	92400 Courbevoie

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

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

BNP Paribas
16, boulevard des Italiens
75009 Paris

To the Shareholders,

Following our appointment as Statutory Auditors by your General Shareholders' Meeting, we have audited the accompanying consolidated financial statements of BNP Paribas for the year ended 31 December 2007.

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

Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities and financial position of the Group at 31 December 2007, and of the results of its operations for the year then ended in accordance with IFRSs as adopted by the European Union.

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Justification of our assessments

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

For all companies carrying out banking activities, significant accounting estimates are required for provisioning credit risk, and for determining the fair value of financial instruments:

- BNP Paribas records impairments to cover the credit risks inherent to its business (notes 1 and 4.a to the consolidated financial statements). We examined the control procedures applicable to monitoring credit risks, impairment testing methods and determining the related individual and portfolio-based impairment losses;
- BNP Paribas uses internal models and methodologies to value its positions on financial instruments which are not traded on active markets, as well as to determine certain provisions and assess whether hedging designations are appropriate. We examined the control procedures applicable to verifying these models and determining the parameters used.

Note 4.f to the consolidated financial statements describes BNP Paribas' exposure to the impacts of the subprime crisis and the value adjustments and impairments resulting from the assessments and valuations carried out as of 31 December 2007. We have reviewed the methods used by BNP Paribas to identify these exposures and the control procedures implemented in relation to their valuation, as well as the appropriateness of the disclosures in the above-mentioned note.

BNP Paribas raises provisions to cover its employee benefit obligations (notes 1 and 7.b to the consolidated financial statements). We examined the method adopted to measure these obligations, as well as the assumptions and parameters used.

We assessed whether these estimates were reasonable.

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

Specific verification

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

Neuilly-sur-Seine and Courbevoie, 13 March 2008

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars & Guérard
Pascal Colin	Étienne Boris	Hervé Hélias

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6 INFORMATION ON THE PARENT COMPANY FINANCIAL STATEMENTS

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6.1 BNP Paribas SA results and balance sheet

The financial statements of BNP Paribas SA have been prepared in accordance with French generally accepted accounting principles, as set out in the standards issued by the French accounting standards setter (*Comité de la réglementation comptable*, CRC).

SIMPLIFIED PROFIT AND LOSS ACCOUNT

In millions of euros	2007	2006	2007/2006 change
Net banking income	**9,785**	**10,778**	**-9.2%**
Operating expenses and depreciation	(7,598)	(7,285)	+4.3%
Gross operating income	**2,187**	**3,493**	**-37.4%**
Net additions to provisions for credit and country risks	(453)	55	nm
Operating income	**1,734**	**3,548**	**-51.1%**
Gains or losses on disposals of long-term investments	2,557	1,885	+35.6%
Corporate income tax	285	(45)	nm
Net additions to regulated provisions	(44)	(13)	nm
NET INCOME	**4,532**	**5,375**	**-15.7%**

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BNP PARIBAS SA BALANCE SHEET

ASSETS

In millions of euros, at 31 December	2007	2006
Cash and amounts due from central banks and post office banks	8,616	5,355
Treasury bills and money-market instruments	119,575	120,207
Due from credit institutions	387,315	309,001
Customer items	350,728	279,489
Bonds and other fixed-income instruments	90,579	84,772
Equities and other variable-income securities	19,265	10,537
Investments in non-consolidated undertakings and equity securities held for long-term investment	5,679	6,441
Other participating interests	41,172	40,543
Leasing receivables	50	48
Intangible assets	5,187	757
Tangible assets	2,240	2,382
Treasury shares	331	1,178
Other assets	151,312	115,078
Accrued income	76,808	48,293
TOTAL ASSETS	**1,258,857**	**1,024,081**

Commitments given	2007	2006
Financing commitments given	182,177	176,891
Guarantees and endorsements given	182,587	117,711
Commitments given on securities	529	1,909

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LIABILITIES AND SHAREHOLDERS' EQUITY

In millions of euros, at 31 December	2007	2006
Due to central banks and post office banks	285	837
Due to credit institutions	459,441	359,506
Customer items	255,753	206,008
Debt securities	151,899	128,340
Other liabilities	251,910	219,242
Accrued expenses	74,706	48,242
Provisions for contingencies and charges	2,957	2,957
Subordinated debt	25,450	22,529
Shareholders' equity	31,924	31,045
Share capital	*1,811*	*1,861*
Additional paid-in capital	*8,477*	*10,238*
Retained earnings	*21,636*	*18,946*
Net income for the year	4,532	5,375
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,258,857**	**1,024,081**

Commitments received	2007	2006
Financing commitments received	87,059	56,420
Guarantees and endorsements received	102,917	106,231
Commitments received on securities	247	432

6.2 Appropriation of 2007 income

Total income to be appropriated at the Annual General Meeting of 21 May 2008 amounts to EUR 16,971,373,954.05, including net income for the year of EUR 4,531,812,601.84 and unappropriated retained earnings of EUR 12,439,561,352.21. The Board of Directors recommends that this amount be appropriated as follows:

- EUR 19,544,500.00 to the special investment reserve;
- EUR 3,034,079,740.75 to dividends, representing a payment of EUR 3.35 per share [(1)];
- EUR 13,917,749,713.30 to unappropriated retained earnings.

	Debit		Credit
Appropriations:			
Other reserves	19,544,500.00	Unappropriated retained earnings	12,439,561,352.21
Dividends [(1)]	3,034,079,740.75	Net revenues for the year less general operating expenses, depreciation and amortisation, provisions and other charges	4,531,812,601.84
Unappropriated retained earnings [(1)]	13,917,749,713.30		
TOTAL	**16,971,373,954.05**		**16,971,373,954.05**

[(1)] *Based on the number of shares outstanding at 28 January 2008.*

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6.3 Changes in share capital

	Number of shares	Share capital
At 31 December 2004	**884,700,444**	**1,769,400,888**
Issuance of shares on exercise of stock options [(1)]	518,758	1,037,516
At 25 January 2005	**885,219,202**	**1,770,438,404**
Cancellation of shares	(13,994,568)	(27,989,136)
At 10 May 2005	**871,224,634**	**1,742,449,268**
Issuance of shares on exercise of stock options [(2)]	1,397,501	2,795,002
Employee share issue [(3)]	5,000,000	10,000,000
At 20 July 2005	**877,622,135**	**1,755,244,270**
Cancellation of shares	(39,374,263)	(78,748,526)
At 29 November 2005	**838,247,872**	**1,676,495,744**
At 31 December 2005	**838,247,872**	**1,676,495,744**
Issuance of shares on exercise of stock options [(4)]	1,369,623	2,739,246
At 23 January 2006	**839,617,495**	**1,679,234,990**
Issuance of shares on exercise of stock options [(5)]	971,037	1,942,074
At 27 March 2006	**840,588,532**	**1,681,177,064**
Issuance of shares (capital increase) [(6)]	84,058,853	168,117,706
At 31 March 2006	**924,647,385**	**1,849,294,770**
Issuance of shares (capital increase) [(7)]	945	1,890
At 6 June 2006	**924,648,330**	**1,849,296,660**
Issuance of shares on exercise of stock options [(8)]	1,148,759	2,297,518
Employee share issue [(9)]	4,670,388	9,340,776
At 26 July 2006	**930,467,477**	**1,860,934,954**
Issuance of shares on exercise of stock options [(10)]	2,411,013	4,822,026
At 22 January 2007	**932,878,490**	**1,865,756,980**
Issuance of shares (capital increase) [(11)]	3,820,865	7,641,730
At 20 July 2007	**936,699,355**	**1,873,398,710**
Issuance of shares (capital increase) [(12)]	439,358	878,716
At 1 October 2007	**937,138,713**	**1,874,277,426**
Cancellation of shares	(32,111,135)	(64,222,270)
At 4 October 2007	**905,027,578**	**1,810,055,156**
Issuance of shares (capital increase) [(13)]	232,730	465,460
At 5 October 2007	**905,260,308**	**1,810,520,616**
Issuance of shares (capital increase) [(14)]	435,137	870,274
At 28 January 2008	**905,695,445**	**1,811,390,890**

(1) 518,758 shares carrying rights to the 2004 dividend.
(2) 1,002,504 shares carrying rights to the 2004 dividend and 394,997 shares carrying rights to the 2005 dividend.
(3) The 5,000,000 shares issued in July 2005 carried rights to the 2005 dividend.
(4) 1,369,623 shares carrying rights to the 2005 dividend.
(5) 971,037 shares carrying rights to the 2005 dividend.
(6) 84,058,853 shares carrying rights to the 2006 dividend.
(7) 945 shares carrying rights to the 2006 dividend.
(8) 743,933 shares carrying rights to the 2005 dividend and 404,826 shares carrying rights to the 2006 dividend.
(9) 4,670,388 shares carrying rights to the 2006 dividend.
(10) 2,411,013 shares carrying rights to the 2006 dividend.
(11) 3,236,046 shares carrying rights to the 2006 dividend and 584,819 shares carrying rights to the 2007 dividend.
(12) 439,358 shares carrying rights to the 2007 dividend.
(13) 232,730 shares carrying rights to the 2007 dividend.
(14) 435,137 shares carrying rights to the 2007 dividend.

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Shareholder authorisations to issue shares:

Shareholders' Meeting at which the authorisation was given		Utilisation during 2007
AGM of 18 May 2005 (14th resolution)	*Authorisation to grant stock options to corporate officers and certain employees.*	4,035,845 stock subscription options granted at the Board Meeting of 8 March 2007
AGM of 18 May 2005 (15th resolution)	*Authorisation to grant share awards to employees and corporate officers of BNP Paribas and related companies*	910,308 shares granted free of consideration at the Board Meeting of 8 March 2007
AGM of 23 May 2006 (16th resolution)	*Authorisation to issue shares and share equivalents with pre-emptive rights for existing shareholders*	Not used
AGM of 23 May 2006 (17th resolution)	*Limitation of the issue of shares and share equivalents without pre-emptive subscription rights for existing shareholders*	Not used
AGM of 23 May 2006 (18th resolution)	*Charging against the authorised amount to be issued without pre-emptive subscription rights for which authorisation was granted under the 17th resolution of this AGM, of any share issue carried out by way of consideration for unlisted shares tendered to BNP Paribas within the limit of 10% of the share capital*	Not used
AGM of 23 May 2006 (19th resolution)	*Issuance of shares to be paid up by capitalising income, retained earnings or additional paid-in capital*	Not used
AGM of 23 May 2006 (20th resolution)	*Global limitation on authorisations*	Not used
AGM of 23 May 2006 (21st resolution)	*Amendment of the 14th resolution adopted by the AGM of 18 May 2005: global limitation on authorisations regarding the allocation of stock options and share awards*	Not used
AGM of 23 May 2006 (22nd resolution)	*Authorisation to increase the capital via the issuance of shares reserved for members of the BNP Paribas Group Corporate Savings Plan*	Not used
AGM of 23 May 2006 (24th resolution)	*Approval of the merger of Société Centrale d'Investissements into BNP Paribas*	Issuance of 945 new shares on 6 June 2006 with a par value of EUR 2 each (aggregate par value: EUR 1,890)
AGM of 15 May 2007 (9th resolution)	*Amendment of the 15th resolution of the AGM of 18 May 2005 to promote employee profit-sharing and share ownership, in accordance with the French Act of 30 December 2006 relating to the authorisation to grant share awards to employees and corporate officers of BNP Paribas and related companies*	Not used
AGM of 15 May 2007 (10th resolution)	*Amendment of the 22nd resolution of the AGM of 23 May 2006 to promote employee profit-sharing and share ownership, in accordance with the French Act of 30 December 2006 relating to the authorisation to increase the capital via the issue of shares reserved for members of the BNP Paribas Group Corporate Savings Plan*	Not used
AGM of 15 May 2007 (12th resolution)	*Approval of (i) the proposed merger of BNL into BNP Paribas, (ii) the corresponding increase in the Bank's share capital, (iii) BNP Paribas taking over commitments related to stock options granted by BNL, and (iv) an authorisation to sell all shares corresponding to fractions of shares*	Issuance of 439,358 new shares on 1 October 2007 with a par value of EUR 2 each (aggregate par value: EUR 878,716) Conversion of stock options awarded by BNL into 935,821 new BNP Paribas shares

In connection with share buyback programmes, in 2007 the BNP Paribas Group bought back on the market 25,759,837 shares at an average price of EUR 83.02 per EUR 2 par value share.

At 31 December 2007, the BNP Paribas Group held 8,972,652 shares with a par value of EUR 2 (including 163,462 shares held by a Group subsidiary within the scope of a short trading position), which were acquired at a total cost of EUR 619 million and deducted from shareholders' equity (see note 8.a. to the consolidated financial statements).

At 31 December 2007, 24,648,283 stock subscription options were outstanding under the BNP Paribas Group's stock option plans (see note 7.c. to the consolidated financial statements).

At 31 December 2007, 1,483,630 shares granted free of consideration were outstanding (see note 7.c. to the consolidated financial statements).

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6.4 BNP Paribas SA five-year financial summary

	2003	2004	2005	2006	2007
Capital at year-end					
■ Share capital	1,806,343,230 [(1)]	1,769,400,888 [(2)]	1,676,495,744 [(3)]	1,860,934,954 [(4)]	1,810,520,616 [(5)]
■ Number of common shares issued and outstanding	903,171,615 [(1)]	884,700,444 [(2)]	838,247,872 [(3)]	930,467,477 [(4)]	905,260,308 [(5)]
■ Number of shares to be issued through the exercise of rights	23,734,549	24,359,164	25,388,170	24,474,326	23,712,462
Results of operations for the year					
■ Total revenues, excluding VAT	24,361,520,679	25,095,074,515	29,994,235,964	37,957,100,940	47,028,280,284
■ Income before tax, non-recurring items, profit-sharing, depreciation, amortisation and provisions	4,042,278,418	4,037,415,805	3,679,619,779	5,172,323,530	5,413,275,719
■ Income taxes	(11,461,665)	(714,643,630)	298,950,458	(44,806,968)	284,877,973
■ Profit-sharing	73,664,330	102,947,868	129,668,926	152,378,000	158,163,926 [(6)]
■ Net income	2,358,756,302	3,281,771,449	3,423,168,749	5,375,377,317	4,531,812,602
■ Total dividends	1,310,242,626	1,770,438,404	2,183,005,487	2,891,923,319	3,034,079,741
Earnings per share					
■ Earnings after tax and profit-sharing but before non-recurring items, depreciation, amortisation and provisions	4.41	3.67	4.62	5.36	6.12
■ Earnings per share	2.61	3.71	4.08	5.76	5.00
■ Dividend per share	1.45 [(7)]	2.00 [(8)]	2.60 [(9)]	3.10 [(10)]	3.35 [(11)]
Employee data					
■ Number of employees at year-end [(12)]	44,060	44,534	45,356	46,152	47,466
■ Total payroll	2,487,721,635	2,728,535,537	3,074,275,447	3,375,546,138	3,553,705,768
■ Total benefits	982,590,077	991,640,524	1,222,427,038	1,473,519,640	1,106,100,903

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*(1) The share capital was increased to EUR 1,791,759,648 from EUR 1,790,347,678 on exercise of employee stock options for EUR 1,411,970.
The share capital was increased to EUR 1,806,343,230 from EUR 1,791,759,648 through the EUR 13,346,720 private placement for BNP staff members and on exercise of employee stock options for EUR 1,236,862.*

*(2) The share capital was increased to EUR 1,807,231,208 from EUR 1,806,343,230 on exercise of employee stock options for EUR 887,978.
Following these share issues, the Board of Directors used the authorisation given by the Annual General Meeting of 14 May 2003 (18th resolution), to cancel the 25,000,000 shares for EUR 50,000,000 reducing the capital from EUR 1,807,231,208 to EUR 1,757,231,208.
The share capital was increased to EUR 1,769,400,888 from EUR 1,757,231,208 through the EUR 10,955,724 private placement for BNP staff members and on exercise of employee stock options for EUR 1,213,956.*

*(3) The share capital was increased from EUR 1,769,400,888 to EUR 1,770,438,404 on exercise of employee stock options for EUR 1,037,516.
Following these share issues, the Board of Directors used the authorisation given by the Annual General Meeting of 28 May 2004 (16th resolution), to cancel the 13,994,568 shares for EUR 27,989,136 reducing the capital from EUR 1,770,438,404 to EUR 1,742,449,268.
The share capital was increased to EUR 1,755,244,270 from EUR 1,742,449,268 through the EUR 10,000,000 private placement for BNP staff members and on exercise of employee stock options for EUR 2,795,002.
Following these share issues, the Board of Directors used the authorisation given by the Annual General Meeting of 18 May 2005 (16th resolution), to cancel the 39,374,263 shares for EUR 78,748,526 reducing the capital from EUR 1,755,244,270 to EUR 1,676,495,744.*

*(4) The share capital was increased to EUR 1,679,234,990 from EUR 1,676,495,744 on exercise of employee stock options for EUR 2,739,246.
The share capital was increased to EUR 1,681,177,064 from EUR 1,679,234,990 on exercise of employee stock options for EUR 1,942,074.
Following these share issues, the Board of Directors used the authorisation given by the Annual General Meeting of 28 May 2004 (11th resolution), to perform a capital increase with preferential subscription rights by issuing 84,058,853 new shares with rights from 1 January 2006 for EUR 168,117,706, raising the capital to EUR 1,849,294,770 from EUR 1,681,177,064.
Following the merger of Société Centrale d'Investissements into BNP Paribas, the share capital increased to EUR 1,849,296,660 from EUR 1,849,294,770.
The share capital was increased to EUR 1,860,934,954 from EUR 1,849,296,660 through the EUR 9,340,776 private placement for BNP staff members and on exercise of employee stock options for EUR 2,297,518.*

*(5) The share capital was increased to EUR 1,865,756,980 from EUR 1,860,934,954 on exercise of employee stock options for EUR 4,822,026.
The share capital was increased to EUR 1,873,398,710 from EUR 1,865,756,980 on exercise of employee stock options for EUR 7,641,730.
Following these share issues and in accordance with the merger agreement of 12 March 2007 between BNL and BNP Paribas and its final conclusion on 1 October 2007, a capital increase was performed through the issue of 439,358 new shares with rights from 1 January 2007 for EUR 878,716 increasing the share capital to EUR 1,874,277,426 from EUR 1,873,398,710.
Following these share issues, the Board of Directors used the authorisation given by the Annual General Meeting of 15 May 2007 (11th resolution), to cancel 32,111,135 shares for EUR 64,222,270 thereby reducing the capital from EUR 1,874,277,426 to EUR 1,810,055,156.
The share capital was increased to EUR 1,810,520,616 from EUR 1,810,055,156 on exercise of employee stock options for EUR 465,460.*

(6) Provision raised during the year.

(7) Paid to 903,615,604 shares, taking into account the 443,989 new shares, with rights from 1 January 2003, recorded on 28 January 2004, including 169,545 shares issued in connection with former BNP stock option plans, and 274,444 shares issued in connection with former Paribas plans (Cardif and Cie Bancaire).

(8) Paid to 885,219,202 shares, taking into account the 518,758 new shares, with rights from 1 January 2004, recorded on 25 January 2005, including 350,171 shares issued in connection with former BNP stock option plans, and 125,867 shares issued in connection with former Paribas plans (Cardif and Cie Bancaire).

(9) Paid to 839,617,495 shares, taking into account the 1,369,623 new shares, with rights from 1 January 2005, recorded on 23 January 2006, including 1,328,544 shares issued in connection with former BNP stock options plans, and 41,079 shares issued in connection with BNP Paribas plans.

(10) Paid to 932,878,490 shares, taking into account the 2,411,013 new shares, with rights from 1 January 2006, recorded on 22 January 2007, including 932,743 shares issued in connection with former BNP stock options plans, and 1,478,270 shares issued in connection with BNP Paribas plans.

(11) Paid to 905,695,445 shares, taking into account the 435,137 new shares, with rights from 1 January 2007, recorded on 28 January 2008, including 170,295 shares issued in connection with former BNP stock options plans, and 264,842 shares issued in connection with BNP Paribas plans.

(12) For France, part-time employment is prorated according to the length of time worked.

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6.5 Subsidiaries and associated companies

Subsidiaries and associated companies	Currency	Share capital (a)	Reserves and retained earnings before income appropriation (a)	Last published net income (loss) (a)	Per cent interest held by BNP Paribas SA
I - Detailed information about subsidiaries and associated companies whose book value exceeds 1% of BNP Paribas SA's share capital					
1. Subsidiaries (more than 50%-owned)					
ANTIN BAIL	EUR	18,000	2,849	777	100.00%
ANTIN PARTICIPATION 5	EUR	159,042	(39,166)	9,965	100.00%
AUSTIN FINANCE	EUR	798,976	228,757	1,299	92.00%
BANCWEST CORP	USD	1,109	8,824,883	634,336	98.74%
BANQUE DE BRETAGNE	EUR	52,921	36,904	16,842	100.00%
LOCAFIT SPA	EUR	110,000	196,678	9,798	100.00%
BNL INTERNATIONAL INVESTMENT SA	EUR	110,000	353,690	162,785	100.00%
BNL PROGETTO SPA	EUR	2,075,000	4,488,815	50,162	100.00%
BNP PARIBAS ESPANA SA	EUR	52,405	71,497	9,819	99.57%
BNP FACTOR	EUR	13,150	61,461	5,352	64.26%
BNP INTERCONTINENTALE	EUR	30,523	11,765	2,795	100.00%
BNP PARIBAS ARBITRAGE – SNC	EUR	185,000	168,293	389,358	99.99%
BNP PARIBAS ASSET MANAG GROUP	EUR	15,361	244,661	194,965	100.00%
BNP PARIBAS BK POLSKA	PLN	193,400	28,038	9,272	100.00%
BNP PARIBAS BRASIL	BRL	190,311	449,801	164,761	84.10%
BNP PARIBAS BULGARIA EAD	BGN	27,206	(2,989)	714	100.00%
BNP PARIBAS CANADA	CAD	345,637	155,958	35,025	100.00%
BNP PARIBAS CHINA LIMITED	USD	72,624	10,017	15,898	100.00%
BNP PARIBAS COVERED BONDS	EUR	175,000	465	4,474	100.00%
BNP PARIBAS DÉVELOPPEMENT	EUR	68,000	176,227	26,750	100.00%
BNP PARIBAS EL DJAZAIR	DZD	3,500,000	1,612,901	2,209,133	84.17%
BNP PARIBAS EQUITIES FRANCE	EUR	5,545	22,117	4,861	99.96%
BNP PARIBAS FACTOR	EUR	2,960	8,845	11,645	100.00%
BNP PARIBAS IMMOBILIER	EUR	25,206	330,230	108,754	100.00%
BNP PARIBAS INTERNATIONAL BV	EUR	13,620	1,215,274	27	72.70%
BNP PARIBAS INVEST. SERVICES LLC	USD	47,300	(4,261)	4,762	98.00%
BNP PARIBAS LE CAIRE	EGP	1,700,000	9,616	116,929	95.19%
BNP PARIBAS PACIFIC AUSTRALIA LTD	NZD	5,000	16,901	389	100.00%
BNP PARIBAS PRIVATE BANK	EUR	75,000	102,433	814	100.00%
BNP PARIBAS RÉUNION	EUR	24,935	43,338	11,289	100.00%
BNP PARIBAS SECURITIES LTD	JPY	80,800	39,519	15,666	100.00%
BNP PARIBAS SECURITIES SERVICES	EUR	165,280	551,402	54,769	90.44%
BNP PARIBAS SUISSE	CHF	320,271	2,300,932	485,689	53.15%
BNP PARIBAS VOSTOK LLC	RUB	1,890,000	(160,627)	(35,181)	100.00%
BNP PARIBAS ZAO	RUB	1,563,151	1,271,611	(199,155)	100.00%

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Subsidiaries and associated companies	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income (loss)	Per cent interest held by BNP Paribas SA
		(a)	(a)	(a)	
BNP PUK HOLDING LTD	GBP	257,053	18,888	57,017	100.00%
BNPP ANDES SA (*)	USD	50,000	(385)	1,083	100.00%
BNPP ASSURANCE	EUR	761,985	2,030,496	371,049	100.00%
BNPP BDDI PARTICIPATIONS	EUR	45,961	58,120	43,978	100.00%
BNPP CAPITAL ASIA PACIFIC LTD	HKD	254,000	(31,088)	69,435	100.00%
BNPP COMMODITY FUTURES LTD	USD	60,000	40,151	13,673	75.00%
BNPP IRELAND	EUR	751,813	205,773	91,092	100.00%
BNPP SECURITIES ASIA LTD	HKD	1,578,000	206,372	281,570	100.00%
BNPP SERVICES HONG KONG LTD	USD	335,535	(93,979)	(4,600)	100.00%
BNPP UK HOLDING LTD	GBP	1,227,000	17,380	87,961	100.00%
BNPP VOSTOK HOLD (formerly SHIPINVEST)	EUR	120,000	926	(2,338)	100.00%
BPLG-BNP PARIBAS LEASE GROUP	EUR	285,079	643,955	165,495	97.51%
CAPSTAR PARTNERS	EUR	2,247	60,159	4,968	100.00%
CETELEM	EUR	381,416	2,539,518	359,232	98.80%
CHINA NEWINE FINANCE	EUR	19,300	0	(887)	100.00%
CHINA SAMANTHA FINANCE	EUR	48,840	(7,585)	(3,983)	100.00%
CIE BANCAIRE UK FONDS B	GBP	1	17,146	0	100.00%
CIP-CIE D'INVESTISSEMENTS DE PARIS	EUR	394,504	675,165	96,568	100.00%
CLAIREVILLE	EUR	123,119	112,852	11,091	100.00%
COBEMA SA	EUR	136,303	737,249	342,445	100.00%
COBEPA TECHNOLOGY	EUR	168,171	182,807	14,383	100.00%
CORTAL CONSORS FRANCE	EUR	57,538	303,001	12,646	94.21%
FIDEX HOLDINGS LTD	EUR	299,508	47,914	8,236	100.00%
FINANCIÈRE BNP PARIBAS	EUR	226,918	551,369	28,925	100.00%
FINANCIÈRE DES ITALIENS	EUR	412,040	(9)	16,876	100.00%
GESTION ET LOCATION HOLDING	EUR	265,651	956,415	(566)	99.24%
GRENACHE & CIE SNC	EUR	750,000	649,813	3,490	53.57%
HAREWOOD HOLDINGS LTD	GBP	100,000	17,588	128,737	100.00%
LAFFITTE PARTICIP. 10	EUR	150,643	29,069	12,642	99.40%
OGDI-OMNIUM GESTION DEV. IMMOB	EUR	458,689	50,447	30,369	100.00%
OPTICHAMPS	EUR	410,040	15,344	6,233	100.00%
ORBAISIENNE DE PARTICIPATIONS	EUR	311,040	(426,808)	1,787	100.00%
OTTOMANE CIE FINANCIÈRE	EUR	8,500	289,808	15,829	93.35%
PARIBAS DERIVÉS GARANTIS PDG – SNC	EUR	121,959	(7,107)	7,107	100.00%
PARIBAS NORTH AMERICA	USD	2,438,534	417,257	282,735	100.00%
PARIBAS PARTICIPATIONS LIMITÉE	CAD	125	144,155	42,544	100.00%
PARILEASE SNC	EUR	20,498	95,393	3,062	100.00%
PARTICIPATIONS OPÉRA	EUR	410,040	11,879	5,872	100.00%
PETITS CHAMPS PARTICIPACOES E SERV	BRL	102,344	(36,983)	5,226	100.00%
PT BK BNP PARIBAS INDONESIA	IDR	77,313	(7,274)	8,747	99.00%
RBSI SECURITIES SERVICES	GBP	50	1,092	(1,072)	100.00%
SAGIP	EUR	217,996	43,198	540	100.00%

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Subsidiaries and associated companies	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income (loss)	Per cent interest held by BNP Paribas SA
		(a)	(a)	(a)	
SFOM	CHF	39,892	4,448	2,015	99.99%
TEB MALI YATIRIMLAR	TRY	485,000	438,653	123,416	50.00%
UCB (UNION CREDIT POUR LE BÂTIMENT)	EUR	40,082	428,942	41,654	100.00%
UCB ENTREPRISES	EUR	97,450	107,098	10,176	100.00%
TOTAL I-1					
2. Associated companies (10% to 50%-owned)					
BNL VITA SPA	EUR	160,000	334,914	30,368	49.00%
BANCA UCB	EUR	75,240	32,843	9,461	49.00%
BANK OF NANJING	CNY	1,836,751	7,156,883	881,047	12.61%
BNP PARIBAS LUXEMBOURG	EUR	105,000	1,398,086	336,632	24.66%
BNPP INVEST IMMO	EUR	78,891	33,551	14,799	35.10%
CRÉDIT LOGEMENT	EUR	1,253,975	50,512	66,079	16.50%
ERBE	EUR	120,430	2,477,305	360,274	47.01%
GEOJIT FINANCIAL SERV	INR	294,361	1,826,731	374,577	27.18%
JSIB UKRSIBBANK	UAH	3,518,684	(573,272)	279,893	51.00%
MOTIER	EUR	NK	NK	NK	18.58%
PARGESA HOLDING NOMINATIVE (**)	CHF	1,699	12,834	916	15.77%
SAHARA BANK JOINT STOCK CY	LYD	252,000	128,683	11,842	19.00%
VERNER INVESTISSEMENTS	EUR	15,000	278,276	109,398	48.40%
TOTAL I-2					

	Subsidiaries		Associated companies	
In thousands of euros	French	Other	French	Other
II – General information about all subsidiaries and associated companies				
Book value of shares				
- Gross	18,306,129	21,850,788	2,901,536	3,391,507
- Net	18,025,864	21,645,101	2,871,338	3,370,358
Loans and advances given by BNP Paribas [b]	96,846,764	20,425,123	4,615,405	1,932,903
Guarantees and endorsements given by BNP Paribas SA [b]	359,193	4,917,254	118,503,589	5,236
Dividends received	964,549	472,809	184,483	37,857

(*) *Data at 30 November 2007.*
(**) *Data at 30 June 2007.*
(a) *In thousands of currency units.*
(b) *Data relating to subsidiaries and associated companies whose value exceeds 1% of BNP Paribas' share capital.*

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6.6 Details of equity interests acquired by BNP Paribas SA in 2007 whose value exceeds 5% of BNP Paribas SA's share capital

Change in interest to more than 5% of capital					
Not listed	NOVASEP HOLDING		Not listed	ORIENT COMMERCIAL JOINT STOCK BANK	
Change in interest to more than 10% of capital					
Not listed	FINANCIÈRE D'OLMES		Not listed	VITTORIA IMMOBILIARE SPA	*Intra-group*
Not listed	SAHARA BANK JOINT STOCK CY				
Change in interest to more than 20% of capital					
Listed	GEOJIT FINANCIAL SERVICES LTD		Not listed	SOFRANTEM	
Not listed	INNOCAP INVEST MANAGT INC				
Change in interest to more than 33.33% of capital					
Not listed	BNPP INVEST IMMO	*Intra-group*			
Change in interest to more than 50% of capital					
Not listed	BNP FACTOR		Not listed	GRENACHE & CIE SNC	
Not listed	BNP PARIBAS SUISSE	*Intra-group*	Not listed	KARUKAZ - SCI	
Change in interest to more than 66% of capital					
Not listed	AL KHATTIYA LEASING		Not listed	TUILERIES FINANCT 38	
Not listed	BNP BETEILIGUNGS VERWALTUNGS	*Intra-group*	Not listed	TUILERIES FINANCT 39	
Not listed	BNP NOMINEES LTD HONG KONG	*Intra-group*	Not listed	TUILERIES FINANCT 40	
Not listed	BNP PARIBAS ARBITRAGE - SNC	*Intra-group*	Not listed	TUILERIES FINANCT 41	
Not listed	BNP PARIBAS DÉVELOPPEMENT	*Intra-group*	Not listed	TUILERIES FINANCT 42	
Not listed	BNP PARIBAS FACTOR	*Intra-group*	Not listed	TUILERIES FINANCT 43	
Not listed	BNP PARIBAS PANAMA SA	*Intra-group*	Not listed	TUILERIES FINANCT 44	
Not listed	BNP PARIBAS VOSTOK LLC		Not listed	TUILERIES FINANCT 45	
Not listed	BNPP ASSURANCE	*Intra-group*	Not listed	TUILERIES FINANCT 46	
Not listed	BNPP CAPITAL ASIA PACIFIC LTD	*Intra-group*	Not listed	TUILERIES FINANCT 47	
Not listed	BNPP PEREGRINE FUTURES LTD	*Intra-group*	Not listed	TUILERIE FINANCT 48	
Not listed	BNPP SECURITIES ASIA LTD	*Intra-group*	Not listed	TUILERIES FINANCT 49	
Not listed	BNPP SECURITIES SINGAPORE PTE LTD	*Intra-group*	Not listed	TUILERIE FINANCT 50	
Not listed	BNPP SECURITIES TAIWAN CO LTD	*Intra-group*	Not listed	TUILERIES FINANCT 51	
Not listed	BNPP SERVICES HONG KONG LTD	*Intra-group*	Not listed	TUILERIES FINANCT 52	
Not listed	CAPITAL HABITAT - SCPI		Not listed	TUILERIES FINANCT 53	
Not listed	CIMOXI	*Intra-group*	Not listed	TUILERIES FINANCT 54	
Not listed	FINANCIÈRE DE BEYROUTH BNP PARIBAS		Not listed	TUILERIES FINANCT 55	
Not listed	KLELINE GESTION	*Intra-group*	Not listed	TUILERIES FINANCT 56	
Not listed	OZONAISE DE PARTICIPATIONS		Not listed	TUILERIES FINANCT 57	
Not listed	PAREGOF		Not listed	TUILERIES FINANCT 58	
Not listed	PT BNP PARIBAS PEREGRINE	*Intra-group*	Not listed	TUILERIES FINANCT 59	
Not listed	RBSI SECURITIES SERVICES (HOLDINGS)		Not listed	TUILERIES FINANCT 60	
Not listed	SAPEXI	*Intra-group*	Not listed	TUILERIES FINANCT 61	
			Not listed	TUILERIES FINANCT 62	

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7 SOCIAL AND ENVIRONMENTAL INFORMATION

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7.1 The people of BNP Paribas

WORKFORCE EXPANSION [1]

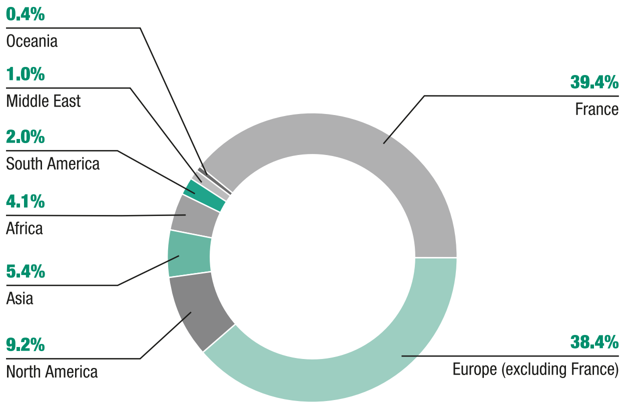
Group staff expanded to 162,687 full-time equivalent employees (FTEs) at 31 December 2007, up 20,776 on 2006. The increase was a reflection of development across all businesses, but was primarily due to external growth in specialised financing solutions.

The consolidation of LaSer Cofinoga and the acquisition of the Indian brokerage firm Geojit accounted for 7,496 and 2,464 extra employees respectively. At constant scope, organic growth gave rise to 8,174 FTEs (1,291 in France and 6,883 in other countries), primarily in International Retail banking and Financial Services (IRFS), Asset Management and Services (AMS) and Corporate and Investment Banking (CIB).

Outside France, the majority of territories created net new jobs in 2007. Northern Europe was particularly buoyant, especially Ukraine, Poland, the United Kingdom and Russia. Net increases also occurred in the Mediterranean zone, in Spain, Portugal, Turkey, Egypt, Algeria and Morocco.

The Group's workforce breaks down as follows:

➤ BY GEOGRAPHICAL AREA



	2005	2006	2007
France	55,499	57,123	64,080
Europe (excl. France)	25,205	53,461	62,473 (*)
North America	14,979	14,810	15,046
Asia	4,785	5,571	8,833
Africa	5,661	6,201	6,692
South America	2,363	2,924	3,287
Middle East	868	1,308	1,700
Oceania	420	513	576
TOTAL	**109,780**	**141,911**	**162,687**

(*) *Of which Italy accounts for 19,901.*

(1) *For human resources growth data, this analysis takes into account all FTE staff managed by BNP Paribas as opposed to the consolidated workforce, which is limited to staff working for fully or proportionally consolidated entities calculated pro rata to the percentage consolidation of the subsidiaries concerned:*

Full-time equivalents (FTEs)	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*
Consolidated workforce	*87,685*	*89,071*	*94,892*	*101,917*	*132,507*	*145,477*
Total workforce	*92,488*	*93,508*	*99,433*	*109,780*	*141,911*	*162,687*

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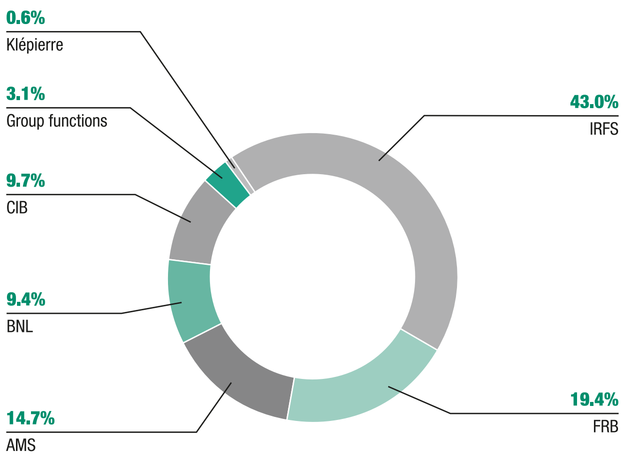
WORKFORCE IN FRANCE AND OUTSIDE FRANCE

The percentage of employees outside France continued to grow. Less than 40% of the Group's total headcount at 31 December 2007 was located in France.

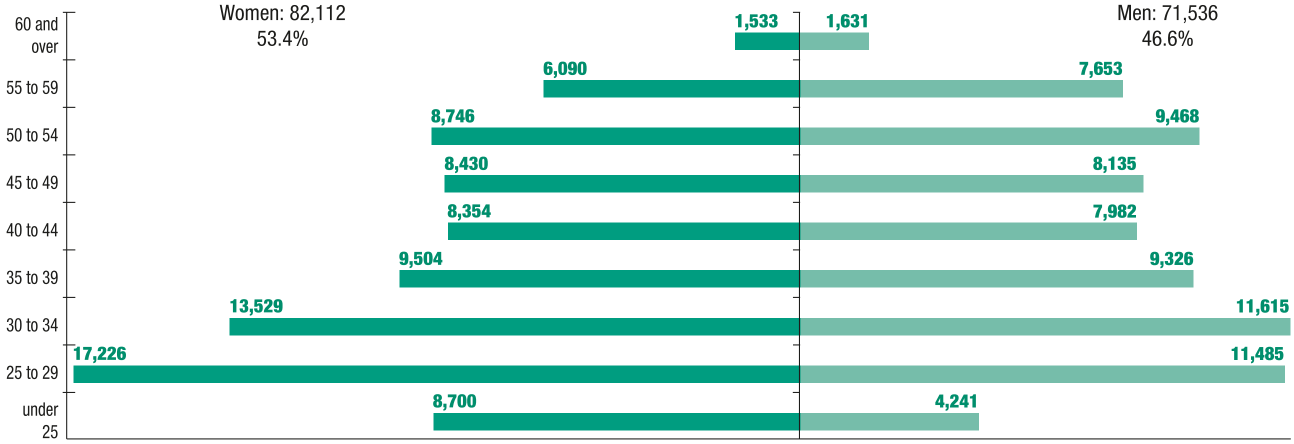
BY BUSINESS

Compared with 2006, the portion of employees in IRFS and AMS increased, while it decreased in French Retail Banking and BNL.



AGE PYRAMID

The Group's age pyramid [1] remains balanced overall. Lower age groups predominate in the IRFS, AMS and CIB divisions, while the opposite is true of French Retail Banking and BNL, which remain closer to standard employment demographics in continental Europe.



(1) This pyramid has been based on total headcount without weighting for part-time work using individual company data available, representing 94% of the Group's headcount.

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7.2 Clearly identified operational challenges

QUANTITATIVE AND QUALITATIVE WORKFORCE ADAPTATION

In an overall environment of expansion, as illustrated by the high level of recruitment, BNP Paribas has maintained a proactive policy for managing jobs threatened by organisational changes and the impact of IT developments.

In France, BNP Paribas SA adopted an Employment Adaptation Plan for implementation between 2006 and 2008. Under this voluntary redundancy plan, 240 employees left the company in 2007, within the context of a career programme enabling them to create their own businesses.

Cetelem continued to pursue its wide scale development programme, "2008 Challenge", which has led to major changes in the entity's processes, tools and organisation. Nearly 600 Cetelem employees have been affected by internal, functional or geographical mobility.

Over 150 employees found a job and career prospects in another of the Group's entities in France, primarily in the Retail Banking network, thus demonstrating the effectiveness of the mobility and redeployment policy implemented throughout the Group. Some 150 employees left the company, principally within the scope of career development programmes.

Within BNL in Italy, the agreements signed in November 2006 with trade unions on retirement, recruitment, mobility and professional development have been instigated as planned. The results of these agreements were as follows:

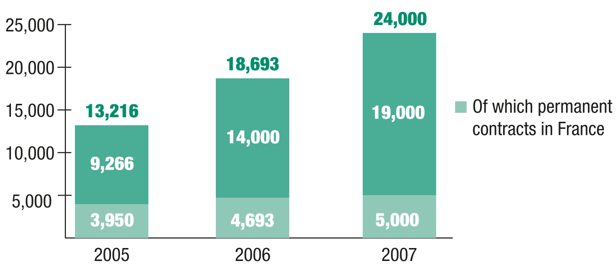
- 800 employees left the company;
- 700 employees were hired;
- 1,000 employees took advantage of mobility opportunities;
- more than 97,000 days of training (i.e., almost 730,000 hours) of training were provided.

RECRUITMENT PROCESSES THAT MEET THE SPECIFIC NEEDS OF EACH BUSINESS

INTENSIVE AND VARIED RECRUITMENT PROCESSES

The Group's recruitment activity in France and abroad has remained consistently high, in line with expansion in all of its businesses. The number of new employees increased considerably compared with 2006, to 24,000 new hires worldwide.

➤ RECRUITMENT OF PERMANENT EMPLOYEES



RECRUITMENT IN FRANCE

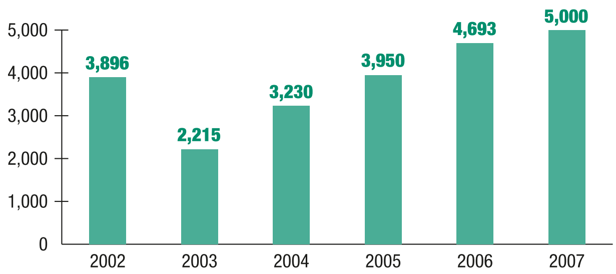
A wide range of profiles

In 2007, new hires were once again split evenly between young university graduates (20% with an associate's or bachelor's degree and 30% with a master's degree) and employees with some previous experience.

Work/study contracts were offered to 757 young people in 2007 (460 on vocational training programmes and 297 on apprenticeships), representing a decrease of 12% on 2006, as all the positions available for master's programmes were not filled due to insufficient numbers of applicants.

BNP Paribas took on roughly the same number of trainees as part of a VIE (Volontariat International en Entreprise) programme, with nearly 235 new trainees in 2007 compared with 240 in 2006. BNP Paribas maintained its position as leading VIE recruiter in France. The number of work placements for master's students also increased, to over 1,500.

➤ RECRUITMENT OF PERMANENT EMPLOYEES IN FRANCE



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Close links with schools and universities

Faced with ever-increasing competition for candidates, BNP Paribas once again focused on implementing a lively and innovative communication and sourcing policy in 2007. More than 100 events were held during the year at schools and universities.

These innovative recruitment events enabled the Group to stand out in the employment market: BNP Paribas organised two in-branch recruitment drives in April and September 2007, leading to 240 new hires; the Second Life recruitment campaign in June 2007, which targeted IT specialists, generated significant media exposure and enhanced the Group's image; and the WAP recruitment site launched in November 2007 got off to a promising start, with approximately 400 users every day.

All of these initiatives have enabled the Group to remain very attractive to certain key target groups.

BNP Paribas – an attractive group

A 2007 TNS Sofres survey showed that final-year students in leading French business schools continued to rate BNP Paribas as the most attractive employer in France, based on their prior knowledge. The Group also moved up to second position among engineering school students, making it the leading bank and the number one service-sector company among this group.

As a result of these communication endeavours, the number of applications received in 2007 remained high. Despite increased competition for applicants, BNP Paribas received a total of 200,000 curriculum vitae, including 65,000 for trainee positions (work placement, VIE and work/study programmes) compared with 45,000 in 2006.

Combating discrimination

In 2007, the Group continued to broaden the initiatives taken to combat discrimination in recruitment and promote diversity. Interviewees are now asked to fill in a personality questionnaire, with the aim of making the selection process as objective as possible. The HR function has received a special training course in this regard, and an action plan was created that incorporates the key areas for preventing discrimination during recruitment (see the section below on Promoting diversity in all of its forms.) Finally, a special recruitment initiative for disabled applicants was organised in November 2007, in collaboration with the Group's disability unit.

DEVELOPING THE SKILLS OF EMPLOYEES AND TEAMS

INNOVATIVE TRAINING PROGRAMMES TO BUILD TEAM LOYALTY

Training programmes offer BNP Paribas a means of attracting new talent and building loyalty among its teams. The training policy and offering seek to bring benefits at both collective and individual levels, by building the skill-sets the Group needs to face new challenges, providing managers with tools and behavioural know-how tailored to their specific environment, and enabling employees to develop their competencies throughout their professional lives. All staff members are encouraged to pursue training that is relevant to both their current position and their future development.

The process kicks off with the integration seminars for new employees. Business-specific training is then offered for skills development. Cross-functional training, aimed at a wider audience, has the goal of fostering team spirit and a sense of identity. It mainly takes the form of induction sessions and managerial skills.

Vocational training has been an integral part of the Group's training policy since 2007. Vocational training programmes are offered to young people beginning work/study programmes, and vocational training sessions are offered to employees on permanent contracts.

INTRODUCTION TO THE GROUP AND INTEGRATION

Integration sessions give new employees the opportunity to find out about BNP Paribas and see their role within the context of the Group's many businesses, as well as to start making contacts within the company. They help create a sense of group identity, offering shared terms of reference as regards values, business principles and working methods. This training occurs in tandem with the other introductory procedures such as the employee's first contact with his or her manager and team and familiarisation with the workstation and working environment.

In 2007, 184 young university graduates recruited in France attended Group seminar sessions. The Corporate and Investment Banking and French Retail Banking divisions held integration sessions for several hundred new recruits.

A large number of integration sessions for experienced executives were offered in 2007, to cater to the needs of managers taken on as a result of the Group's external and organic growth. In 2007, employees from over 35 territories attended these sessions, with a significant number coming from TEB in Turkey and UkrSibbank in Ukraine, and an increased number from BNP Paribas Vostok in Russia.

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WIN (Worldwide Integration Network) programme

The WIN integration, training and career development programme is designed for young university graduates seeking international career opportunities in the various countries in which the Group operates. The goal is to create loyalty and retain high-performing young executives with good career development prospects, in all territories. Participants are graduates of the best schools, with an international background, up to two years' work experience prior to joining the Group, and an interest in European culture and geographic mobility. They are selected on the basis of their performance in their current position.

The WIN seminar takes place over two weeks at the Group training centre in Louveciennes. Participants in the 2007 WIN seminar included 133 international executives, most of whom were in their first job. Over 20 nationalities were represented at each session. Over 600 employees from different business lines and territories have taken part in the programme since its inception in 2001.

As part of the Talent Development Programme, which is to be launched during the first half of 2008, a seminar is being developed on the Group's new challenges and should be ready for roll out in the autumn.

The Group training centre in Louveciennes

The Group training centre, in the magnificent setting of Louveciennes near Paris, is a veritable company university. Its mission is not only to build competencies, but to provide a forum for sharing ideas and building company spirit. Employees from all businesses, countries and cultures come here to participate in training sessions. In 2007, nearly 20,000 employees attended integration seminars, business-specific courses, cross-functional training programmes and major Group events.

In March 2007, a US-European symposium organised jointly by Harvard Law School and the Centre for European Policy Studies (CEPS) was held in Louveciennes. The venue for this annual symposium alternates between the United States and Europe and this was the first year that BNP Paribas hosted the European session. Around 100 participants, representing US and European regulatory authorities and financial institutions, came together to debate current regulatory issues. BNP Paribas was represented by the Group's Chairman and several members of the Executive Committee.

CROSS-FUNCTIONAL TRAINING

While the various businesses define their own specific training needs, cross-functional training on project ownership and management, personal effectiveness and operations management are provided by the Group training centre in Louveciennes, where 2,370 executives received training in 2007. A growing number of these cross-functional sessions are also organised by the businesses.

The training sessions with the largest increases in attendance were:

- e-learning: an experiment that started in 2006 within a group of French Retail Banking agencies and BNP Paribas Securities Services is coming to an end. The results will be analysed shortly with a view to expanding the use of e-learning;
- training on performance evaluation interviews, provided through a combination of classroom sessions and e-learning. This mix of learning formats helps keep learners motivated by giving them greater latitude to organise their schedules;
- Step-Up: this new tool for learning English was implemented in 2007. At 31 December 2007, 2,840 employees had signed up for the programme.

TRAINING FOR SENIOR EXECUTIVES

The Leadership for Development programme was set up in 2005 in conjunction with France's prestigious École Polytechnique and has become very well-known. In 2007, 131 participants took part in the programme (over two sessions, six months apart), which is aimed at helping senior executives to enhance their personal abilities and develop their careers through optimisation of leadership skills.

Another two programmes for senior executives, PRISM and NEXTEP, were also continued in 2007. The objectives of these programmes are closely linked to the Group's career management policy, i.e., creating and nurturing a community of senior executives in key positions (PRISM) and helping ensure the success of high-stakes career moves (NEXTEP). The aim is to guarantee that training and career management policies are complementary and that the proper conditions are in place to provide senior executives with the skills they need to drive the Group's development. In 2007, 117 people took part in the four PRISM sessions, which mainly focused on key "managers of managers" posts. A total of 16 senior executives took part in the NEXTEP seminar, over two sessions.

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PRISM

PRISM gives managers the opportunity to reflect on changes in their environment and how these changes affect their day-to-day management practices: what changes have occurred? How are they reflected in the Bank's various environments? How can these changes be dealt with? This seminar focuses on the topics of management, cross-functional perspectives and diversity.

NEXTEP

NEXTEP offers managers assistance when they move to high-stakes positions. It helps them to find their place and manage the tensions inherent in taking on greater responsibility by identifying the risks and opportunities involved. The aim is to make this transition a key period of rapid and effective growth.

An ambitious project, the Talent Development Programme, was launched to better identify and monitor the careers of high-potential employees. This is a collaborative project, created with the help of HR and other managers from the various core businesses and with the assistance of external experts. The goal is to ensure effective succession management and thus accompany the Group's growth. Prior to the worldwide launch of the programme in 2008, a pilot phase was set up in seven areas (Australia, Hong Kong, Singapore, New York, Spain, Turkey and the eastern regional department of French Retail Banking) with the involvement of key players from management, local HR, core businesses and business lines.

CREATING LOYALTY THROUGH A COMPETITIVE REMUNERATION PACKAGE

A BROAD AND COMPETITIVE REMUNERATION PACKAGE

Remuneration

Skills and levels of responsibility are remunerated through fixed salaries commensurate with employees' experience and the market norm for each business. Individual performance is rewarded by variable remuneration based on the achievement of set objectives. Variable remuneration takes different forms from one business to another: the financing businesses use bonuses, while sales businesses pay commissions.

The Group strives to apply a fair, competitive and selective remuneration policy.

- Annual performance reviews are driven by a search for fairness in accordance with a global procedure monitored by the Group HR function.
- The Compensation and Benefits division of the Group HR function updates annual benchmarks by business, type of post and country. This process is illustrative of the importance given to competitive fixed and variable remuneration.
- Remuneration is revised in accordance with selective criteria that are closely linked to the development of employees' skills, responsibilities and performances, as reflected in the annual performance evaluations.

Profit-sharing and value creation

The Group seeks to optimise its profit-sharing mechanisms in accordance with local tax and labour regulations. It offers different types of incentive bonuses and profit-sharing plans in various territories.

Incentive and profit-sharing plans – BNP Paribas SA

Year *(in euros)*	2003	2004	2005	2006	2007
Gross amount	116,769,620	148,701,874	186,076,788	227,719,000	232,530,560
Minimum amount per employee	2,328	2,945	3,772	4,696	4,728
Maximum amount per employee	7,831	10,020	10,689	12,732	12,800

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Employee share ownership

The Group encourages employee share ownership through an annual share issue reserved for employees. Since the creation of the BNP Paribas Group in 2000, the worldwide employee share ownership plan has been offering workers the opportunity to become shareholders within their own company for a minimum period of five years. They are entitled to a discount on the shares they purchase and to top-up payments from the company. Seven share issues have been offered in this context. An amount of approximately EUR 300 million is subscribed to each year.

Employee rights issues	2007			Average over 3 years
	France	International	Total	
Number of eligible employees	71,816	59,998	131,814	113,064
Number of employees subscribing	49,201	19,705	68,906	59,503
Subscription rate	69%	33%	52%	53%
Amount *(EUR millions)*	300.2	113	413.2	302

The subscription rate remained stable at 52% with almost six million shares subscribed in 2007, underscoring the confidence that BNP Paribas' employees have in the Group's development strategy.

An extensive range of benefits

The benefit plans developed by the Group involve setting up long-term savings accounts for employees and helping them deal with unforeseen accidents and other vagaries through access to personal risk plans.

- Employee savings plans

  These plans enable employees to build up their savings, in particular with respect to their retirement, by optimising local tax and labour schemes. Outside France, supplementary pension schemes are the preferred means, whereas in France employee savings plans allow staff to set up savings accounts with preferential tax and benefits treatment in return for a medium-term holding period. These plans can be topped up by payments from incentive and profit-sharing plans, by voluntary payments by the employees themselves, or by possible top-up payments from the company. Perco (the Group retirement savings plan) was launched in 2005 and has been subscribed to by several thousand employees. The savings become available on retirement, in the form of either an annuity or a one-off payment. The amount of Perco top-up payments totalled EUR 3.4 million in 2007.

- Employee welfare

  The Group has a longstanding benefits policy providing a high level of protection to its employees. In 2007, BNP Paribas worked on harmonising its overall employee benefits procedures, particularly outside France, with the aim of ensuring greater consistency between sometimes very disparate local systems. Outside France, the Group seeks to provide benefits to its local employees and their families that allow cover for medical consultations and hospital stays.

- A tailor-made, flexible personal risk plan in France

  BNP Paribas' personal risk plan was set up under a company-wide agreement and has few equivalents in French companies. The flexible plan offers staff a high level of cover for stoppages due to illness, disability or death. Each employee has a basic plan, which can be customised in accordance with his or her personal or family situation. This is done by choosing the level of additional cover, for example a one-off payment in the event of accidental death or the death of a spouse, an education annuity, or a spouse's annuity. Employees can modify their choices at regular intervals. At 31 December 2007, 56,000 employees in 36 French entities were covered by such a personal risk plan.

DYNAMIC CAREER AND MOBILITY MANAGEMENT

Several projects focusing on mobility have been implemented, including an external audit of the Group's mobility policy and processes in France and other countries. Following BNP Paribas SA, the mobility management tool is now up and running in other entities and has been rolled out internationally, allowing for more mobility through expatriation.

In 2007, career management processes were improved through initiatives such as expanding the scope for identifying high-potential executives, incorporating management performance reviews into the identification process, and ensuring effective succession management.

Another important initiative in 2007 focused on providing assistance to BNL's HR teams.

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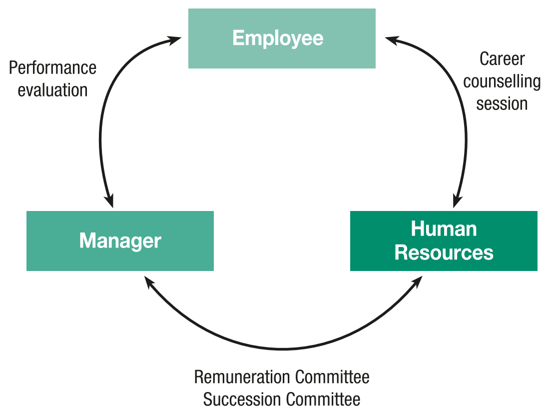
CAREER MANAGEMENT THAT SUPPORTS EMPLOYEES' PROGRESSION

BNP Paribas' career management policy is designed to allow each employee to progress continuously within a well-constructed and coherent framework. The Group invests in various ongoing training programmes adapted to individual profiles and aspirations.

Career management within the Group is based first and foremost on the relationship between the employee and his or her manager. HR managers are tasked with monitoring this relationship and following up on each individual's progression.

➤ CAREER MANAGEMENT



A WELL-THOUGHT-OUT SUCCESSION MANAGEMENT PLAN

One of the Group's most important career management projects is preparing for the future by ensuring the long-term succession of its executive management. Committees made up of managers from the various divisions and functions, as well as HR managers, meet once a year to identify high-potential executives that could in future take over key posts within the company. The Leadership for Development programme was set up in 2005 to help these executives draw up individual career development plans in conjunction with their managers. Approximately 1,500 employees are involved in this programme worldwide.

A specially-tailored career-tracking mechanism has been put in place for junior executives, which includes frequent career counselling sessions, customised seminars and meetings with Group leaders. Several procedures exist to coach these employees in the early stages of their career:

- high-achieving young executives whose development potential is spotted by HR managers at the time of their first promotion take part in specially-adapted group events;
- a special six-year career-monitoring process is in place for young graduates hired in France who have a master's degree and less than two years' professional experience. These graduates are coached through various stages of their professional life (change of function, remuneration, promotion) via integration seminars, on-the-job training or training leading to a professional qualification that benefits their career development. This process is specific to France due to the considerable number of new hires there.

Specific career assistance is also available within the various core businesses, business lines, functions or territories for junior or experienced employees joining the Group.

A DYNAMIC MOBILITY POLICY

Career mobility is not only an attractiveness driver, but also a preferred means for the Group to adapt its human resources to the development of its business operations. It also allows employees to enhance their professional experience and move ahead in their careers. Different forms of career mobility can help encourage employees' potential in a new area and enable them to acquire new skills:

- functional mobility: can mean a change of position, but also professional development or the enhancement of the employee's skills, abilities and knowledge;
- geographic mobility: the employee moves to another town or, in the case of international mobility, another country;
- inter-company mobility: the employee changes from one Group entity to another.

Although the diversity of the Group's businesses allows huge scope for career mobility, choices must take account of individual aspirations while at the same time ensuring that optimum use is made of the skills already gained by the employee. For this reason the Group's performance evaluation system encourages discussion between employees and managers as the basis for career management.

To make mobility within the Group more dynamic and create a veritable in-house job market the Group has made a variety of tools available to employees through the intranet, including *Opportunités Carrières* in France and e-Recruit in London. In France, BNP Paribas has a mobility brochure offering a range of tools: *Opportunités Carrières*, mobility information sheets on the intranet, specific training initiatives, a guide to mobility within the Group in France and, where appropriate, individual assistance provided by a special team.

2007 was a busy year for the Mobility team, which worked with nearly 900 employees, including staff from Banque Privée Anjou for whom new positions were found within the Group. A total of 234 individual transfers were organised and sixteen seminars were held for employees in the process of implementing their mobility plan, with the aim of actively preparing them for the change that their mobility will bring.

Improvements have been made regarding the provision of information to employees on available positions. Managers can now use the *Opportunités Carrières* intranet site to post job offerings in France and other territories. This has been tested in the Ukraine in particular. In total, almost 1,400 offers were posted in France, including more than 30 for positions in other countries. Spain was selected as a pilot site for the international roll out of this tool, which will continue in 2008.

In terms of international mobility, since the end of 2007, BNP Paribas SA's core businesses and functions have taken over calculating expatriation packages and issuing secondment letters. This system is gradually being put in place for expatriate staff from the subsidiaries. Specialised external partners will soon be used to provide expatriate staff with additional assistance, particularly in the form of intercultural training.

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PROMOTING DIVERSITY IN ALL ITS FORMS AND FIGHTING DISCRIMINATION

The Group's diversity policy focuses on guaranteeing equal opportunity and the principle of non-discrimination, in particular as regards the recruitment of visible minorities. Other key priorities include stepping up recruitment of disabled people and improving the actions already in place to help them remain employed, increasing the number of female senior executives, and fostering diversity in terms of age. The principle of non-discrimination has been clearly outlined in BNP Paribas SA's internal rules since 2003.

As a concrete manifestation of the importance it gives to diversity, BNP Paribas has formalised its policy by signing core charters that exist in this domain. The Group has also set up a dedicated management structure, takes part in regular discussions on diversity, and makes active commitments through specific business partnerships. As such, BNP Paribas offers significant tools and initiatives to deal with major diversity challenges, in particular the fight against discrimination, the promotion of gender equality and the integration of disabled people.

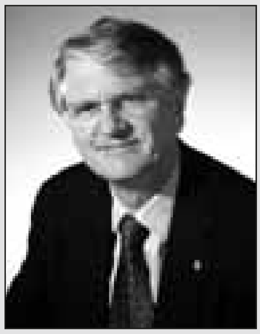
BNP PARIBAS AND ITS COMMITMENT TO DIVERSITY

Promoting diversity (*)

Diversity is one of our key strengths. We need to develop it further, to be even better at being the bank for a changing world – a bank that partners its customers and employees through the changes and challenges of the 21st century. Our Group welcomes all talented individuals, regardless of origin. The only way their capabilities should be assessed is by appraising contributions made and competencies demonstrated at every stage in their career development. In addition to being illegal, any discriminatory practices would run counter to the basic respect each person is entitled to and could seriously damage our reputation. Under no circumstances can they be allowed.

BNP Paribas is a very important employer and bank in some strongly multicultural areas, notably in France. In our banking and financial services, bringing together people from different backgrounds is a source of creativity, innovation and efficiency. We will also be closer to our customers if the composition of our staff mirrors the mix in society around us. Promoting diversity is therefore, for BNP Paribas, a matter of both performance and social responsibility. Each of us is invited to contribute, on a day-to-day basis, to advancing this goal.

(*) Excerpt from a letter from the Chief Executive Officer to all employees.



BAUDOUIN PROT

Chief Executive Officer
of BNP Paribas

A GROUP-WIDE DIVERSITY POLICY

BNP Paribas is one of 40 French companies to have signed France's Diversity Charter. In a January 2006 review by *HALDE* (*Haute Autorité de Lutte contre les Discriminations et pour l'Égalité*), the French high authority fighting against discrimination and for equality, BNP Paribas was not found to discriminate in recruitment.

On 13 December 2006, the Group also signed the charter proposed by the French Education Minister, by which French companies commit to promoting equal opportunity in education. The purpose of this charter is to strengthen links and develop initiatives between businesses and schools. It is the most recent in a long line of initiatives taken by BNP Paribas is this regard and boosts its already strong commitment to the world of education.

The Group has also shown its commitment to diversity by signing the Apprenticeship Charter in France in 2005 and, in 2007, an agreement with *Agefiph*, the French association promoting the integration of disabled people within the workforce. This agreement focuses on four main areas: (i) establishing the "Group Project Handicap" team, through local contacts and a recruitment and assistance programme; (ii) raising awareness and offering training to the main players in the recruitment process and facilitating integration with the help of internal communications; (iii) recruiting disabled workers for fixed-term or permanent contracts, work placements, temporary work or work/study programmes; and (iv) stepping up the current efforts made to keep disabled workers in the workforce.

BNP Paribas has also signed agreements to promote gender equality in the workplace and carries out frequent initiatives to offer women and men the same career opportunities and eliminate the glass ceiling. At subsidiary level, Cetelem was once again awarded certification for workplace equality during the year, and in December 2007 GIE BNP Paribas Assurance signed an agreement on workplace gender equality.

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A DEDICATED MANAGEMENT STRUCTURE

A Head of Diversity at Group level

In 2005, a Head of Diversity was appointed within BNP Paribas' Group Human Resources function, responsible for defining overall policy and coordinating non-discrimination action plans, promoting equal opportunity and increasing the number of women and foreign nationals among senior executives. The Head of Diversity's duties also include overseeing the Group's policy in favour of disabled employees and disseminating the Group's policies in this regard. A Diversity Committee, established in September 2007, coordinates the initiatives of the core businesses and shares good practices.

An anti-discriminatory promotion process

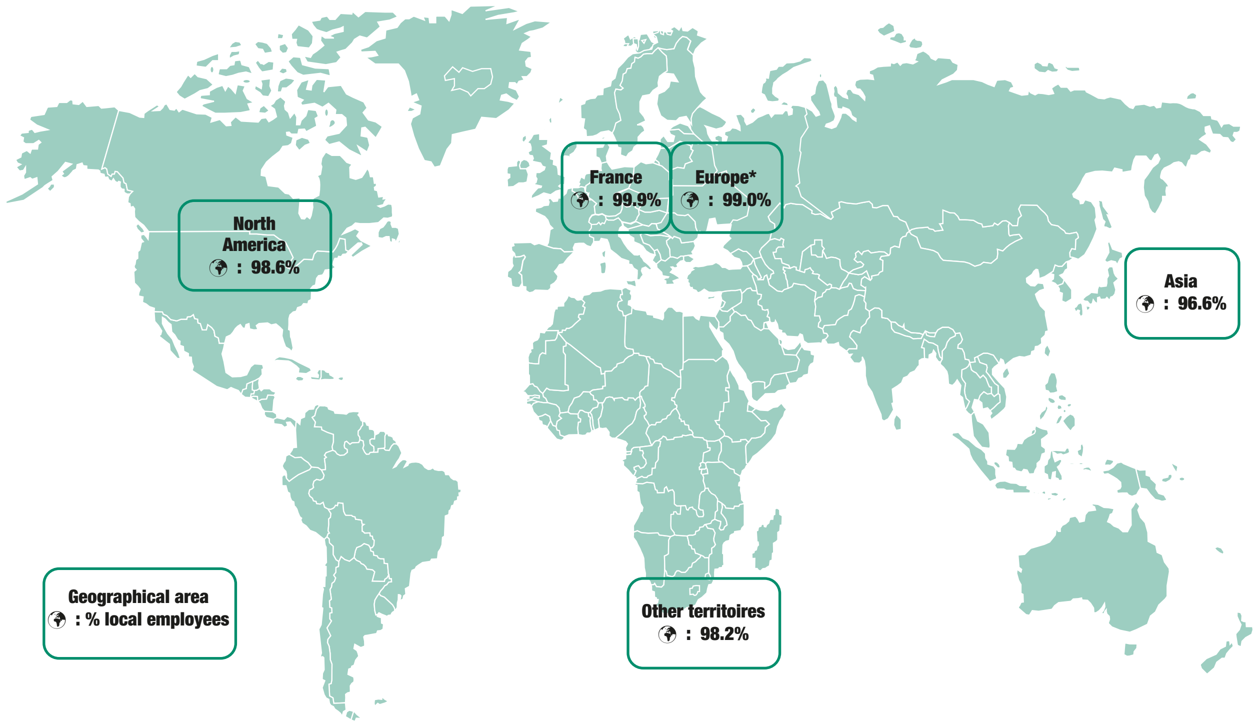
Since 2005, the Group has requested that the HR function pay particular attention to non-discriminatory practices with regard to promotions. A manager must be able to guarantee that there has been no discrimination of any kind (ageism, racism, sexism) at any stage of the nomination process.

The proportion of female employees receiving promotion is one of the indicators that is regularly monitored (See NRE Appendices – Social Chapter, indicator 19).

International teams

By employing local people, BNP Paribas directly contributes to the development of the countries in which it operates and therefore is naturally integrated into the different cultures and communities concerned. Local employees can thus gain access to senior positions within subsidiaries and branches, and can pursue careers within the Group.

➤ PERCENTAGE OF LOCAL STAFF EMPLOYED BY GEOGRAPHIC AREA



(*) *Europe (excluding France).*

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Raising awareness through internal communication

The company takes a proactive approach to awareness-raising and has made ambitious commitments that are monitored on a quarterly basis using a set of indicators. Company-wide agreements signed in 2006 and 2007 are also monitored at regular intervals to ensure that they have been correctly applied.

An internal diversity review was carried out in 2006, involving interviews with more than 30 HR managers in France and abroad. The aim of this review was to (i) discover how the different BNP Paribas territories and entities view diversity; (ii) gain an insight into the various challenges and priorities of each of these territories and entities; (iii) assess the current state of affairs; and (iv) identify best practices that can be shared across the Group. In recent years, English-speaking countries, for example, have been developing a range of endeavours in favour of diversity with particular attention to raising awareness through internal communication and training.

Diversity is frequently discussed in internal paper, electronic and audio communications, which are widely disseminated throughout the Group and easily accessible. The visuals used for external recruitment and communication campaigns also feature diversity so that visible minorities do not feel that they cannot step forward.

At Group level, information on diversity has been published on the intranet and in the weekly newsletter accessible to all employees. Topics have included news of the launch of the documentary *Plafond de verre* (the glass ceiling) sponsored by IMS, an association of French companies – of which BNP Paribas is a member – that promotes corporate social responsibility; the results of the test performed on BNP Paribas recruitment processes by *HALDE*; and regular updates on *Projet Banlieues*, which addresses issues of employment and social inclusion in France's underprivileged suburbs. Several sites outside France, in particular in London, in Canada and within Bank of the West, have implemented internal communication strategies underscoring their commitment to diversity.

Since October 2007, the recruitment page of BNP Paribas' French website offers applicants a fuller presentation of the Group's approach to diversity:

http://recrutement.bnpparibas.com/fr/qui-sommes-nous/diversite.asp

Special training

Diversity and non-discrimination are frequently examined at conventions for senior executives, seminars and HR committee meetings.

The diversity training module for the HR function was established on the basis of a diagnostic review by IMS on recruitment methods. This review was completed in 2007 and consisted of individual and group interviews with more than 70 people within the Group, including recruitment managers, individual managers and line managers.

In France, training provided to almost 300 career and recruitment managers focused on the analysis of stereotypes, the presentation of BNP Paribas' diversity policy, and legal issues, in order to facilitate the day-to-day management of non-discrimination. This training was designed in conjunction with IMS and presented by external specialists: employment law experts, career management and diversity managers and an external consultant.

As early as 2006, the Group held an international career management seminar under the theme of "Managing Difference". One hundred and eighty HR managers attended presentations on the Group's diversity policy, and HR managers from countries with a long history of diversity and non-discrimination initiatives, notably the UK, the US, Hong Kong and Singapore, spoke about their experiences.

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Entity Territory or Subsidiary	Examples of non-discrimination training and awareness-raising sessions
BNP Paribas Australia	For the past three years, annual training on non-discrimination and preventing harassment. Includes an information and awareness-raising session for all employees, and a more in-depth version for managers with advice on handling complaints and problems.
BNP Paribas Canada	Since 2004, introductory course on managing diversity provided to managers. 2006 project on the issue of disability: information and training sessions addressing feelings of uneasiness with difference, with respect to interviews, customer service and the workplace.
BNP Paribas Hong Kong	Sessions on non-discrimination and equal opportunity legislation: annual training for the HR team organised by the Equal Opportunity Bureau, a government body, at the company's request.
BNP Paribas New York	2005: mandatory Inclusiveness in the Workplace training, to raise awareness of difference and learn to respect it.
BNP Paribas United Kingdom	Diversity training for managers: more than 200 trained. New Workplace Behaviour training: two-hour role-play sessions run by actors, given to managers divided into groups of 20. This training is due to be expanded to accommodate 200 people.
Bank of the West	Diversity Awareness Programme: valuing diversity, understanding the difference between diversity and non-discrimination, and being aware of stereotypes and cultural differences. Training only for managers but due to be extended to all employees.
Cetelem	The 2005 recruitment campaign centred on diversity, its slogan being "Diversity is a matter of personality." The HR newsletter Info RH provides regular updates on the issue. The Diversity Charter, signed by Cetelem's Chairman, is posted on the intranet. An annual brochure published by the HR Department, Regards sur le monde Cetelem (a look at Cetelem's world), includes several pages on diversity. Cetelem's project group Agir pour la diversité (acting for diversity) presents the legal framework, relevant concepts, and sensitive situations. Awareness is raised through games and quizzes, and with the presence of an illustrator. During the sessions, the managers draft Cetelem's diversity action plans.
BPLG	Signature of an agreement on gender equality with employee representatives. This agreement was circulated to all employees, accompanied by a letter from the Chief Executive Officer.

Participating in forums and committing to partnerships

BNP Paribas takes part in various forums and working groups on recruitment and diversity. These include IMS, Africagora, AFIJ, the *Zéro Discrimination* initiative in Lyons, and the *Nos quartiers ont du talent* project with the French employers' organisation *MEDEF*. The Group frequently attends recruitment fairs in underprivileged areas.

Partnerships have been set up, particularly in poor suburbs, to help young people enter the corporate world. They are described in the section entitled A partner in society.

6 billion Others

In 2006, BNP Paribas decided to sponsor a project by renowned photographer Yann Arthus-Bertrand, which involved conducting thousands of interviews with people throughout the world, to try to discover "otherness" and produce a portrait of humanity at the beginning of the 21st century, a portrait that highlights the individuality and universality of each person. This project has already been exhibited at BNP Paribas offices in London and in Rome. In 2008, 6 billion Others will be presented at a major exhibition in France, at which the interviews will be screened. At the request of BNP Paribas, Yann Arthus-Bertrand and his team are working to centre this project on the issue of underprivileged suburbs in France. The Group's support for this project was born of a conviction that the diversity of the human race is a source of richness.

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TOOLS AND TANGIBLE RESULTS FOR DIVERSITY

Combating discrimination

Tools

- An appeals commission

Any employees who feel they have experienced discrimination in the form of a lack of promotion or pay rise can bring a complaint before the appeals commission, which was set up following an agreement with the five trade unions and is comprised of representatives from these unions and from the Group HR function.

- An ethics alert mechanism

An ethics alert mechanism also enables all employees to report any non-compliance risks they may come up against and, in particular, any practices they may find discriminatory.

- Anti-discriminatory recruitment tools

Recruitment procedures have been put in place to prevent discrimination and boost equal opportunity.

A statistical assessment of discrimination in recruitment and career development was carried out by the research group *Observatoire des Discriminations*.

A central team processes more than 90% of the applications received in France, helping to ensure an objective recruitment process. The publication of information on vacancies and work placement opportunities on the Group's website helps to ensure transparency.

Based on a comprehensive review of recruitment methods, systems for assessing personality and behaviour at work were established to make interviews with recruitment managers more objective. A tool is used to sort curricula vitae based on the requirements of five standard positions that account for a large proportion of branches' recruitment. This automatic sorting helps recruitment managers by pre-selecting the most suitable candidates for each post. Candidates' nationalities no longer appear on application forms filled in on the Group's website. Cetelem now asks applicants not to put a photo on their curriculum vitae, with the objective of assessing candidates based on their skills and level of interest alone.

A new diagnostic tool was rolled out in 2007 to assess the workplace behaviour of applicants.

Results

- Implementing an action plan to combat the risk of discrimination

Discrimination, either at the recruitment stage or at any other time in an employee's career, has been identified as one of thirty major operational risks faced by the Group worldwide. A risk analysis was carried out to assess the potential causes of discrimination, define prevention controls, weigh up possible consequences (financial, legal or in terms of reputation) and prepare an action plan. A report is presented to the Executive Committee three times a year regarding this action plan.

The Group's model for assessing operational risk, which includes the risk of discrimination, was validated by regulatory authorities in 2007.

- Results in terms of equality in promotions

Special consideration is given to ensuring a balance in the proportion of male and female candidates going forward for promotion. 40.3% of BNP Paribas executives are female, meaning that the Group has already met the target laid down by the French Banking Association for 2010. At 1 January 2007, women accounted for 28.5% of employees promoted to senior management level.

Gender equality

Tools

- Implementing a women's working group

At the end of 2004, the Group HR Department brought together about ten female senior executives from across the spectrum of the Group's businesses within the "Mix City" initiative (a pun on the French mixité, meaning gender balance). The group is active in five main areas: services to facilitate day-to-day life, management of maternity leave, working hours, mentoring and coaching, and creating a women's network. This group presented a series of suggestions to the HR function on how best to facilitate the inclusion of women in senior management positions.

- Evaluation surveys

Surveys were used to assess ways to improve gender equality. In 2006, BNP Paribas took part in the latest survey by the French Banking Association: *a comparative gender analysis of careers in the banking sector*, analysing the discrepancies found in the careers of men and women over a 15-year period.

Results

- Corporate concierge services

Corporate concierge services

Acting on the recommendation of one of the Mix City working groups, BNP Paribas Assurance started offering corporate concierge services at its Rueil Malmaison site in spring 2007. A number of services are available to employees, such as dry cleaning, alterations, shoe repair, car detailing and access to a vending machine that sells public transport passes, stamps and parking vouchers. The concierge on duty ensures that the work is completed satisfactorily and is on call to answer any questions about where to go for other services – how to find an optician offering same day lens repair, a restaurant that costs less than EUR 20 for a quick lunch, or the nearest flower shop open on Mondays. As the goal is to help to improve the work/life balance of employees, the services offered will be expanded over time based on employee needs.

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- Measures taken for maternity leave

After an initial agreement signed in 2004, BNP Paribas and the trade unions signed a subsequent agreement on gender equality in the workplace in July 2007. This agreement is based on, reinforces and supplements the provisions of the first agreement. In particular, it ensures equal treatment of men and women in terms of recruitment, salary and promotion, and includes measures for maternity leave. Employees going on maternity leave have an interview with their direct manager prior to their departure and again at least two months before their return to define the conditions under which they will resume their post. The age limit that had been set for detecting high-potential executives was replaced by a criterion of work experience to avoid penalising women who have gaps in their career due to maternity leave.

Group subsidiaries BPLG, Cetelem, BNP PAM and BNP Paribas Assurance have signed similar agreements. In 2006, another agreement was entered into with four BNP Paribas SA trade unions regarding the implementation of the French law of 23 March 2006 on equal pay during maternity, adoption and post-maternity leave. This agreement lays down the rules for determining minimum fixed and variable salary increases. Since the agreement was signed, it has enabled 743 women returning from maternity leave to have their situation reassessed.

Integrating disabled persons

Tools

- A review of the situation

The working conditions of BNP Paribas SA's handicapped employees were audited by TH Conseil, a human resources consultancy specialised in the recruitment of disabled persons. Following the audit, Project Handicap was put in place with a view to moving beyond an approach based on solidarity to reach for a true commitment in terms of the Group's corporate social responsibility. Group subsidiaries Arval, Cortal Consors, Klépierre, BNP Paribas Securities Services and Cetelem also established a Handicap diagnostic review in 2006 and 2007. A special project was launched in 2007 to improve the actions already in place to help disabled persons remain employed.

Results

- Project Handicap

In order to improve the coordination of actions in place and facilitate the inclusion of handicapped persons, BNP Paribas created a dedicated team, Project Handicap, which is gradually establishing local contacts and a recruitment and assistance programme. These initiatives are promoted through internal communications aimed at the recruitment teams within the main businesses, functions and regional departments of the banking network. An action plan, which is set out in the one-year agreement signed in May 2007 with Agefiph, focuses on four main areas:

- raising awareness and offering training to the main players in the recruitment process;
- hiring a significant number of disabled workers on fixed-term contracts, permanent contracts and work placements, with emphasis on skills rather than degrees;
- formalising and intensifying actions by social services and occupational health services to help employees dealing with disability (their own or a family member's) to remain in the workforce;
- stepping up the actions already in place to keep disabled workers in the workforce. BNP Paribas SA has approximately 1,000 disabled workers in mainland France.

Some 160 people – recruitment managers, Project Handicap contacts and managers from the network's regional departments – as well as employee representatives, have taken part in special training sessions that focus on disability.

In November 2007, during the French Handicap Week, BNP Paribas hosted an open day in its Paris offices for disabled persons. The goals were to promote awareness of jobs available in the banking sector, to allow applicants to apply for jobs, and to meet applicants.

BNP Paribas is developing the outsourcing of certain work to sheltered workshops. Since 1981, it has been working with the *Institut de Cents Arpents,* which was set up by Mutuelle BNP Paribas in the suburbs of Orléans. The facility, which is home to the Jean Pinault centre for assistance through work, has recently increased its capacity and now provides work to 107 disabled workers, compared with 80 previously. Eleven people with serious handicaps also live in its special accommodation centre.

BNP Paribas is seeking to significantly increase the number of handicapped employees by broadening the pool of candidates. It also wishes to improve support for employees confronted with a handicap either directly or in their family. Whenever necessary, the bank adapts workstations and the working environment, and liaises with social services, the occupational health department and the Group's health insurance plan to improve personal living conditions and help disabled employees with the purchase of expensive equipment. A special project group was set up in 2007 to establish concrete initiatives and step up the efforts to keep disabled workers in the workforce.

BNP Paribas SA continued its *Accueil et Service* (reception and service) initiative aimed at improving access to its offices for customers and staff. A full audit is currently being carried out on the compliance of the Group's head office buildings in the Paris area. This initiative has been presented to BNP Paribas SA's employee representatives and will first be rolled out to all French subsidiaries, then extended to a certain number of other territories.

The Group has also improved access to its website for sight-impaired people and expanded the range of software available to employees to include voice synthesis software. In-depth studies are being carried out on ways to make it easier to communicate with hearing-impaired clients and staff. Work is continuing to bring head office buildings into compliance with the access plan, with particular attention being paid to the difficulties encountered by disabled employees.

In 2007, BNP Paribas, along with French training centre for the banking profession (CFPB) and seven other banks, founded the association HandiFormaBanque, which is currently chaired by BNP Paribas. This association works to train and recruit people with disabilities for certain strategic posts: banking call centre agents, receptionists and customer service representatives. The association set up a structure and implemented resources dedicated to integrating people, to make it easier to find applicants and communicate with them. It also establishes ties with other associations that focus on employment for disabled persons.

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PROTECTING EMPLOYEE HEALTH

The Group's occupational health policy goes beyond simply complying with changes in legislation. The major components of the policy involve risk prevention and support for vulnerable employees or those who have become unfit to work.

PREVENTION OF OCCUPATIONAL RISK

Identifying occupational risk is the first step in preventing it. The various risks identified include attacks in branches, musculoskeletal problems, and problems with air-conditioning and heating systems. A cross-disciplinary team set up in 2006 pools the skills and knowledge of its members to prevent these risks and deal with illnesses and their various causes. This approach to working conditions offers greater opportunity for prevention and fosters joint action. In 2007, projects primarily focused on problems relating to the work environment and HVAC systems.

Medical assistance to employees that have been victims of attacks, in particular in the Paris region, is provided in conjunction with the Paris medical emergency services. This initiative has been progressively improved over recent years, and its effects can be seen with the decrease in the number and length of post-attack stoppages, and the reduction in requests for transfer to another position subsequent to an attack. In 2007, 119 employees received medical assistance after an attack. Four of them were referred to mental health specialists for further help.

Special measures have been put in place for the prevention of other workplace risks. These include information campaigns, training, the use of ergonomic design and remedial ergonomics, and early-warning procedures. The high degree of vigilance exercised by the occupational medicine department, team managers, facilities management departments, the ergonomics function, and the works council has contributed to the very low rate of musculoskeletal problems reported in BNP Paribas SA.

In 2007, several new risk prevention initiatives were implemented, such as health monitoring focusing on risks relating to asbestos and legionnaires' disease (with the monitoring of cooling tower installations), and prevention of post-traumatic stress disorder and musculoskeletal problems. Over 2,700 flu shots were administered and public health information and prevention campaigns were organised on healthy eating, organ donation and addiction prevention.

PUBLIC HEALTH PROBLEMS

BNP Paribas SA's occupational health department has been working for many years to promote employee health. During annual check-ups, occupational physicians provide employees with personalised care in all areas of public health. Awareness campaigns, brochures and specific programmes are designed to address major risks, including cardiovascular problems, cancer, obesity and smoking.

Public health initiatives in 2007

Many important initiatives were launched in 2007:

- a conference on health, sport and weight with Dr. Jacques Fricker, a well-known French nutritionist and author, was held in June at the Valmy site;
- a DVD on healthy eating was distributed to all the Group's multimedia libraries in France;
- a conference/debate was held on addiction prevention;
- information on organ donation was provided in collaboration with the works councils of the Paris head offices;
- health training on major public health issues such as AIDS, stress and cardiovascular diseases, and musculoskeletal problems;
- medical check ups for employees going on assignment to areas that pose health risks (fit-for-work evaluations, pre-departure advice, immunisation record verification and malaria prevention). First-aid kits are provided to such employees to help them avoid infections, and medical kits are given to assignment managers, with single-use materials to be used in the event of an accident in these countries. Increased medical monitoring for 140 expatriate staff members with the implementation of new check-ups based on age and the level of risk in the countries concerned;
- continued efforts in cardiovascular prevention with screening for cardiovascular risk factors (cholesterol, blood pressure, smoking and stress) and out-patient evaluations (at the Broussais Hospital in Paris) for employees concerned, as well as screening for cardiovascular impairment in order to plan early treatment (289 blood tests and 16 employees hospitalised);
- tonometers in place in all occupational medicine departments to screen for glaucoma;
- 535 people took part in the programme to help employees and their family members give up smoking through the Allen Carr method. Among those who answered the satisfaction survey, 47% had stopped smoking at 31 December 2007;
- 840 people contributed to the blood donation drive.

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The occupational health department monitors emerging health risks in order to inform staff members and recommend solutions. In 2007, the Group used the intranet to provide tips to its staff on how to handle a potential heat wave in July.

A working group comprising HR managers from all the businesses and functions is preparing the Group to deal with health and organisational issues in the event of a pandemic. Topics include the purchase of masks, hygiene product listings, information on hygiene measures such as hand washing, and, finally, placing posters in washrooms.

Emergency response and CPR training for all medical staff

As part of the five-year emergency medicine training plan, a yearly refresher course on the use of semi-automatic defibrillators has been organised, and ongoing training is provided to medical staff involving the revision of key protocols and role-play.

SUPPORTING EMPLOYEES THROUGH DIFFICULT TIMES

As with prevention, the redeployment of employees after several months of absence due to illness is the subject of concerted efforts between the occupational health department, the HR managers and functional management. Given the rapid pace of change within the Group, the reintegration process must factor in an adjustment to the new circumstances, so as to dispel employees' worries and allow them the time to find their feet again.

In certain cases, employees can meet with the occupational physician before resuming work, either because they request it or because their GP or the reviewing physician from the national health insurance system deems it necessary. In such instances the company doctor prepares the employee for his or her return, taking into consideration any after-effects or residual handicap he or she may be suffering.

Outside France, entities are endeavouring to optimise occupational risk prevention and access to care for employees in conjunction with local health authorities. The employees of UkrSibbank that were exposed to radiation following the Chernobyl disaster qualify for indemnities and additional leave, and their health is closely monitored as part of an initiative run by the Ukrainian authorities.

BNP Paribas is an active member of Sida Entreprises, a business-funded association focused on AIDS. The aim of this association is for French investors in Africa to help resolve ongoing issues of prevention and lack of access to treatments, problems that remain prevalent despite the financial aid that has been injected into affected countries. BNP Paribas helps to set up inter-company platforms in most of the countries in West Africa where it is present, through its network of associated banks (BICI).

In 2007, BICI Burkina Faso took part in an annual seminar organised by Sida Entreprises in Ouagadougou, which brings together groups involved in workplace initiatives to fight HIV/AIDS.

HIGH QUALITY EMPLOYER-EMPLOYEE RELATIONS

In 2007, the Commission on Employment Law – BNP Paribas SA's labour information and negotiation body – met on 21 occasions and negotiated the signature of nine company-level agreements. Some of these agreements led to the improvement or continuation of employee benefit plans, while others gave rise to an increase in the number of employee representatives in various bodies.

As regards employee profit-sharing, five of the agreements led to the payment of a one-off top-up payment for 2007 and an additional performance-related bonus for all employees. A wage agreement for 2008 established a general measure for pay rises, the payment of a one-off bonus, and the implementation of specific measures including taking into account wage discrepancies between employees in different age brackets and gradually reducing wage discrepancies between men and women.

In-depth discussions were also held with trade unions on the integration of disabled workers within the Group. Many working meetings were organised with a view to preparing a draft agreement on this topic, due for signature in 2008.

Discussions also got under way with employee representatives on the issue of stress in the workplace. A special working group was set up with the participation of the occupational medicine department. The purpose of this group, which has already met on several occasions, is to establish a diagnostic review system and determine measures that should be implemented in the company.

Another long-term agreement on gender equality in the workplace was signed on 30 July 2007. It supplements the agreement signed on 28 July 2006 on the implementation of the French law of 23 March 2006 on equal pay during maternity, adoption and post-maternity leave. The agreement sets out three areas of action:

- the pivotal stages of employees' professional life within the company. The Group will strive to narrow the gap between the number of women and men promoted at the three stages when a change in level is considered key to career development;
- a target of at least 44% women among overall executive staff by 31 December 2010. The Group has undertaken to at least maintain the lead it has in this area within the banking sector: at 31 December 2007, BNP Paribas SA had already exceeded the goal of 40% established by the sector for 2010, with a percentage of 41.4%;
- specific measures to reduce the wage gap within the scope of the French law of 23 March 2006 will be implemented progressively over 2008, 2009 and 2010. Methods have been designed to assist individual managers in identifying the files of female employees most likely to show an unjustified wage difference, which must be given priority for assessment. Starting in 2008, a specific national budget dedicated to reducing pay discrepancies will be discussed each year during the mandatory annual salary negotiations.

This agreement establishes measures to enhance equal treatment for women and men by giving women access to managerial training and training leading to professional banking qualifications, which are used

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as a basis for performance evaluations. The agreement makes it easier to take into account challenges faced by women or related to family life, such as organisation of training sessions and meetings, cover and benefits during pregnancy, maternity and adoption leave, special leave for employees whose spouse (regardless of whether he or she is a BNP employee) has to relocate for his or her job.

Finally, there was substantial dialogue within the European Works Council and Group Works Council in 2007. Besides the annual meeting of the European Works Council, an additional meeting was held to present the impact of BNL's consolidation within the Group. A meeting was also organised by the Group Works Council on the topic of working for the Group in France.

7.3 NRE Appendices – Social chapter

NRE social indicators – Year ended 31 December 2007	Scope for 2007
1. Remuneration and benefits paid to each corporate officer during the financial year	
See the section of the Report under *Corporate governance – Remuneration*.	Group
2. Remuneration and benefits paid during the financial year to each corporate officer by controlled companies as defined in article L. 233-13 of the French Commercial Code	
See the section of the Report under *Corporate governance – Remuneration*.	Group
3. List of all directorships and positions held during the financial year in any company by each of the corporate officers	
See the section of the Report under *Corporate officers, module 1*.	Group
4. Total number of employees including fixed-term contract employees	
See section 7.1 of the Report under Human resource development – *Workforce development in line with the Group's expansion*.	
The number of employees managed by the Group at 31 December 2007 was 162,687 full-time equivalent employees (FTEs), up 20,777 FTEs compared with 2006. In France, the number of employees managed by the Group rose to 64,080 FTEs, including 39,651 for BNP Paribas SA, of which 180 were on fixed-term contracts.	Group
The concept of *cadre*, loosely translated as "executive", is specific to the French workplace and cannot be meaningfully transposed at a global level. For information purposes only, therefore, the proportion of *cadre to non-cadre* (executive to non-executive) staff employed by BNP Paribas SA has continued to increase steadily: 35.7% in 2002 37.7% in 2003 39.7% in 2004 42.4% in 2005 44.6% in 2006 48.3% in 2007	France
5. Number of new permanent and fixed-term contract employees	
In 2007, approximately 24,000 new employees were recruited worldwide on permanent contracts.	Group
The Group hired approximately 5,000 new employees on permanent contracts in France in 2007, up 6.5% on 2006.	Group France
BNP Paribas SA added 3,574 new FTEs in mainland France: 1,574 men (44%) and 2,000 women (56%). Of the total, 450 were on fixed-term contracts (125 men and 325 women) and 150 were hired on permanent contracts following a fixed-term contract (34 men and 116 women).	SA mainland
See section 7.2 of the Report under *Recruitment processes* for more extensive and detailed information on this topic.	
6. Recruitment difficulties	
Despite a more competitive market context, BNP Paribas remains a very attractive employer among job seekers, with over 200,000 unsolicited job applications received in 2007. In 2007, new hires were split evenly between young university graduates (20% with an associate's or bachelor's degree and 30% with a master's degree) and employees with some previous experience. Section 7.2 of the Report under *Recruitment processes* provides more extensive and detailed information on this topic.	Group France

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NRE social indicators – Year ended 31 December 2007	Scope for 2007
7. Number of and reasons for dismissals	
In 2007, the number of employees dismissed by BNP Paribas SA in mainland France amounted to 232 FTEs. The main reasons for dismissals remain professional incompetence.	SA mainland
8. Overtime hours	
In 2007, BNP Paribas SA paid 53,501 hours of overtime in mainland France, i.e. less than 0.1% of regular hours.	SA mainland
9. Temporary staff	
Temporary workers: the average monthly number of temporary workers remained limited, at 195 FTEs. The average length of contracts was 25 days. BNP Paribas SA's expenditure on temporary staff in France amounted to EUR 9.1 million for the year.	SA mainland
Agreements binding BNP Paribas and temporary work agencies and service providers include very strict clauses on compliance with employment legislation and the prevention of loss-making sales, which are prohibited under French law.	Europe
10. Where relevant, information relating to headcount adjustments, redeployment and career support advice	
See section 7.2 of the Report under *Quantitative and qualitative workforce adaptation*, where this topic is examined in depth.	SA mainland
11. Working hours	
Extensive possibilities for requesting part-time work arrangements are available to employees. A total of 10.2% of employees in France have opted for a part-time work arrangement, the proportion being 10.9% at BNP Paribas SA mainland France and 8.2% in the subsidiaries. Employees with over one year's seniority qualify for a time savings account (*Compte Epargne Temps*), in which they can save holiday time for later use – e.g., taking personal days, partly financing a continuing education project or switching to part-time work without loss of revenue. At 31 December 2007, 12,411 employees were using a time savings account. Subject to their supervisor's agreement, employees can also take 5 to 20 days of unpaid leave.	SA mainland
12. Working hours and days for full-time employees	
In France, the working week for a full-time employee is generally considered to be 35 hours. For BNP Paribas SA, the theoretical number of days worked per employee per year (on a fixed working hours basis) was 205 in 2007.	SA mainland Switzerland, United States and United Kingdom
13. Working week for part-time employees	
10.9% of employees have chosen one of the part-time work arrangements made available, and women account for 93.9% of all part-time employees. The main options are 50%, 60% or 80% of a full-time equivalent. The 80% option has been selected by almost 70.2% of part-time employees.	SA mainland
14. Absenteeism and reasons for absenteeism	
In 2007, the absentee rate for BNP Paribas SA in mainland France was 4.6%. Maternity leave accounted for 1.5% of the total. The rate of 3.1% for non-maternity-related absenteeism is one of the lowest in BNP Paribas SA's history. After maternity leave, non-work-related illnesses were the most common reason for long-term absences. See the 2007 Social Report.	SA mainland
15. Remuneration	
The average monthly remuneration of BNP Paribas SA employees in mainland France was EUR 3,032 in 2007. ■ 95% of employees received a variable remuneration bonus (95% of women and 95.1% of men). ■ 44.5% were awarded an increase in fixed remuneration. ■ 13.6% were promoted. See Creating loyalty through a competitive remuneration package under section 7.2 of the Report.	SA mainland
16. Changes in remuneration	
A wage agreement signed at the end of 2007 for 2008 established a general measure for pay rises, the payment of a one-off bonus, and the implementation of specific measures which include taking into account wage discrepancies between employees in different age brackets and gradually reducing wage discrepancies between men and women.	SA mainland
17. Payroll expenses	
The Group's payroll taxes for 2007 amounted to EUR 2,368 million.	Group

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NRE social indicators – Year ended 31 December 2007	Scope for 2007
18. Application of the laws of *Titre IV Livre IV* of the French Employment Code (Incentive plans and profit sharing)	
See Creating loyalty through a competitive remuneration package under section 7.2 of the Report. At 31 December 2007, the Group's savings plans for current and former employees held assets of EUR 3.9 billion, including EUR 3.5 billion in BNP Paribas shares. The geographical breakdown of staff outside France that took up the 2007 employee share issue is as follows: Europe (66%), Asia (18%), North America (6%), South America (4%), Africa (4%), Middle East (2%).	Group
19. Gender equality in the workplace	
See *Promoting diversity* under section 7.2 of the Report. 53.4% of BNP Paribas employees worldwide are women (based on physical headcount).	Group
BNP Paribas SA's FTE staff in mainland France is composed of 18,089 men and 21,561 women. Following the agreement of 9 April 2004 on gender equality, a new agreement was entered into on 28 July 2006 defining the rules for changes in individual remuneration of employees following maternity or adoption leave. The proportion of female executives continued to rise: 34.2% in 2001; 35.7% in 2002; 36.9% in 2003; 37.7% in 2004; 38.8% in 2005; 40.3% in 2006; 41.4% in 2007. Proportion of female employees receiving promotion: 54.7% in 2002; 55.6% in 2003; 55.8% in 2004; 57.1% in 2005; 58.1% in 2006; 58% in 2007.	SA mainland
20. Employee relations and collective bargaining	
See *High quality employer-employee relations* under section 7.2 of the Report. As in previous years, there was constructive dialogue with employee representatives within BNP Paribas in 2007. The Commission on Employment Law – BNP Paribas SA's labour negotiation body – met on 21 occasions in 2007 and 9 new agreements were signed with trade unions.	SA mainland
21. Health and safety	

See *Protecting employee health* under section 7.2 of the Report which explores the initiatives taken in 2007. Over and above the initiatives discussed in the Report, other more specific actions were taken in 2007:
■ Medical assistance to employees that have been victims of attacks
In 2007, 119 employees received medical assistance after an attack. Four of them were referred to mental health specialists for further help.
■ Training for medical staff and refresher courses for first-aid workers
Increased focus on refresher courses for first-aid workers with two physicians dedicated to helping first-aid workers to maintain their skills. 118 initial training courses and 347 refresher courses.
■ Vaccinations:
  ■ Continued, large-scale vaccination campaign with 2,700 flu shots;
  ■ Updated vaccination calendar.
Continued efforts in cardiovascular prevention in occupational medicine with screening for cardiovascular risk factors (cholesterol, blood pressure, smoking and stress) and out-patient evaluations (at the Broussais Hospital in Paris) for employees concerned, and screening for cardiovascular impairment in order to plan early treatment (289 blood tests), 16 employees hospitalised.
840 people contributed to the blood donation drive.
■ Programme offered to help employees and their family members give up smoking (Allen Carr method) – 535 people registered in Paris, and seminars planned for Bordeaux, Arras and Dijon.
■ Assistance with giving up smoking in Lyons, in conjunction with a regional health centre there (14 people).
	SA mainland

22. Training	
See *Developing the skills of employees and teams* under section 7.2 of the Report. The breakdown of BNP Paribas SA mainland France employees enrolled in training for a professional qualification was as follows: 291 for the *Brevet Professionnel* banking diploma, 506 for the BTS banking qualification and 242 for the *Institut Technique de Banque*. In 2007, 15,984 applications for the Right to Individual Training (DIF) were accepted by BNP Paribas SA for 255,500 hours of training, making the Bank one of the very first companies to use this programme.	SA mainland
23. Employment and integration of disabled employees	
See Promoting diversity under section 7.2 of the Report. BNP Paribas strives to develop its outsourcing of certain work to sheltered workshops. Since 1981, it has been working with the Institut des Cents Arpents, which is part of the Jean Pinault centre for assistance through work in the suburbs of Orléans, in central France. The centre now facilitates 107 disabled workers alongside 11 people with serious handicaps in its sheltered accommodation. BNP Paribas has also significantly improved access to its website for sight-impaired people, expanded the range of software available to employees to include voice synthesis software, and is actively exploring ways to make it easier to communicate with its hearing-impaired clients and employees.	SA mainland (or France)

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NRE social indicators – Year ended 31 December 2007	Scope for 2007
24. Company benefit schemes	
National-level social and cultural activities are administered by the Central Works Council and other staff benefit schemes are coordinated by local works councils. Benefits offered to employees include children's summer camps and organised holidays for staff, contributions to meal expenses, family welfare, lending libraries for books, records, videos and other media, and discounts for theatres and cinemas. A sports and cultural society allows staff to take part in and attend a variety of team sports and cultural events. A breakdown of BNP Paribas SA's contributions to company benefit schemes is provided in the Social Report. The budget allocated to company benefit schemes in 2007 amounted to EUR 90.67 million.	SA mainland
25. Relations with the community, including associations to combat social exclusion, educational institutions, environmental and consumer associations, and local residents	
This point is developed in the Sustainable Development Report under the section entitled *A partner in society*. Over the years, BNP Paribas SA's local banking network in France has been involved in hundreds of formal or informal voluntary partnerships with various organisations. These relationships often take the form of internships, work experience schemes or apprenticeships. Many of these partnerships also serve to promote the sports, cultural and artistic initiatives of young people, as well as local projects to help integrate them into the labour force, fight social exclusion and protect the environment. ***Projet banlieues:*** with *Projet banlieues*, launched in December 2005, the BNP Paribas Foundation offers its support to *ADIE* (a non-profit association providing microloans to the unemployed) to foster business development in disadvantaged neighbourhoods. The project has helped finance six new ADIE offices throughout France, including one in Toulouse in September 2007 and another in the La Duchère area of Lyons in October 2007. **Consumer organisations:** the Quality & Consumer Relations Department within French Retail Banking has set up partnerships with around ten consumer rights groups. Within the scope of partnership agreements as well as through specific projects, the groups of branches within the BNP Paribas network maintain very close relationships with the organisations and schools in their areas. These partnerships are often much more than purely commercial relationships, offering financial, technical or even organisational support for the projects undertaken by the partnerships. *Links with schools* BNP Paribas has continued to have a very active campus management policy – with more than 100 school events organised in 2007 – giving rise to a significant increase in the number of applications from trainees (work placements, VIE *Volontariat International en Entreprise* and work/study programmes). ■ BNP Paribas allocated EUR 958,000 to institutions in underprivileged inner-city areas as part of the apprenticeship tax it pays. This amount was used to purchase, hire and maintain teaching and professional equipment and facilities.	SA mainland
■ BNP Paribas sponsors the *Fête le Mur* association which enables young people in underprivileged areas to play tennis. As part of its involvement, BNP Paribas invited 30 children from *Fête le Mur* in the south-east of France to attend the Monte Carlo Masters Series in April 2007. BNP Paribas also invited dozens of children from the Lyon area to attend the best matches of the Grand Prix de Tennis de Lyon tournament, of which it is the main sponsor.	International network
26. Contribution to regional development and employment	
The Group seeks to promote economic development in the territories where it is based by providing its clients with the financing to fuel their development. BNP Paribas plays a major role in financing entrepreneurs and new small businesses, which are the mainstay of the French economy. The latest barometer of corporate client satisfaction measures the progress perceived in the quality of monitoring and assistance provided by the business centres. Regional access to centres of expertise (Trade Centres and trading rooms) is also very favourably viewed. BNP Paribas' local banking network outside of France also contributes to financing and developing the local economy. The Group takes steps to ensure that local employees are promoted to senior positions. The number of expatriate posts is intentionally restricted.	SA mainland
27. Outsourcing and the Bank's policy with subcontractors: steps to ensure that subcontractors comply with International Labour Organization (ILO) standards	
The new IT Production, Information Technology & Processes department (ITP) function manages all procurement contracts in excess of EUR 1 million. Since 2002, all contracts negotiated and signed by the purchasing function integrated into ITP include clauses providing for compliance with International Labour Organization (ILO) standards or setting out local employment law principles in the event that such principles are stricter than ILO standards. To promote transparency, the purchasing function set up a dedicated suppliers' portal on the Group's website, which makes specific reference to sustainable development and compliance with ILO standards. For more information, visit http://fournisseur.bnpparibas.com/deven.htm. Going against the grain of the widespread trend toward outsourcing of information technology functions, BNP Paribas opted for a novel solution by creating a joint venture with IBM France to meet the Group's IT processing needs. This strategic alliance answers the call for controlling and decreasing IT costs, while preserving a centre of excellence in France with leading-edge technology. Thanks to this original partnership, BNP Paribas is able to stay in command of its IT capabilities, while ensuring a painless transition for its employees, since all those concerned were able to keep the individual and collective benefits associated with their previous status. IT development activities in Morocco and India remain limited and are handled by Group subsidiaries. They have not led to any redundancies in France.	Group

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NRE social indicators – Year ended 31 December 2007	Scope for 2007
28. Steps taken by the Bank to ensure that subsidiaries comply with ILO standards	
CSR clauses were included in the standard supplier contracts for all purchasing categories concerned. The purchasing function performs, gathers and audits all the major outsourcing agreements entered into locally by Group entities worldwide. Based on the 2006-07 audit, recommendations were made to the entities on necessary updates. Where clauses relating to corporate responsibility were missing or inaccurate, the entity could be requested to renegotiate the contract. In addition to management controls required by the Group's internal control system, internal audit and inspection teams are also responsible for ensuring compliance with HR directives. An ethics alert mechanism enables all employees to report any non-compliance risks they may come up against.	Group
29. Steps taken by foreign subsidiaries to address the impact of their business on regional development and the local community	
All Group subsidiaries belong to a business line and are required to contribute to fulfilling its strategy, implementing its policies and exercising its social responsibility. The levels of remuneration which BNP Paribas provides to its employees, particularly in emerging countries, and benefits such as health insurance and death/disability coverage, help raise the standard of living in the employees' families and communities. The Group makes only limited use of expatriate staff, giving local staff the opportunity to take up managerial functions and other positions of responsibility.	Group

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7.4 NRE Appendices – Environmental chapter

NRE environmental indicators – Contribution for the Year ended 31 December 2007	Scope for 2007
1. Water consumption	
The collection of data on water consumption in 2007 represented 34% of staff concerned in mainland France. On this basis, water consumption amounts to 22.4m³ per FTE.	France (Paris head office buildings, subsidiaries and Production & Sales Support Groups)
In other countries, water consumption statistics were compiled for less than 50% of the Group outside France. Data show water consumption of 19.4m³ per FTE in the United Kingdom, 17.5m³ per FTE in Tunisia and 37.9m³ per FTE in the United States.	International (data from 11 countries)
2. Raw material consumption	
For a financial services provision group like BNP Paribas, paper is the number one raw material consumed.	Paper
Overall paper consumption in France, including roll paper from printing centres, paper reams and paper purchased from printers on behalf of BNP Paribas stood at 9,587 tonnes. On this basis, paper consumption per FTE decreased 7% in 2007, to 160kg per FTE.	France ITP scope + printing centres (French Retail Banking)
In other countries, the waste paper collection process is being expanded and has become more reliable. Some 145kg per FTE are collected in Morocco, 146kg per FTE in the United Kingdom and 288kg per FTE in Germany. BNP Paribas Assurance carried out an internal audit on its paper consumption to reduce consumption. Steps taken immediately, such as streamlining electronic reporting, printing on both sides of paper, and increasing employee awareness, made it possible to reduce consumption at head office in 2007 by 12.5% (25 tonnes) compared with 2006, even with the growth enjoyed over the year. These results will continue to improve with long-term projects such as electronic reporting. Finally, a new reporting process makes it possible to monitor paper consumption and measure the progress made. BNP Paribas Assurance is gradually replacing 20,000 to 25,000 paper greeting cards with electronic cards. In France, 20% of the Group's office supplies are environment-friendly products.	International Germany, Morocco and United Kingdom
3. Energy consumption	
The Group's electricity consumption in France, based on actual total consumption as opposed to prorated calculation, stood at 370 GWh, representing average consumption of 216 KWh per m².	France Global France
In other counties, the collection of data on energy consumption represented 52% of the Group's staff. Based on these figures, consumption was 327 KWh per m².	International Germany, Canada, Spain, Hong Kong, Italy, Japan, Switzerland, Turkey, United States and United Kingdom
4. Measures taken to improve energy efficiency	
With the ITP function, which brings together the management of facilities, purchasing and information systems, the Group defines and implements a general environmental management policy. The building at 14, rue Bergère in Paris was restored and obtained High Environmental Quality (HEQ) certification in connection with the French standard on service-sector buildings, issued by the CSTB, the scientific and technical advisory centre for the French building industry.	France
An energy management system got under way in 2007, as a result of the call for tenders from enterprises proposing solutions for managing energy requirements. Two systems were selected and have undergone testing: the first in Levallois with Wirecom in the Paul Vaillant Couturier building, where a building energy management system was installed using powerline communication technology, and the second with Ergelis at the Montigny site, using a remote management system. The systems will be evaluated in 2008 to assess their effectiveness. The headquarters of BNP Paribas Lease Group in Rennes is currently being used as a pilot branch for an energy assessment. The results will make it possible to adjust energy consumption, renegotiate energy charges and identify problems of excessive consumption that may be caused by defective equipment.	Paris head office buildings
The T8 fluorescent tubes used to light the branches' signs were replaced by T5 fluorescent tubes that give out the same amount of light but consume 30% less electricity. Long-life LED bulbs, which also consume less electricity, are used in Bank's ATM machines.	Global France

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NRE environmental indicators – Contribution for the Year ended 31 December 2007	Scope for 2007
5. Use of renewable energy sources	
Part of the Group's electricity in France is supplied by an operator who is contractually obliged to provide 15% renewable energy.	France Global France
In Canada, 100% of the electricity used by the Group is renewable, as is 18% of the energy used by BNP Paribas Frankfurt and Cortal Consors in Germany, and 88% of the energy used by Arval in the United Kingdom.	International Canada, Germany and United Kingdom
6. Land use	
For each project, Meunier Habitat appoints a specialised consulting firm to carry out a diagnostic review of the extent of the soil contamination. The consultants define the specifications for a soil identification programme, contamination studies are performed using tests and analyses, and a soil report is drawn up. Meunier Habitat uses this report to carry out any remediation work required to ensure that the soil meets all applicable regulatory standards.	France
In addition to these initiatives, the Group applies "environmental housing" certification provisions to certain Meunier Habitat programmes. These mainly concern the management of pollution-related problems with a view to meeting the objectives required in terms of health, ecological balance and comfort of use.	Meunier Habitat
Klépierre systematically assesses its environmental impact when building new shopping centres. This subsidiary has installed tools, such as multiple distributed water meters, in its shopping centres in order to improve the management of water, energy and fluid consumption.	Klépierre
7. Emissions to air, water and soil	
Emissions to water and soil are not taken into account as they are not material. Ongoing indicators have been put in place, which enable the Group to calculate its CO2 emissions for 2007. The available data do not enable this survey to be performed on the full scope of consolidation, but it has been extended to several sizeable territories outside France. The data collected take into account information on electricity consumption, work-related travel by car, train and air, and, in France, commuting between the home and office. This enabled an initial estimate of CO2 per FTE: France: 2.69 tonnes; Switzerland: 3.40 tonnes; Italy: 4.16 tonnes; United States: 5.06 tonnes; United Kingdom: 6.17 tonnes.	France International Switzerland, United States, Italy and United Kingdom
The calculation methods aim to include the emissions generated by the production, transportation and consumption of energy sources. For electricity, the type of primary energy used by the producer was taken into account. For air travel, the factors considered were kerosene consumption, average load factors, the distinction between short-, medium- and long-haul flights, and the class the passenger travelled in. For car journeys, the methodology assesses emissions based on mileage as well as on the vehicle's taxable horsepower rating and fuel type. In France, estimates for commuting were made by dividing employees into three categories, based on which of three concentric circles their home residence belonged in, i.e., (i) city or town centre; (ii) close suburbs or outskirts of town; or (iii) distant suburbs or rural setting. Emissions produced by these trips were then estimated based on the type of transportation used. Independently of errors relating to the reliability of data or to the incomplete scope of the survey, the methodology used is subject to the following error margins: electricity: 10%; Trip mileage per car: 10%; Commuting: 20%; Air travel: 20%.	
8. Noise and odour pollution	
No complaints relating to noise or odour issues were addressed to the Group in 2007. Meunier always studies the environmental impact of its projects from the specific standpoint of noise and odours. When technical equipment can be a source of noise disturbance, the company selects models offering the best available acoustic performance. Specific testing is carried out following construction and, if required, additional measures are taken to comply with applicable noise regulations. The location of air intake and discharge vents is designed to minimise effects on neighbouring buildings, based on dominant wind patterns. The construction processes and tooling used, as well as the management of construction waste, are designed to minimise the impact of construction work on the immediate environment.	Group

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NRE environmental indicators – Contribution for the Year ended 31 December 2007	Scope for 2007
9. Waste processing	
In France, the system for collecting used toner cartridges in association with Conibi, the industry grouping of toner cartridge producers, is still in place. The number of cartridges was stable compared with 2006, with 89,925 cartridges collected in 2007.	France
The scope of data collected in other countries increased and became more reliable, but still remains below 50%. Canada, Germany, Japan, Switzerland and Morocco collected and recycled 100% of their cartridges. The collection of paper and cardboard for recycling is also on the increase. Corbeille Bleue, a specialised company, collects and sorts the litter bins in the Group's Paris offices. The paper recycled is used for district heating, packaging production and papermaking pulp. Office bins continued to be replaced by bins enabling employees to separate recyclable from non-recyclable waste (paper and all other non-hazardous waste). Most of the Group's Paris head office buildings are now equipped with these new bins and a clause regarding "double collection" has been included in cleaning company contracts. In other countries, the scope used to measure paper collection is not material. The aluminium sockets and the glass from fluorescent light bulbs used in most offices are recycled and the gas is reprocessed.	International Switzerland, United States, Italy and United Kingdom
In France, the upward flow of information regarding the collection of Waste Electrical and Electronic Equipment (WEEE) is underway.	France
10. Measures taken to avoid upsetting the biological balance	
As part of its CO2 survey, the Group identifies the processes by which it could harm the environment (for example the use of refrigerants at its Paris head office buildings) in order to try and reduce them. Resources for detecting asbestos in buildings are implemented as part of an asbestos action plan. Diagnostic reviews of materials are carried out before launching any renovation work in France. These reviews complement the technical recommendations drawn up previously and distributed to BNP Paribas sites. Air and water quality are measured on a regular basis and the Group has issued recommendations on the choice of paint. Two innovative HVAC systems were installed: an adiabatic cooling tower in Levallois that uses a closed circuit up to 27°C and atomises water on the wet decks beyond 27°C; and a centrifugal compressor with magnetic bearings in the building on rue Bergère in Paris.	Group France
11. Measures taken to ensure compliance with legal requirements	
BNP Paribas continuously strives for the highest standards of ethical behaviour, compliance, risk management and internal control. Within a changing banking environment characterised by increasing regulatory requirements, the global Group Compliance (CG) function, whose director reports directly to the Chief Executive Officer, has broad powers throughout the Group. The CG function distributes Group-level directives regarding permanent control and monitors the development of the mechanism in the Group's entities.	Group
Guidelines have been drawn up to ensure that buildings are managed in accordance with technical regulations applicable in France. Real estate guidelines are based on the most stringent regulations in all countries where BNP Paribas operates and are enforced at all sites, worldwide. Property audits are performed on all head office buildings in connection with acquisitions. Group Legal Affairs monitor changes in environmental legislation. Clauses covering the corporate and environmental responsibility of suppliers are systematically included in service agreements.	France
12. Steps taken towards environmental evaluations and certifications	
BNP Paribas is present on all the major benchmark indices for socially responsible investment: DJSI World, DJSI Stoxx, ASPI Eurozone, FTSE4Good Global and FTSE4Good 50. In 2007, the Group joined the new FTSE4Good Environmental Leaders Europe 40 index, which includes the European leaders in environmental management through a ranking based on commitment toward the environment, human rights and dialogue with stakeholders. BNP Paribas obtained the best score in the environmental sector and is the only French bank included in the index, with seven other European banking groups. Although the Group's inclusion in these indices represents neither an evaluation nor a certification, it nevertheless provides a positive indication of BNP Paribas' compliance with the requirements of corporate and environmental responsibility. The Statutory Auditors report on non-financial information in the Annual Report in 2007 gave moderate assurance, applicable both to processes and to certain environmental data.	Group
In Italy, the 87 BNL sites in Lombardy have been ISO 14001 certified and comply with Health, Safety and Environment regulations. Meunier Immobilier d'entreprise obtained "Habitat and Environment" certification for its Tenor housing complex in Courbevoie, which meets all seven criteria specified in the certification process. Meunier Habitat signed an agreement with a certifying body, by which it committed to obtaining such Habitat and Environment certification for eight future housing programmes in the greater Paris region.	Italy

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NRE environmental indicators – Contribution for the Year ended 31 December 2007	Scope for 2007
13. Company expenditures for prevention of environmental impacts	
The Group's operations, which involve banking and financial services, have limited direct consequences on the environment. Nonetheless, the Group has focused on ten principles for fulfilling its environmental responsibilities and implementing preventive action. The cost of these cross-functional measures has not yet been calculated separately. Criteria for purchasing or leasing a building include its proximity to existing sites and to public transport. To cut costs and improve efficiency, BNP Paribas has developed videoconferencing systems. Videoconferencing should be considered prior to making any trips. More videoconferencing equipment is being installed within the Group's main sites. Public transport is recommended for employees; taking trains is favoured over air travel.	Group
The following measures apply to the 2,400 service vehicles managed by the Group: vehicles are chosen based on their CO2 impact; 90% use diesel fuel; almost all the vehicles fall within the A and B categories with CO2 emissions between 110g/km and 130g/km; no vehicles in the A and B categories use regular fuel; vehicles are pooled to optimise use; and GPS equipment is used to reduce overall energy consumption.	France
14. Internal department for environmental management	
The ITP function, created in 2007, is in charge of assessing the Group's environmental impacts and taking steps to reduce them. This function is responsible for providing the entities throughout BNP Paribas with procedural, IT, property, purchasing, security and individual support services to help to improve the Group's operational efficiency. A special committee has been set up to coordinate BNP Paribas' efforts to meet its environmental responsibilities. Led by the Group Sustainable Development, it brings together representatives from the Bank's operating entities and relevant experts.	Group
15. Environmental training and information programmes for employees	
All the Group's internal communications channels – including its website, Ambitions in-house newsletter, monthly Sustainable development newsletter, as well as conventions and other company events – are used to promote its corporate and environmental responsibility. In 2007, internal communication initiatives reached new heights. BNP Paribas Assurance launched an information and awareness campaign for its employees on respecting the environment and preventing climate change. In April 2007, as part of Sustainable Development Week in France, the subsidiary invited 2,500 employees from the head office to seminars on a variety of topics. The documentary An Inconvenient Truth was shown and a presentation given by astrophysicist Hubert Reeves to underscore global warming and the threats to biodiversity. Also under discussion was sustainable development as a business model and the platforms of the main French presidential candidates. Employees were able to calculate their ecological footprint and discover ways to help prevent climate change. Stickers were placed in meeting rooms, washrooms and on printers, a booklet on Being Eco-logical at work was distributed to operations worldwide and a special section was created on the Group's intranet to promote awareness of gestures that employees can make to protect the environment. BNP Paribas Assurance's employees have shown an interest in carpooling. In encouragement of this the company has set up a special website, which was launched during the European Mobility Week in September 2007. Three months after the site was created, more than 350 employees, i.e. 15% of head office staff, had signed up on the site. To show its support, BNP Paribas Assurance pays for five trees to be planted by the association Cœur de Forêt each time one of its employees signs up on the website. Cetelem launched the Oxygène programme to promote awareness among its employees on protecting the environment. Working with its employees will enable Cetelem to gather innovative ideas. This programme is now operating in France and will be expanded to other countries later. A procurement section on the Group's BtoE portal is available for use by all employees making external purchases, covering almost all the Group's sites.	Group

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NRE environmental indicators – Contribution for the Year ended 31 December 2007	Scope for 2007
16. Efforts devoted to the reduction of environmental risks	
BNP Paribas has a "Carbon team" dedicated to researching and promoting market solutions for corporate clients wishing to fulfil their obligations to reduce greenhouse gas emissions in line with the Kyoto protocol and European Directives on CO2 emission quotas. As a financial institution, BNP Paribas plays a full role in facilitating the operation of these markets and contributing to their development. BNP Paribas is a member of the French association Entreprises pour l'Environnement (companies for the environment). The Group entered into two new agreements to purchase Certified Emission Reductions (CERs [1]), expanding its platform of international markets in the environmental domain. The Group funds two projects, in Mexico and India, within the scope of the Clean Development Mechanism (CDM). These investments are in addition to the CER portfolio already in place. BNP Paribas' Innovation and Technology Centre (CIT) within ITP has launched a Greening IT programme to limit the CO2 emissions of its IT equipment. CIT carries out an assessment and designs projects that take into account technological advances such as the use of renewable energy sources.	Group
17. Structure to deal with pollution incidents extending beyond the company	
Any crisis situation is managed by an ad hoc committee composed of the Group's top executives. This committee takes the measures it deems most appropriate and informs the operating entities concerned. If the scale of the crisis warrants it, information may be passed on to the entire Group and there may be a call for international solidarity. As part of the process of validating the operating risk model in 2007, in-depth work was carried out to define and strengthen the Business Continuity Plan, in particular in the event of pollution or accidents.	Group
18. Amount of provisions and guarantees covering environmental risks	
The Group's USD 4.3 million provision is earmarked for possible private disputes and is not intended to cover any fines for regulatory non-compliance.	Group
19. Amount of compensation paid following legal decisions relating to the environment	
The Group has not had any court rulings against it on environmental matters.	Group
20. Environmental objectives set for foreign subsidiaries	
BNP Paribas' guiding principles, namely the Global Compact and the ten principles contained in the Environmental Responsibility Charter, apply to all employees regardless of the business entity or country in which they are employed. The core businesses are responsible for implementing the Group's guiding principles throughout their reporting organisations, including subsidiaries, in all territories. The General Inspection unit and the Sustainable Development designed an audit methodology for corporate social and environmental responsibility to measure the Group's practical compliance with Group environmental guidelines. The auditors implementing this methodology are fully independent and can perform all types of audits in any of the consolidated subsidiaries. Audit findings and the results of inspection assignments are presented in an annual report sent to the Commission Bancaire in accordance with regulation 97-02.	Group

[1] *One certified emission reduction (also known as a carbon credit) equals one tonne of greenhouse gases (expressed as equivalent to one tonne of CO2).*

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8 GENERAL INFORMATION

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8.1 Documents on display

This document is available on the BNP Paribas website at www.invest.bnpparibas.com or on the *Autorité des Marchés Financiers* website at www.amf-france.org.

Any person wishing to receive additional information concerning the BNP Paribas Group, can request documents, without commitment, as follows:

- By mail: BNP Paribas – Group Development and Finance
  Investor Relations and Financial Communications
  3, rue d'Antin – CAA01B1
  75002 Paris
- By telephone: +33 (0)1 40 14 63 58

The regulated information is available on the website in French at www.invest.bnpparibas.com/fr/information-reglementee

8.2 Material contracts

To date, BNP Paribas has not entered into any major contract – other than those signed in the normal course of business – which creates an obligation or commitment for the entire Group which, if it were not fulfilled, would entail the nullity of the contract.

8.3 Dependence on external parties

In April 2004, BNP Paribas and several of its subsidiaries began outsourcing data processing operations to the "BNP Paribas Partners for Innovation" (BP2I) joint venture set up with IBM at the end of 2003.

BNP Paribas exercises significant influence over BP2I, which is owned on a 50/50 basis with IBM. BP2I is staffed essentially with BNP employees and its offices and data processing centres are owned by the Group. Its corporate governance system provides BNP Paribas with a contractual right of oversight and the Group can take back responsibility for data processing operations if necessary.

BancWest's data processing operations are outsourced to Fidelity Information Services, an external provider. Cofinoga France's data processing is handled by SDDC, which is wholly-owned by IBM.

8.4 Trends

There has been no material decline in the business outlook of BNP Paribas since 31 December 2007, date of the last audited financial statements.

8.5 Significant change

There has been no significant change in the Group's financial or business situation since 31 December 2007.

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8.6 Investments

The following investments (since 1 January 2005), individually valued at over EUR 500 million, are considered material at the level of the Group:

Country	Announced on	Transaction	Amount of the transaction	Comments
Italy	3 February 2006	Acquisition of BNL	EUR 9.0 billion	Acquisition of a 50.4% controlling interest, followed by acquisitions of minority interests. 98.96%-owned at 31 December 2006 Merger with BNP Paribas SA on 1 October 2007
United States	14 June 2005	Acquisition of Commercial Federal Corporation by BancWest	USD 1.36 billion	Integration completed on 2 December 2005
France	29 March 2005	Buyout of minority shareholders and proposed delisting of Galeries Lafayette group by the Moulin family with the financial support of BNP Paribas. Joint control over Cofinoga from 30 September 2005		Cash investment following the operation: EUR 585 million in the Motier holding company

The financing for the BNL acquisition is described in note 8 c. to the financial statements (Business combinations).

The other investments were financed through the Group's standard and recurring financing mechanisms.

8.7 Legal and arbitration proceedings

On 17 June 2007, a class action lawsuit was filed in the name of eight Iraqi citizens before a federal court in New York against Australian wheat exporter Australian Wheat Board ("AWB"), US (Minneapolis) wheat trader Commodity Specialists Company, and the Bank. The plaintiffs are asserting claims on behalf of all Iraqis who reside in the three northern governorates of Iraq to recover the money allegedly paid to the Iraqi Government by entities that exported humanitarian goods to Iraq pursuant to the United Nations Oil-for-Food Program.

Another class action lawsuit was filed by other Iraqi citizens claiming to represent Iraqis whose families were ill-treated under Saddam Hussein's regime. According to the plaintiffs, Australian Wheat Board (AWB) and the Bank supported and aided the Iraqi government's murderous and criminal regime by "delivering hidden fees and other illegal payments to Saddam Hussein's regime in breach of international law under the United Nations Oil-for-Food Program". The plaintiffs asserted counts of persecution, torture, assassination and other ill-treatment by Saddam Hussein's regime. They are relying on the Alien Tort Statute and other US laws to establish the jurisdiction of the Court. On 14 December 2007, AWB and the Bank filed an interim application challenging the jurisdiction of the Court to hear the case.

There is no basis for any accusations or allegations that the Bank somehow was at fault for improper payments that may have been made by others in connection with the export of goods to Iraq under the Oil-for-Food Program. The Bank intends to vigorously contest all such allegations.

To the best of the Issuer's knowledge, none of the numerous proceedings in which it has been involved during the last 12 months has had or is expected to have a material impact on its financial position or profitability.

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8.8 Founding documents and articles of association

Updated on 28 January 2008

This English translation is for the convenience of English-speaking readers. However, only the French text has any legal value. Consequently, the translation may not be relied upon to sustain any legal claim, nor should it be used as the basis of any legal opinion. BNP PARIBAS expressly disclaims all liability for any inaccuracy herein.

Section I

Form – Name – Registered Office – Corporate Purpose

Article 1

BNP Paribas is a French Public Limited Company *(société anonyme)* licensed to conduct banking operations under the French monetary and financial code, Book V, Section 1 *(Code Monétaire et Financier, Livre V, Titre 1er).*

The Company was founded pursuant to a decree dated 26 May 1966. Its legal life has been extended to 99 years from 17 September 1993.

Apart from the specific rules relating to its status as an establishment in the banking sector (Book V, Section 1 of the French monetary and financial code – *Code Monétaire et Financier*, Livre V, Titre 1er), BNP PARIBAS shall be governed by the provisions of the French commercial code *(Code de Commerce)* concerning commercial companies, as well as by these articles of association.

Article 2

The registered office of BNP PARIBAS shall be located at 16, Boulevard des Italiens, 75009 Paris, France.

Article 3

The purpose of BNP PARIBAS shall be to provide and conduct the following services with any individual or legal entity, in France and abroad, subject to compliance with the French laws and regulations applicable to credit institutions licensed by the Credit Institutions and Investment Firms Committee *(Comité des Établissements de Crédit et des Entreprises d'Investissement)*:

- any and all investment services;
- any and all services related to investment services;
- any and all banking transactions;
- any and all services related to banking transactions;
- any and all equity investments;

as defined in the French monetary and financial code Book III – Section 1 *(Code Monétaire et Financier, Livre III, Titre 1er)* governing banking transactions and Section II *(Titre II)* governing investment services and related services.

On a regular basis, BNP Paribas may also conduct any and all other activities and any and all transactions in addition to those listed above, in particular any and all arbitrage, brokerage and commission transactions, subject to compliance with the regulations applicable to banks.

In general, BNP Paribas may, on its own behalf, and on behalf of third parties or jointly therewith, perform any and all financial, commercial, industrial or agricultural, personal property or real estate transactions directly or indirectly related to the activities set out above or which further the accomplishment thereof.

Section II

Share Capital – Share

Article 4

The share capital of BNP Paribas shall stand at EUR 1,811,390,890 divided into 905,695,445, fully paid-up shares with a par value of EUR 2.

Article 5

The fully paid-up shares shall be held in registered or bearer form at the choice of their holders, subject to compliance with French legal and regulatory provisions in force.

Shares in the Company shall be registered in an account in accordance with the terms and conditions set out in the applicable French laws and regulations in force. They shall be delivered by transfer from one account to another.

The Company may request disclosure of information concerning the ownership of its shares in accordance with the provisions of article L. 228-2 of the French commercial code *(Code de Commerce).*

Without prejudice to the legal thresholds set in article L. 233-7, paragraph 1 of the French commercial code (*Code de Commerce*), any shareholder, whether acting alone or in concert, who comes to directly or indirectly hold at least 0.5% of the share capital or voting rights of BNP Paribas, or any multiple of that percentage up to 5%, shall be required to notify BNP Paribas by registered letter with return receipt within the timeframe set out in article L. 233-7 of the French commercial code (*Code de Commerce*).

Above 5%, the duty of disclosure provided for in the previous paragraph shall apply to 1% increments of the share capital or voting rights.

The disclosures described in the previous two paragraphs shall also apply when the shareholding falls below the above-mentioned thresholds.

Failure to report either legal or statutory thresholds shall result in loss of voting rights as provided for by article L. 233-14 of the French commercial code *(Code de Commerce)* at the request of one or more shareholders jointly holding at least 2% of the Company's share capital or voting rights.

Article 6

Each share shall grant a right to a part of ownership of the Company's assets and any liquidation surplus that is equal to the proportion of share capital that it represents.

In cases where it is necessary to hold several shares in order to exercise certain rights, and in particular where shares are exchanged, combined or allocated, or following an increase or reduction in share capital, regardless of the terms and conditions thereof, or subsequent to a merger or any other transaction, it shall be the responsibility of those shareholders owning less than the number of shares required to exercise those rights to combine their shares or, if necessary, to purchase or sell the number of shares or voting rights leading to ownership of the required percentage of shares.

Section III

Governance

Article 7

The Company shall be governed by a Board of directors composed of:

1/ Directors appointed by the ordinary general Shareholders' meeting

There shall be at least nine and no more than eighteen directors. Directors elected by the employees shall not be included when calculating the minimum and maximum number of directors.

They shall be appointed for a three-year term.

When a director is appointed to replace another director, in accordance with applicable French laws and regulations in force, the new director's term of office shall be limited to the remainder of the predecessor's term.

A director's term of office shall terminate at the close of the ordinary general Shareholders' meeting called to deliberate on the financial statements for the previous financial year and held in the year during which the director's term of office expires.

Directors may be re-appointed, subject to the provisions of French law, in particular with regard to their age.

Each director, including directors elected by employees, must own at least 10 Company shares.

2/ Directors elected by BNP Paribas SA employees

The status of these directors and the related election procedures shall be governed by articles L. 225-27 to L. 225-34 of the French commercial code *(Code de Commerce)* as well as by the provisions of these articles of association.

There shall be two such directors – one representing executive staff and one representing non-executive staff.

They shall be elected by BNP Paribas SA employees.

They shall be elected for a three-year term.

Elections shall be organised by the Executive Management. The timetable and terms and conditions for elections shall be drawn up by the Executive Management in agreement with the national trade union representatives within the Company such that the second round of elections shall be held no later than fifteen days before the end of the term of office of the outgoing directors.

Each candidate shall be elected on a majority basis after two rounds held in each of the electoral colleges.

Each application submitted during the first round of elections shall include both the candidate's name and the name of a replacement if any.

Applications may not be amended during the second round of elections.

The candidates shall belong to the electoral college where they present for election.

Applications other than those presented by a trade union representative within the Company must be submitted together with a document featuring the names and signatures of one hundred electors belonging to the electoral college where the candidate is presenting for election.

Article 8

The Chairman of the Board of directors shall be appointed from among the members of the Board of directors.

At the proposal of the Chairman, the Board of directors may appoint one or more Vice-Chairmen.

Article 9

The Board of directors shall meet as often as necessary for the best interests of the Company. Board meetings shall be called by the Chairman. Where requested by at least one-third of the directors, the Chairman may call a Board meeting with respect to a specified agenda, even if the last Board meeting was held less than two months previously.

The Chief Executive Officer may also request that the Chairman call a Board meeting to discuss a specified agenda.

Board meetings shall be held either at the Company's registered office or at any other location specified in the notice of meeting.

Notices of meetings may be served by any means, including verbally.

The Board of directors may meet and hold valid proceedings at any time, even if no notice of meeting has been served, provided all its members are present or represented.

Article 10

Board meetings shall be chaired by the Chairman, by a director recommended by the Chairman for the purpose or, failing this, by the oldest director present.

Any director may attend a Board meeting and take part in its deliberations by videoconference or any other telecommunication and remote transmission means, including internet, subject to compliance with the conditions set out in applicable legislation at the time of its use.

Any director who is unable to attend a Board meeting may ask to be represented by a fellow director, by granting a written proxy, valid for only one specific meeting of the Board. Each director may represent only one other director.

At least half of the Board members must be present for decisions taken at Board meetings to be valid.

Should one or both of the positions of member of the Board elected by employees remain vacant, for whatever reason, without the possibility of a replacement as provided for in article L. 225-34 of the French commercial code (*Code de Commerce*), the Board of directors shall be validly composed of the members elected by the Shareholders' meeting and may validly meet and vote.

Members of the Company's Executive Management may, at the request of the Chairman, attend Board meetings in an advisory capacity.

A full member of the Company's Central Works Committee, appointed by said Committee, shall attend Board meetings in an advisory capacity, subject to compliance with the provisions of French legislation in force.

Decisions shall be taken by a majority of directors present or represented. In the event of a split decision, the Chairman of the meeting shall have the casting vote, except as regards the proposed appointment of the Chairman of the Board of directors.

The decisions taken by the Board of directors shall be recorded in minutes drawn up in a special register prepared in accordance with French legislation in force and signed by the Chairman of the meeting and one of the directors who attended the meeting.

The Chairman of the meeting shall appoint the Secretary to the Board, who may be chosen from outside the Board's membership.

Copies or extracts of Board minutes may be signed by the Chairman, the Chief Executive Officer, the Chief Operating Officers or any representative specifically authorised for such purpose.

Article 11

The ordinary general Shareholders' meeting may grant directors' fees under the conditions provided for by French law.

The Board of directors shall divide up these fees among its members as it deems appropriate.

The Board of directors may grant exceptional compensation for specific assignments or duties performed by the directors under the conditions applicable to agreements subject to approval, in accordance with the provisions of articles L. 225-38 to L. 225-43 of the French commercial code *(Code de Commerce)*. The Board may also authorise the reimbursement of travel and business expenses and any other expenses incurred by the directors in the interests of the Company.

Section IV

Duties of the Board of Directors, the Chairman, the Executive Management and the Non-Voting Directors *(Censeurs)*

Article 12

The Board of directors shall determine the business strategy of BNP Paribas and supervise the implementation thereof. Subject to the powers expressly conferred upon the Shareholders' meetings and within the limit of the corporate purpose, the Board shall handle any issue concerning the smooth running of BNP Paribas and settle matters concerning the Company pursuant to its deliberations. The Board of directors shall receive from the Chairman or the Chief Executive Officer all of the documents and information required to fulfil its duties.

The Board of directors' decisions shall be executed by either the Chairman, the Chief Executive Officer or the Chief Operating Officers, or by any special representative appointed by the Board.

At the proposal of the Chairman, the Board of directors may decide to set up committees responsible for performing specific tasks.

Article 13

The Chairman shall organise and manage the work of the Board of directors and report thereon to the shareholders' meeting. The Chairman shall also oversee the smooth running of BNP Paribas's management bodies and ensure, in particular, that the directors are in a position to fulfil their duties.

The remuneration of the Chairman of the Board shall be freely determined by the Board of directors.

Article 14

The Board of directors shall decide how to organize the executive management of the Company. The executive management of the Company shall be ensured under his own liability either by the Chairman of the Board of directors or by another individual appointed by the Board of directors and bearing the title of Chief Executive Officer.

Shareholders and third parties shall be informed of this choice in accordance with the regulatory provisions in force.

The Board of directors shall have the right to decide that this choice be for a fixed term.

In the event that the Board of directors decides that the Executive Management shall be ensured by the Chairman of the Board, the provisions of these articles of association concerning the Chief Executive Officer shall apply to the Chairman of the Board of directors who will in such case assume the title of Chairman and Chief Executive Officer. He shall be deemed to have automatically resigned at the close of the Shareholders' meeting held to approve the financial statements for the year in which he reaches sixty-five years of age.

In the event that the Board of directors decides that such duties should be separated, the Chairman shall be deemed to have automatically resigned at the close of the Shareholders' meeting held to approve the financial statements for the year in which he reaches sixty-eight years of age. However, the Board may decide to extend the term of office of the Chairman of the Board until the close of the Shareholders' meeting held to approve the financial statements for the year in which he reaches sixty-nine years of age. The Chief Executive Officer shall be deemed to have automatically resigned at the close of the Shareholders' meeting held to approve the financial statements for the year in which he reaches sixty-three years of age. However, the Board may decide to extend the term of office of the Chief Executive Officer until the close of the Shareholders' meeting held to approve the financial statements for the year in which he reaches sixty-four years of age.

Article 15

The Chief Executive Officer shall be vested with the broadest powers to act in all circumstances in the name of BNP Paribas. He shall exercise these powers within the limit of the corporate purpose and subject to those powers expressly granted by French law to Shareholders' meetings and the Board of directors.

He shall represent BNP Paribas in its dealings with third parties. BNP Paribas shall be bound by the actions of the Chief Executive Officer even if such actions are beyond the scope of the corporate purpose, unless BNP Paribas can prove that the third party knew that the action concerned was beyond the scope of the corporate purpose or had constructive knowledge thereof in view of the circumstances. The publication of the Company's articles of association alone shall not constitute such proof.

The Chief Executive Officer shall be responsible for the organisation and procedures of internal control and for all information required by French law regarding the internal control report.

The Board of directors may limit the powers of the Chief Executive Officer, but such limits shall not be valid against claims by third parties.

The Chief Executive Officer may delegate partial powers, on a temporary or permanent basis, to as many persons as he sees fit, with or without the option of redelegation.

The remuneration of the Chief Executive Officer shall be freely determined by the Board of directors.

The Chief Executive Officer may be removed from office by the Board of directors at any time. Damages may be payable to the Chief Executive Officer if he is unfairly removed from office, except where the Chief Executive Officer is also the Chairman of the Board of directors.

In the event that the Chief Executive Officer is a director, the term of his office as Chief Executive Officer shall not exceed that of his term of office as a director.

Article 16

At the proposal of the Chief Executive Officer, the Board of directors may, within the limits of French law, appoint one or more individuals, called Chief Operating Officers, responsible for assisting the Chief Executive Officer.

In agreement with the Chief Executive Officer, the Board of directors shall determine the scope and term of the powers granted to the Chief Operating Officers. However, as far as third parties are concerned, the Chief Operating Officers shall have the same powers as the Chief Executive Officer.

When the Chief Executive Officer ceases to perform his duties or is prevented from doing so, the Chief Operating Officers shall, unless the Board of directors decides otherwise, retain their positions and responsibilities until a new Chief Executive Officer is appointed.

The remuneration of the Chief Operating Officers shall be freely determined by the Board of directors, at the proposal of the Chief Executive Officer.

The Chief Operating Officers may be removed from office by the Board of directors at any time, at the proposal of the Chief Executive Officer. Damages may be payable to the Chief Operating Officers if they are unfairly removed from office.

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Where a Chief Operating Officer is a director, the term of his office as Chief Operating Officer may not exceed that of his term of office as a director.

The Chief Operating Officers' terms of office shall expire at the latest at the close of the Shareholders' meeting called to approve the financial statements for the year in which the Chief Operating Officers reach sixty-five years of age.

Article 17

At the proposal of the Chairman, the Board of directors may appoint one or two non-voting directors *(censeurs).*

Notices of meetings shall be served to non-voting directors, who shall attend Board meetings in an advisory capacity.

They shall be appointed for six years and may be reappointed for further terms. They may also be dismissed at any time under similar conditions.

They shall be selected from among the Company's shareholders and their remuneration shall be determined by the Board of directors.

Section V

Shareholders' Meetings

Article 18

Shareholders' meetings shall be composed of all shareholders.

Shareholders' meetings shall be called and held subject to compliance with the provisions of the French commercial code *(Code de Commerce)* and its implementing decree.

They shall be held either at the head office or at any other location specified in the notice of meeting.

They shall be chaired by the Chairman of the Board of directors, or, in his absence, by a director appointed for this purpose by the Shareholders' meeting.

Any shareholder may, subject to providing proof of identity, attend a Shareholders' meeting either in person or by postal or proxy vote.

Share ownership is evidenced by an entry either in BNP Paribas' share register in the name of the shareholder, or in the register of bearer shares held by the applicable authorised intermediary, within the deadlines and under the conditions provided for by the regulations in force. In the case of bearer shares, the authorised intermediary shall provide a certificate of participation for the shareholders concerned.

The deadline for returning postal votes shall be determined by the Board of directors and stated in the notice of meeting published in the French legal announcements journal *(Bulletin d'Annonces Légales Obligatoires – BALO).*

At all Shareholders' Meetings, the voting right attached to shares bearing beneficial rights shall be exercised by the beneficial owner.

If the Board of directors so decides at the time that the Shareholders' meeting is called, the public broadcasting of the entire Shareholders' meeting by videoconference or any other telecommunication and remote transmission means, including internet, shall be authorized. Where applicable, this decision shall be communicated in the notice of meeting published in the French legal announcements journal *(Bulletin d'Annonces Légales Obligatoires – BALO).*

Any shareholder may also, if the Board of directors so decides at the time of issuing the notice of meeting, take part in the Shareholders' meeting by videoconference or any other telecommunication and remote transmission means, including internet, under the conditions provided for by the regulations applicable at the time of its use. Where applicable, this decision shall be communicated in the notice of meeting published in the French legal announcements journal *(Bulletin d'Annonces Légales Obligatoires – BALO).*

Section VI

Statutory Auditors

Article 19

At least two principal statutory auditors and at least two deputy statutory auditors shall be appointed by the Shareholders' meeting for a term of six financial years. Their term of office shall expire after approval of the financial statements for the sixth financial year.

Section VII

Annual financial statements

Article 20

The Company's financial year shall start on 1 January and end on 31 December.

At the end of each financial year, the Board of directors shall draw up annual financial statements and write a management report on the Company's financial position and its business activities during the previous year.

Article 21

Net income is composed of income for the year minus operating expenses, depreciation, amortisation and provisions.

The following shall be deducted from income for the year, minus prior losses, if any:

- amounts to be allocated to the reserves in accordance with French law and these articles of association. In particular, at least 5% shall be set aside to form the legal reserve until such time as said reserve is equal to one-tenth of the share capital;
- the amounts which the Shareholders' meeting, at the proposal of the Board of directors, deems necessary to allocate to any extraordinary or special reserves or to retained earnings.

The balance shall be distributed to the shareholders. However, except in the event of a capital reduction, no amounts may be distributed to the shareholders if the shareholders' equity is, or would become, following such distribution, lower than the amount of capital plus the reserves which is not open to distribution pursuant to French law or these articles of association.

In accordance with the provisions of article L. 232-18 of the French commercial code *(Code de Commerce),* a Shareholders' meeting may offer an option for the payment, in whole or in part, of dividends or interim dividends through the issuance of new shares in the Company.

Section VIII

Dissolution

Article 22

Should BNP Paribas be dissolved, the shareholders shall determine the form of liquidation, appoint the liquidators at the proposal of the Board of directors and, in general, take on all of the duties of the Shareholders' meeting of a French Public Limited Company *(société anonyme)* during the liquidation and until such time as it has been completed.

Section IX

Disputes

Article 23

Any and all disputes that may arise during the life of BNP PARIBAS or during its liquidation, either between the shareholders themselves or between the shareholders and BNP PARIBAS, pursuant to these articles of association, shall be ruled on in accordance with French law and submitted to the courts having jurisdiction.

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8.9 Year ended 31 December 2007

Deloitte & Associés
185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars & Guérard
61, rue Henri Regnault
92400 Courbevoie

BNP Paribas
16, boulevard des Italiens
75009 Paris

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of BNP Paribas, we hereby report to shareholders on regulated agreements and commitments with third parties.

1. Agreements and commitments entered into during the year

In application of article L. 225-40 of the French Commercial Code *(Code de commerce)*, we were informed of the agreements and commitments approved by your Board of Directors.

Our responsibility does not include identifying any undisclosed agreements or commitments. We are required to report to shareholders, based on the information provided, about the main terms and conditions of agreements and commitments that have been disclosed to us, without commenting on their relevance or substance. Under the provisions of article R. 225-31 of the French Commercial Code, it is the responsibility of shareholders to determine whether the agreements and commitments are appropriate and should be approved.

We conducted our work in accordance with the professional standards applicable in France. Those standards require that we carry out the necessary procedures to verify the consistency of the information disclosed to us with the source documents from which it was taken.

- *Draft agreement providing for the transfer by BNP Paribas of 267,209,706 UCB shares to Cetelem (approved by the Board of Directors' meeting of 13 December 2007 and signed on 7 January 2008)*

Director concerned:

- Jean Clamon

This transaction is part of the tie-up between Cetelem and UCB to form BNP Paribas Personal Finance:

- before 31 March 2008, BNP Paribas will transfer 267,209,706 UCB shares to Cetelem out of the 267,209,721 shares comprising UCB's share capital. The value of the UCB shares to be transferred is EUR 890,881,144.52, corresponding to their net book value;
- in consideration for the transfer of UCB shares, Cetelem will issue 7,783,918 shares and additional paid-in capital of EUR 836,393,718.52. The share transfer agreement contains the usual clauses in relation to the surplus.

2. Adjustments to bring the Bank's current commitments into compliance with the provisions of Act no. 2007-1223 of 21 August 2007 promoting labour, employment and purchasing power ("TEPA" Act)

On 28 November 2003, BNP Paribas set up a defined benefit plan whose main beneficiaries are Michel Pébereau, Baudouin Prot, Georges Chodron de Courcel and Jean Clamon. This plan met the definition of those described in article L. 137-11 of the French Social Security Code *(Code de la sécurité sociale)* and covered by the last paragraph of article L. 225-42-1 of the French Commercial Code, as amended by Act no. 2007-1223 of 21 August 2007 promoting labour, employment and purchasing power ("TEPA" Act).

In accordance with article L. 225-42-1 of the French Commercial Code, these defined benefit schemes are now subject to the provisions of article L. 225-38 and articles L. 225-40 to L. 225-42 of said Code. Pursuant to article 17 of Act no. 2007-1223, BNP Paribas considered that at from the date the "TEPA" Act was published, the afore-mentioned defined benefit obligation should be brought into compliance with the amended provisions by 22 February 2009 at the latest.

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To ensure its compliance with these amended provisions, the Board of Directors' meeting of 19 February 2008 confirmed the decision taken at its meeting of 5 May 2004 approving the defined benefit plan.

The terms and conditions and impact of this plan are disclosed in notes 7.b. and 8.d. to the consolidated financial statements of BNP Paribas.

3. Agreements and commitments entered into in prior years which remained in force during the year

In application of article R. 225-30 of the French Commercial Code, we were informed of the following agreements and commitments entered into in prior years, which remained in force during the year.

- *Shareholders' agreement concerning Galeries Lafayette signed with the Moulin family and Motier SAS (approved by the Board of Directors' meeting of 2 August 2005 and signed on 21 March 2006)*

On 21 March 2006, Motier SAS, the Moulin family and BNP Paribas signed a shareholders' agreement under which:

- the parties grant a reciprocal preferential right on Galeries Lafayette shares;
- the parties grant a reciprocal right of transfer on Galeries Lafayette shares;
- appointments to the Supervisory Board of Galeries Lafayette are allocated based on its shareholder structure.

- *Shareholders' agreement concerning LaSer Cofinoga, signed with Cetelem, the Moulin family, Motier SAS, Galeries Lafayette, LaSer and Cofinoga (approved by the Board of Directors' meeting of 2 August 2005)*

On 20 September 2005, Motier SAS, the Moulin family, Cetelem, Galeries Lafayette, LaSer, Cofinoga and BNP Paribas signed a shareholders' agreement which set out the following:

- the management of the LaSer group;
- the conditions applicable to the sale of LaSer and Cofinoga shares;
- the commitments of the Moulin family, Motier SAS and Galeries Lafayette;
- the commitments of BNP Paribas and Cetelem towards Cofinoga;
- the conditions for implementing cost synergies between Cetelem, LaSer and Cofinoga.

- *Agreement setting out relations with AXA (approved by the Board of Directors' meeting of 23 November 2005)*

This agreement, signed on 15 December 2005, replaces the standstill agreement signed on 12 September 2001 and the amendment thereto dated 26 October 2004. It sets out the relations of BNP Paribas and AXA groups with a view to adapting them to the framework defined by the planned merger of Finaxa into AXA.

The agreement provides for the level of shareholdings between two groups to remain stable:

- the AXA group initially undertook not to reduce its interest in BNP Paribas to below 43,412,598 shares, and BNP Paribas initially undertook not to reduce its interest in AXA to below 61,587,465 shares;
- these figures will then be adjusted to take account of securities transactions, in particular bonus share grants, stock splits or reverse stock splits, and capital increases carried out by either BNP Paribas or AXA.

In addition, both parties have call options on the other's shareholdings, which are exercisable in the event of a hostile change in majority control of either party's interest.

The new agreement is for an initial term of five years, and is automatically renewable for two years and then for a further period of one year.

The agreement was announced by the French financial markets *authority (Autorité des Marchés Financiers)* on 21 December 2005.

- *Guarantees given to directors and senior executives*

BNP Paribas SA has taken out insurance policies to cover any financial liability and defence costs of the directors and senior executives of its subsidiaries and branches in the case of proceedings initiated against them that concern the normal exercise of their functions. The principles and conditions of said agreements remained in force in 2007.

Neuilly-sur-Seine and Courbevoie, 13 March 2008

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars & Guérard
Pascal Colin	Étienne Boris	Hervé Hélias

9 STATUTORY AUDITORS

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9.1 Statutory Auditors

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

– Deloitte & Associés was appointed as Statutory Auditor at the Annual General Meeting of 23 May 2006 for a six-year period expiring at the close of the Annual General Meeting called in 2012 to approve the financial statements for the year ending 31 December 2011.

Deloitte & Associés is represented by Pascal Colin.

Deputy:

BEAS, 7-9, villa Houssay, 92200 Neuilly-sur-Seine, registered with the Trade and Companies Registry of Nanterre under the number 315 172 445.

– PricewaterhouseCoopers Audit was re-appointed as Statutory Auditor at the Annual General Meeting of 23 May 2006 for a six-year period expiring at the close of the Annual General Meeting called in 2012 to approve the financial statements for the year ending 31 December 2011. The firm was first appointed at the Annual General Meeting of 26 May 1994.

PricewaterhouseCoopers Audit, represented by Étienne Boris, is a member of the PricewaterhouseCoopers network.

Deputy:

Pierre Coll, 63, rue de Villiers, 92208 Neuilly-sur-Seine.

– Mazars & Guérard was re-appointed as Statutory Auditor at the Annual General Meeting of 23 May 2006 for a six-year period expiring at the close of the Annual General Meeting called in 2012 to approve the financial statements for the year ending 31 December 2011. The firm was first appointed at the Annual General Meeting of 23 May 2000.

Mazars & Guérard is represented by Hervé Hélias.

Deputy:

Michel Barbet-Massin, 39, rue de Wattignies, 75012 Paris.

Deloitte & Associés and PricewaterhouseCoopers Audit are registered as Statutory Auditors with the Regional Association of Statutory Auditors of Versailles *(Compagnie Régionale des Commissaires aux Comptes de Versailles).*

Mazars & Guérard is registered as a Statutory Auditor with the Regional Association of Statutory Auditors of Paris *(Compagnie Régionale des Commissaires aux Comptes de Paris).*

Deloitte & Associés, PricewaterhouseCoopers Audit and Mazars & Guérard are placed under the authority of the French national accounting oversight board *(Haut Conseil du Commissariat aux Comptes).*

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9.2 Fees paid to the Statutory Auditors

In thousands of euros	Deloitte & Associés				PricewaterhouseCoopers				Mazars & Guérard				TOTAL			
	Total		%		Total		%		Total		%		Total		%	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Audit																
Statutory audits and contractual audits, including:																
Issuer	4,059	3,327	38%	31%	4,243	4,125	38%	34%	1,174	1,008	16%	15%	9,476	8,460	32%	29%
Consolidated subsidiaries	5,828	4,875	53%	45%	5,176	5,510	46%	46%	6,064	5,456	82%	83%	17,068	15,841	58%	54%
Other reviews and services directly related to the statutory audit engagement, including:																
Issuer	115	552	1%	5%	200	394	2%	3%	-	18	-	-	315	964	1%	3%
Consolidated subsidiaries	505	259	5%	3%	1,011	1,356	9%	11%	51	49	1%	1%	1,567	1,664	5%	6%
SUB-TOTAL	**10,507**	**9,013**	**97%**	**84%**	**10,630**	**11,385**	**95%**	**95%**	**7,289**	**6,531**	**99%**	**99%**	**28,426**	**26,929**	**97%**	**92%**
Other services provided by the networks to fully-or proportionally-consolidated subsidiaries																
Tax and legal	-	626	-	6%	-	135	-	1%	-	15	-	-	-	776	-	3%
Other	309	1,103	3%	10%	515	510	5%	4%	46	31	1%	-	870	1,644	3%	5%
SUB-TOTAL	**309**	**1,729**	**3%**	**16%**	**515**	**645**	**5%**	**5%**	**46**	**46**	**1%**	**1%**	**870**	**2,420**	**3%**	**8%**
TOTAL	**10,816**	**10,742**	**100%**	**100%**	**11,145**	**12,030**	**100%**	**100%**	**7,335**	**6,577**	**100%**	**100%**	**29,296**	**29,349**	**100%**	**100%**

10 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

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10.1 Person responsible for the Registration Document

Mr. Baudouin Prot, Chief Executive Officer of BNP Paribas.

10.2 Statement by the person responsible for the Registration Document

I hereby declare that to the best of my knowledge, and having taken all reasonable precautions, the information contained in the Registration Document is in accordance with the facts and contains no omission likely to affect its import.

I further declare that to the best of my knowledge, the accounts are prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings in the consolidation taken as a whole, and that the information provided in the management report on pages 16, 69-85, 88-100, 110-114, 136-152, 175-178, 218-219 and 228-229 includes a fair review of the development and performance of the business, profit or loss and financial position of the company and the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

I obtained a statement from the Statutory Auditors, Deloitte & Associés, PricewaterhouseCoopers Audit and Mazars & Guérard, at the end of their assignment, in which they confirm having verified the information regarding the financial position and the accounts contained herewithin, and having examined the entire Registration Document.

Paris, 13 March 2008

Chief Executive Officer

Baudouin Prot

In order to assist readers of the Registration Document, the following table of concordance cross-references the main headings required by Annex 1 of Commission Regulation no.809/2004 pursuant to the "Prospectus" Directive.

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Pursuant to Article 28 of Commission Regulation no.809/2004 on prospectuses, the following items are incorporated by reference:

- the consolidated financial statements for the year ended 31 December 2006 and the Statutory Auditors' report on the consolidated financial statements for the same period, presented respectively on pages 104-191 and 192-193 of Registration Document no.D07-0151 filed with the Autorité *des Marchés Financiers* on 7 March 2007;
- the consolidated financial statements for the year ended 31 December 2005 and the Statutory Auditors' report on the consolidated financial statements for the same period, presented respectively on pages 99-259 and 260-261 of Registration document no.D06-0075 filed with the *Autorité des Marchés Financiers* on 22 February 2006.

The chapters of Registration Documents no.D07-0151 and no.D06-0075 not referred to above are either not of significance for the investor or are covered in another section of this Registration Document.

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Design and realization: Labrador 00 33 1 53 06 30 80

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Paris trade and company register - RCS Paris 662 042 449
Société Anonyme (Public Limited Company)
with capital of EUR 1,811,390,890

SHAREHOLDERS' RELATIONS
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www.bnpparibas.com

BNP PARIBAS

Ref.DR08.02