2012
REGISTRATION DOCUMENT AND ANNUAL FINANCIAL REPORT

BNP PARIBAS | The bank for a changing world

BNP PARIBAS

2012 Registration document and annual financial report

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

Only the French version of the Registration document has been submitted to the AMF. It is therefore the only version that is binding in law.

The original document was filed with the AMF (French Securities Regulator) on 8 March 2013, in accordance with article 212-13 of the AMF's General Regulations. It may be used in support of a financial transaction only if supplemented by a Transaction Note that has received approval from the AMF.

This document includes all elements of the annual financial report specified by section I of article L.451-1-2 of the *Code Monétaire et Financier* and article 222-3 of the AMF's General Regulations. A table allowing cross-referencing between the documents specified in article 222-3 of the AMF's General Regulations and the corresponding sections of this document is provided on page 441.

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 opinion expressed in the original language version of the document in French take precedence over the translation.

1 GROUP PRESENTATION

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1.1 Group presentation

BNP Paribas, Europe's leading provider of banking and financial services, has four domestic retail banking markets in Europe, namely in Belgium, France, Italy and Luxembourg.

It is present in 78 countries and has almost 190,000 employees, including over 145,000 in Europe. BNP Paribas holds key positions in its three activities:

- Retail Banking, which includes:
  - a set of Domestic Markets, comprising:
    - French Retail Banking (FRB),
    - BNL banca commerciale (BNL bc), Italian retail banking,
    - Belgian Retail Banking (BRB),
    - Other Domestic Markets activities, including Luxembourg Retail Banking (LRB);
  - International Retail Banking, comprising:
    - Europe-Mediterranean,
    - BancWest;
  - Personal Finance;
- Investment Solutions;
- Corporate and Investment Banking (CIB).

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

1.2 Key figures

RESULTS

	2008	2009	2010	2011	2012
Revenues *(in millions of euros)*	27,376	40,191	43,880	42,384	39,072
Gross operating income *(in millions of euros)*	8,976	16,851	17,363	16,268	12,522
Net income Group share *(in millions of euros)*	3,021	5,832	7,843	6,050	6,553
Earnings per share *(in euros)*(*)	2.99	5.20	6.33	4.82	5.16
Return on equity(**)	6.6%	10.8%	12.3%	8.8%	8.9%

(*) Restated to account for the capital increase with maintained preferential subscription rights carried out in 2009.

(**) Return on equity is calculated by dividing net income Group share (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 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

	31/12/2007	31/12/2008	31/12/2009	31/12/2010	31/12/2011	31/12/2012
Market capitalisation *(in billions of euros)*	67.2	27.6	66.2	57.1	36.7	53.4

Source: Bloomberg.

LONG TERM CREDIT RATINGS

Standard & Poor's: A+, negative outlook – rating revised on 25 October 2012

Moody's: A2, stable outlook – rating revised on 21 June 2012

Fitch: A+, stable outlook – rating confirmed on 10 October 2012

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 start. 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 momentous year for the Group

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

2000: Creation of BNP Paribas

BNP and Paribas merged on 23 May 2000.

Drawing on its strong banking and financial services heritage, the new Group adopted the objectives of creating value for shareholders, clients and employees by building the bank of the future and becoming a leading global player.

2006: Acquisition of BNL in Italy

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

2009: Merger with the Fortis group

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

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1.4 Presentation of activities and business lines

RETAIL BANKING

With 7,150 branches in 41 countries, 22 million individual, professional and small business customers, 216,000 corporate clients and institutions and over 12 million active customers at Personal Finance, BNP Paribas generated more than half of its revenues from retail banking activities in 2012. Retail banking activities employ 135,000 people, representing 71% of the Group's headcount.

Retail Banking comprises Domestic Markets, International Retail Banking (IRB) and Personal Finance (PF).

DOMESTIC MARKETS

Domestic Markets comprises the retail banking networks of BNP Paribas in France (FRB), Italy (BNL bc), Belgium (BRB operating under the BNP Paribas Fortis brand) and Luxembourg (LRB operating under the BGL BNP Paribas brand), together with three specialist activities: Arval (multi-brand full service vehicle leasing), BNP Paribas Leasing Solutions (leasing and rental solutions ranging from equipment financing to fleet management services) and BNP Paribas Personal Investors (online savings and brokerage). In addition, Wealth Management develops its private banking model in the domestic markets. Lastly, Cash Management and Factoring complete the services provided to corporate clients, deployed under the "One Bank for Corporates in Europe and Beyond" concept, in synergy with CIB's Corporate Banking unit.

Domestic Markets has a total of 4,150 branches, more than 15 million retail clients, 268,500 private banking clients and 176,000 corporate clients. It employs a total of 76,000 people, including 66,000 in the four domestic networks. Through its three specialist activities, Domestic Markets operates in a total of 26 countries.

Domestic Markets plays a strategic role for the Group, by providing a large base of deposits and off-balance sheet savings, supporting both retail and corporate clients, financing the economy and preparing the retail banking business of the future. Five transversal missions – Business Development, IT, Operations, Human Resources and Communications – provide the business lines with their expertise.

With Domestic Markets, BNP Paribas is no. 1 in Cash Management in Belgium, Italy and France (according to *Euromoney*), leading private bank in France (according to *Professional Wealth Management* and *The Banker*) as well as in Luxembourg (according to *Euromoney*) and no. 1 in Europe in equipment financing for professionals (according to *Leaseurope* 2011 rankings).

FRENCH RETAIL BANKING (FRB)

French Retail Banking (FRB) employs 31,500 people to support all its clients with their plans and projects. It has a client base made up of 6.9 million individual and private banking clients, 639,000 small business and professional clients and more than 80,000 corporate and institutional clients. The division offers a broad line-up of products and services, ranging from current account services to the most innovative financial engineering services in the areas of corporate financing and asset management.

During 2012, FRB acquired more than 430,000 new clients. FRB continues to invest in its branch network, which already forms part of a much broader multi-channel structure, with a view to providing its clients with an ever closer service. The network is organised by client category:

- 2,200 branches and 5,934 ATMs operating under the BNP Paribas and BNP Paribas - Banque de Bretagne brands. More than 75% of the branches have now been refurbished to the "Welcome & Services" standard. New generation branches have also been tested in the Paris region and the Drôme department;
- 217 Wealth Management centres, making BNP Paribas the no. 1 private bank in France (based on assets under management)[1];
- 58 Small Business Centres which help small businesses and SMEs to manage their wealth planning projects or projects related to their company's life cycle;
- a unique network of 28 Business Centres dedicated to corporate customers across the length and breadth of the country, as well as a professional assistance service – *Service Assistance Enterprise* (SAE) – and Cash Customer Services (CCS);
- specialist subsidiaries including factoring company BNP Paribas Factor, BNP Paribas Développement, a private equity provider, and Protection 24, a remote surveillance firm;
- 54 production and sales support branches, back offices that handle all the transaction processing operations.

FRB also provides its clients with a full online relationship capability, based on:

- the bnpparibas.net website, offering services used by more than 2.5 million clients;
- 3 Client Relationship Centres in Paris, Lille and Orléans, which handle all requests received by e-mail, telephone or instant messaging, and 2 specialist contact centres "*Net Crédit*" and "*Net Épargne*";
- the NET Agence online bank, offering prospective clients all the services and products of a large bank available online with a dedicated adviser.

This online offering was elected client service of the year 2013[2], demonstrating BNP Paribas' aim of continuously adapting its capability, for example by integrating new forms of contact: SAV Twitter and the Facebook page already have more than 220,000 members.

(1) Source: Décideurs Stratégie Finances Droit 2012.

(2) Source: Cabinet Viséo Conseil.

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BNL BANCA COMMERCIALE

BNL bc is Italy's 6th largest bank in terms of total assets and loans to customers[1]. It provides a comprehensive range of banking, financial and insurance products and services to meet the needs of its diversified client base consisting of:

- around 2.2 million[2] individual and 28,100[2] private banking clients (number of households);
- 144,800[2] small business clients;
- over 26,200[2] medium and large companies, including Large Relationships consisting of around 455 groups and 1,800 operating companies;
- 16,000[2] local authorities and non-profit organisations .

In retail and private banking, BNL bc has a strong position in lending, especially residential mortgages (market share of around 7%[3]), and a growing deposit base (market share of 3.9%[3] for current accounts) well ahead of its network penetration (2.7%[3] in terms of branch numbers).

BNL bc also has a long-standing tradition in supporting large companies and local authorities (with market shares for loans to corporates of over 4%[3] and 1.2%[4] for loans to local authorities) with a well-established reputation in cross-border payments, project financing and structured finance, as well as factoring through its specialised subsidiary Ifitalia (which ranks 3rd in the market in terms of annual turnover[5]).

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

- close to 890 branches;
- 33 Private Banking Centres;
- 42 Small Business Centres;
- 53 branches dealing with small and medium enterprises, large corporates, local authorities and public sector organisations;
- 5 Trade Centres in Italy for its clients' cross-border activities, complementing BNP Paribas' international network;
- a network of 10 Italian Desks, mainly located in the Mediterranean area, to assist Italian companies in their operations abroad as well as multinational companies with direct investments in Italy.

The multi-channel offering is complemented by some 1,950 ATMs and 38,000 POS terminals, as well as telephone and online banking for both retail and corporate clients.

BELGIAN RETAIL BANKING (BRB)

Retail & Private Banking (RPB)

- BNP Paribas Fortis is no. 1 in personal and small business banking in Belgium, with 3.6 million clients and high-ranking positions in all banking products[6] .BNP Paribas Fortis serves its clients and finances the economy through various networks forming part of a multi-channel distribution strategy. The branch network comprises 938 branches (of which 277 are independent), plus 680 customer service points under the partnership with Bpost Bank and 310 Fintro franchise outlets[7].
- RPB's Client Relationship Management (CRM) centre manages a network of 4,382 cash dispensers, as well as online and mobile banking services via the easy banking app (1.2 million users).
- A Client Contact Centre is also available and handles up to more than 10,000 calls daily.

Since 1 July 2012, the network has been reorganised into seven rather than nine regions and from 1 January 2013, the 938 branches will be organised into 164 branch groups, which will report to 29 regional Head Offices. This new structure is designed to deliver further improvement in client service.

BNP Paribas Fortis is a major player in the Belgian private banking market. Its services are aimed at individual customers with assets of more than EUR 250,000. Wealth Management caters to clients with assets of more than EUR 4 million. Clients are served through 37 Private Banking centres and 2 Wealth Management centres.

Corporate & Public Bank Belgium (CPBB)

CPBB offers a comprehensive range of financial services to corporates, public entities and local authorities. With more than 600 corporate clients and 12,500 midcap clients, it is the market leader[8] in both categories and a challenger in public banking with 710 clients. CPBB keeps very close to the market through its team of more than 40 corporate bankers and 210 relationship managers operating out of 22 Business Centres, supported by specialists in specific areas.

(1) Source: annual and interim reports of BNL and its peers.

(2) Active clients.

(3) Source: Bank of Italy.

(4) Source: Bank of Italy. Since 2012, the Bank of Italy's statistics have included Cassa Depositi e Prestiti (CDP), a state-owned financial institution operating in the local authorities segment. Excluding CDP, BNL bc's market share is about 5%.

(5) Source: Assifact.

(6) Source: Benchmarking Monitor September 2012 and Strategic Monitor Small Professionals 2011.

(7) In December 2012, Fintro had 312 branches, more than 1,000 employees and EUR 9.22 billion in assets under management (excluding insurance) and 268,000 active customers.

(8) Source: TNS survey, 2012.

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LUXEMBOURG RETAIL BANKING (LRB)

BGL BNP Paribas provides a broad range of financial products and services to personal, small business and corporate clients through a network of 38 branches and its departments dedicated to corporate clients. It is the 2nd-largest retail bank in Luxembourg in terms of personal banking, with a total of 206,719 customers representing a market share of 16%(1). It is the leading commercial bank with 39,802 corporate clients representing a market share of 35%(1).

BGL BNP Paribas' private banking teams provide tailored, integrated wealth management and planning solutions. They are proposed mainly as a complement to daily banking services in the 6 private banking sites backed by the branch network.

ARVAL

Specialist in multi-brand full service vehicle leasing, Arval offers its customers tailored solutions that optimise their employee's mobility and outsource the risks associated with fleet management. Expert advice and service quality are delivered by more than 4,000 employees in 25 countries. Arval is also supported by strategic partnerships in 14 countries. It also benefits from the solid infrastructure and far-reaching network of the BNP Paribas Group.

At the end of December 2012, Arval's leased vehicle fleet was stable compared with 2011.

At the same date, Arval had a total leased fleet of 689,000 vehicles. Arval is a major European player in full service vehicle leasing and no. 1 in multi-brand leasing in France(2) and Italy(3) and no. 2 in Poland(4) in terms of leased vehicles.

BNP PARIBAS LEASING SOLUTIONS

BNP Paribas Leasing Solutions uses a multi-channel approach (direct sales, sales via referrals, partnerships and banking networks) to offer corporate and small business clients an array of leasing and rental solutions, ranging from equipment financing to fleet outsourcing.

To deliver optimum service to its clients, BNP Paribas Leasing Solutions has chosen to adopt an organisation structure specialised by markets, with integrated sales and operating teams:

- Equipment & Logistics Solutions for farming machinery, construction and public works equipment, light commercial and industrial vehicles;
- Technology Solutions for office, IT and telecoms equipment;
- Bank Leasing Services for leasing products to BNP Paribas bank network customers.

For the third year running, BNP Paribas Leasing Solutions remains the European leader in equipment financing with Arval(5) and has consolidated on its contribution to financing the economy.

BNP Paribas Leasing Solutions arranged more than 282,140 financing deals in 2012. Its total outstandings under management exceed EUR 19.4 billion(6).

BNP PARIBAS PERSONAL INVESTORS

BNP Paribas Personal Investors provides independent financial advice and a wide range of investment services to individual clients. It comprises three players:

- Cortal Consors is the European specialist in online savings and brokerage for individuals, providing online trading services and personal investment advice via Internet, telephone and face-to-face to over one million clients in Germany, France and Spain. Its broad range of independent products and services includes short-term investment solutions, mutual funds and life insurance;
- B*capital, an investment company, offers to its clients in France direct access to a complete range of markets (equities, bonds, derivatives), providing financial analysis as well as customised advice and active portfolio management. B*capital is the majority shareholder in stockbroker Portzamparc, specialised in small and mid-cap businesses;
- Geojit BNP Paribas is one of the leading retail brokers in India. It provides brokerage services for equities, derivatives and financial savings products by phone, online and via a network of around 500 branches throughout India. Geojit BNP Paribas also operates in the United Arab Emirates, Saudi Arabia, Oman, Bahrain and Kuwait, where it targets mainly a non-resident Indian clientele.

BNP Paribas Personal Investors manages TEB Investment activities in Turkey, which include brokerage services for retail investors via Internet and a network of 34 branches.

At 31 December 2012, BNP Paribas Personal Investors(7) had 1.5 million customers and EUR 35.1 billion in assets under management, of which 39% was invested in equity assets, 34% in savings products or mutual funds and 27% in cash. BNP Paribas Personal Investors employs 2,171 staff.

(1) Source: ILRES survey, October 2012.

(2) Source: Syndicat National des Loueurs de Voitures Longue Durée, France 4th quarter 2012.

(3) Source: FISE ANIASA (Federazione Imprese di Servizi - Associazione Nazionale Industria dell'Autonoleggio e Servizi Automobilistici), Italy, December 2012.

(4) Source: PZWLP, Poland, 4th quarter 2012.

(5) Source: Leaseurope 2011 league tables published in August 2012.

(6) Amounts after servicing transfer, including short-term outstandings.

(7) Including 34% of Geojit BNP Paribas.

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INTERNATIONAL RETAIL BANKING (IRB)

IRB comprises the Bank's retail banking activities in 15 countries outside the euro zone.

It has three business lines:

- Retail Banking, serving close to 7 million clients through a multi-channel distribution network (including 3,000 branches);
- Wealth Management, in cooperation with Investment Solutions;
- services for corporate clients, providing local access to all BNP Paribas products and services, as well as support in all the Group's countries through a network of 83 Business Centres, 22 Trade Centres and 16 MNC Desks.

BancWest

In the United States, the retail banking business is conducted through Bank of the West and First Hawaiian Bank, subsidiaries of BancWest Corporation since 1998, wholly-owned by BNP Paribas since the end of June 2001.

Until 2006, BancWest pursued a policy of acquisitions to develop its franchise in western America. In the past six years, it has focused on organic growth, by strengthening its infrastructure and, more recently, developing its sales and marketing capability, especially in the corporate segment and in Wealth Management.

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

With a local market share of more than 42% in deposits[(1)], First Hawaiian Bank is Hawaii's leading bank, offering banking services to a local clientele of private individuals and corporates.

BancWest currently serves some 1.5 million households. In total, it has 11,766 employees, close to 800 branches and corporate offices, and total assets close to USD 80 billion at 31 December 2012. It ranks as the 7th-largest commercial bank in the western United States by deposits[(1)].

In 2012, for the second year running, Bank of the West came top of the regional banks in the *Market Probe* awards for its "Customer Advocacy score", demonstrating the excellent customer satisfaction levels it has achieved.

Europe-Mediterranean

Europe-Mediterranean (EM) operates a network of 2,046 branches in 14 geographical areas. It is present in Turkey, Central and Eastern Europe (Poland and Ukraine), the southern Mediterranean Basin (Morocco, Algeria and Tunisia), sub-Saharan Africa and in Asia through partnerships.

EM is gradually rolling out the BNP Paribas Group's integrated Retail Banking model which has proved so successful in its domestic markets by providing local customers with the expertise for which the Group has a strong competitive position in the market (dynamic customer segmentation, Cash Management, Trade Finance, multi-channel distribution, specialised financing, wealth management, mobile banking, etc.).

In December 2012, Emirates NBD and BNP Paribas announced that they had signed a definitive agreement whereby BNP Paribas will sell its entire stake in BNP Paribas Egypt S.A.E. (BNP Paribas Egypt) to Emirates NBD, subject to Central Bank of Egypt approval and other regulatory approvals in Egypt and the United Arab Emirates.

PERSONAL FINANCE

BNP Paribas Personal Finance, European no. 1 in personal loans[(2)]

BNP Paribas Personal Finance (PF) is the Group's consumer credit specialist, with over 12 million active customers. It also has a residential mortgage lending business. With more than 16,000[(3)] employees in around 20 countries, BNP Paribas Personal Finance ranks as the leading player in France and in Europe[(2)].

Through brands such as Cetelem, Findomestic and AlphaCredit, BNP Paribas Personal Finance provides a comprehensive range of consumer loans at point of sale (retail stores and car dealerships) and directly to clients either online or through its customer relation centres. The consumer credit business also operates within the Group's retail banking network in the emerging countries, through the "PF Inside" set-up. In France and Italy, Personal Finance's offer was complemented with insurance and savings products.

It is also developing an active strategy of partnerships with retail chains, web merchants and other financial institutions (banking and insurance) drawing on its experience in the lending market and its ability to provide integrated services tailored to the activity and commercial strategy of its partners. It is also a leading player in responsible lending and financial literacy.

(1) Source: SNL Financial, 30 June 2012.

(2) Source: annual reports of companies specialised in consumer credit.

(3) Excluding LaSer staff.

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Core commitment to responsible lending

BNP Paribas Personal Finance has made responsible lending the basis of its commercial strategy as a means of ensuring **sustainable growth**. At each stage of the customer relationship, from preparing an offer through to granting and monitoring a loan, responsible lending criteria are applied. These criteria are based on needs of customers – who are central to this approach – and customer satisfaction, which is assessed regularly.

This cross-company approach is implemented according to the specific characteristics of each country. In addition, structural measures such as the design and distribution of accessible and responsible products and services, as well as the "Debt Collection Charter", are rolled out and implemented in all countries.

France has the most comprehensive Personal Finance offering, including identifying and assisting clients in a potentially difficult financial position, access to independent business mediation and, since 2004, monitoring of three responsible lending criteria which are disclosed on a yearly basis: refusal rate, repayment rate and risk rate.

Since 2007, BNP Paribas Personal Finance has supported the development of personal microfinance guaranteed by the *Fonds de Cohésion Sociale*. At the end of 2012, it had granted more than 355 micro-loans totalling EUR 724,155.

INVESTMENT SOLUTIONS

Combining BNP Paribas' activities related to the collection, management, development, protection and administration of client savings and assets, Investment Solutions offers a broad range of high value-added products and services around the world, designed to meet all the requirements of individual, corporate and institutional investors.

Investment Solutions comprises 5 business lines, with highly complementary expertise:

- Insurance: BNP Paribas Cardif (7,540 employees, 38 countries, EUR 170 billion in assets under management);
- Securities Services: BNP Paribas Securities Services (7,830 employees, 32 countries, EUR 1,010 billion in assets under administration, EUR 5,524 billion in assets under custody);
- Private Banking: BNP Paribas Wealth Management (6,070 employees, 28 countries, EUR 265 billion in assets under management);
- Asset Management: BNP Paribas Investment Partners (3,340 employees, 40 countries, EUR 405 billion in assets under management);
- Real Estate: BNP Paribas Real Estate (3,120 employees, 36 countries, EUR 13 billion in assets under management).

  In total, Investment Solutions is present in 70 countries with around 25,650[(1)] employees.

All the Investment Solutions businesses hold leading positions in Europe, where they operate in the key domestic markets of the BNP Paribas Group (France, Italy, Belgium, Luxembourg) and in Switzerland, the United Kingdom and Germany. Investment Solutions is also actively working to further its international development in high growth regions such as Asia-Pacific, Latin America and the Middle East, where the businesses are expanding their activities through new operations, acquisitions, joint ventures and partnership agreements.

BNP PARIBAS CARDIF

BNP Paribas Cardif insures people, their families and their property. It has operations in 38 countries, nearly 90 million customers and strong positions in Europe, Asia and Latin America.

As a global player in personal insurance, BNP Paribas Cardif develops savings and protection products and services that comply with its Social and Environmental Responsibility policy.

It provides savings solutions for setting aside and building up a retirement provision through multi-fund life insurance contracts, guaranteed capital products and unit-linked funds.

In addition to its flagship loan insurance business, BNP Paribas Cardif has expanded its protection offering to encompass health insurance, budget, income and payment means protection, extended warranty, property and casualty insurance, and back-to-work assistance.

BNP Paribas Cardif sells its products through a multi-channel distribution network:

- Retail Banking channel, which sells insurance products through the BNP Paribas branch networks in France, Italy, Belgium, Luxembourg, Poland, Turkey and Ukraine;
- Partnerships channel, which distributes insurance products through partners worldwide, including banks, financial institutions, consumer credit companies, credit subsidiaries of car manufacturers and major retail groups;
- Digital & Brokers channel, encompassing BNP Paribas Cardif's digital capability, which is essential to its partners' distribution strategy, and its brokerage capability (Belgium, Luxembourg, Netherlands and United Kingdom).

All in all, more than half of BNP Paribas Cardif's operations are international. It has over 7,500 employees, of which 70% outside France.

BNP Paribas Cardif aims to be the world leader in insurance partnerships and leader in personal insurance solutions.

(1) Including share of BNP Paribas Wealth Management employees.

BNP PARIBAS SECURITIES SERVICES

BNP Paribas Securities Services is one of the major global players in securities services[1]. In 2012, assets under custody grew by +22.3% compared with 2011 to stand at EUR 5,524 billion. Assets under administration grew by +22% to EUR 1,010 billion and the number of funds declined by -0.9% to 6,979. The number of transactions settled fell by -7.7% to 45 million, in a context of weaker activity in the financial markets.

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

- sell-side operators such as investment banks, broker-dealers, banks and market infrastructures are offered customised solutions in execution services, derivatives clearing, local and global clearing, settlement and custody for all asset classes worldwide. Outsourcing solutions for middle and back-office activities are also provided;
- buy-side institutional investors such as asset managers, alternative fund managers, sovereign wealth funds, insurance companies, pension funds, fund distributors and promoters, have access to a broad range of services. These include global custody, depository bank and trustee services, transfer agency and fund distribution support, fund administration and middle-office outsourcing, investment reporting and risk and performance measurement;
- issuers (originators, arrangers and corporates) are provided with a wide range of corporate trust solutions: securitisation and structured finance services, debt agency services, issuer advisory, stock option and employee stock plans, shareholder services and management of Annual General Meetings;
- market and financing services are provided across all client types. These include securities lending and borrowing, foreign exchange, credit and collateral management, outsourced trading service and cash financing.

WEALTH MANAGEMENT

BNP Paribas Wealth Management encompasses BNP Paribas' private banking activities and serves a clientele of wealthy individuals, shareholder families and entrepreneurs seeking a one-stop shop for all their wealth management and financial needs. This global approach is based on a high value-added offering that includes:

- wealth planning services;
- financial services (advisory services in asset allocation, selection of investment products, discretionary portfolio management);
- customised financing;
- expert diversification advice (vineyards, art, real estate and philanthropy).

The business is organised in a way that aims to consolidate the Group's positioning in retail banking, by providing the branch networks in the domestic markets with private banking capability, and to strengthen Wealth Management's positioning as a leading player in fast growing markets, particularly in Asia and the emerging markets.

This growth is supported by increased cross-functionality between geographies and support functions, developing new talent through the Wealth Management University and optimising processes and tools.

With EUR 265 billion in assets under management in 2012 and about 6,100 professionals in close to 28 countries, BNP Paribas Wealth Management ranks "Best Private Bank in Europe[2]", equal "Second Best Global Private Bank[2]", "Best Foreign Private Bank" in Hong Kong[3], no. 1 in France[4] and no. 1 for philanthropy services[4]. Other distinctions include "Best Private Bank in Alternative Investment[5]" and "Best Private Bank in Taiwan[5]".

These numerous awards reflect the robustness of BNP Paribas Wealth Management's positioning as a responsible, innovative bank, committed to delivering superior customer service.

BNP PARIBAS INVESTMENT PARTNERS

BNP Paribas Investment Partners (BNPP IP) is the asset management arm of the BNP Paribas Group and is comprised of a network of 22 specialised companies worldwide.

A global investment solution provider, BNPP IP has three main distinct groups of investment expertise:

- *Multi-expertise investment capabilities*: BNP Paribas Asset Management, the largest entity in terms of assets under management, manages the major asset classes with investment teams operating in key markets;
- *Specialist Investment Partners*: specialists in a particular asset class or field (mainly alternative and multi-management), operating as boutique-like structures. THEAM is the most representative example;
- *Local and regional solution providers*: local asset managers covering a specific geographical region and/or clientele, the majority in emerging markets.

With EUR 405 billion in assets under management and advisory on behalf of external clients[6] and over 3,300 staff operating in 40 countries, BNPP IP offers a full range of investment management services to both institutional clients and distributors in 70 countries.

(1) Source: BNP Paribas Securities Services figures at 31 December 2012 for assets under custody; financial releases of Top 10 competitors.

(2) Source: Private Banker International 2012.

(3) Source: Private Banker International 2012 Greater China Awards.

(4) Source: Professional Wealth Management and The Banker.

(5) Source: Asian Private Banker 2012.

(6) Including distributed assets.

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

BNPP IP is the sixth largest player in Europe and among the top twenty asset managers worldwide[(1)].

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

BNP PARIBAS REAL ESTATE

With 3,120 employees, BNP Paribas Real Estate ranks as continental Europe's no. 1 provider of real estate services to corporates[(2)] and as one of France's leading players in residential property.[(3)]

Clients are the focus of its business strategy and its commercial organisation. Its clients comprise businesses, institutional investors, private individuals, property developers and public entities. BNP Paribas Real Estate can meet their needs at every stage in a property's life cycle, through its comprehensive range of services.

- Property development - no. 1 in commercial property in France[(3)];
- Advisory (Transaction, Consulting, Valuation) - no. 2 in France and no. 1 in Germany[(4)];
- Property Management - no. 1 in France[(5)] and Belgium[(6)];
- Investment Management – no. 1 in Italy and no. 3 in France[(4)].

This integrated offering is built around international business lines.

In commercial property, BNP Paribas Real Estate supports its clients in 36 countries, through a direct presence (16 countries) or via alliances with local partners in 20 countries.

In residential real estate, BNP Paribas Real Estate's activities are chiefly based in France (Paris region and a few other big regional city areas).

As a responsible corporate citizen, BNP Paribas Real Estate is engaged in a number of programmes promoting environmental protection, architecture and training for young people.

CORPORATE AND INVESTMENT BANKING

BNP Paribas Corporate & Investment Banking (CIB) employs just over 19,000 people in nearly 45 countries. BNP Paribas CIB provides its clients with corporate banking, advisory and capital markets services. In 2012, BNP Paribas CIB contributed 25% of the BNP Paribas Group's revenues and 29% of its pre-tax income.

BNP Paribas CIB's 15,000 clients, consisting of corporates, financial institutions and investment funds, are central to its strategy and business model. Staff's main aim is to develop and maintain long-term relationships with clients, support them in their expansion or investment strategy and provide global solutions to meet their financing, advisory and risk management needs. With a strong base in Europe and far-reaching ambitions in Asia and North America, BNP Paribas CIB is the European partner of choice for corporates and financial institutions worldwide.

In preparation for future regulatory changes and new capital requirements, at the end of 2011 BNP Paribas CIB implemented an adaptation plan to reduce its dollar funding needs and its asset base. In parallel, it embarked on the transformation of its business model to enable it to continue supporting its clients in their growth. As one of its transformative initiatives, BNP Paribas has developed an "originate to distribute" model combining its strong origination and distribution capacities, in order to bridge the gap between borrowers' expectations in terms of financing and those of investors in terms of yield, by creating a differentiated investment offer.

By the end of 2012, BNP Paribas CIB had successfully completed its adaptation plan and was one of the leading players in the market, thanks to its diversified product range and geographic reach. In recognition of this success, BNP Paribas was awarded the prestigious "Bank of the Year" award in December 2012 by *IFR* (*International Financing Review*).

CORPORATE BANKING

Corporate Banking (CB) has two main goals: to deliver superior service to its clients through a closer relationship and comprehensive product offering, and to increase its self-funding capacity.

(1) Source: IPE magazine July 2012 based on assets managed at December 2011.

(2) Source: Property Week, June 2012.

(3) Source: Innovapresse property developer league tables, June 2012.

(4) Source: Euromoney, September 2012.

(5) Source: Lettre M2.

(6) Source: Expertise, October 2012.

Corporate Banking comprises all financing products and services for corporate clients, from transaction banking to specialised financing solutions, including vanilla lending, specialised financing (energy and commodities, aircraft, shipping, real estate, export, leveraged financing, project, corporate acquisition financing and media telecom), cash management and international trade finance. The Corporate Banking offer has recently been expanded with a line of products dedicated to the gathering of corporate deposits ("Corporate Deposit" business line).

Corporate Banking is organised on a regional basis, particularly in Europe, Asia and North America, in order to strengthen its local relationships and to respond to specific geographic needs of local clients.

In Europe, Corporate Banking Europe (CBE) provides an integrated and homogeneous offering to its European corporate clientele, thus strengthening the "One Bank for Corporates in Europe and Beyond" concept developed in conjunction with the Group's four domestic markets. CBE has a team of 1,900 people serving 3,300 clients across 18 countries through 29 Business Centres and three specialist platforms (Brussels, Paris and Geneva), an unrivalled geographic reach and local presence.

In Asia, the business can build on its recognised franchises, particularly in Trade Finance with its 25 Trade Centres and in cash management where it is ranked no. 5 (*Euromoney*). In the Americas, Corporate Banking is a market leader in its various businesses operating from integrated hubs in New York and São Paulo with support in 7 other offices throughout the region.

In its ambition to provide clients with a balanced regional and global view of the clients' business activity, Corporate Banking has organised its business lines in line with their specific characteristics.

In 2012, BNP Paribas once again enjoyed an unrivalled position in the corporate market and remains a European leader with worldwide strengths:

- No. 2 Worldwide Trade Finance Provider (*Euromoney*, 2012);
- No. 5 in Cash Management Worldwide (*Euromoney Cash Management Survey* 2012);
- No. 1 Bookrunner in EMEA Syndicated Loans by number and volume of deals (*Bloomberg* FY2012);
- No. 1 Bookrunner in EMEA Media Telecom Loans by number and volume of deals (*Dealogic* FY2012);
- Aircraft Leasing Innovator of the Year (*Global Transportation Finance* – November 2012);
- Best Debt House in Western Europe (*Euromoney* – July 2012).

CORPORATE FINANCE

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

Corporate Finance employs around 400 professionals across a global network based on two main platforms, one in Europe and one in Asia, and a growing presence in the Middle East, Africa and the Americas.

In M&A, BNP Paribas consolidated its Top 10 ranking in several European countries. It remained no. 1 in France in 2012 on both deal numbers and volumes (*Thomson Reuters*, announced and completed deals). It also won *Euromoney's* "Best M&A House in France" again.

In the primary equity market, BNP Paribas maintained its leadership in the Europe/Middle East/Africa region in 2012, ranking no. 3 bookrunner for EMEA equity-linked issues and placed in the Top 10 bookrunners for equity capital markets issues, all categories combined, according to *Dealogic*.

FIXED INCOME

Fixed Income is a global player in credit, currency and interest-rate products. With its headquarters in London, seven other trading floors in Paris, Brussels, New York, São Paulo, Hong Kong, Singapore and Tokyo, and additional regional offices throughout Europe, the Americas, the Middle East and Asia-Pacific, the business has more than 2,200 staff globally.

It covers a broad range of products and services extending from origination to sales and trading via structuring, syndication, research and electronic platforms. The division's global network of Fixed Income experts has built a large and diversified client base of asset managers, insurance companies, banks, corporates, governments and supranational organisations.

Teams of dedicated experts in each region help to finance the economy by meeting client needs through financing solutions such as bond issues. Fixed Income also offers its institutional client base new investment opportunities and solutions to manage various types of risk, such as interest rate, inflation, foreign exchange and credit risk. In 2012, Fixed Income added real value for its clients, as illustrated by its rankings in the official league tables and awards won:

2012 rankings

- No. 1 bookrunner for euro bond issues, no. 8 bookrunner for international bond issues in all currencies (*Thomson Reuters Bookrunner Rankings* 2012);
- No. 2 in credit research in the "banking sector" and no. 2 in the consumer "products and retailing sector" (*Euromoney Fixed Income Research Poll* 2012);
- No. 1 on market share in euro fixed income derivatives for corporates (*Euromoney Rates Survey* 2012);
- N° 4 overall European Fixed Income - 6.2% Market Share (*Greenwich Survey* 2012).

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2012 awards

- Euro Bond House (*IFR December* 2012);
- EMEA Investment Grade Corporate Bond House (*IFR December* 2012);
- Best Debt House in Western Europe (*Euromoney Awards for Excellence* 2012);
- Most Innovative for Corporates (*The Banker* 2012);
- Structured Products House of the Year (*Structured Products Europe* 2012);
- Interest Rates House of the Year (*Structured Products Europe* 2012);
- Best Bank for Corporate DCM in EUR (*EuroWeek Awards* 2012)
- Structured Products House of the Year (*Risk Magazine* 2012).

GLOBAL EQUITIES & COMMODITY DERIVATIVES

BNP Paribas CIB's Global Equities & Commodity Derivatives (GECD) division offers equity, commodity, index and fund derivatives, as well as financing solutions and an integrated equity brokerage platform. It employs 1,400 front-office professionals operating in three major regions (Europe, Americas and Asia-Pacific).

GECD encompasses three complementary businesses:

- Structured Equity provides a clientele of individuals, corporates, banking networks, insurance companies and pension funds with customised or exchange-traded structured products to meet their capital protection, yield and diversification requirements;
- Flow & Financing caters to the needs of institutional investors and asset managers, delivering appropriate and innovative investment and hedging strategies, access to various financing solutions and services;
- Commodity Derivatives provides a range of risk hedging solutions to corporate clients whose businesses are highly correlated with commodity prices (producers, refineries and transport companies, for example). It also provides investors with access to commodities via a variety of investment strategies and structured solutions.

Selection of awards won in 2012

- Structured Products House of the Year (*Risk Magazine*);
- House of the Year (*Structured Products Europe Awards*);
- Derivatives House of the Year (*The Asset Awards*);
- Commodities Research House of the Year (*Energy Risk Magazine*);
- Oil and Products House of the Year (*Energy Risk Magazine*);
- Commodity Finance & Structured Products (*Commodity Business Awards*);
- Corporate and Social Responsibility (*Commodity Business Awards*).

CORPORATE CENTRE

BNP PARIBAS "PRINCIPAL INVESTMENTS"

BNP Paribas Principal Investments manages the Group's portfolio of listed and unlisted investments with a view to extracting value over the medium term.

The Listed Investment Management unit acquires and manages minority interests in listed companies, predominantly French large caps.

The Private Equity Investment Management unit acquires and manages minority equity interests or mezzanine investments in unlisted companies in its domestic markets, either directly or indirectly through funds, thereby contributing to finance the economy.

KLÉPIERRE

Klépierre is a major player in retail real estate in Europe, with expertise in development, rental management and asset management. BNP Paribas was the majority shareholder of Klépierre until 8 March 2012, when it sold a 28.7% interest in Klépierre S.A. to Simon Property Group.

At 31 December 2012, BNP Paribas was Klépierre's second largest shareholder behind Simon Property Group, with a 22.0% interest.

1.5 BNP Paribas and its shareholders

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SHARE CAPITAL

At 31 December 2011, BNP Paribas' share capital stood at EUR 2,415,491,972 divided into 1,207,745,986 shares. Details of the historical evolution of the capital are provided in the "Changes in share capital and earnings per share" section.

In 2012, the following transactions led to changes in the number of shares outstanding:

- 41,679,176 shares were issued in respect of the dividend payment;
- 581,181 shares were issued through the exercise of stock options;
- 4,289,709 shares were issued under an employee share offering;
- 12,034,091 shares were cancelled in accordance with the authorisation given under the twenty-first resolution passed at the Annual General Meeting of 23 May 2012.

Thus, at 31 December 2012, BNP Paribas' share capital stood at EUR 2,484,523,922 divided into 1,242,261,961 shares with a par value of EUR 2 each.

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.**

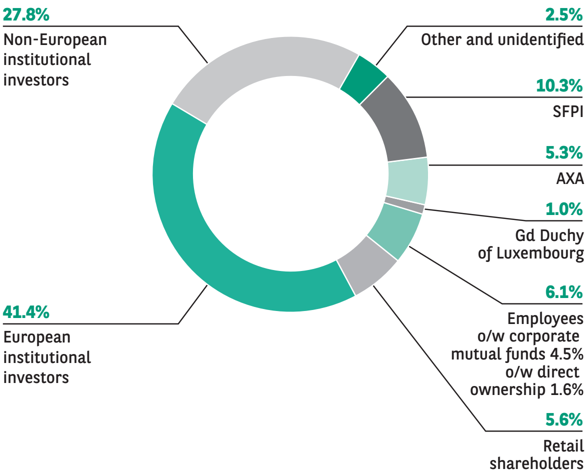
CHANGES IN SHARE OWNERSHIP

➤ CHANGES IN THE BANK'S OWNERSHIP STRUCTURE OVER THE LAST THREE YEARS

Date	31/12/2010			31/12/2011			31/12/2012		
Shareholder	Number of shares *(in millions)*	% of share capital	% of voting rights	Number of shares *(in millions)*	% of share capital	% of voting rights	Number of shares *(in millions)*	% of share capital	% of voting rights
SFPI(*)	127.75	10.7%	10.7%	127.75	10.6%	10.7%	127.75	10.3%	10.3%
AXA	61.65	5.1%	5.2%	65.67	5.4%	5.5%	65.74	5.3%	5.3%
Grand Duchy of Luxembourg	12.87	1.1%	1.1%	12.87	1.1%	1.1%	12.87	1.0%	1.0%
Employees	69.63	5.8%	5.8%	74.60	6.2%	6.3%	75.42	6.1%	6.1%
■ o/w corporate mutual funds	50.84	4.2%	4.2%	54.80	4.5%	4.6%	56.27	4.5%	4.5%
■ o/w direct ownership	18.79	1.6%	1.6%	19.80	1.7%	1.7%	19.14	1.6%	1.6%
Corporate officers	0.47	nm	nm	0.58	nm	nm	0.60	nm	nm
Treasury shares(**)	2.99	0.3%	-	16.48	1.4%	-	3.93	0.3%	-
Retail shareholders	66.00	5.5%	5.5%	75.00	6.2%	6.3%	69.00	5.6%	5.6%
Institutional investors	849.37	70.9%	71.1%	788.71	65.3%	66.2%	856.42	68.9%	69.2%
(o/w "Socially Responsible Investors")	(4.36)	(0.4%)	(0.4%)	(5.91)	(0.5%)	(0.5%)	(5.61)	(0.5%)	(0.5%)
■ Europe	523.08	43.7%	43.8%	493.63	40.9%	41.4%	512.71	41.3%	41.4%
■ Outside Europe	326.29	27.2%	27.3%	295.08	24.4%	24.8%	343.71	27.6%	27.8%
Other and unidentified	7.42	0.6%	0.6%	46.08	3.8%	3.9%	30.54	2.5%	2.5%
TOTAL	**1,198.15**	**100%**	**100%**	**1,207.74**	**100%**	**100%**	**1,242.26**	**100%**	**100%**

(*) *Société Fédérale de Participations et d'Investissement: public-interest société anonyme (public limited company) acting on behalf of the Belgian government.*
(**) *Excluding trading desks' working positions.*

➤ BNP PARIBAS OWNERSHIP STRUCTURE AT 31 DECEMBER 2012 (BASED ON VOTING RIGHTS)



To the Company's knowledge, no shareholder other than SFPI or AXA owns more than 5% of its capital or voting rights.

Société Fédérale de Participations et d'Investissement (SFPI) became a shareholder in BNP Paribas at the time of the integration with the Fortis group in 2009. During 2009, SFPI made two threshold crossing disclosures to the Autorité des Marchés Financiers (AMF):

- on 19 May 2009 (AMF disclosure no. 209C0702), SFPI disclosed that its interest in BNP Paribas' capital and voting rights had risen above the 5% and 10% disclosure thresholds following its transfer of a 74.94% stake in Fortis Bank SA/NV in return for 121,218,054 BNP Paribas shares, which at the time represented 9.83% of BNP Paribas' share capital and 11.59% of its voting rights. The disclosure stated that neither the Belgian government nor SFPI were considering taking control of BNP Paribas.

  At the same time, BNP Paribas notified the AMF (AMF disclosure no. 209C0724) that an agreement had been reached between the Belgian government, SFPI and Fortis SA/NV (renamed Ageas SA/NV at end-April 2010), giving Fortis SA/NV an option to buy the 121,218,054 BNP Paribas shares issued as consideration for SFPI's transfer of its shares in Fortis Bank, with BNP Paribas having a right of subrogation regarding the shares concerned;
- on 4 December 2009 (AMF disclosure no. 209C1459), SFPI disclosed that it owned 10.8% of BNP Paribas' capital and voting rights. This change mainly resulted from:
  - BNP Paribas' issue of ordinary shares in 2009,
  - and the reduction in its capital through the cancellation, on 26 November, of non-voting shares issued on 31 March 2009 to Société de Prise de Participation de l'État.

Since then, BNP Paribas has received no disclosures from SFPI.

On 16 December 2005, the AXA group and the BNP Paribas Group informed the AMF (AMF disclosure no. 205C2221) about an agreement under which the two groups would maintain stable cross-shareholdings and reciprocal call options exercisable in the event of a change in control affecting either group. The two companies subsequently notified the AMF on 5 August 2010 (AMF disclosure no. 210C0773) that they had entered into an agreement replacing that of December 2005 to take into account the new rules on financial institutions drawn up by the regulators. The new agreement no longer refers to maintaining stable cross-shareholdings.

LISTING INFORMATION

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. 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.

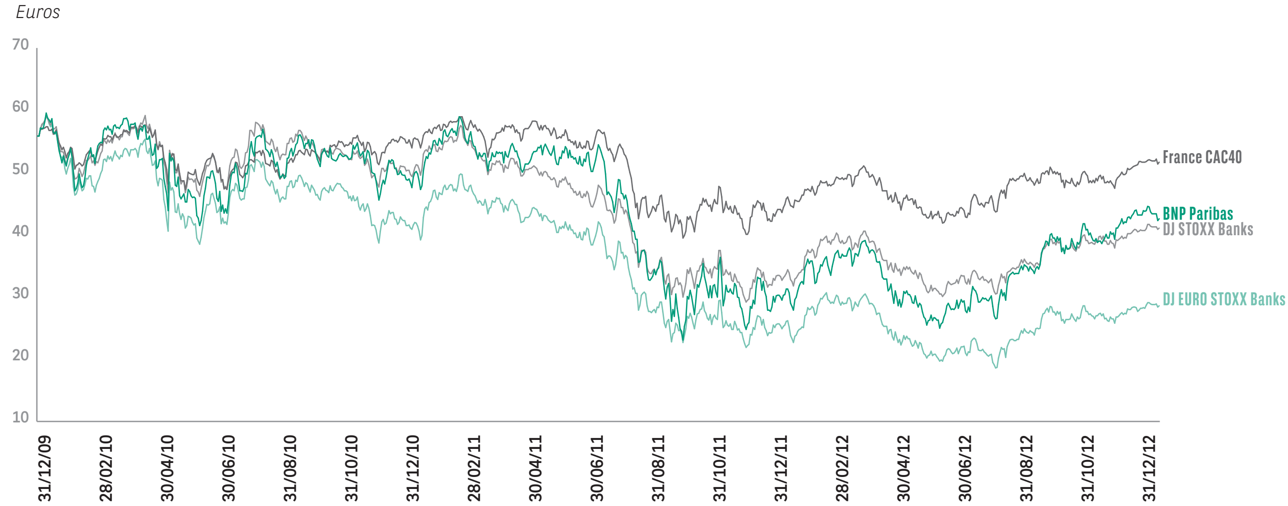
BNP shares were first listed on the Cash Settlement Market of the Paris Stock Exchange on 18 October 1993, following privatisation, before being transferred to the Monthly Settlement Market on 25 October of that year. When the monthly settlement system was discontinued on 25 September 2000, BNP Paribas 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 exchange in Milan. 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).

The ADRs have been traded on OTCQX International Premier since 14 July 2010 in order to provide better liquidity and clarity for US investors.

BNP became a constituent 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 a constituent of 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), DJSI World and Ethibel. All of these listings foster liquidity and share price appreciation, as the BNP Paribas share is necessarily a component of every portfolio and fund that tracks the performance of these indexes.

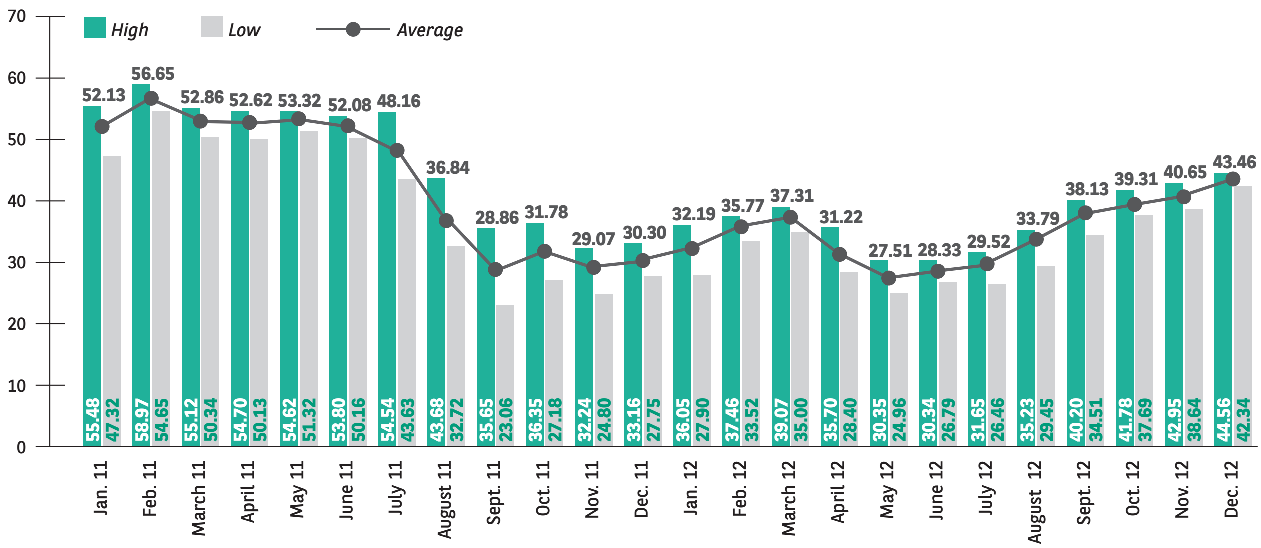
➤ SHARE PERFORMANCE BETWEEN 31 DECEMBER 2009 AND 31 DECEMBER 2012

Comparison with the DJ EURO STOXX Banks, DJ STOXX Banks and CAC 40 indexes (rebased on share price)



Source: Datastream.

AVERAGE MONTHLY SHARE PRICES AND MONTHLY HIGHS AND LOWS SINCE JANUARY 2011



- Between 31 December 2009 and 31 December 2012, the share price fell from EUR 55.90 to EUR 42.59, a decline of 23.8% against **a 7.5% decline for the CAC 40, a 48.9% fall for the DJ EURO STOXX Banks** (index of banking stocks in the euro area) **and a 26.5% drop for the DJ STOXX Banks** (index of banking stocks in Europe).

  In 2012, the BNP Paribas share price increased by 40.3%, closing at EUR 42.59 on 31 December 2012, the last day of trading. It thus outperformed the CAC 40 (+15.2%), the DJ STOXX Banks (+23.1%) and DJ Euro STOXX Banks (+12.0%).

  In the first quarter of 2012, the price of European banking shares bounced back following liquidity operations launched by the ECB, with the implementation of LTRO 1 in December 2011 and LTRO 2 in February 2012. However, from April to July of 2012, banks were affected by the re-emergence of fears over euro zone-country debt, and by the difficulty experienced by euro zone countries to articulate a coordinated response. The ECB's buyback, under certain conditions, of public debt with a maturity exceeding three years enabled banking shares to recover during the second quarter.
- **At 31 December 2012, BNP Paribas' market capitalisation was EUR 53.4 billion**, ranking it 5th among CAC 40 stocks (6th at the end of 2011). In terms of free float, BNP Paribas ranked 3rd among CAC 40 stocks (unchanged since 2011). BNP Paribas had the 10th largest free float in the DJ EURO STOXX 50 index at end-2012, up from 15th place a year earlier.
- **Daily trading volume** on Euronext Paris averaged 6,652,835 shares in 2012, down 5.86% from 7,066,999 a year earlier. Including the volumes traded on MTFs (Multilateral Trading Facilities), daily trading volume averaged 9,926,398 in 2012 (source: TAG Audit), down 4.58% from 10,403,586 in 2011. The decrease in volume was substantial in the second quarter.

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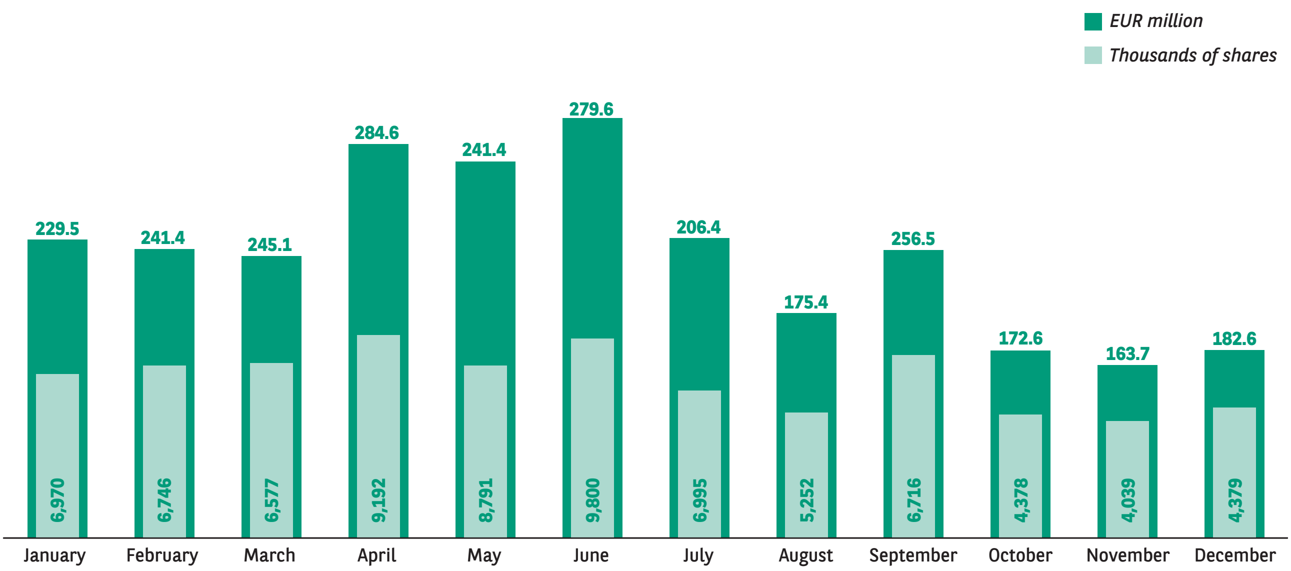
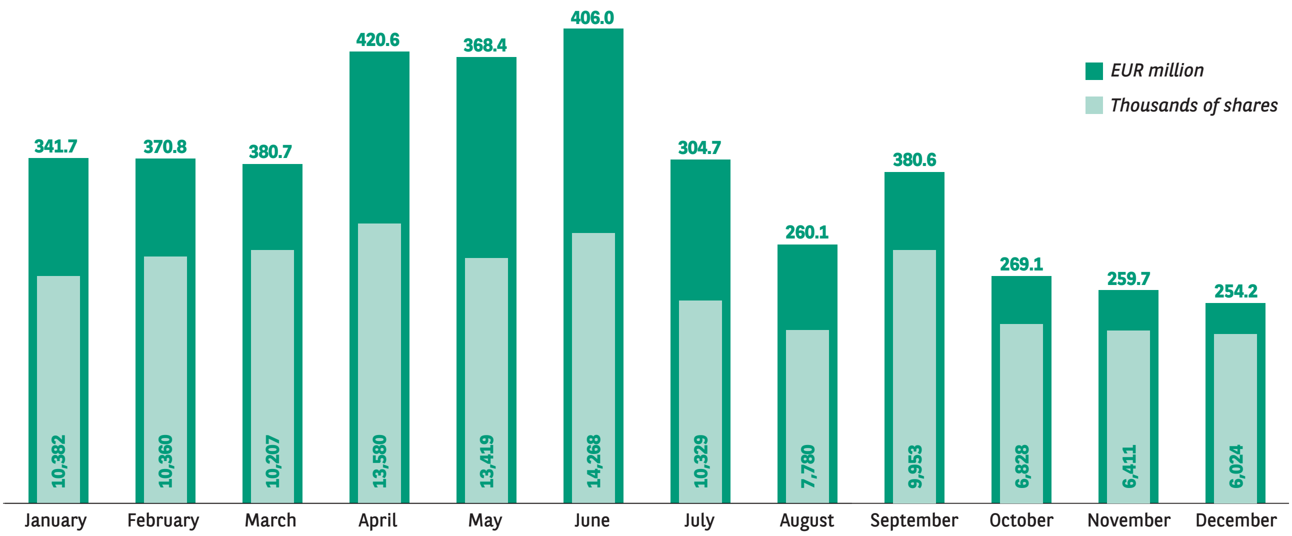
TRADING VOLUME ON EURONEXT PARIS IN 2012 (DAILY AVERAGE)



Source: NYSE-Euronext Paris.

TRADING VOLUME IN 2012 (DAILY AVERAGE)



Source: TAG Audit.

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KEY SHAREHOLDER DATA

In euros	2008	2009	2010	2011	2012
Earnings per share[1] (*)	2.99	5.20	6.33	4.82	5.16
Net assets per share[2] (*)	47.31	50.93	55.48	58.25	60.80
Net dividend per share(*)	0.97	1.50	2.10	1.20	1.50[3]
Payout rate (%)[4]	33.0	32.3	33.4	25.1	29.7[3]
Share price					
High[5] (*)	73.29	58.58	60.38	59.93	44.83
Low[5] (*)	27.70	20.08	40.81	22.72	24.54
Year-end(*)	29.40	55.90	47.61	30.35	42.61
CAC 40 index on 31 December	3,217.97	3,936.33	3,804.78	3,159.81	3,641.07

(1) *Based on the average number of shares outstanding during the year.*
(2) *Before dividends. Net carrying value based on the number of shares outstanding at year-end.*
(3) *Subject to approval at the Annual General Meeting of 15 May 2013.*
(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 between 30 September and 13 October 2009 (adjustment coefficient=0.971895).*

CREATING VALUE FOR SHAREHOLDERS

TOTAL SHAREHOLDER RETURN (TSR)

Calculation parameters

- Dividends reinvested in BNP shares then BNP Paribas shares; 50% tax credit included until tax credit system abolished in early 2005.
- Exercise of pre-emptive rights during the rights issues in March 2006 and October 2009.
- Returns stated gross, i.e. before any tax payments or brokerage fees.

Calculation results

The following table indicates, for various periods ending on 31 December 2012, 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	Share price at the investment date	Number of shares at end of calculation period	Initial investment multiplied by	Effective annual rate of return
Since privatisation	18/10/1993	36.59	4.1938	4.8809	8.60%
19 years	03/01/1994	43.31	3.8188	3.755	7.21%
18 years	03/01/1995	37.2	3.7492	4.292	8.43%
17 years	02/01/1996	33.57	3.6711	4.657	9.47%
16 years	02/01/1997	30.4	3.5643	4.993	10.57%
15 years	02/01/1998	48.86	3.4533	3.01	7.62%
14 years	04/01/1999	73.05	3.3821	1.972	4.97%
Since inception of BNP Paribas	01/09/1999	72.7	3.2905	1.9724	5.04%
13 years	03/01/2000	92	3.2905	1.523	3.29%
12 years	02/01/2001	94.5	3.201	1.443	3.10%
11 years	02/01/2002	100.4	3.097	1.314	2.51%
10 years	02/01/2003	39.41	1.4987	1.619	4.94%
9 years	02/01/2004	49.7	1.4414	1.235	2.37%
8 years	03/01/2005	53.4	1.3819	1.102	1.22%
7 years	02/01/2006	68.45	1.3329	0.829	-2.64%
6 years	02/01/2007	83.5	1.2772	0.651	-6.90%
5 years	02/01/2008	74.06	1.2343	0.71	-6.63%
4 years	02/01/2009	30.5	1.1744	1.64	13.17%
3 years	02/01/2010	56.11	1.1177	0.848	-5.34%
2 years	03/01/2011	48.3	1.0851	0.957	-2.20%
1 year	02/01/2012	30.45	1.0435	1.459	46.08%

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

FIVE-YEAR COMPARISON OF AN INVESTMENT IN BNP PARIBAS SHARES AT AN OPENING PRICE OF EUR 74.06 ON 2 JANUARY 2008 WITH THE "LIVRET A" PASSBOOK SAVINGS ACCOUNT AND MEDIUM-TERM GOVERNMENT BONDS

In this calculation, we assess the creation of shareholder value by comparing an investment in BNP Paribas shares with two "risk-free" investments: the "Livret A" passbook savings account and medium-term French government notes (OATs).

Total shareholder return on an investment in BNP Paribas shares

- Initial investment = 1 share at the opening price on 2 January 2008 = EUR 74.06.
- Dividends reinvested.
- Preferential subscription rights exercised in the October 2009 rights issue.
- Value at 31 December 2012: 1.2343 share at EUR 42.585, i.e. EUR 52.56.
- Effective annual rate of return: -6.66% per year.

Investment of EUR 74.06 on 1 January 2008 in a "Livret A" passbook account

The interest rate on the investment date was 3%. The interest rate was increased twice in 2008, to 3.50% on 1 February and to 4.00% on 1 August. In 2009, the rate was gradually reduced to 2.50% on 1 February, 1.75% on 1 May and 1.25% on 1 August. It was increased to 1.75% on 1 August 2010, to 2% on 1 February 2011 and to 2.25% on 1 August 2011. This rate applied throughout 2012. At 31 December 2012, this investment was worth EUR 82.87, an increase of EUR 8.81 (+11.89%).

1

Investment of EUR 74.06 on 1 January 2008 in five-year French government bonds

The five-year BTAN (*Bon du Trésor à intérêt Annuel*) yield was 4.2076%. At the end of each subsequent year, interest income is reinvested in a similar note on the following terms:

- 2.241% (BTAN) in January 2009 for 4 years;
- 1.821% (BTAN) in January 2010 for 3 years;
- 0.909% (BTAN) in January 2011 for 2 years;
- 1.974% in January 2012 for 1 year (Euribor).

At the end of five years, the accrued value of the investment is EUR **90.22**, an increase of EUR 16.16 (+21.82%).

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 of the Group's strategies, major events concerning the Group's business and, of course, the Group's quarterly results.

In 2013, the timetable is as follows[(1)]:

- 14 February 2013: publication of 2012 results;
- 3 May 2013: first quarter 2013 figures;
- 31 July 2013: publication of 2013 second quarter and half-year results;
- 31 October 2013: results for the third quarter and first nine months of 2013.

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. More specifically, a Relations Officer is responsible for liaising with managers of ethical and socially responsible funds.

The Individual Shareholder Relations Department provides information and deals with queries from the Group's 560,000 or so individual shareholders (source: 31 December 2012 TPI Survey). A half-yearly financial newsletter informs both members of the "**Cercle BNP Paribas**" and other shareholders of Group developments, and a summary of the matters discussed during the Annual General Meeting is sent out in early July. During the year, individual shareholders are invited to attend presentations in French cities, during which the Group's accomplishments and strategy are presented by General Management (in 2012 there were meetings in Lyon on 27 June, at Saint-Germain-en-Laye on 11 September and in Nice on 25 October). BNP Paribas representatives also met and spoke with over 1,000 people at the ACTIONARIA shareholder fair held in Paris on 23 and 24 November 2012.

In 1995, the "**Cercle BNP Paribas**" was set up for individual shareholders holding at least 200 shares. The Cercle currently has 68,000 shareholder members. Every year, alternating with three financial newsletters, three issues of "**La Vie du Cercle**" are sent to shareholders. This is a publication inviting them to take part in artistic, sporting and cultural events with which BNP Paribas is associated, as well as training sessions. These include trading in equities (technical analysis, financial research, placing orders etc.), private asset management and warrants. Economic update sessions are also organised by the relevant BNP Paribas teams. The Bank regularly organises scientific conferences and visits to industrial sites. These events are held in Paris and the provinces, on weekdays and at the weekend, to enable as many people as possible to attend. To illustrate the variety on offer, more than 450 events were organised for more than 15,000 participants in 2012. Shareholders can obtain information about these services by dialling a special French **toll-free number: 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. There is also a Cercle des Actionnaires website (cercle-actionnaires.bnpparibas.com), which features all offers and services available, including those available through the Cercle membership card.

The **BNP Paribas website (http://invest.bnpparibas.com)** can be consulted in both French and English, with some documents available in Italian and Dutch. It provides information on the Group, including press releases, key figures and details of significant developments and events. All financial documents such as Annual Reports and Registration documents can also be viewed and downloaded. The financial calendar gives the dates of important forthcoming events, such as the Annual General Meeting, results announcements and shareholder seminars. Publications compiled by the Bank's Economic Research unit can be viewed on the website. The website also features the latest share performance data and comparisons with major indexes, as well as a tool for calculating returns.

(1) Subject to alteration.

The Investors and Shareholders section now includes all reports and presentations concerning the Bank's business and strategy aimed at all audiences (individual shareholders, institutional investors, asset managers and financial analysts). The website also has a section entitled "To be a shareholder", which was more 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 attending of the meeting, ways of voting, practical matters, as well as a presentation of the resolutions and the complete text of all speeches made by corporate officers. Webcasts of the Annual General Meeting can be viewed on the Bank's website. In response to the expectations of individual shareholders and investors, and to meet increasingly strict transparency and regulatory disclosure requirements, BNP Paribas regularly adds sections to its website and improves existing sections with enhanced content (particularly as regards the glossary) and new functions.

SHAREHOLDER LIAISON COMMITTEE

After its formation in 2000, BNP Paribas decided to create a Shareholder Liaison Committee to help the Group improve communications with its individual shareholders. At the Shareholders' Meeting that approved the BNP Paribas merger, the Chairman of BNP Paribas initiated the process of appointing members to this committee, which was fully established in late 2000.

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

At 31 December 2012, the members of the Liaison Committee were as follows:

- Baudouin Prot, Chairman;
- Georges Bouchard, resident of the Yvelines department;
- Franck Deleau, resident of the Lot department;
- Jean-Louis Dervin, resident of the Calvados department;
- Jacques de Juvigny, resident of the Bas Rhin department;
- André Laplanche, resident of the Vaucluse department;
- Jean-Marie Laurent, resident of the Oise department;
- Dyna Peter-Ott, resident of the Bas Rhin department;
- Jean-Luc Robaux, resident of the Meurthe-et-Moselle department;
- Chantal Thiebaut, resident of the Meurthe-et-Moselle department;
- Thierry de Vignet, resident of the Dordogne department;
- Anny Jans, BNP Paribas employee, residing in Belgium;
- Odile Uzan-Fernandes, BNP Paribas employee, residing in Paris.

In accordance with the committee's Charter – i.e. the Internal Rules that all committee members have adopted – the committee met twice in 2012, on 23 March and on 4 October, in addition to taking part in the Annual General Meeting and attending the ACTIONARIA shareholder fair. The main topics of discussion included:

- BNP Paribas' ownership structure and changes therein, particularly among individual shareholders;
- the periodical publications which provide information on the Group's achievements and strategy;
- proposals submitted to "Cercle des Actionnaires" members;
- the draft 2011 Registration document and Annual Report;
- quarterly results presentations;
- initiatives taken in preparation for the Annual General Meeting;
- the Bank's 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 Group's stand.

The Liaison Committee members were also consulted during the Brand, Communication and Quality Department's survey on the relevance of the content and form of our written materials for different types of investors.

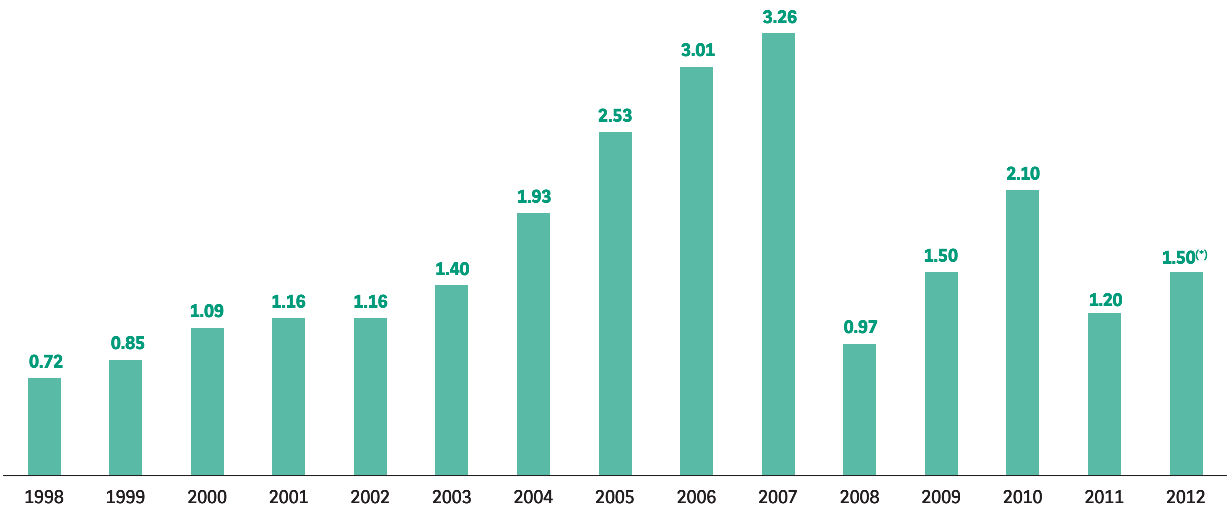
1

DIVIDEND

At the 15 May 2013 Annual General Meeting, the Board of Directors will recommend a dividend of EUR 1.50 per share, an increase of 25% relative to 2012. The shares will go ex-dividend on 21 May and the dividend will be paid on 24 May 2013, subject to approval at the Annual General Meeting.

The total amount of the proposed payout is EUR 1,863 million, compared with EUR 1,449 million in 2012, representing an increase of 28.6%. The payout rate is 29.7%.[1]

DIVIDEND EVOLUTION (EURO PER SHARE)



(*) Subject to the approval from the Annual General Meeting of 15 May 2013.

Dividends for 1998-2008 have been adjusted to reflect:

- the two-for-one share split carried out on 20 February 2002;
- capital increases with preferential subscription rights maintained in March 2006 and between 30 September and 13 October 2009.

The Group's objective is to adjust the dividend to reflect variations in income and to optimise 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.

(1) Dividend recommended at the 15 May 2013 Annual General Meeting expressed as a percentage of net income Group share.

1

BNP PARIBAS REGISTERED SHARES

At 31 December 2012, 57,740 shareholders held BNP Paribas registered shares.

REGISTERED SHARES HELD DIRECTLY WITH BNP PARIBAS

Shareholders who hold registered shares directly with BNP Paribas:

- automatically receive all documents regarding the Bank which are sent to shareholders;
- can call a **French toll-free number (0800 600 700)** to place buy and sell orders[(1)] and to obtain any information;
- benefit from special, discounted brokerage fees;
- have access to "PlanetShares" (https://planetshares.bnpparibas.com), a fully secure dedicated web server, allowing them to view registered share accounts and account movements, as well as place and track orders[(1)];
- are automatically invited to Annual General Meetings without the need for an ownership certificate;
- may receive notice of meetings by Internet;
- and, of course, pay no custody fees.

Holding registered shares directly with BNP Paribas is not compatible with registering them in a PEA tax-efficient share saving plan, due to the specific regulations and procedures applying to those plans. Savers whose shares are held in a PEA and who want to hold them in "registered form" can opt to hold them in an administered account (see below).

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 directly with BNP Paribas:

- 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 automatically invited to attend and vote at Annual General Meetings, without the invitation being sent through a third party;
- shareholders may receive notice of meetings and vote at Annual General Meetings online.

ANNUAL GENERAL MEETING

The last Annual General Meeting took place on 23 May 2012. 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 was shown. The composition of the quorum and the results of the votes cast on resolutions were posted online the day after the meeting. The meeting was also covered by publications in the specialist press and a specific letter was sent to shareholders summarising the meeting.

The quorum broke down as follows:

➤ BREAKDOWN OF QUORUM

	Number of shareholders	*(%)*	Shares	*(%)*
Present	1,789	*14.81%*	274,725,751	*35.54%*
Proxy given to spouse or another shareholder	54	*0.45%*	28,878	*0.00%*
Proxy given to Chairman	6,072	*50.27%*	28,879,084	*3.74%*
Postal votes	4,164	*34.47%*	469,384,354	*60.72%*
TOTAL	**12,079**	***100.00%***	**773,018,067**	***100.00%***
Of which online	**447**	*3.70%*	**572,459**	*0.07%*

		Quorum
Number of ordinary shares (excluding treasury stock)	**1,191,680,164**	**64.86%**

(1) Subject to their having previously signed a "brokerage service agreement" (free of charge).

All resolutions proposed to the shareholders were approved.

➤ ANNUAL GENERAL MEETING OF 23 MAY 2012

RESULTS	RATE OF APPROVAL
ORDINARY MEETING	
First resolution: approval of the parent company financial statements for the year 2011	99.50%
Second resolution: approval of the consolidated financial statements for the year 2011	99.79%
Third resolution: appropriation of net income and dividend distribution	99.56%
Fourth resolution: Statutory Auditors' special report on related party agreements and commitments governed by Articles L.225-38 et seq. of the French Commercial Code	93.59%
Fifth resolution: authorisation for BNP Paribas to buy back its own shares	99.57%
Sixth resolution: reappointment of principal Statutory Auditors and deputy Statutory Auditors, whose terms have expired	95.48%
Seventh resolution: reappointment of principal Statutory Auditors and deputy Statutory Auditors, whose terms have expired	97.77%
Eighth resolution: reappointment of principal Statutory Auditors, whose term has expired, and appointment of a new deputy statutory auditor	92.94%
Ninth resolution: renewal of the term of office of Denis Kessler as a Director	65.67%
Tenth resolution: renewal of the term of office of Laurence Parisot as a Director	95.40%
Eleventh resolution: renewal of the term of office of Michel Pébereau as a Director	76.75%
Twelfth resolution: Appointment of Pierre-André de Chalendar as a Director	98.11%
EXTRAORDINARY MEETING	
Thirteenth resolution: authorisation to issue ordinary shares and share equivalents, with pre-emptive rights for existing shareholders maintained	95.28%
Fourteenth resolution: authorisation to issue ordinary shares and share equivalents, with pre-emptive rights for existing shareholders waived	86.98%
Fifteenth resolution: authorisation to issue ordinary shares and share equivalents, with pre-emptive rights for existing shareholders waived, in consideration for securities tendered to public exchange offers	88.32%
Sixteenth resolution: authorisation to issue ordinary shares and share equivalents, with pre-emptive rights for existing shareholders waived, in consideration for securities tendered to contributions of unlisted shares (up to a maximum of 10% of the capital)	92.46%
Seventeenth resolution: blanket limit on authorisations to issue shares with pre-emptive rights for existing shareholders waived	90.26%
Eighteenth resolution: issue of shares to be paid up by capitalising income, retained earnings or additional paid-in capital	99.47%
Nineteenth resolution: blanket limit on authorisations to issue shares with or without pre-emptive rights for existing shareholders	93.67%
Twentieth resolution: authorisation to carry out transactions reserved for members of the Corporate Savings Plan	97.23%
Twenty-first resolution: authorisation to reduce the share capital by cancelling shares	98.88%
Twenty-second resolution: powers to carry out formalities	99.84%

The 2012 Annual General Meeting was an additional opportunity for BNP Paribas to demonstrate its commitment to sustainable development, and to social and environmental responsibility.

BNP Paribas seeks to create value consistently, to show its quality and its respect not only for "traditional" partners comprising shareholders, clients and employees, but also for the environment and community at large.

The Group considered it appropriate that these principles and values be reflected in its Annual General Meetings. As a result, a decision was taken, in conjunction with the Shareholder Liaison Committee, to donate EUR 12 for every investor attending the meeting to the "*Coup de pouce aux projets du personnel*" (a helping hand for employee projects) programme. 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 21,468 in 2012) 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. Total 2012 contributions were ultimately divided between 51 projects, all of which were initiated by BNP Paribas staff. Of those 51 projects, most were in Europe (33), while 12 were in Africa and 6 in Asia. The sums awarded varied from EUR 1,000 to EUR 4,000 according to the scale of the project, its nature and the commitment of employees. The projects mainly involved community outreach (education, poverty and integration), humanitarian aid, and healthcare and disability.

The allocation of funds is contained in the notice convening the next Annual General Meeting.

The procedures for BNP Paribas' Annual 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 combined Ordinary and Extraordinary General Meeting may be called in a single notice of meeting and held on the same date. BNP Paribas will hold its next combined Ordinary and Extraordinary General Meeting on 15 May 2013[1].

NOTICE OF MEETINGS

For combined Ordinary and Extraordinary General Meetings:

- holders of registered shares are notified by post; the convening notice contains the agenda, the draft resolutions and a postal voting form. Having given their prior agreement, 6.2% of holders of registered shares were sent convening notices via the Internet;
- holders of bearer shares are notified via announcements in the press, particularly investor and financial journals. In addition to legal requirements, and in order to boost attendance, BNP Paribas sends convening notices and a postal voting form to shareholders who own over a certain number of shares (set at 250 shares in 2012);

These same documents may be accessed freely on the website:

- in total, more than 86,000 of the Bank's shareholders personally received the information needed to participate in 2012;
- staff at all BNP Paribas branches is specifically trained to provide the necessary assistance and carry out the required formalities.

ATTENDANCE AT MEETINGS

Any holder of shares may gain admittance to a General Meeting, provided that shares have been recorded in their accounts for at least three trading 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 an Annual General Meeting may complete and return to BNP Paribas the postal voting form/proxy enclosed with the convening notice. This document enables them to either:

- vote by post;
- give their proxy to their spouse or any other individual or legal entity;
- give their 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 Annual 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 (https://gisproxy.bnpparibas.com/bnpparibas.pg).

DISCLOSURE THRESHOLDS

In addition to the legal thresholds, and in accordance with article 5 of the 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 up 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.

(1) Subject to alteration.

2 CORPORATE GOVERNANCE

2.1 Board of Directors

MEMBERSHIP OF THE BOARD OF DIRECTORS

Baudouin PROT
Principal function[1]: Chairman of the BNP Paribas Board of Directors

Date of birth: 24 May 1951
Term start and end dates: 11 May 2011 – 2014 AGM
First elected to the Board on: 7 March 2000

Number of BNP Paribas shares held[2]: 146,129
Office address: 3, rue d'Antin
75002 PARIS,
FRANCE

Functions at 31 December 2012 [1]
Director of: Pinault-Printemps-Redoute, Veolia Environnement, Lafarge, *Erbé SA (Belgium), Pargesa Holding SA (Switzerland), Institute of International Finance (IIF)*
Chairman of: *International Monetary Conference (IMC)*
Member of: *International Advisory Panel of the Monetary Authority of Singapore (MAS), International Business Leaders' Advisory Council (IBLAC) of the city of Shanghai*

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

2011:	2010:	2009:	2008:
Chairman of the Board of Directors of: BNP Paribas (from 1 December 2011) **Director of:** Pinault-Printemps-Redoute, Veolia Environnement, Erbé SA (Belgium), Pargesa Holding SA (Switzerland) **Member of:** Vice-Chairman of the IMC (The International Monetary Conference), Institute of International Finance (IIF), International Advisory Panel of the MAS (Monetary Authority of Singapore)	**Chief Executive Officer and Director of:** BNP Paribas **Director of:** Pinault-Printemps-Redoute, Veolia Environnement, Erbé SA (Belgium), Pargesa Holding SA (Switzerland) **Member of:** Executive Committee of Fédération Bancaire Française	**Chief Executive Officer and Director of:** BNP Paribas **Director of:** Accor, Pinault-Printemps-Redoute, Veolia Environnement, Erbé SA (Belgium), Pargesa Holding SA (Switzerland) **Chairman of:** Fédération Bancaire Française from September 2009 to August 2010 **Member of:** Executive Committee of Fédération Bancaire Française	**Chief Executive Officer and Director of**: BNP Paribas **Director of:** Accor, Pinault-Printemps-Redoute, Veolia Environnement, Erbé SA (Belgium), Pargesa Holding SA (Switzerland) **Member of:** Executive Committee of Fédération Bancaire Française

(1) Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.
(2) At 31 December 2012.

Michel PÉBEREAU
Principal function[1]: *Honorary Chairman* of BNP Paribas

Date of birth: 23 January 1942 *Term start and end dates:* 23 May 2012 – 2015 AGM *First elected to the Board on:* 14 May 1993 *Number of BNP Paribas shares held*[2]: 231,772 *Office address:* 3, rue d'Antin 75002 PARIS, FRANCE	**Functions at 31 December 2012[1]** **Director of:** AXA, Compagnie de Saint-Gobain, Total, *BNP Paribas (Switzerland) SA, Eads N.V. (Netherlands), Pargesa Holding SA (Switzerland)* **Member of the Supervisory Board of:** *Banque Marocaine pour le Commerce et l'Industrie (Morocco)* **Non-voting Director of:** *Société Anonyme des Galeries Lafayette* **Chairman of:** *Management Board of Institut d'Études Politiques de Paris, Fondation BNP Paribas* **Honorary Chairman of:** *Crédit Commercial de France, Supervisory Board of Institut Aspen, Institut de l'entreprise* **Member of:** *Académie des sciences morales et politiques, Executive Committee of Mouvement des Entreprises de France, Steering Committee of Institut de l'entreprise, Fondation Nationale des Sciences Politiques, Fondation ARC*

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

2011:	2010:	2009:	2008:
Honorary Chairman of BNP Paribas (from 1 December 2011) **Director of:** AXA, Compagnie de Saint-Gobain, Lafarge, Total, BNP Paribas (Switzerland) SA, Eads N.V. (Netherlands), Pargesa Holding SA (Switzerland) **Member of the Supervisory Board of:** Banque Marocaine pour le Commerce et l'Industrie (Morocco) **Non-voting Director of:** Société Anonyme des Galeries Lafayette **Chairman of:** Management Board of Institut d'Études Politiques de Paris **Member of:** Académie des sciences morales et politiques, Executive Committee of Mouvement des Entreprises de France, International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC)	**Chairman of the Board of Directors of:** BNP Paribas **Director of:** AXA, Compagnie de Saint-Gobain, Lafarge, Total, BNP Paribas (Switzerland) SA, Eads N.V. (Netherlands), Pargesa Holding SA (Switzerland) **Member of the Supervisory Board of:** Banque Marocaine pour le Commerce et l'Industrie (Morocco) **Non-voting Director of:** Société Anonyme des Galeries Lafayette **Chairman of:** European Financial Round Table, Investment Banking and Financial Markets Committee of Fédération Bancaire Française, Management Board of Institut d'Études Politiques de Paris, Institut de l'entreprise **Member of:** Académie des Sciences morales et politiques, Executive Committee of Mouvement des Entreprises de France, Haut Conseil de l'Éducation, Institut International d'Études Bancaires, International Advisory Panel of the Monetary Authority of Singapore, International Capital Markets Advisory Committee of the Federal Reserve Bank of New York, International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC)	**Chairman of the Board of Directors of:** BNP Paribas **Director of:** Lafarge, Compagnie de Saint-Gobain, Total, BNP Paribas (Switzerland) SA, Eads N.V. (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:** 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, European Financial Round Table, Institut de l'entreprise **Member of:** Académie des Sciences morales et politiques, Executive Committee of Mouvement des Entreprises de France, Haut Conseil de l'Éducation, Institut International d'Études Bancaires, International Advisory Panel of the Monetary Authority of Singapore, International Capital Markets Advisory Committee of the Federal Reserve Bank of New York, International Business Leaders' Advisory Council for the Mayor of Shanghai (IBLAC)	**Chairman of the Board of Directors of:** BNP Paribas **Director of:** Lafarge, Compagnie de Saint-Gobain, Total, BNP Paribas (Switzerland) SA, Eads N.V. (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:** 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, 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)

(1) Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.
(2) At 31 December 2012.

Claude BÉBÉAR
Principal function[1]: *Honorary Chairman* of AXA

Date of birth: 29 July 1935 Term start and end dates: 13 May 2009 – 23 May 2012 *First elected to the Board on:* 23 May 2000 *Number of BNP Paribas shares held[2]:* 3,074 *Office address:* 25, avenue Matignon, 75008 PARIS, FRANCE	**Functions at 31 December 2012[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*

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

2011:	2010:	2009:	2008:
Honorary Chairman of AXA **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	**Honorary Chairman of** AXA **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	**Honorary Chairman of** AXA **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	**Honorary Chairman of** AXA **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

(1) Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.
(2) At 23 May 2012.

Jean-Laurent BONNAFÉ
Principal function[1]: Chief Executive Officer and Director of BNP Paribas

Date of birth: 14 July 1961 *Term start and end dates:* 12 May 2010 – AG 2013 *First elected to the Board on:* 12 May 2010 *Number of BNP Paribas shares held[2]:* 62,545[(*)] *Office address:* 3, rue d'Antin, 75002 PARIS, FRANCE	**Functions at 31 December 2012[1]** **Director of:** Carrefour, *Banca Nazionale del Lavoro (Italy), BNP Paribas Fortis (Belgium), Erbé S.A.(Belgium)*

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

2011:	2010:	2009:	2008:
Chief Executive Officer and Director of: BNP Paribas (from 1 December 2011) **Director of:** Carrefour, BNP Paribas Personal Finance, Banca Nazionale del Lavoro (Italy), BNP Paribas Fortis (Belgium)	**Chief Operating Officer and Director of:** BNP Paribas **Director of:** Carrefour, BNP Paribas Personal Finance, Banca Nazionale del Lavoro (Italy) **Chairman of:** Management Committee and Executive Committee of BNP Paribas Fortis (Belgium) **Chief Executive Officer of:** BNP Paribas Fortis (Belgium)	**Chief Operating Officer of:** BNP Paribas **Director of:** Carrefour, BNP Paribas Personal Finance, Banca Nazionale del Lavoro (Italy), BancWest Corporation, Bank of the West	**Chief Operating Officer of:** BNP Paribas **Director of:** Carrefour, BNP Paribas Personal Finance, Banca Nazionale del Lavoro (Italy)

(1) Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.
(2) At 31 December 2012.
(*) Furthermore, Jean-Laurent Bonnafé owns the equivalent of 16,289 BNP Paribas shares under the Company Savings Plan.

Pierre-André DE CHALENDAR Principal function[1]: Chairman and Chief Executive Officer of Compagnie de Saint-Gobain	
Date of birth: 12 April 1958 *Term start and end dates:* 23 May 2012 – 2015 AGM *First elected to the Board on:* 23 May 2012	**Functions at 31 December 2012** [1] **Chairman of:** *Verallia* **Director of:** Veolia Environnement, Saint-Gobain Corporation, *GIE SGPM Recherches*
Number of BNP Paribas shares held[2]: 1,000 *Office address:* Les Miroirs 92096 LA DEFENSE CEDEX FRANCE	

(1) Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.
(2) At 31 December 2012.

Jean-Marie GIANNO Principal function[1]: *Sales Associate*			
Date of birth: 7 September 1952 *Term start and end dates:* Elected by BNP Paribas employees to a three-year term running from 16 February 2009 – 15 February 2012 *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)		**Functions at 31 December 2012**[1] **Member of:** Confrontations (a European think tank)	
Number of BNP Paribas shares held[2]: 10 *Office address:* 21, avenue Jean Médecin 06000 NICE, FRANCE			
Functions at previous year-ends *(the companies listed are the parent companies of the groups in which the functions were carried out)*			
2011: **Member of:** Confrontations (a European think tank)	**2010:** **Member of:** Comité des établissements de crédit et des entreprises d'investissements (CECEI), Confrontations (a European think tank)	**2009:** **Member of:** Comité des établissements de crédit et des entreprises d'investissements (CECEI), Confrontations (a European think tank)	**2008:** **Member of:** Comité des établissements de crédit et des entreprises d'investissements (CECEI), Confrontations (a European think tank)

(1) Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.
(2) At 15 February 2012.

Denis KESSLER **Principal function[1]: Chairman and Chief Executive Officer of SCOR SE**	
Date of birth: 25 March 1952 *Term start and end dates:* 23 May 2012 – 2015 AGM *First elected to the Board on:* 23 May 2000 *Number of BNP Paribas shares held*[2]: 2,684 *Office address:* 1, avenue du Général-de-Gaulle 92074 PARIS LA DÉFENSE CEDEX, FRANCE	**Functions at 31 December 2012**[1] **Director of:** Bolloré, Dassault Aviation, Fonds Stratégique d'Investissement, *Invesco Ltd (United States)* **Member of the Supervisory Board of:** *Yam Invest N.V. (Netherlands)* **Member of:** *Commission Économique de la Nation, Board of Directors of Association de Genève, Board of Directors of Association du Siècle, Global Reinsurance Forum, Reinsurance Advisory Board, Laboratoire d'Excellence Finance et Croissance Durable (LABEX FCD)*

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

2011:	2010:	2009:	2008:
Chairman and Chief Executive Officer of SCOR SE **Director of:** Bolloré, Dassault Aviation, Fonds Stratégique d'Investissement, Invesco Ltd (United States) **Member of the Supervisory Board of:** Yam Invest N.V. (Netherlands) **Member of:** Commission Économique de la Nation, Board of Directors of Le Siècle, Board of Directors of Association de Genève, Board of French Foundation for Medical Research, Strategic Board of the European Insurance Federation, Global Reinsurance Forum, Reinsurance Advisory Board	**Chairman and Chief Executive Officer of** SCOR SE **Director of:** Bolloré, Dassault Aviation, Fonds Stratégique d'Investissement, Invesco Ltd (United States) **Member of the Supervisory Board of:** Yam Invest N.V. (Netherlands) **Member of:** Commission Économique de la Nation, Board of Directors of the Siècle, Board of Directors of Association de Genève, Board of French Foundation for Medical Research, Strategic Board of the European Insurance Federation **Chairman of:** Reinsurance Advisory Board, Global Reinsurance Forum	**Chairman and Chief Executive Officer of** SCOR SE **Director of:** Bolloré, Dassault Aviation, Fonds Stratégique d'Investissement, Invesco Ltd (United States) **Member of the Supervisory Board of:** Yam Invest N.V. (Netherlands) **Non-voting Director of:** Financière Acofi SA, Gimar Finance & Cie SCA **Member of:** Commission Économique de la Nation, Conseil économique, social et environnemental, Board of Directors of Association de Genève, Board of French Foundation for Medical Research, Comité des entreprises d'assurance, Strategic Board of the European Insurance Federation **Chairman of:** Reinsurance Advisory Board, Global Reinsurance Forum, Board of Directors of Le Siècle	**Chairman and Chief Executive Officer of** SCOR SE **Chairman of:** SCOR Global P&C SE, SCOR Global Life U.S. Re Insurance Company (United States), SCOR Global Life Re Insurance Company of Texas (United States), SCOR Reinsurance Company (United States), SCOR U.S. Corporation (United States), SCOR Holding (Switzerland) AG (Switzerland) **Chairman of the Supervisory Board of:** SCOR Global Investments SE **Director of:** SCOR Global Life SE, SCOR Canada Reinsurance Company (Canada), Bolloré, Dassault Aviation, Dexia SA (Belgium), Fonds Stratégique d'Investissement, Invesco Ltd (United States) **Member of the Supervisory Board of:** Yam Invest N.V. (Netherlands) **Non-voting Director of:** Financière Acofi SA, Gimar Finance & Cie SCA **Member of:** Commission Économique de la Nation, Conseil économique, social et environnemental, Board of Directors of Association de Genève, Board of French Foundation for Medical Research, Comité des entreprises d'assurance **Chairman of:** Board of Directors of Le Siècle, Cercle de l'Orchestre de Paris **Vice-Chairman of:** Reinsurance Advisory Board **Global Counsellor** of: The Conference Board

(1) *Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.*
(1) *At 31 December 2012.*

Meglena KUNEVA
Principal function[(1)]: *Chairman of the Governing Board* of the European Policy Centre (Brussels)

Date of birth: 22 June 1957 *Term start and end dates:* 12 May 2010 – 2013 AGM *First elected to the Board on:* 12 May 2010 *Number of BNP Paribas shares held*[(2)]: 10 *Office address:* Ul. Plachkovica 1 Vhod A SOFIA 1164 BULGARIA	**Functions at 31 December 2012**[(1)] **Member of:** *Advisor on passenger rights to EC Vice-President Siim Kallas, European Commission, Brussels (Belgium),* Member of the Board of Trustees of the American University (Bulgaria), *European Council on foreign relations, Brussels (Belgium)*

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

2011:	2010:
Member of: Board of Trustees of the American University (Bulgaria)	**Member of:** Board of Trustees of the American University (Bulgaria)

(1) Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.
(2) At 31 December 2012.

Jean-François LEPETIT
Principal function[(1)]: Director of companies

Date of birth: 21 June 1942 *Term start and end dates:* 11 May 2011 – 2014 AGM *First elected to the Board on:* 5 May 2004 *Number of BNP Paribas shares held*[(2)]: 8,749 *Office address:* 30, boulevard Diderot 75572 PARIS CEDEX 12, FRANCE	**Functions at 31 December 2012**[(1)] **Director of:** Smart Trade Technologies SA, Shan SA **Member of:** *Board of the Qatar Financial Center Regulatory Authority (QFCRA), Doha (Qatar), Conseil de régulation financière et du risque systémique (COREFRIS)*

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

2011:	2010:	2009:	2008:
Director of: Smart Trade Technologies SA, Shan SA **Member of:** Board of the Qatar Financial Centre Regulatory Authority (Doha)	**Director of:** Smart Trade Technologies SA, Shan SA **Member of:** Board of the Qatar Financial Centre Regulatory Authority (Doha)	**Director of:** Smart Trade Technologies SA, Shan SA **Member of:** Board of the Qatar Financial Centre Regulatory Authority (Doha), Board of the Autorité des Marchés Financiers, Conseil de normalisation des comptes publics	**Director of:** Smart Trade Technologies SA, Shan SA **Member of:** Board of the Qatar Financial Centre Regulatory Authority (Doha), Board of the Autorité des Marchés Financiers

(1) Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.
(2) At 31 December 2012.

Nicole MISSON
Principal function[1]: *Customer Advisor*

Date of birth: 21 May 1950 *Term start and end dates:* Elected by BNP Paribas executives to a three-year term running from 16 February 2012 – 15 February 2015 *First elected to the Board on:* 1 July 2011	**Functions at 31 December 2012[1]** *Judge at the Paris Employment Tribunal, Management Section,* Member of the Commission Paritaire de la Banque (Association Française des Banques – Recourse Commission)
Number of BNP Paribas shares held[2]: 174 *Office address:* 22, rue de Clignancourt 75018 PARIS, FRANCE	

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

2011:
Judge at the Paris Employment Tribunal, Management Section,
Member of the Commission Paritaire de la Banque (Association Française des Banques – Recourse Commission)

(1) *Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.*
(2) *At 31 December 2012.*

Thierry MOUCHARD
Principal function[1]: *Administrative Assistant, Customer Transactions Department*

Date of birth: 4 July 1960 *Term start and end dates:* 16 February 2012 (on which date Thierry MOUCHARD was elected by employees) – 15 February 2015 *First elected to the Board on:* 16 February 2012	**Functions at 31 December 2012[1]** None
Number of BNP Paribas shares held[2]: 10 *Office address:* 41, Boulevard du Maréchal Foch 49000 ANGERS, FRANCE	

(1) *Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.*
(2) *At 31 December 2012.*

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

Date of birth: 31 August 1959 Term start and end dates: 23 May 2012 – 2015 AGM *First elected to the Board on:* 23 May 2006	**Functions at 31 December 2012[1]** **Chairman of:** *Mouvement des Entreprises de France (MEDEF)* **Director of:** Coface SA **Member of the Supervisory Board of:** *Compagnie Générale des Établissements Michelin (SCA)*
Number of BNP Paribas shares held[2]: 755 *Office address:* 6/8, rue Eugène-Oudiné 75013 PARIS, FRANCE	

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

2011:	2010:	2009:	2008:
Vice-Chairman of the Board of Directors of IFOP SA **Chairman of:** Mouvement des Entreprises de France (MEDEF) **Director of:** Coface SA **Member of the Supervisory Board of:** Compagnie Générale des Établissements Michelin (SCA)	**Vice-Chairman of the Board of Directors of** IFOP SA **Chairman of:** Mouvement des Entreprises de France (MEDEF) **Director of:** Coface SA **Member of the Supervisory Board of:** Michelin	**Vice-Chairman of the Board of Directors of** IFOP SA **Chairman of:** Mouvement des Entreprises de France (MEDEF) **Director of:** Coface SA **Member of the Supervisory Board of:** Michelin	**Vice-Chairman of the Board of Directors of** IFOP SA **Chairman of:** Mouvement des Entreprises de France (MEDEF) **Director of:** Coface SA **Member of the Supervisory Board of:** Michelin

(1) *Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.*
(2) *At 31 December 2012.*

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

Date of birth: 25 September 1944 *Term start and end dates:* 11 May 2011 – 2014 AGM *First elected to the Board on:* 21 March 2003 *Number of BNP Paribas shares held[2]:* 1,609 *Office address:* 162, rue du Faubourg Saint Honoré 75008 PARIS, FRANCE	<u>**Functions at 31 December 2012[1]**</u> **Director of:** Lafarge, *Ferring SA (Switzerland), Sofina (Belgium), Genesis Emerging Markets Fund Limited (Guernsey)* **Permanent Representative of:** Pechel Industries Partenaires SAS: Ypso Holding (Luxembourg), Goëmar Holding (Luxembourg), Store Electronic Systems (France) **Member of the Supervisory Board of:** Publicis Groupe, Goëmar Développement, Laboratoires Goëmar **Manager of:** *Hélène Ploix SARL, Hélène Marie Joseph SARL, Sorepe Société Civile* **Member of:** *Insitut Français des Administrateurs (IFA), Organisation Métrologique Mondiale (OMM)*

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

2011:	2010:	2009:	2008:
Chairman of Pechel Industries SAS, Pechel Industries Partenaires SAS and FSH SAS **Director of:** Lafarge, Ferring SA (Switzerland), Sofina (Belgium) **Permanent Representative of:** Pechel Industries Partenaires SAS to Ypso Holding (Luxembourg), Goëmar Développement (France), Laboratoires Goëmar (France), Goëmar Holding (Luxembourg), Store Electronic Systems (France) **Member of the Supervisory Board of:** Publicis Groupe **Manager of:** Hélène Ploix SARL, Hélène Marie Joseph SARL, Sorepe Société Civile, Goëmar Holding (Luxembourg) **Member of:** United Nations Joint Staff Pension Fund Investment Committee (until end of 2011), Independent Expert Oversight Advisory Committee (IEOAC) of the World Health Organization (WHO), Institut Français des Administrateurs	**Chairman** of Pechel Industries SAS, Pechel Industries Partenaires SAS and FSH SAS **Director of:** Lafarge, Ferring SA (Switzerland), Completel NV (Netherlands), Institut Français des Administrateurs **Permanent Representative of:** Pechel Industries Partenaires SAS to Ypso Holding (Luxembourg) **Member of the Supervisory Board of:** Publicis Groupe **Manager of:** Hélène Ploix SARL, Hélène Marie Joseph SARL, Sorepe Société Civile **Member of:** United Nations Joint Staff Pension Fund Investment Committee, Independent Expert Oversight Advisory Committee (IEOAC) of the World Health Organization (WHO)	**Chairman** of Pechel Industries SAS and Pechel Industries Partenaires SAS **Director of:** Lafarge, Ferring SA (Switzerland), Completel NV (Netherlands), Institut Français des Administrateurs **Permanent Representative of:** Pechel Industries Partenaires to Ypso Holding (Luxembourg) **Member of the Supervisory Board of:** Publicis Groupe **Manager of:** Hélène Ploix SARL, Hélène Marie Joseph SARL, Sorepe Société Civile **Member of:** United Nations Joint Staff Pension Fund Investment Committee	**Chairman** of Pechel Industries SAS and Pechel Industries Partenaires SAS **Director of:** Lafarge, Ferring SA (Switzerland), Completel NV (Netherlands) **Permanent Representative of:** Pechel Industries Partenaires to Ypso Holding (Luxembourg) **Member of the Supervisory Board of:** Publicis Groupe **Manager of:** Hélène Ploix SARL, Hélène Marie Joseph SARL, Sorepe Société Civile **Member of:** United Nations Joint Staff Pension Fund Investment Committee

(1) Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.
(2) At 31 December 2012.

Louis SCHWEITZER
Principal function[1]: *Chairman* of France Initiative – *Honorary Chairman* of Renault

Date of birth: 8 July 1942 *Term start and end dates:* 12 May 2010 – 2013 AGM *First elected to the Board on:* 14 December 1993 *Number of BNP Paribas shares held*[2]: 25,233 *Office address:* 8-10, avenue Émile-Zola 92109 BOULOGNE-BILLANCOURT CEDEX, FRANCE	Functions at 31 December 2012[1] **Director of:** L'Oréal, Veolia Environnement **Member of the Advisory Committee of:** *Allianz (Germany), Bosch (Germany)* **Member of the Board of:** *Fondation Nationale des Sciences Politiques, Musée du quai Branly* **Chairman of:** *Festival d'Avignon, MC 93*

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

2011:	2010:	2009:	2008:
Chairman of: France Initiative **Honorary Chairman of:** Renault **Chairman of the Board of Directors of:** AstraZeneca Plc (United Kingdom), AB Volvo (Sweden) **Director of:** L'Oréal, Veolia Environnement **Member of the Advisory Committee of:** Allianz (Germany), Bosch (Germany) **Member of the Board of:** Fondation Nationale des Sciences Politiques, Musée du quai Branly **Chairman of:** Festival d'Avignon, MC 93	**Honorary Chairman of:** Renault **Chairman of the Board of Directors of:** AstraZeneca Plc (United Kingdom), AB Volvo (Sweden) **Director of:** L'Oréal, Veolia Environnement **Member of the Advisory Committee of:** Banque de France, Allianz (Germany) **Member of the Board of:** Fondation Nationale des Sciences Politiques, Institut Français des Relations Internationales, Musée du quai Branly	**Chairman of the Board of Directors of:** Renault **Chairman of the Board of Directors of:** AstraZeneca Plc (United Kingdom) **Chairman of the Supervisory Board of:** Le Monde & Partenaires Associés SAS, Le Monde SA, Société Éditrice du Monde **Director of:** 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 quai Branly	**Chairman of the Board of Directors of:** Renault **Chairman of the Board of Directors of:** AstraZeneca Plc (United Kingdom) **Chairman of the Supervisory Board of:** Le Monde & Partenaires Associés SAS, Le Monde SA, Société Éditrice du Monde **Director of:** 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

(1) Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.
(2) At 31 December 2012.

Michel TILMANT
Principal function[1]: *Manager* of Strafin sprl (Belgium)

Date of birth: 21 July 1952 *Term start and end dates:* 12 May 2010 – 2013 AGM *First elected to the Board on:* 12 May 2010 (Served as a non-voting Director of BNP Paribas between 4 November 2009 and 11 May 2010) *Number of BNP Paribas shares held[2]:* 500 *Office address:* Rue du Moulin 10 B – 1310 LA HULPE BELGIUM	**Functions at 31 December 2012[1]** **Chairman of:** *Guardian Holdings Limited (Jersey), Guardian Acquisitions Limited (United Kingdom)* **Director of:** *Sofina SA (Belgium), Groupe Lhoist SA (Belgium), Foyer Assurances SA (Luxembourg), CapitalatWork Foyer Group SA (Luxembourg), Université Catholique de Louvain (Belgium), Royal Automobile Club of Belgium (Belgium)* **Senior Advisor:** *Cinven Ltd (United Kingdom)*

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

2011:	**2010:**
Chairman of: Green Day Holdings Limited (Jersey), Green Day Acquisitions Limited (U.K.) **Director of:** Sofina SA (Belgium), Groupe Lhoist SA (Belgium), Foyer Assurances SA (Luxembourg), CapitalatWork Foyer Group SA (Luxembourg), Université Catholique de Louvain (Belgium), Royal Automobile Club of Belgium **Senior Advisor at:** Cinven Ltd (U.K.)	**Senior Advisor at:** Cinven Ltd (U.K.) **Director of:** Sofina SA (Belgium), Groupe Lhoist SA (Belgium), Foyer Assurances SA (Luxembourg), CapitalatWork Foyer Group SA (Luxembourg), Université Catholique de Louvain (Belgium), Royal Automobile Club of Belgium (Belgium)

(1) *Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.*
(2) *At 31 December 2012.*

Emiel VAN BROEKHOVEN
Principal function[1]: *Economist, Honorary Professor* at the University of Antwerp (Belgium)

Date of birth: 30 April 1941 *Term start and end dates:* 12 May 2010 – 2013 AGM *First elected to the Board on:* 12 May 2010 (Served as a non-voting Director of BNP Paribas between 4 November 2009 and 11 May 2010) *Number of BNP Paribas shares held[2]:* 550 *Office address:* Zand 7 – 9 B – 2000 ANTWERP BELGIUM	**Functions at 31 December 2012[1]** None

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

2011:	**2010:**
None	None

(1) *Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.*
(2) *At 31 December 2012.*

Daniela WEBER-REY
Principal function[1]: *Partner* at Clifford Chance, Frankfurt (Germany)

Date of birth: 18 November 1957 *Term start and end dates:* 11 May 2011 – 2014 AGM *First elected to the Board on:* 21 May 2008 Number of BNP Paribas shares held[2]: 2,148 *Office address:* Mainzer Landstrasse 46 D 60325 – FRANKFURT AM MAIN GERMANY	**Functions at 31 December 2012[1]** **Member of:** *German Government's Code of Corporate Governance Commission, Stakeholder Group of the European Insurance and Occupational Pensions Authority (EIOPA), Clifford Chance Partnership Council, Board member European Corporate Governance Institute (ECGI), Brussels (Belgium), Advisory Board member International Institute for Insurance Regulation (ICIR), Frankfurt (Germany)*

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

2011:	2010:	2009:	2008:
Member of: German Government's Code of Corporate Governance Commission, Stakeholder Group of the European Insurance and Occupational Pensions Authority (EIOPA), Clifford Chance Partnership Council	**Member of:** European Commission's Ad Hoc Group of Corporate Governance Experts for the Financial Services Area, German Government's Code of Corporate Governance Commission, Clifford Chance Partnership Council	**Member of:** European Commission's advisory group on corporate governance and company law, European Commission's expert group on removing obstacles to cross-border investments, European Commission's Ad Hoc Group of Corporate Governance Experts for the Financial Services Area, German Government's Code of Corporate Governance Commission	**Member of:** European Commission's advisory group on corporate governance and company law, European Commission's expert group on removing obstacles to cross-border investments, German Government's Code of Corporate Governance Commission

(1) Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.
(2) At 31 December 2012.

Fields WICKER-MIURIN
Principal function[1]: *Co-founder and Partner* at Leaders' Quest (United Kingdom)

Date of birth: 30 July 1958 *Term start and end dates:* 11 May 2011 – 2014 AGM *First elected to the Board on:* 11 May 2011 *Number of BNP Paribas shares held*[2]: 139 *Office address:* 3-5 Richmond Hill Richmond, SURREY TW10 6RE UNITED KINGDOM	**Functions at 31 December 2012[1]** **Director of:** *CDC Group Plc, Ballarpur International Graphic Paper Holdings* **Member of:** *Board of Battex School of Leadership – University of Virginia (United States)*

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

2011:
Director of: CDC Group Plc, Ballarpur International Graphic Paper Holdings
Member of: Board of Battex School of Leadership – University of Virginia

(1) Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.
(2) At 31 December 2012.

OTHER CORPORATE OFFICERS

Philippe BORDENAVE
Principal function[1]: *Chief Operating Officer* of BNP Paribas

Date of birth: 2 August 1954 *Number of BNP Paribas shares held*[2]: 39,049 *Office address:* 3, rue d'Antin 75002 PARIS, FRANCE	**Functions at 31 December 2012[1]** **Director of:** BNP Paribas Personal Finance **Permanent Representative of:** *Antin Participation 5 (SAS) to BNP Paribas Securities Services (SCA)*

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

2011:
Chief Operating Officer of: BNP Paribas (from 1 December 2011)
Director of: BNP Paribas UK Holdings Ltd (United Kingdom), BNP Paribas Personal Finance
Permanent Representative of: Antin Participation 5 (SAS) to BNP Paribas Securities Services (SCA)

(1) *Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.*
(2) *At 31 December 2012.*

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

Date of birth: 20 May 1950 *Number of BNP Paribas shares held*[2]: 71,561 *Office address:* 3, rue d'Antin 75002 PARIS, FRANCE	**Functions at 31 December 2012[1]** **Chairman of:** *BNP Paribas (Switzerland) SA* **Vice-Chairman of:** *Fortis Bank SA/NV (Belgium)* **Director of:** Alstom, Bouygues, Société Foncière, Financière et de Participation (FFP), Nexans, *CNP – Compagnie Nationale à Portefeuille (Belgium), Erbé SA (Belgium), GBL – Groupe* Bruxelles *Lambert (Belgium)*, SCOR Holding (Switzerland) AG (Switzerland), Scor Global Life Rückversicherung Schweiz AG (Switzerland), SCOR Switz*erland AG (Switzerland), Verner Investissements SAS* **Member of the Supervisory Board of:** *Lagardère SCA* **Non-voting Director of:** *Exane, Scor SE*

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

2011:	2010:	2009:	2008:
Chief Operating Officer of: BNP Paribas **Chairman of:** Compagnie d'Investissement de Paris SAS, Financière BNP Paribas SAS, BNP Paribas (Switzerland) SA **Vice-Chairman of:** Fortis Bank SA/NV (Belgium) **Director of:** Alstom, Bouygues, Société Foncière, Financière et de Participation SA, Nexans, CNP – Compagnie Nationale à Portefeuille (Belgium), Erbé SA (Belgium), GBL – Groupe Bruxelles Lambert (Belgium), SCOR Holding (Switzerland) AG (Switzerland), Scor Global Life Rückversicherung Schweiz AG (Switzerland), SCOR Switzerland AG (Switzerland), Verner Investissements SAS **Member of the Supervisory Board of:** Lagardère SCA **Non-voting Director of:** Exane, SCOR SE	**Chief Operating Officer of:** BNP Paribas **Chairman of:** Compagnie d'Investissement de Paris SAS, Financière BNP Paribas SAS, BNP Paribas (Switzerland) SA **Vice-Chairman of:** Fortis Bank SA/ NV (Belgium) **Director of:** Alstom, Bouygues, Société Foncière, Financière et de Participations SA, Nexans, Erbé SA (Belgium), GBL – Groupe Bruxelles Lambert (Belgium), SCOR Holding (Switzerland) AG (Switzerland), SCOR Global Life Rückversicherung Schweiz AG (Switzerland), SCOR Switzerland AG (Switzerland), Verner Investissements SAS **Member of the Supervisory Board of:** Lagardère SCA **Non-voting Director of:** Exane, Safran, SCOR SE	**Chief Operating Officer of:** BNP Paribas **Chairman of:** Compagnie d'Investissement de Paris SAS, Financière BNP Paribas SAS, BNP Paribas (Switzerland) SA **Vice-Chairman of:** Fortis Bank SA/ NV (Belgium) **Director of:** Alstom, Bouygues, Société Foncière, Financière et de Participations SA, Nexans, Erbé SA (Belgium), GBL – Groupe Bruxelles Lambert (Belgium), SCOR Holding (Switzerland) AG (Switzerland), SCOR Global Life Rückversicherung Schweiz AG (Switzerland), SCOR Switzerland AG (Switzerland), Verner Investissements SAS **Member of the Supervisory Board of:** Lagardère SCA **Non-voting Director of:** Exane, Safran, SCOR SA	**Chief Operating Officer of:** BNP Paribas **Chairman of:** Compagnie d'Investissement de Paris SAS, Financière BNP Paribas SAS, BNP Paribas (Switzerland) SA **Director of:** Alstom, Bouygues, Société Foncière, Financière et de Participations SA, Nexans, 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

(1) Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.
(2) At 31 December 2012.

François VILLEROY de GALHAU Principal function[1]: *Chief Operating Officer* of BNP Paribas	
Date of birth: 24 February 1959 *Number of BNP Paribas shares held*[2]: 1,411[*] *Office address:* 3, rue d'Antin 75002 PARIS, FRANCE	Functions at 31 December 2012[1] **Vice-Chairman of:** *BGL BNP Paribas (Luxembourg)* **Director of:** *BNP Paribas Fortis (Belgium),* BNP Paribas Leasing Solutions (Luxembourg), Arval Service Lease, Cortal Consors, *Banca Nazionale del Lavoro (Italy)* **Member of the Supervisory Board of:** Bayard Presse, *Villeroy-Boch AG (Germany)*

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

2011:
Chief Operating Officer of: BNP Paribas (from 1 December 2011)
Director of: BNP Paribas Cardif, BNP Paribas Développement, BGL BNP Paribas (Luxembourg)
Member of the Supervisory Board of: Bayard Presse, Villeroy-Boch AG (Germany)

(1) Functions shown in italics are not governed by French Law no. 2001-401 of 15 May 2001 concerning multiple directorships.
(2) At 31 December 2012.
(*) Furthermore, François Villeroy de Galhau owns the equivalent of 876 BNP Paribas shares under the Company Savings Plan.

COMPENSATION

COMPENSATION AND BENEFITS PAID TO CORPORATE OFFICERS IN 2012

See section 4.6 of the consolidated financial statements, under note 8.e, "Compensation and benefits paid to the Group's corporate officers".

DIRECTORS' FEES

See the Chairman's report.

INFORMATION ON STOCK OPTION PLANS AND PERFORMANCE SHARES

The following table lists for 2012 the BNP Paribas employees other than corporate officers receiving the highest number of financial instruments, as well as financial instruments transferred or exercised:

	Number of options granted/ exercised	Weighted average exercise price *(in euros)*	Date of grant
Options granted in 2012 (Sum of 10 largest grants)	-	-	-
Options exercised in 2012 (10 employees)	134,272	36.29	21/03/2003

	Number of shares granted/Transferred	Date of grant
Performance shares granted in 2012 (Sum of 10 largest grants)	109,500	06/03/2012
Performance shares transferred in 2012 (10 employees)	4,318	06/04/2009

SUMMARY OF REPORTED TRANSACTIONS ON BNP PARIBAS STOCK

The following table lists the transactions on BNP Paribas stock carried out in 2012 by the corporate officers and other individuals covered by article L.621-18-2 of the French Monetary and Financial Code and that must be reported under articles 223–22 to 223-26 of the AMF's General Regulations.

Name Function	Transactions carried out	Type of financial instrument	Nature of the transaction	Number of transactions	Total transaction amount *(in euros)*
BONNAFÉ Jean-Laurent Chief Executive Officer and Director of BNP Paribas	Personally	BNP Paribas shares	Purchase of 3,629 shares	2	91,423.32
BORDENAVE Philippe Chief Operating Officer of BNP Paribas	Personally	BNP Paribas shares	Purchase of 1,817 shares	1	44,661.86
CHODRON DE COURCEL Georges Chief Operating Officer of BNP Paribas	Personally	BNP Paribas shares	Purchase of 2,618 shares	1	64,350.44
			Sale of 3,000 shares	1	112,200.00
PLOIX Hélène Director of BNP Paribas	Personally	BNP Paribas shares	Purchase of 79 shares	1	1,491.82
SCHWEITZER Louis Director of BNP Paribas	Personally	BNP Paribas shares	Purchase of 732 shares	1	17,992.56

2.2 Report of the Chairman of the Board of Directors on the manner of preparation and organisation of the work of the Board and on the internal control procedures implemented by the company

This report has been prepared in accordance with article L.225-37 of the French Commercial Code (*Code de Commerce*).

The information that it contains takes into account, in particular, annex 1 of European Commission Regulation (EC) no. 809/2004 of 29 April 2004 and AMF Recommendation no. 2012-02 on corporate governance and the compensation of company Directors referring to the Afep-Medef Code – Consolidated presentation of the recommendations contained in the annual reports of the AMF.

In accordance with the provisions of article L.225-37 of the French Commercial Code the corporate governance code referred to by BNP Paribas on a voluntary basis in this report is the corporate governance code for listed companies published by the French employers' organisations Association Française des Entreprises Privées (Afep) and Mouvement des Entreprises de France (Medef). BNP Paribas applies all of the recommendations of that Code.

CORPORATE GOVERNANCE AT BNP PARIBAS

1. PRINCIPLES OF GOVERNANCE

This report reproduces, in the form of citations or excerpts, all of the provisions of the Internal Rules of the Board of Directors dealing with its composition and operation, the allocation of work between Executive Management and the decision-making body, the terms of reference and operation of the specialised committees, and the conduct of Directors and non-voting Directors[1].

1.a The terms of reference of the Board of Directors

- The Internal Rules adopted by the Board in 1997 define the duties of the Board and of its specialised committees; they are updated periodically to comply with current laws, regulations and market guidelines, and to keep pace with best practice in the area of corporate governance. They include a section dealing with the Conduct of Directors and their Code of Ethics.
- The specialised committees of the Board of Directors are the Financial Statements Committee, the Internal Control, Risk Management and Compliance Committee, the Corporate Governance and Nominations Committee and the Compensation Committee.

  In creating an Internal Control and Risks Committee distinct from the Financial Statements Committee, the Board of Directors decided, as early as 1994, to separate the powers usually devolved to the Audit Committee. In 2007, the Board extended the terms of reference of the Internal Control and Risks Committee to any matter relating to the policy of compliance and to risks, in particular in relation to reputation or professional ethics. The Internal Control, Risk Management and Compliance Committee carries out its duties in a way that is independent of and complementary to the Financial Statements Committee, which is responsible for monitoring matters relating to the preparation and auditing of accounting and financial information. These two committees meet together twice a year to deal with issues relating to the risks and provisioning policy of BNP Paribas, to consider the internal and external audit plans, and to prepare the work of the Board on the assessment of risk management policies and mechanisms. They deliberate on the basis of documentation prepared jointly by the Group's Chief Financial Officer and Head of Group Risk Management, both of whom attend the meetings of these committees.

  The composition of these two committees and the work that they do in their respective fields are intended to satisfy the requirements of banking and prudential discipline, whether provided by law, contained in provisions defined by the regulator or in rules imposed by BNP Paribas itself to ensure the quality of its internal control and risk policy.
- An extract from the Internal Rules relating to the terms of reference of the Board of Directors and the committees is attached in an appendix to this report.

(1) On a proposal from the Chairman and in accordance with the Articles of Association, the Board of Directors can appoint one or two non-voting Directors. Non-voting Directors take part in meetings of the Board of Directors in a consultative capacity.

1.b Separation of the functions of Chairman and Chief Executive Officer

The separation of the functions of the Chairman from those of the Chief Executive Officer demonstrates the desire of BNP Paribas to comply with best practice in the area of governance and to ensure the continuity of Executive Management under conditions of transparency. At its meeting of 1 December 2011, the Board of Directors confirmed its 11 June 2003 decision to separate the functions of Chairman and Chief Executive Officer.

The duties of the Chairman

The Chairman is responsible for ensuring that the quality of the relationship with shareholders is maintained, coordinating closely with any steps taken by Executive Management in this area. In this connection, the Chairman chairs the Shareholder Liaison Committee, whose task is to assist the Bank in its communications with individual shareholders; several times a year, he invites the shareholders to meetings where the Company's strategy is explained.

The Chairman gives assistance and advice to the Chief Executive Officer while respecting the latter's executive responsibilities, and organises his activities so as to ensure his availability and provide the Group with the benefit of his experience. His duties are contributory in nature and do not confer any executive power on him. They do not in any way restrict the powers of the Chief Executive Officer, who has sole operational responsibility for the Group.

At the request of the Chief Executive Officer, he can take part in any internal meeting on subjects relating to strategy, organisation, investment or disinvestment projects, risks and financial information. He expresses his opinions without prejudice to the remit of the Board of Directors.

Coordinating closely with Executive Management, the Chairman can represent the Group in its high-level relationships, particularly with major clients and the authorities, both at national and international level. The Chairman provides support for the teams responsible for covering major companies and international financial institutions; he also contributes to the development of the Bank's advisory activities, particularly by assisting in the completion of major Corporate Finance transactions. He provides support for Executive Management, or, at its request, represents the Bank in its relationships with national and international financial and monetary authorities. He plays an active part in discussions concerning regulatory developments and public policies affecting the Bank, and, more generally, the banking sector.

The Chairman contributes to promoting the values and image of BNP Paribas, both within the Group and externally. He expresses the Bank's guiding principles, particularly in the area of professional ethics, and contributes to the Group's reputation when discharging his personal responsibilities as a member of national and international public bodies.

These duties require the Chairman to devote his time to the service of the Group. The initiatives and actions that he takes to carry them out successfully are all taken into account by the Board of Directors in assessing his work and determining his compensation.

An extract from the Internal Rules relating to the duties of the Chairman is attached as an appendix to this report.

The powers of the Chief Executive Officer

The Chief Executive Officer has the broadest powers to act in all circumstances on behalf of BNP Paribas, and to represent the Bank in its relation with third parties. He has authority over the entire Group, and is responsible for the organisation of internal control procedures and for all the information required by the regulations in that regard.

He exercises his powers within the limitations of the corporate object, and subject to any powers expressly attributed by law to the General Meeting of Shareholders and Board of Directors.

Internally, the Regulations of the Board of Directors provide that the Chief Executive Officer shall request its prior approval for all investment or disinvestment decisions (other than portfolio transactions) in an amount in excess of EUR 250 million, and for any proposal to acquire or dispose of shareholdings in excess of that threshold (other than portfolio transactions). The Chief Executive Officer must also ask the Board's Financial Statements Committee for prior approval of any non-audit related assignment involving fees in an amount of over EUR 1 million (excluding VAT).

1.c Membership of the Board – Directors' independence

Membership of the Board

- At the proposal of the Board of Directors, the Annual General Meeting of Shareholders held on 23 May 2012[1] re-elected Laurence Parisot, Denis Kessler and Michel Pébereau and elected Pierre André de Chalendar. Fifteen Directors attended this General Meeting.
- At the end of the Annual General Meeting on 23 May 2012, the Board of Directors had sixteen members, fourteen of whom had been appointed by the shareholders. On 16 February 2012, Thierry Mouchard, employee-elected Director, succeeded Jean-Marie Gianno. As of 31 December 2012, 35.7% (5/14) of the Directors appointed by the shareholders were women. Five nationalities are represented on the Board.

(1) Article 18 of the Articles of association sets out the procedures for shareholders to take part in General Meetings. The section of the Registration document and annual financial report entitled "BNP Paribas and its shareholders" contains a summary of those rules and a report on the organisation and business of the General Meeting on 12 May 2010.

Directors' independence

The following Directors meet the independence criteria set out in the Afep-Medef Corporate Governance Code: Pierre André de Chalendar, Meglena Kuneva, Jean-François Lepetit, Louis Schweitzer, Laurence Parisot, Hélène Ploix, Michel Tilmant, Emiel Van Broekhoven, Daniela Weber-Rey and Fields Wicker-Miurin. According to the criteria contained in the Afep-Medef Corporate Governance Code (point 8.5), the Board of Directors has taken the view that the composition of BNP Paribas' capital and the absence of potential conflicts of interest guaranteed the independence of Michel Tilmant and Emiel Van Broekhoven. Based on its assessment of Denis Kessler before proposing his re-election at the Annual General Meeting of 23 May 2012, the Board took the view that the criterion concerning loss of independence associated with holding office as a Director for more than twelve years did not apply to him. The Board stressed that their decision was based on their assessment of Denis Kessler's personal qualities and the freedom of judgment he exercised in performing his duties as Director and Chairman of the Compensation Committee. Having also assessed Louis Schweitzer, Director and Chairman of the Financial Statements Committee, the Board of Directors took the view, for the same reasons, that the criterion concerning loss of independence associated with the period in which he had held office did not apply to him. All these assessments were made in accordance with the provisions of the Afep-Medef Corporate Governance Code. More than one half of the Directors of BNP Paribas are independent according to that Code.

- The two employee representatives on the Board, Thierry Mouchard and Nicole Misson, do not qualify as independent Directors according to the criteria contained in the Afep-Medef Corporate Governance Code, despite their status and the method by which they were elected, which nevertheless are a guarantee of their independence.
- Three Directors appointed by the shareholders, Baudouin Prot, Chairman of the Board of Directors, Michel Pébereau, Honorary Chairman, and Jean-Laurent Bonnafé, Chief Executive Officer, do not qualify as independent Directors according to the criteria contained in the Afep-Medef Corporate Governance Code.

The following table shows the situation of each Director with regard to the independence criteria contained in the Afep-Medef Corporate Governance Code:

SITUATION OF THE DIRECTORS WITH REGARD TO THE INDEPENDENCE CRITERIA OF THE AFEP-MEDEF CODE

	1st Criterion	2nd Criterion	3rd Criterion	4th Criterion	5th Criterion	6th Criterion	7th Criterion
B. PROT	x	o	o	o	o	o	o
M. PÉBEREAU	x	o	o	o	o	x	o
J.L. BONNAFÉ	x	o	o	o	o	o	o
P.A. DE CHALENDAR	o	o	o	o	o	o	o
D. KESSLER	o	o	o	o	o	x(*)	o
M. KUNEVA	o	o	o	o	o	o	o
J.F. LEPETIT	o	o	o	o	o	o	o
N. MISSON	x	o	o	o	o	o	o
T. MOUCHARD	x	o	o	o	o	o	o
L. PARISOT	o	o	o	o	o	o	o
H. PLOIX	o	o	o	o	o	o	o
L. SCHWEITZER	o	o	o	o	o	x(*)	o
M. TILMANT	o	o	o	o	o	o	o
E. VAN BROEKHOVEN	o	o	o	o	o	o	o
D. WEBER-REY	o	o	o	o	o	o	o
F. WICKER-MIURIN	o	o	o	o	o	o	o

Key:
"o": compliance with independence criterion defined in the Afep-Medef Code.
"x": non-compliance with an independence criterion defined in the Afep-Medef Code.
1st Criterion: Not an employee or corporate officer of the Company within the previous five years.
2nd Criterion: No issue of corporate offices held in another company.
3rd Criterion: No material business relationships.
4th Criterion: No close family ties to a corporate officer.
5th Criterion: Not an auditor of the Company within the previous five years.
6th Criterion: Not a Director of the Company for more than twelve years.
7th Criterion: Not a major shareholder.
(*) Refer to comment above in the paragraph entitled "Directors' independence".

- The Board of Directors considers that the main personal qualities required to ensure Directors' independence, in addition to compliance with the criteria defined in the Afep-Medef Corporate Governance Code, are as follows:
  - competence, based on experience and ability to understand the issues and risks;
  - courage, in particular to express opinions and make a judgment;
  - availability, which allows for the necessary detachment and encourages the Director to be committed to the exercise of his office;
  - *affectio societatis*, which encourages Directors on the Board, which collectively represents the shareholders, to be committed to the Company; in particular, *affectio societatis* promotes the Director's proper understanding of the business's culture and ethics.
- The procedure for recruiting Directors makes use of the information and assessments of the members of the Corporate Governance and Nominations Committee and of the Chairman of the Board of Directors, in order to select candidates likely to have the desired personal and professional qualities, according to the criteria defined by the Board.

1.d The Directors' Code of Ethics

- BNP Paribas complies with European Commission Regulation (EC) no. 809/2004 of 29 April 2004.

As far as the Board is aware, none of the Directors is in a situation of conflict of interest. In any event, the Board's Internal Rules require them to report "any, even potential, situation of conflict of interest" and to refrain from "taking part in voting on the relevant decision." The Internal Rules also require the Directors to stand down should they no longer feel capable of fulfilling their duties on the Board.

As far as the Board is aware, there are no family ties between the members of the Board and none of its members has been found guilty of fraud "during at least the last five years" or been associated, as the member of an administrative, management or supervisory body, or as the Chief Executive Officer, with any insolvency, sequestration or liquidation proceedings "during at least the last five years".

As far as the Board is aware, no member of the Board of Directors is subject to any "official public accusation and/or penalty". No Director has been prohibited from acting in an official capacity "during at least the last five years".

Apart from regulated agreements and commitments, there are no arrangements or agreements with key shareholders, customers, suppliers or other persons that involve the selection of any member of the Board of Directors.

- The Directors must carry out their duties in a responsible manner, particularly as regards the regulations relating to insider dealing. In particular, they are bound to comply with the legal provisions relating to insider information. Under the terms of the Internal Rules, they must also refrain from carrying out any transactions in relation to BNP Paribas shares that could be regarded as speculative.
- Pursuant to the application of accounting standards, the Directors have confirmed that they have not received any financial support from BNP Paribas or from any company in the Group that was not provided on market terms.
- An extract from the Internal Rules relating to the conduct of Directors is attached in an appendix to this report.

1.e Directors' training and information

- Pursuant to the Internal Rules, every Director can ask the Chairman or the Chief Executive Officer to provide him with all the documents and information necessary for him to carry out his duties, to play a useful part in the meetings of the Board of Directors and to take informed decisions, provided that such documents are necessary to the decisions to be taken and connected with the Board's powers.
- The Directors have unrestricted access to the minutes of meetings of Board committees.
- Meetings of the committees provide an opportunity to update the Directors on the topical issues on the agenda. In addition, the Board is kept informed of changes in the banking regulations and reference texts concerning governance. The Directors are informed of the periods during which they may, save in special circumstances, carry out any transactions in relation to BNP Paribas shares.
- Upon taking up office, new Directors receive documentation about the Group, its characteristics, organisation and recent financial statements, together with a set of references on the information available on the Group's website. The Board Secretary provides them with the main legal provisions relating to the definition, communication and use of insider information. He provides them with the Board's Internal Rules and organises a programme of working meetings between them and the Group's operational and line managers, relevant to the requirements of their position and personal priorities.
- In 2012, an information day was organised for recently appointed or elected Directors and for those who wished to take part. The agenda focused on a bank's accounting principles and financial management, on the activities of Corporate and Investment Banking, and on risks, liquidity, and bank regulation. A presentation was given on domestic markets together with an update on BNP Paribas brand policy. Directors who attended were able to meet the managers responsible for the relevant areas.

2. MEETINGS OF THE BOARD AND COMMITTEES IN 2012

- The Board of Directors met eight times in 2012, including once in a specially convened meeting. The average attendance rate was 95%. In addition, the Board met once for a strategic seminar.
- The Financial Statements Committee met four times, with a 100% attendance rate.
- The Internal Control, Risk Management and Compliance Committee met four times, with a 100% attendance rate.
- The Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee met twice in a joint meeting, with a 95% attendance rate. These two committees thus met ten times during 2012, whether together or separately.
- The Corporate Governance and Nominations Committee met three times, with a 100% attendance rate.
- The Compensation Committee met six times, with a 100% attendance rate.

➤ ATTENDANCE AT MEETINGS OF THE BOARD AND ITS COMMITTEES IN 2012

	Board meetings		Committee meetings		All meetings		
Directors	**1**	**2**	**1**	**2**	**1**	**2**	**3**
B. PROT	8	8			8	8	100%
M. PÉBEREAU	8	8	3	3	11	11	100%
J.L. BONNAFÉ	8	8			8	8	100%
C. BÉBÉAR (until 23/05/2012)	5	5	2	2	7	7	100%
P.A DE CHALENDAR (from 24/05/2012)	3	3			3	3	100%
J.M. GIANNO (until 15/02/2012)	2	2	1	1	3	3	100%
D. KESSLER	6	8	12	12	18	20	90%
M. KUNEVA	8	8			8	8	100%
J.F. LEPETIT	8	8	12	12	20	20	100%
N. MISSON	8	8	5	5	13	13	100%
T. MOUCHARD (from 16/02/2012)	5	6	1	2	6	8	75%
L. PARISOT	6	8	3	3	9	11	82%
H. PLOIX	8	8	10	10	18	18	100%
L. SCHWEITZER	8	8	6	6	14	14	100%
M. TILMANT	8	8	6	6	14	14	100%
E. VAN BROEKHOVEN	8	8	6	6	14	14	100%
D. WEBER-REY	7	8	3	3	10	11	91%
F. WICKER-MIURIN	8	8	4	4	12	12	100%
Average		**95%**		**98.5%**			

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 rate.

3. THE WORK OF THE BOARD IN 2012

3.a Strategy

The Board of Directors formulates BNP Paribas' strategy and overall business objectives based on proposals submitted by Executive Management, the key elements of which are presented following a documented in-house process.

It examines and decides on strategic operations in accordance with its Internal Rules. It oversees the implementation of the objectives it has approved, particularly in the course of discussions on the financial statements and on the budget.

The Board is also kept regularly informed of the Group's cash position and ongoing commitments.

- The Board discussed the economic situation and the state of the financial markets on several occasions. It has monitored the implementation of the measures proposed by Executive Management to adjust the Bank's capital in line with regulatory requirements, together with its balance sheet size and liquidity.
- It examined progress in the work done by Executive Management on the Recovery and Resolution Plan required by the Financial Stability Board and the Autorité de Contrôle Prudentiel (ACP).
- It discussed comparative share price trends for the major global banks and BNP Paribas' relative position with regard to credit ratings.
- It examined the strategy of BNP Paribas Investment Partners.
- It approved the proposed sale of the reserve based lending franchise based in Houston and in Canada, and the proposed sale of a stake of less than 30% in Klépierre. It examined the proposal to have BNP Paribas SA registered as a Swap dealer.
- It adopted the proposed restructuring of the Specialised Financing business and BNP Paribas' proposed takeover of SAS *Foncière de la Compagnie Bancaire*. It approved the renewal of the American Depositary Receipt (ADR) programme.
- It examined BNP Paribas' policy with regard to corporate social responsibility (CSR).
- It was informed of the results of the annual survey on employee satisfaction (Global People Survey) and of the actions flowing from that.
- It debated the Liikanen report and the draft French banking law.
- It was informed of the internal review of certain U.S. dollar payments conducted by the Bank as a result of discussions with U.S. authorities in the context of the enforcement of the economic sanctions decided by the United States of America.
- It was informed of the proposed issue of BNP Paribas bonds convertible into Pargesa shares.
- It adopted the proposed sale of BNP Paribas SA's subsidiary in Egypt to Emirates NBD P.J.S.C.
- It did not consider any strategic proposal that was not within the scope of the defined strategy and which would therefore have required prior approval. It was updated on the progress of several proposals previously discussed.
- As in previous years, the Board of Directors met for a strategic seminar on profitability forecasts, on changes in its competitive environment, and on the envisaged long-term programme to make changes to its organisation, Simple and Efficient. It was presented with analyses relating to CIB, domestic markets, digital banking, and certain developing geographical areas and businesses (Asia; BNP Paribas Cardif; Turkey).

3.b Risks, liquidity, compliance and internal control

The Board of Directors has regularly discussed the economic, financial and regulatory (and in particular prudential) environment in the light of the report of the Internal Control, Risks and Compliance Committee based on information provided by the Executive Management. It has been informed of trends in terms of risks and of the liquidity situation.

Risks and liquidity

- Throughout the year, the Board of Directors discussed liquidity policy having regard to the situation of the markets and the measures adopted or contemplated by international or national regulatory authorities. Against a background of major instability, it was informed of the steps taken by the Executive Management to deal with the changes and with their consequences in terms of the quantity, quality and cost of liquidity. It noted the measures taken by the Executive Management to monitor the financing requirements of the business units and the results obtained in this area in 2012.
- It examined the pricing and maturity conditions of the issues completed in 2011 and 2012.
- It was informed of the progress of the Recovery and Resolution Plan (RRP) established at the request of the regulators, the updated version of which was provided to the Autorité de Contrôle Prudentiel (ACP).
- It approved BNP Paribas' Risk Appetite Statement as proposed to it by the Executive Management together with the chart setting out the indicators measured to represent this risk profile.
- It examined the Internal Control, Risk Management and Compliance Committee's work on the Group's risks. It discussed the main issues identified, particularly as regards exposure to sovereign debt. It was regularly informed of trends in the cost of risk by business and geographical area, and of the main risks identified.
- It considered the findings of the work performed jointly by the Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee based on the 2011 report on risk measurement and monitoring prepared in accordance with the provisions of Regulation CRBF 97-02. It assessed the effectiveness of the policies and systems in place.

Compliance and internal control

- The Board of Directors was briefed by the Chairman of the Internal Control, Risk Management and Compliance Committee on the 2011 compliance report and the 2011 report on permanent control, operational risk and business continuity. It was informed of developments in the resources allocated to internal control. It examined the update of the internal control charter, and approved the section of the Chairman's report on internal control procedures.
- It was briefed on the key results of periodic controls performed in 2011 and the first half of 2012, as well a summary of the key observations made by General Inspection.
- The Board noted that the audit plans presented by the Statutory Auditors enabled them to perform their work satisfactorily.
- It was briefed on the findings of the market trading control and security programme implemented by Executive Management. It reviewed the amount of gains and losses due to operational incidents and major disputes.
- It adopted measures to complete the centralisation of the subsidiaries' periodic control systems without affecting the accountability of their governing bodies.
- The Board was briefed on the internal review of certain U.S. dollar payments conducted by the Bank as a result of discussions with U.S. authorities in the context of the enforcement of the economic sanctions decided by the United States of America.
- The Board heard the report on the discussions held by the Internal Control, Risk Management and Compliance Committee with the Head of General Inspection, the Head of Periodic Control, the Head of Permanent Control and Compliance, the Head of ALM-Treasury and the Head of Group Risk Management, whose remit covers the whole of the Group's risk policy.
- The Board reviewed the exchange of correspondence with the Autorité de Contrôle Prudentiel and the Autorité des Marchés Financiers (AMF), and the comments of the Internal Control, Risk Management and Compliance Committee. It was informed about relations with the foreign regulators, as reported by Executive Management.

3.c Budget, financial statements and results, financial management and information

Budget

In accordance with its usual practice, the Board examined and approved the draft budget for 2013 at its last meeting of the year, as presented by Executive Management for the Group as a whole and for its activities and major business lines.

Financial statements and results

- The Board examined and approved the results for the fourth quarter of 2011, full year 2011 and the first three quarters of 2012.
- Each quarter, it examined trends in revenues and cost/income ratio by business.
- For each period reviewed, the Board heard a summary of the Financial Statements Committee's work and the findings of the Group's Statutory Auditors, who routinely attend meetings dealing with the results and financial statements.
- The Board discussed trends in the solvency ratio in the light of decisions taken by the regulator in this area. It was briefed on the impacts on revenue and results of measures taken to reduce the Group's financing needs, particularly in dollars. It examined the return on equity allocated to the Group's businesses.
- It reviewed progress in the balance sheet deleveraging plan and examined the dollar cash balance sheet and its evolution during 2012.
- The Board was briefed on the key choices made concerning the application of accounting standards, which were examined by the Financial Statements Committee on the joint report of the Statutory Auditors and the Group's Chief Financial Officer.
- It heard the comments of the Financial Statements Committee on the accounting internal control report reviewed each quarter by the committee.
- The Board heard a report of the discussions held by the Financial Statements Committee with the Statutory Auditors and the Group's Chief Financial Officers, without the presence of the Chairman and Chief Executive Officer.

Financial management

- The Board received the report on medium and long-term financing in 2011 and the first half of 2012. It heard Executive Management's comments on the terms of implementation of the various programmes. It was also regularly informed of the net margins generated on new lending.
- It examined the Internal Capital Adequacy Assessment Process report, which was presented for the first time to a joint meeting of the Financial Statements Committee and Internal Control, Risks and Compliance Committee. The purpose of the report was to ensure that the Bank properly assessed its risks (risks of concentration, and operational and computer risks), that it had put adequate controls in place, and that it had and would have the necessary capital to deal with those risks.
- It was informed of the share purchases made pursuant to the authorisations given by the General Meeting.

Financial information

- At each meeting devoted to results, the Board examined the draft press releases. It approved the draft report of the Board of Directors for 2011 as well as the draft report of the Chairman on internal control procedures relating to the preparation and processing of accounting and financial information.
- The Bank's long-term ratings from financial rating firms are given in the introduction to the Registration document and annual financial report.

3.d Corporate governance

Developments in corporate governance at BNP Paribas

- The Board of Directors approved the press release regarding Jean-Laurent Bonnafé's waiver of his contract of employment with effect from 1 July 2012. It approved the regulated agreement concerning Jean-Laurent Bonnafé and the draft prepared on a proposal from the Corporate Governance and Nominations Committee which will be submitted to the shareholders for ratification at the 2013 General Meeting.

Assessment of the Board of Directors

Implementation of the improvements expressed during the last assessment of the Board of Directors in 2011

The main desired improvements put forward were (i) to increase the proportion of the Board's meetings devoted to discussion, in spite of full agendas; (ii) to ask the Board's secretariat to consider providing the Directors with a certain number of documents (speeches or presentations of the Chairman or Chief Executive Officer) or studies that were particularly relevant by secure electronic means; (iii) to make the days organised for new Directors open to all Directors, in order to enable them to familiarise themselves even further with the strategy of the Group's business units; and finally (iv) to have presentations at ordinary meetings of the Board of the Bank's key figures, focusing on strategy and key issues.

Steps have been taken to satisfy these requests, while ensuring the security and confidentiality of information provided to the Board and attempting not to overload meetings excessively.

Assessment of the Board of Directors in 2012

- For the eleventh consecutive year, an assessment was carried out of the organisation and functioning of the Board of Directors and its specialised committees.
- This assessment was carried out on the basis of an anonymous questionnaire about the Board's organisation (independence and operating procedures), its main areas of activity as appearing in this report (strategy, internal control and risk management, financial management, compensation), the competence of the Board committee members, the relevance of the issues addressed and the quality of reporting on their work. This year, the assessment questionnaire contained forty-six questions, each with a scale of ratings and covering ten different topics. Overall, the assessment was very satisfactory, and the areas for attention pointed out last year had been the subject of visible improvement measures.

  The areas of improvement related to the quality of three areas:
  - the Board's training and information and the access to Directors who were not corporate officers;
  - the time devoted to understanding operational risks and those associated with compliance;
  - how long before meetings of the Board and Committees documentation was provided.

  This year, the questionnaire was supplemented by a series of individual interviews.

Assessment of Directors – Changes in the membership of the Board and its specialised committees

- As part of the process described above, the Board assessed the independence of the Directors in light of the requisite personal qualities defined in 2010 (competence, courage, availability and *affectio societatis*) and the competence of the Board committee members. It discussed proposals for changes to its membership to be put to the vote at the Annual Shareholders' Meeting.
- Following Claude Bébéar's decision not to seek the renewal of his term of office as Director at the Annual Shareholders' Meeting of 23 May 2012, the Board of Directors proposed that the shareholders appoint Pierre André de Chalendar for a term of three years. It also proposed that they re-elect Laurence Parisot, Denis Kessler and Michel Pébereau.

  The Corporate Governance, and Nominations Committee appointed Michel Pébereau as its Chairman to replace Claude Bébéar.

Report of the Chairman

- The Board of Directors approved this report by the Chairman on the manner of preparation and organisation of the work of the Board and on the internal control procedures implemented by BNP Paribas.

3.e Compensation

Directors' compensation

- Directors who are not members of the Group[1] do not receive any compensation from BNP Paribas other than Directors' fees.
  - By way of compensation for their activity on the Board of Directors, fees allocated to the Directors comprise a fixed component and a variable component based on attendance at Board meetings.
  - At the joint proposal of the Corporate Governance and Nominations Committee and Compensation Committee, the Board of Directors decided to increase the fixed component of Directors' fees from EUR 14,864 to EUR 17,000, and from EUR 22,296 to EUR 25,500 for foreign Directors, with effect from 2013. In order to take account of the particular constraints they face, Board members residing abroad are paid 1.5 times the fixed portion of Directors' fees.
  - The variable component of Directors' fees is calculated on the basis of EUR 2,123.43 per scheduled meeting (7 per year). In the event of an exceptional Board meeting, each Director present receives an additional fee on that basis plus 75%.
  - Directors do not receive any fees for attending the strategic seminar.

(1) *The Directors who are members of the Group are Jean-Marie Gianno (until 15 February 2012) then Thierry Mouchard (from 16 February 2012), Nicole Misson (from 16 February 2012), Baudouin Prot, Jean-Laurent Bonnafé and Michel Pébereau.*

- By way of compensation for their activity on specialised Committees, Directors receive a fixed component and a variable component of Directors' fees:
  - the fixed component of fees payable to the chairmen of Board committees was set at EUR 20,000 for the Chairmen of the Financial Statements Committee, Internal Control, Risk Management and Compliance Committee, and Compensation Committee, and at EUR 10,000 for the Chairman of the Corporate Governance and Nominations Committee. The fixed component for the other members of these Committees was set at EUR 2,973;
  - the variable components based on attendance at Committee meetings was set at EUR 1,698.74 per meeting for committee Chairmen and at EUR 1,061.71 per meeting for the other members of those committees.
- Based on those rules, a total of EUR 814,997 was allocated in Directors' fees in 2012. This represents a decrease of 3.2% compared with 2011 (EUR 841,507) due to the lower number of Board meetings.
- Note 8.e to the financial statements included in this Registration document and annual financial report contains a table showing the Directors' fees paid to the members of the Board of Directors.

Compensation of Directors and corporate officers

- At the proposal of the Compensation Committee, the Board of Directors decided the variable compensation of Directors and corporate officers according to the methods that it had defined in 2010. Those methods were described in note 8.e. to the financial statements included in the 2010 Registration document and annual financial report (pages 240 and 241). The Board recorded the results of the calculations derived from the arithmetical criteria relating to the Group's performance. It assessed how personal targets had been achieved based on its assessment of the individual performances of the corporate officers, and particularly the capacity to anticipate, take decisions and manage demonstrated by each of them. It decided not to use the option to pay the Chief Executive Officer and the Chief Operating Officers a variable compensation component based on the risk and liquidity policy. The Board of Directors ensured that trends in variable compensation were consistent with trends in the BNP Paribas Group's net income.
- It decided that 60%(1) of the variable compensation paid to the corporate officers would be deferred for three years and that half of the remaining 40% to be paid in 2011 would be deferred for six months and index-linked to the share price. The 60% three-year deferred portion would, for each of the three years, be subject to a return on equity condition and half would be index-linked to the change in share price since the date of the first payment.
- The Board of Directors agreed on the principles governing the compensation of corporate officers in respect of 2012. These provisions are described in note 8.e to the financial statements included in this Registration document and annual financial report.
- At the proposal of the Compensation Committee, the Board approved the terms of a long-term incentive plan for Directors and corporate officers designed to link their compensation to value creation over a long period. It checked with the Afep-Medef's Committee of Wise Men that the plan complied with the provisions of the Corporate Governance Code. The plan was set up for the benefit of the Chief Executive Officer and Chief Operating Officers.

  Neither the Chairman, nor the Chief Executive Officer nor the Chief Operating Officers were involved in the preparation of the decisions concerning their compensation, nor did they take part in the Board's discussions and vote on those decisions.
- The decisions of the Board of Directors were made public in accordance with the provisions of the Afep-Medef Corporate Governance Code.

A note to the financial statements included in the Registration document and annual financial report is specifically devoted to the compensation and social benefits awarded to Directors and corporate officers. This note also includes information about the pension plans for the benefit of Directors and corporate officers and the corresponding commitments for which a provision has been made. It sets out all the compensation and benefits awarded to Directors and corporate officers in a standard format, and was prepared in accordance with the Afep-Medef Corporate Governance Code and the recommendations of the AMF.

Compensation of the categories of employees subject to specific regulations

- The Board was informed by the Compensation Committee of the approach taken by BNP Paribas to identify those employees whose professional activities have a significant influence on the Company's risk profile (regulated activities).
- It approved several amendments to the compensation policy for those employees and examined the principal guidelines proposed by Executive Management to determine the overall compensation packages for regulated activities in 2012.

Equal opportunities and equal pay

The Board of Directors discussed BNP Paribas' policy on equal opportunities and equal pay based on the report required under the regulations. It was informed of Executive Management's policy to promote diversity and gender equality in the career management and compensation process.

(1) With the exception of François Villeroy de Galhau, for whom, on the basis of the current rules applicable to Group employees with comparable remuneration, this percentage is only 40%, all the other rules being identical to those applied to the other corporate officers.

Global Share-Based Incentive Plan – Capital increase for 2012

- Acting on a proposal from the Compensation Committee, the Board adopted the Group's Global Share-Based Incentive Plan for 2012.

  This plan concerns 1,921,935 performance shares for the benefit of 5,365 beneficiaries whose level of responsibility, contribution to results or professional potential means that they are key elements of the Group's strategy, development and profitability. The Board approved the rules and characteristics of this plan.
- The Board of Directors approved the terms and conditions of a new capital increase reserved for employees.

4. THE WORK OF THE COMMITTEES IN 2012

4.a Financial Statements Committee

In 2012, the members of the Financial Statements Committee were Louis Schweitzer, Chairman, Denis Kessler, Hélène Ploix until 14 February 2012, Emiel Van Broekhoven, Fields Wicker-Miurin from 2 May 2012 and Thierry Mouchard from 5 November 2012. The majority of the Committee's members have experience and expertise in the areas of corporate financial management, accounting and financial information.

The Committee does not include any members of Executive Management. To ensure that the Committee members have up-to-date information and knowledge, the Group's Chief Financial Officer, who attends its meetings, makes presentations on important subjects, which are then examined and discussed in the presence of the Statutory Auditors.

Documents relating to the agenda, and in particular documentation concerning results and internal control, are prepared in a standard format for presentation.

An extract from the Internal Rules relating to the duties of the Compensation Committee appears in an appendix to this report.

The Financial Statements Committee met four times in 2012, with a 100% attendance rate. It also met twice with the Internal Control, Risk Management and Compliance Committee.

Examination of the financial statements and financial information

- Each quarter, the Financial Statements Committee examined the financial statements on the basis of the documents and information provided by Executive Management and the work carried out by the Statutory Auditors.
- Each quarter the Committee analysed the summary consolidated results, annualised return on equity and results and RoE by business segment. It also examined trends in the Basel 2, Basel 2.5 and estimated Basel 3 solvency ratios, and risk-weighted assets.
- It reviewed the Group's consolidated balance sheet at 31 December 2011 and changes from end-2011 to 30 June 2012. On the same occasion, it was briefed on the Group's off-balance sheet commitments. In addition to this presentation of the financial statements, there was a quarterly presentation of a cash balance sheet, which was better suited to the analysis of balance sheet structure and liquidity.
- The Committee reviewed selected exposures based on the recommendations of the Financial Stability Board (FSB). It was advised of the reduction in the Group's exposures to sovereign debt and examined the impacts of the disposals on the Group's results.
- At the time of each quarterly review of the financial results, the Financial Statements Committee met with the Group's Chief Financial Officer and with the officer responsible for accounting and financial reporting, without the presence of the Chairman or Chief Executive Officer. On this occasion, it noted a certain stabilisation of the accounting rules in 2012, but also the prospect of a number of developments in 2013, relating in particular to the valuation of certain financial instruments and pension commitments. The committee heard the comments and findings of the Statutory Auditors concerning the results for each quarter. It met with the Statutory Auditors, without the presence of the Chairman, the Chief Executive Officer and the Group's Chief Financial Officer, and asked questions it considered necessary, particularly on the Group's exposure to sovereign debt and on the rational and prudent nature of the accounting choices made.

Accounting internal control

- Each quarter, the Financial Statements Committee examined the report on audit control points reported by Group entities in the context of certification of their financial statements. It analysed trends in the risk level observed for each of the thirty major accounting controls.
- The Financial Statements Committee examined the section of the Chairman's draft report on internal control procedures relating to the preparation and treatment of accounting and financial information, and recommended its approval by the Board of Directors.

Relations with the Group's Statutory Auditors

- The Financial Statements Committee received a written certificate of independence from each of the Statutory Auditors.
- It was informed of the amount of fees paid to the Statutory Auditors and reviewed the summary report on assignments not directly related to the statutory audit, without the presence of the Statutory Auditors. It authorised a non-audit-related assignment subject to its prior approval in accordance with the Internal Rules.

Joint meetings with the Internal Control, Risk Management and Compliance Committee

- The committees met to discuss the report drawn up in accordance with Regulation CRBF 97-02 and a memo addressed to them on the main developments in the areas of corporate governance and risk management procedures. They discussed the measures taken by the Bank to refocus its market activities, reduce certain exposures and strengthen operational risk control. They heard the comments of the Chief Risk Officer on the key results of the market risks stress tests.

- The Committees were given a presentation on the advanced method of assessing operational risks, and on the successive developments of the regulatory constraint associated with the Basel 2, Basel 2.5 and Basel 3 standards, and their application to the Bank.
- They received a written report from the Statutory Auditors on their main findings in relation to deficiencies in internal control, and noted the main guidelines underpinning the Statutory Auditors' 2012 audit plan and the key points for attention.

4.b Internal Control, Risk Management and Compliance Committee

Since 11 May 2011, the Internal Control, Risk Management and Compliance Committee has been chaired by Jean-François Lepetit. Its members were Jean-Marie Gianno until 14 February 2012, and Michel Tilmant, Nicole Misson and Hélène Ploix from 23 April 2012.

At least two thirds of the committee's members are independent Directors in accordance with the recommendations of the Afep-Medef Code. A majority of its members have specific expertise in financial matters and risk management, either through their training or experience. The Chairman has had executive responsibilities in the banking sector. He has been Chairman of the Commission des Opérations de Bourse (COB), a member of the Board of the Autorité des Marchés Financiers (AMF) and Chairman of the Conseil National de la Comptabilité. Another of the committee's members has international experience in banking management. The committee does not include any members of Executive Management.

An extract from the Internal Rules relating to the duties of the Internal Control, Risk Management and Compliance Committee appears in an appendix to this report.

The committee met four times in 2012, with a 100% attendance rate.

Market, counterparty and credit risks

- At each of its meetings, the committee reviewed trends in market, counterparty and credit risk based on information presented by Group Risk Management (GRM). The Head of GRM and his assistants specialised in the various risk categories were interviewed by the committee and answered its questions concerning their particular areas of responsibility.

  The committee reviewed the main findings of the Risk Policy Committee and Country Committee meetings organised by Executive Management.
- It analysed trends in the economy and the markets, and their impacts on the Group's exposures. It reviewed sector and geographic concentration indicators and examined the Group's exposure to sovereign debt and its main exposures to financial institutions and corporates.
- The committee regularly considered trends in Value-at-Risk (VaR) as well as the results of the stress tests carried out in respect of market risks.
- The committee met with the Head of Group Risk Management without the presence of the Chairman and Chief Executive Officer.

Liquidity

- The committee was regularly informed of the impacts of the market crisis and regulatory developments on the Group's liquidity policy and liquidity management procedures. During each of its meetings, there was a very broad exchange of views with the Chairman, Chief Executive Officer and Head of Asset and Liabilities Management. The Committee reviewed actions taken by Executive Management to address the far-reaching changes in the environment.
- It examined the terms on which the medium and long-term financing programme was implemented.
- The committee met with the Head of Asset and Liabilities Management without the presence of the Chairman and Chief Executive Officer.

Permanent control, compliance and periodic control

- The committee was provided with the draft 2011 report on Compliance, permanent operational control and business continuity. It was informed of the reorganisation of the central Compliance Function and reviewed the report on the results of permanent control. It reviewed key incidents and the main disputes and litigation pending. It examined the permanent control action plan for 2012 and the key points for attention as regards business continuity. It was informed of actions taken and planned in the area of fraud prevention and protection.

  It met with the Head of Compliance and Permanent Control, without the presence of the Chairman and Chief Executive Officer.
- The committee received the draft 2011 report on periodic control and reviewed the results of the risk assessment carried out by General Inspection, as well as trends in the number and type of recommendations made by the unit. It examined the half-yearly activity report on periodic control and General Inspection internal audit plan.

  It met with the Head of General Inspection, who is responsible for periodic control, without the presence of the Chairman and Chief Executive Officer.
- It examined the draft 2011 annual internal control report and recommended its approval by the Board of Directors.
- Throughout the year, the Committee was informed of the penalties imposed on major international banks in connection with money laundering. It was informed of the internal review of certain U.S. dollar payments conducted by the Bank as a result of discussions with U.S. authorities in the context of the enforcement of the economic sanctions decided by the United States of America.

Relations with regulators

- The committee was informed of progress in work on the Recovery and Resolution Plan required by the regulators.
- It was informed about relations with French and foreign regulators, as reported by Executive Management.
- It examined the exchange of correspondence between the Autorité de Contrôle Prudentiel (ACP), the Autorité des Marchés Financiers (AMF) and Executive Management, and reported thereon to the Board of Directors.

4.c The Corporate Governance and Nominations Committee

The members of the Corporate Governance and Nominations Committee was chaired by Claude Bébéar until 23 May 2012, and then by Michel Pébereau from 30 November 2012. Its other members are Laurence Parisot and Daniela Weber-Rey. Apart from Michel Pébereau, who is not regarded as independent according to the Afep-Medef criteria, but whose experience, knowledge of the sector and high degree of personal integrity guarantee his freedom of judgment and sense of the public interest, its members are independent Directors who have experience of corporate governance issues and of putting together management teams in international companies.

The committee does not include any members of Executive Management, but involves the Chairman in its work on selecting new Directors or non-voting Directors and on succession planning for corporate officers.

An extract from the Internal Rules relating to the duties of the Corporate Governance and Nominations Committee is set out in an appendix to this report.

The Corporate Governance and Nominations Committee met three times in 2012, with a 100% attendance rate.

- The committee discussed developments in the Group's corporate governance on several occasions.

  It proposed to the Board of Directors the draft regulated agreement terminating Jean-Laurent Bonnafé's contract of employment.
- The committee prepared the assessment by the Board of Directors of how the Board and its specialised committees functioned. It examined the membership of the Board of Directors and reviewed the position of each Director. It discussed the contribution of each Director to the work of the Board and, where applicable, of the committees, having regard to their expertise and involvement in the discussions.
- The committee proposed that the Board initiate a selection process in order to prepare a proposal for presentation to the Annual Shareholder's Meeting for the potential replacement of one of the Directors due to retire by rotation.
- Following this process, the committee proposed that the Board nominate Pierre André de Chalendar.
- The committee examined the section of the Chairman's draft report on corporate governance, and recommended its approval by the Board of Directors.

4.d Compensation Committee

The members of the Compensation Committee were Denis Kessler (Chairman), Jean-François Lepetit, and Hélène Ploix with effect from 10 February 2012. The composition of the committee complies with the recommendations of the Afep-Medef Corporate Governance Code; its members have experience of compensation systems and market practices in this area. Each member of the Compensation Committee is also a member either of the Financial Statements Committee (Denis Kessler) or the Internal Control, Risk Management and Compliance Committee (Jean-François Lepetit and Hélène Ploix). This structure is likely to benefit the work of the Board of Directors on matching compensation principles to the Bank's risk policy.

The Committee does not include any members of Executive Management. The Chairman of the Board of Directors is not a member of the Committee, but is invited to take part in its deliberations, except where they concern him personally.

An extract from the Internal Rules relating to the duties of the Compensation Committee appears in an appendix to this report.

The Compensation Committee met six times in 2012, with a 100% attendance rate.

- The committee examined issues involving the compensation of employee categories subject to specific regulations. It received detailed information on the group of employees whose professional activities have a significant influence on the Company's risk profile. It reviewed the method of determining variable compensation packages for regulated activities and was informed of the process for determining the compensation of the relevant employees. It examined General Inspection's report on this process. It examined several amendments to the principles underlying compensation for regulated activities and submitted them to the Board of Directors for approval. It reviewed the list of the highest paid employees in 2011. It met with the Head of Group Human Resources and noted that the policy implemented complies with the prevailing regulations and professional standards. It was informed of the correspondence with the Autorité de Contrôle Prudentiel on these issues.
- The committee determined and proposed to the Board the variable compensation to be paid to corporate officers in respect of 2011 and the provisions for deferring this compensation over several years and index-linking a proportion of it to changes in share price.
- It discussed the incentive plans for corporate officers designed to encourage value creation over the long term. It proposed that the Board approve a long-term compensation plan entirely based on performance conditions and index-linked to changes in BNP Paribas' share price. It proposed that the plan should cover the Chief Executive Officer and the Chief Operating Officers.
- It submitted the principles underlying the corporate officers' 2012 compensation for the Board's approval.

- The Committee was informed of the variable compensation for 2011 agreed by the Chief Executive for members of the Executive Committee who are not corporate officers, and the proposed stock option and performance share awards for each of them.
- It examined and submitted to the Board the characteristics of the share-based incentive plan for 2012 and the proposed regulations and list of beneficiaries. It presented for the Board's approval the performance conditions underpinning performance share awards as of 2012 and the planned guidelines for the 2013 programme.
- The Committee completed its benchmarking work on Directors' fees. It proposed that the Board revise the fixed component of Directors' fees in order to continue with the process of alignment with market practices initiated in 2010.
- It examined the proposal of the Corporate Governance Committee in relation to Jean-Laurent Bonnafé's regulated agreement, which followed his waiver of his contract of employment.

APPENDICES

Report of the Chairman - Point 1.a

Terms of reference of the Board of Directors and of the specialised committees

Board of Directors

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

It is tasked with monitoring its own composition and effectiveness in advancing this interest and carrying out its duties.

For this purpose:

Based on proposal submitted by the Chief Executive Officer (CEO), it draws up the BNP Paribas business strategy and orientations and monitors its implementation.

It shall handle any issue concerning the smooth running of BNP Paribas and settle matters concerning the Company pursuant to its deliberations.

It may decide to either combine or dissociate 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 attached to the management report of the Board of Directors.

The Board of Directors or one or more of its Directors or an existing Specialised Committee or an ad hoc committee may:

- evaluate and perform any or all controls that it considers necessary pursuant to the legislation in force;
- 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 in case of dissociation of the functions – submits for review by the Board of Directors, at least once a year, drafts of the budget, of the management report and of the various reports required under applicable laws and regulations.

He is required to submit to the Board of Directors for prior approval all investment or disinvestment decisions (other than portfolio transactions) in an amount in excess of EUR 250 million, and any proposal to acquire or dispose of shareholdings (other than portfolio transactions) in excess of that threshold. He also regularly informs the Board of Directors of material transactions which fall below this limit.

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

To the extent that the Board of Directors has delegated the necessary powers to him for issuing bonds and securities giving immediate or future access to the capital of BNP Paribas, the Chairman, or the Chief Executive Officer in case of dissociation of those functions, shall report, with the same frequency, on the issuing of said loans or securities."

Report of the Chairman - Point 1.a

The specialised committees of the Board of Directors

"To facilitate the performance of their duties by BNP Paribas' Directors, specialised committees are created within the Board of Directors. Their remits do not reduce or limit the powers of the Board of Directors.

The Chairman of the Board of Directors sees to it that the number, missions, composition, and functioning of the committees are adapted at all times to the Board of Directors' needs and comply with the best corporate governance practices.

When he considers it necessary, he takes part in the committees' Meetings, in an advisory capacity.

These committees meet at their convenience, with or without the participation of the Bank's management. They may call upon outside experts when needed. The Chairman of a committee may ask to hear any officer within the Group, regarding issues falling within this committee's prerogatives, such as defined in the present internal Rules.

They express opinions intended for the Board of Directors. The Chairmen of committees, or in case of their impediment another member of the same committee, present a verbal summary of their work at the next Board of Directors' Meeting.

Written reports of committees' Meetings are prepared and communicated, after approval, to the Directors who so request."

Report of the Chairman - Point 1.b

The Chairman of the Board of Directors

"In relations with the Company's other bodies and with parties outside the company, the Chairman of the Board of Directors alone has the power to act on the Board of Directors' behalf and to express himself in its name, except in exceptional circumstances, and except during particular missions or when a specific mandate is entrusted to another Director.

He represents the Group, in close coordination with the Executive Management, in its high level relations, and in particular with major clients and public authorities, on both the national and international levels.

He ensures that the quality of relations with shareholders is maintained, in close coordination with the work of Executive Management in this area.

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 support of the Corporate Governance and Nominations Committee, and subject to approval by the Board of Directors and by the Annual General Shareholders' Meeting, he endeavours to build an effective and balanced Board, and to manage replacement and succession processes that concern the Board of Directors and nominations which it will have to decide on.

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

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

He ensures that outside Directors holding specific positions outside the Company get to know the Management Team well.

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 of Directors, to give it the means of exercising all the responsibilities which fall within its remit.

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

The Chairman is kept regularly informed by the Chief Executive Officer and other members of the Executive Management of significant events and situations relating to the business of the Group, particularly those relating to: strategy, organisation, investment or disinvestment projects, financial transactions, risks, 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 of Directors and its committees fulfil their duties.

He may interview the Statutory Auditors in order to prepare the work of the Board of Directors 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 required to take part in the work of the Board of Directors, and that they can count on appropriate cooperation from the Company's management in conducting the activities of the specialised committees. He also ensures that Directors participate effectively in the work of the Board of Directors, with satisfactory attendance, competence and loyalty.

He reports, in a document attached to the management report, on the conditions of preparation and organisation of the work of the Board of Directors, as well as on the internal control procedures set up by the Company and any limits the Board of Directors may have decided to place on the Chief Executive Officer's powers."

Report of the Chairman - Point 1.d

Conduct of Directors – Code of Ethics

"Directors accept the discipline involved in working together in the respect of each other's opinions, and shall express their opinions freely on subjects debated in Board Meetings, which may be dissenting from the majority opinion.

They shall have a strong sense of responsibility towards shareholders and other stakeholders in the Group.

They shall show a high level of personal integrity during the term of their office, and respect the rules relating to their responsibilities.

In the event of a significant change in their own duties or offices, Directors agree to place their office at the disposal of the Board of Directors.

Compliance with laws and regulations

All Directors are required to comply with legal obligations and the French corporate governance recommendations related to information that concerns Directors personally.

Directors of American nationality

The Director of American nationality must choose not to participate in certain Board deliberations in view of the regulatory obligations pertaining to his or her nationality.

Ethics and compliance

The legislation relating to insider trading applies particularly to Directors both in a personal capacity and when exercising responsibilities within companies that hold shares in BNP Paribas. They are required, in particular, to respect the legal requirements governing the definition, communication and exploitation of privileged information, the principal provisions of which are communicated to them when they take office.

Directors can only deal in securities of BNP Paribas on a personal basis during the period of six-weeks beginning on the day after the publication of the quarterly and annual financial statements, or after the publication of a press release on the Company's running, unless they are in possession during that period of information that puts them in the position of an insider having regard to the stock exchange regulations.

Directors are recommended to refrain from any transactions that could be considered as speculative, and in particular from leveraged purchases or sales, or short-term trading.

Directors are prohibited from communicating to any person, including their Company's securities managers, any information that is not in the public domain.

If Directors have any questions related to ethics and compliance, they may consult the Head of Group Compliance and Permanent Control.

Situation of conflict of interest

Directors must inform the Board of Directors of any situation or potential situation of conflict of interest, and must refrain from taking part in the vote on relevant decisions.

A Director who considers himself unable to continue to perform his duties on the Board of Directors, or on the committees of which he is a member, must resign.

Confidentiality

Every Director, and any person asked to attend all or part of the meetings of the Board of Directors and of its specialised committees, is bound by a confidentiality obligation concerning the sequence of events and the contents of the Board of Directors' deliberations.

In particular, they must keep secret any information coming under the definition of privileged financial or stock market information, which is liable to interest competitors or third parties as "economic intelligence", or which is confidential in nature and is provided as such by the Chairman.

Failure to comply with this obligation can give rise to an action in damages against the Director or Directors who act in breach of this rule.

Regular attendance

Directors shall endeavour to participate actively and regularly in the Board of Directors' Meetings and the Committees, and to be present at the Annual General Shareholders' Meeting."

Report of the Chairman - Point 4.a

The Financial Statements Committee

"The Committee meets at least four times per year.

Composition

At least two thirds of the members of the Financial Statements Committee meet the criteria required to qualify as independent, such as it is set by the Board of Directors in accordance with French market guidelines concerning corporate governance.

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

Missions

The Committee is tasked with analysing the quarterly, half-yearly and annual financial statements issued by the Bank in connection with the closing of financial statements 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 and documents: the choices of accounting principles and policies, provisions, analytical results, prudential standards, profitability indicators, and all other accounting matters that raise methodological issues or give rise to potential risks.

The Committee shall analyse, at least twice a year, the summary of the operations and the results of the accounting and financial internal control based on the information communicated to it by Executive Management. It shall be briefed of incidents revealed by the accounting and financial internal control, reported on the basis of the thresholds and criteria defined by the Board of Directors and reports on its findings to the Board of Directors.

It is informed by the Chairman of the Board of Directors of any possible failure to implement corrective measures decided in the scope of the accounting and financial internal control that is brought to his direct knowledge by the Head of Periodic Control and reports on its findings to the Board of Directors.

Relations with the 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 legal auditing engagements and report to the Board of Directors on the outcome of this selection process.

It shall review the Statutory Auditors' audit plan, together with their recommendations and their monitoring.

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 amount or 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, a posteriori, all other engagements, based on submissions from Group Finance. The Committee shall validate Group Finance's fast-track approval and control procedure for all "non-audit" engagements entailing fees of over EUR 50,000. The Committee shall receive, on a yearly basis from Group Finance, 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 the Bank's Executive Management being present.

The committee meets in the presence of the Panel of Statutory Auditors, to review 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.

Except in the event of 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 quarterly, half-yearly and annual results, and involve choices with a material impact, the Statutory Auditors and Group Finance 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.

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

Hearings

With regard to all issues falling within its jurisdiction, 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 ask to hear from the Head of Group Finance with regard to any issue within its jurisdiction 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."

Report of the Chairman - Point 4.a

Provisions common to the Financial Statements Committee and to the Internal Control, Risk Management and Compliance Committee

"The Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee shall meet twice a year.

They shall be briefed in that context of the mission plan of the General Inspection and of the audit plan of the Statutory Auditors and shall prepare the work of the Board of Directors in assessing the risk policies and management systems.

They shall deal with common subjects relating to the risk and provisioning policy of BNP Paribas. This meeting shall be chaired by the Chairman of the Financial Statements Committee."

Report of the Chairman - Point 4.b

The Internal Control, Risk Management and Compliance Committee

"It shall hold at least four meetings per year.

Composition

The Internal Control, Risk Management and Compliance Committee comprises a majority of members meeting the criteria required to qualify as independent, such as it is set by the Board of Directors in accordance with French market guidelines concerning corporate governance.

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

Missions

The Committee examines the key focuses of the Group's risk policy, based on measurements of risks and profitability of the operations provided to it in accordance with the regulations in force, as well as any 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.

The Committee analyses the risk measurement and monitoring report. Twice a year it examines the internal control operations and findings (excluding accounting and financial internal control, which is the responsibility of the Financial Statements Committee) based on the information provided to it by Executive Management and the reports presented to it by the Heads of Permanent Control, Compliance and Periodic Controls. It reviews the Company's exchanges of correspondence with the Secretariat General of the Banking Commission [Prudential Control Authority (Autorité de Contrôle Prudentiel – ACP)].

The Committee is briefed on incidents revealed by internal control that are reported on the basis of the thresholds and criteria defined by the Board of Directors and reports on its findings to the Board of Directors.

It analyses the status of recommendations made by the General Inspection unit that were not implemented. It is informed by the Chairman of the Board of Directors of any possible failure to implement corrective measures decided in the scope of the internal control, of which it would have been informed directly by the Head of Periodic Control and reports on its findings to the Board of Directors.

Hearings

It may interview, without any other member of Executive Management being present, the Head of the General Inspection unit and 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 work programme."

Report of the Chairman - Point 4.c

The Corporate Governance and Nominations Committee

"The Committee shall meet as often as necessary.

Composition

The Corporate Governance and Nominations Committee comprises a majority of members meeting the criteria required to qualify as independent, such as it is set by the Board of Directors in accordance with French market guidelines concerning corporate governance.

No members of the Company's Executive Management sit on this Committee.

Missions

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 its performance.

It ensures the follows up on a regular basis of the evolution in the governance disciplines at both the global and national levels. At least once per year, it presents a summary thereon to the Board of Directors. It selects measures that are suitable for the Group and which are likely to bring its procedures, organisation and conduct in line with best practice in this area.

It regularly assesses the performance of the Board of Directors 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 of Directors on corporate governance and all other documents required by applicable laws and regulations.

It prepares, with the Chairman, the deliberations pertaining to the proposal for appointing Directors by the General Shareholders Meeting.

It proposes the appointment of non-voting Directors (censeurs) to the Board of Directors.

The Committee puts forward recommendations for the post of Chairman for consideration by the Board of Directors. Acting jointly with the Chairman, the Committee puts forward recommendations for the post of Chief Executive Officer for consideration by the Board of Directors, and acting on the recommendation of the Chief Executive Officer, it puts forward recommendations for the posts of Chief Operating Officers.

The Committee assesses the performance of the Chairman, without him being present. It also assesses the performances of the Chief Executive Officer and Chief Operating Officers, without them being present.

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 the Chairmen and the members of the Committees when they are to be renewed.

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."

Report of the Chairman - Point 4.d

The Compensation Committee

"The Committee shall meet as often as necessary.

Composition

The Compensation Committee comprises a majority of members meeting the criteria required to qualify as independent, such as it is set by the Board of Directors in accordance with French market guidelines concerning corporate governance.

No members of the Bank's Executive Management sit on this committee.

Missions

The Committee prepares the work of the Board of Directors on the principles of the compensation policy, in particular as concerns financial market professionals, in accordance with the regulations in force.

It is tasked with studying all issues related to the personal status of the Corporate Officers, and in particular compensation, amount of retirement benefits and the allotment of subscription or purchase options over the Company's stock, as well as the provisions governing the departure of the members of the Company's management or representational bodies.

It examines the conditions, the amount and the distribution of the subscription or purchase stock option plans. Similarly, it examines the conditions for the allotment of free shares.

With the Chairman, it is also within its remit to assist the Chief Executive Officer with any matter relating to the compensation of senior executives that the latter might refer to it."

INTERNAL CONTROL

The information below concerning the Group's Internal Control system was 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, Development and Finance, Legal and General Inspection. It was validated by the decision-making body.

BNP PARIBAS INTERNAL CONTROL REFERENCES

Internal controls in the banking sector in France and internationally are at the centre of banking and financial regulations and are governed by a wide range of laws and regulations.

The main regulation in this field applicable to BNP Paribas is CCLRF Regulation 97-02[(1)] as amended, which defines the conditions for implementing and monitoring internal control systems in banks and investment firms. 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 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 (including Compliance and Risk Management) and periodic controls. The internal control system must also take into account, as appropriate, the AMF's General Regulations (French Securities Regulator), 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 international bodies dealing with the capital adequacy framework issues, foremost among which are the Basel Committee, the Financial Stability Board and the European authorities (European Banking Authority, European Securities and Markets Authority).

INTERNAL CONTROL DEFINITION, OBJECTIVES AND STANDARDS

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 serves as its basic internal reference document. Widely distributed within the Group and freely available to all Group employees, this Charter defines internal control as a mechanism for ensuring:

- the development of a strong risk control culture among employees;
- the effectiveness and quality of the Group's internal operations;
- the reliability of internal and external information (particularly accounting and financial information);
- the security of transactions;
- compliance with applicable laws, regulations and internal policies.

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 that the different control functions (Compliance, General Inspection and Risk Management) must operate independently.

SCOPE OF INTERNAL CONTROL

One of the fundamental principles of internal control is that it must be exhaustive in scope: it applies to the same degree to all types of risk and to all entities in the BNP Paribas Group, whether operational (divisions, business lines, functions and territories) or legal (branches and subsidiaries capable of consolidation), without exception. It also extends to core services or operational activities that have been outsourced, in accordance with regulatory requirements, as well as to companies for which the Group ensures operational management, even if not integrated in the scope of consolidation.

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

FUNDAMENTAL PRINCIPLES OF INTERNAL CONTROL

Internal control at BNP Paribas is based on the following key principles:

- **responsibility of operational staff:** the permanent control mechanism must be incorporated within the operational organisation of the entities. Operational managers must ensure effective control over the activities for which they are responsible, and all employees are under a duty to blow the whistle on any problems or failings of which they are aware;
- **exhaustiveness** of internal control (see above, under "Scope of internal control");

(1) This document is frequently amended so as to improve the efficiency of Internal Control mechanisms.

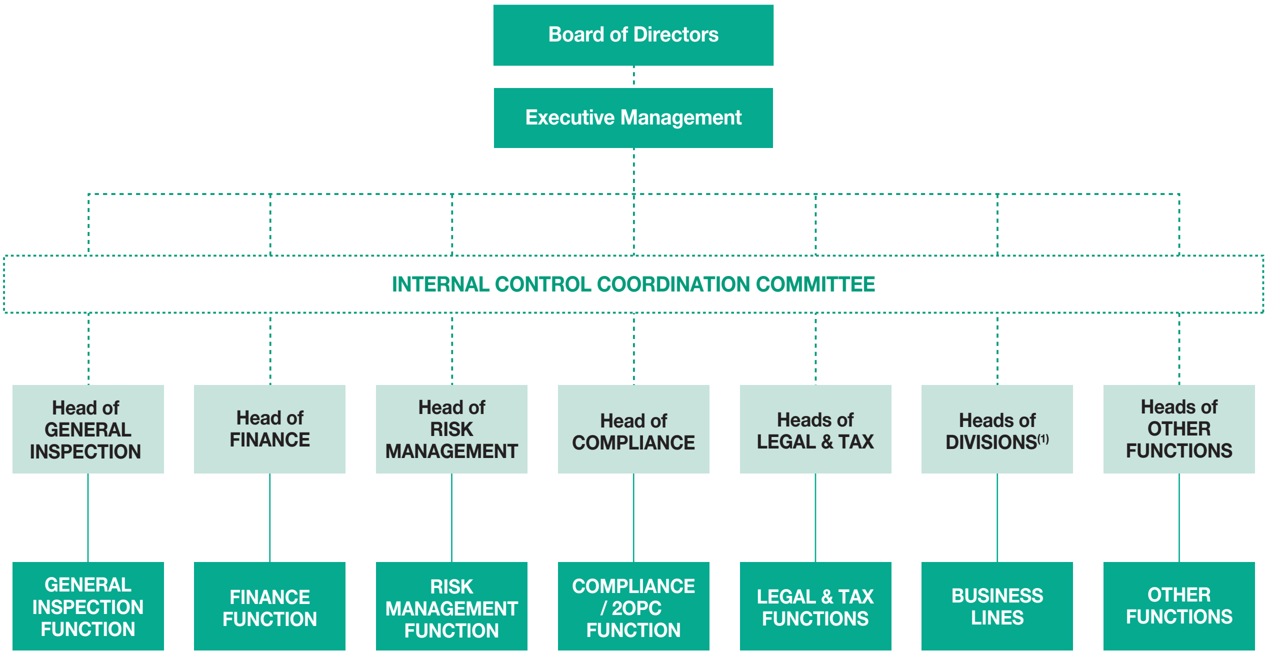
- **segregation of tasks**: this applies to the various phases of a transaction, from origination and execution, to recording, settlement and control; segregation of duties is also reflected in the introduction of specialised control functions and in a clear distinction between permanent and periodic control;
- **proportionality of risks**: the scope and number of controls must be proportional to the level of risk involved. These controls may consist in one or more controls carried out by operational managers and, if necessary, one or more permanent control functions; control exercised by an independent function may take the form of a "second set of control". Any disagreements are referred to a higher level in the organisation (escalation process);
- appropriate **governance**: involving the various players of the internal control and covering all its aspects, be them organisation, controls and oversight; the Internal Control Committees are key instruments of such governance;
- internal control **traceability**: this relies on written procedures and audit trails. Controls, results, exploitation and information reported by entities to higher Group governance levels must be traceable.

Periodic control teams (General Inspection) verify that these principles are complied with by carrying out regular inspections.

ORGANISATION OF INTERNAL CONTROL

Internal control at BNP Paribas consists of permanent and periodic controls. While they are complementary, they are distinct and independent of one another:

- permanent control is an overall process for the ongoing implementation of risk management and monitoring of strategic actions. It is carried out by operational staff, and their line managers, and by independent permanent control functions either within or independent of these operational entities;
- periodic control is an overall process for "ex post" verification of the operation of the Bank, based on investigations that are conducted by the General Inspection, which performs these functions on an independent basis.



(1) Retail business lines are treated as divisions.

MAJOR PLAYERS INVOLVED WITH INTERNAL CONTROL

- **Executive Management**, reporting to the Board of Directors, is responsible for the Group's overall Internal Control system.
- **Operational staff**, at all levels (front/middle/back office, support function), and in particular those in the reporting line of command have first-level responsibility for risk management and are leading permanent control players. They carry out first-level controls: controls of the transactions handled by them and for which they are responsible, controls on the operations or transactions handled by other operational staff or management controls.
- **Independent permanent control functions**. These functions carry out second-level controls:
  - **Compliance** contributes to permanent control of the risk of non-compliance, so as to ensure that the Group conforms to legal and regulatory provisions, professional standards and codes of conduct, as well as to the overall strategy of the Board of Directors and Executive Management directives. It is integrated in the operational entities under the responsibility of the Heads of operating units but the independence of the team managers in charge of compliance in the divisions and support functions is ensured, in particular by a shared oversight, with the Head of Compliance function. The Head of Compliance, who is a member of the Group's Executive Committee, reports to the Chief Executive Officer and represents the Bank before the Autorité de Contrôle Prudentiel with regard to all matters concerning permanent controls.

    Its dedicated teams are also responsible for supervising, on the one hand, the systems of permanent control, and on the other hand, under powers delegated by the Head of Risk Management, the measurement and oversight of the operational risks of the various areas of business (divisions and business lines) and both support and control functions.

    Lastly, its Head is responsible for coordinating the Group's overall internal control system, in chairing the Internal Control Coordination Committee and major cross-functional projects, in particular those intended to strengthen the internal control system;
  - **Group Risk Management** contributes, in particular through its "second set of controls" of transactions and new activities, to ensuring that the credit and market risks taken by BNP Paribas comply and are compatible with its policy and its profitability targets. The duties associated with this function at Group Risk Management level are exercised independently of the divisions and support functions, contributing to the objectiveness of its permanent control. Its Head, who is a member of the Group's Executive Committee, reports directly to the Chief Executive Officer;
  - **Group Finance** is responsible for the preparation of financial statements and quality control management, overseeing project management for the Group's financial information systems and ensuring the compliance of the Group's financial structure. Its Head reports directly to the Chief Executive Officer;
  - **other functions** are key players involved in permanent control in their respective areas of responsibility: **Legal, Tax, Information Technology & Processes, Human Resources**.
- **Periodic control** ("third-level" control) is independently exercised by General Inspection for all Group entities. It includes:
  - inspectors based at headquarters, who are authorised to carry out controls throughout the Group;
  - auditors deployed at geographical or business line hubs.

Periodic controls fall under the responsibility of the Head of General Inspection who reports to the Chief Executive Officer.

- The **Board of Directors** exercises internal control duties, in particular through the Internal Control, Risk Management and Compliance Committee, which:
  - analyses reports on internal control and on measuring and monitoring risks, as well as General Inspection reports on its operations, and exchanges of correspondence with the main regulators;
  - examines the key focuses of the Group's risk management policy.

The Heads of the Compliance, Risk Management and General Inspection functions report on the performance of their duties to the Chief Executive Officer, and whenever he or the Board of Directors consider it necessary, to the Board. They also report periodically to the competent Board committee (as a general rule, the Internal Control, Risk Management and Compliance Committee). At their request, they may be interviewed by the Board.

COORDINATION OF INTERNAL CONTROL

An Internal Control Coordination Committee (ICCC) meeting is held periodically with the main players involved in permanent control (see above), the Heads of the divisions or their representatives, and the Head of periodic control.

This Committee:

- is chaired by the Head of Compliance, who sits on the Group's Executive Committee, and steers the coordination of the Group's internal control;
- 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;
- contributes to the overall consistency of the Annual Reports on internal control and investment services control 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.

In 2012, the ICCC addressed the following issues:

- the update of the Internal Control Charter with clarification on the "second set of controls" principle, the escalation process, the duty to raise concerns, and the independence of the control functions;
- the Group's policy on penalties for misconduct by employees;
- the Group's policy on anti-corruption;
- the Group's policy on handling client complaints;
- the follow-up of recommendations from periodic control and regulators.

PROCEDURES

Checking procedures is one of the key tasks of the permanent control system, alongside identifying and assessing risks, running controls, verifying reporting processes and overseeing the monitoring system.

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. The Compliance function, at headquarters level, and in the context of the supervision of the permanent operational control system, checks that procedural guidelines are regularly monitored for completeness. Efforts are continuing 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, both at the level of cross-functional procedures and procedures for operational entities (level-3 procedures).

The Group's cross-functional guidelines (levels 1 and 2) are updated as part of an ongoing process in which all the core businesses and functions actively participate. As regards the organisation of controls, the twice-yearly surveys on the effectiveness of processes have been integrated into the twice-yearly reporting on the permanent control.

Among the Group's cross-functional procedures, applicable in all entities, the following are especially important in terms of controlling risks:

- procedures dealing with the validation of exceptional transactions, new products and new activities;
- the procedure for the approval of day-to-day credit and market transactions.

These processes essentially rely on committees (exceptional transactions, new activities and new products committees, credit committees, etc.) principally comprising operational staff and permanent control functions (Risk Management and Compliance, as well as Finance, Legal and other functions involved) who exercise a "second set of controls" control of transactions. In the event of a disagreement, it is referred to a higher level in the organisation. At the top of the process are the Committees (Credit Committee, Capital Market Risk Committee and Risk Policy Committee) on which members of Executive Management sit. In addition, since the end of 2008, a monthly Risk Committee has met, comprising all the members of Executive Management, as well as, in particular, the Heads of Group Risk Management (GRM) and Finance functions, so as to ensure more frequent monitoring of trends in Group risks.

HIGHLIGHTS OF 2012

Group Compliance

The structure of the Compliance function remained stable in 2012. Slight changes were made to the distribution of certain responsibilities within its central unit, Group Compliance, in order to reflect the operational organisation of the Group in the Divisions and Retail unit defined at the end of 2011.

In 2012, the following key actions were taken as a result of the Compliance function's work:

- The corpus of Group standards was supplemented by several important documents setting out the Group's rules and standards on the handling of client complaints, the rules relating to the proper use of electronic messaging, organisation of relations with the French ombudsman in the area of prevention of discrimination and the promotion of equality.
- Governance in the area of Group Financial Security and Protection of the interests of the clients was further strengthened, particularly by the introduction of a more comprehensive set of business monitoring indicators.

  Among the improvements made to the corpus of Group standards, additions were made to the Financial Security generic control plan applicable to the Group's entities.

  With the help of experts, initiatives and training on the prevention of money laundering and the financing of terrorism, compliance with embargos and protection of clients' interests continued and were strengthened throughout the Group.
- The year 2012 was marked by the creation of a Group Professional Ethics Committee, whose main objective is to strengthen the supervision provided by the Group Compliance function in the area of professional ethics. The object is to improve the effectiveness of the mechanisms in the development of compliance plans and ensuring that they are effectively monitored.
- In the area of market integrity, the market abuse prevention mechanisms have been strengthened and the new regulatory obligations, particularly in the area of short selling, have been implemented.

Permanent operational control

The Group's permanent control and operational risk management system is underpinned by two key principles: strong accountability of operational staff for risk management and second-level control over risk management by independent functions. Several significant steps are worthy of particular mention:

- Particular attention has been paid to the successful deployment of the various initiatives launched in previous years with a view to better defining the responsibilities of first and second-level control, whether in terms of permanent control and operational risk, fraud and corruption prevention and protection, or the management of business continuity.
- Awareness campaigns and training for employees on operational risks, and more specifically, on the risks of fraud and corruption, have been developed, and the offer of training and the online publication of awareness modules have been extended.

- The implementation of standard controls for key business processes has continued in the Group's various entities, and has now reached a level that is globally satisfactory.
- The system of management of procedures has been revised in order to better define the responsibilities of the various parties involved and the norms and standards that each entity must observe in terms of formalisation, validation and dissemination of procedures.
- Throughout the year, management has been extremely vigilant in monitoring the implementation of recommendations issued by various entities (General Inspection, Statutory Auditors and Regulators).
- Administrative authorisation was received to deploy the BNP Paribas method of calculating capital requirements for the operational risk of the ex-Fortis entities, which therefore allowed the use of a single Advanced Measurement Approach (AMA) for all the Group's entities that opted for that method.
- The manner of exercising second-level control over issues of operational risk and permanent control mechanisms during the process of validation of new activities and organisations has been clarified. More generally, the function of supervising operational risks was developed, by means of on site or cross-disciplinary reviews intended to better analyse the risk profile of the entities or of a business line.

The targets set for 2013 include industrialisation of the approach to the management of operational risks and new developments in terms of oversight of the permanent control system by independent control functions.

Periodic control

The project to upgrade General Inspection's information system carried out with the central Information Technology and Processes (ITP) function progressed on schedule in 2012. The aim of this project is to develop a single integrated tool to be used to apply a single methodology shared by everyone throughout the General Inspection function (UNIK).

The study of various GRC (Governance, Risks and Compliance) software suites launched in 2011 ended with the signature of a contract with a software developer in June 2012. The second half of the year was devoted to joint work with the developer with a view to the delivery of a first demonstration version in the first half of 2013, which will be followed by the delivery of a production version in the second half of that year.

In 2012, the revision of the various operational audit processes was also formalised and approved. In the last quarter of 2012, the majority of auditors were trained in the new audit methodology.

The implementation of this new methodology and of the tool, in 2013 and 2014, will be accompanied by a cross-disciplinary plan to manage the change.

The main methodological changes relate to the "finding" and "recommendation" model in line with the revision of risk assessment carried out in 2011. The structure of findings was standardised by the introduction of nine standard attributes enabling its location, causes and consequences to be determined. With regard to the location of the finding, it is now established using two dimensions, one based on the Bank's organisation (businesses, geographical areas and legal entities), the other based on a standardised nomenclature for the Group's activities in thirty-nine generic processes distributed in four "clusters". Two other important amendments should also be mentioned: first, each finding no longer automatically gives rise to a recommendation, in which case the remedial actions are left to the initiative of the audited entity, and secondly, findings and recommendations are no longer the subject of an individual listing; only the missions will be listed.

Still with a view to continuous progress in the quality of its work, the Quality Assurance Review (QAR) programme continued with six new assignments completed in 2012. Since its launch in November 2006, this programme has enabled the practices of all audit teams to be benchmarked against professional standards and the reference framework defined by the function.

The same level of effort continued to be made in the area of vocational training. Thus, 82,300 hours of training were provided in 2012 throughout General Inspection.

The number of certified auditors ("Certified International Auditors" – "CIA", "Certified Information System Auditors" – "CISA", etc.) has increased by 2.6% to 200. The ratio of certified auditors is 19% of total auditors, an increase of 2% compared to 2011.

THE INTERNAL CONTROL WORKFORCE

At the end of 2012, the various internal control functions had the following workforce (in full-time equivalent staff - FTEs):

	2007	2008	2009 (excluding Fortis)	2009 (including Fortis)	2010	2011	2012	Change 2012 - 2011
Compliance (excluding Permanent Control/2OPC)	740	864	904	1,125	1,369	1,567	1,577 (1)	+0.64%
Permanent Control/Operational risk oversight (2OPC)	439	562	637	760	315 (2)	381	368 (1)	-3.5%
Group Risk Management	881	954	950	2,940 (3)	1,801	1,971	1,965	-0.3%
Periodic Control	854	828	824	1,016	1,014 (4)	1,107	1,030	-7%
TOTAL	**2,914**	**3,208**	**3,315**	**5,841**	**4,499**	**5,026**	**4,940**	**-1.7%**

(1) End-of-year estimates.
(2) After redeployment of employees (see explanations below).
(3) Before redeployment of Fortis employees.
(4) Including TEB (Turk Ekonomi Bankasi) employees.

Second-level permanent control

- With an estimated 1,577 FTEs at the end of the 2012, the Compliance workforce (excluding Permanent Control-2OPC) remained stable compared to the 2011 figures (1,567 FTEs) and was in line with the estimates made in the previous year.

  Among the main highlights of the year, on the one hand, the Retail Banking teams in France were strengthened to deal with the increased volume of transactions to be analysed, and on the other, the Investment Partners teams were reduced due to the restructuring of that business line (closures/mergers of entities).

  Staffing levels in the Group's other entities remained virtually unchanged, as they did in the Group functions.

  The ratio of Compliance employees (excluding 2OPC) to total Group employees was 0.81%, compared to 0.79% in 2011.
- The repositioning of the permanent control and operational risk oversight function decided upon in 2010 has led to a reallocation to the operational entities of part of the workforce (400 FTEs) previously counted as part of permanent operational control. With effect from 2010, only staff that can clearly be assigned to second-level controls/second line of defence functions have been counted. The 2010 figures are therefore not comparable with earlier figures. The change in 2012 can be explained by the trend in the activity of certain business lines and various adjustments in the Retail business lines.
- At the end of 2012, the Group Risk Management workforce, including the risk departments at BNP Paribas Fortis, BGL BNP Paribas, BNL and Personal Finance, remained stable at 1,965 FTEs.

Periodic control

The workforce of General Inspection was 1,030 FTEs on 31 December 2012, including 970 FTEs devoted to the performance of audit (excluding the function's support staff) compared to 1,107 (1,043 FTEs excluding the function's support staff) at the end of 2011.

The overall ratio of auditors to auditees was 0.53%.

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

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

Acting under the authority of the Chief Executive Officer, the Finance function is responsible for the preparation and processing of accounting and financial information. Its duties and responsibilities are defined in a specific charter and include:

- defining accounting policies and standards as well as management principles and standards;
- producing accounting information and associated regulatory reports;
- producing information relating to solvency and liquidity ratios, including the determination of such ratios and associated regulatory reports;
- preparing management information (achieved and forecast) and providing the necessary support for financial policy;
- managing the risk associated with financial information (results, balance sheet, solvency, liquidity) by implementing a permanent operational control system;
- handling the Group's corporate communication, ensuring that it is of good quality and well-perceived by the markets;
- overseeing the architecture, design and deployment of the financial information systems (results, balance sheet, solvency, liquidity);
- handling the organisation and operational processing of activities associated with the Finance function;
- exercising a warning function as regards Executive Management.

These tasks require the various persons concerned to have a thorough knowledge of their particular area. That knowledge relies on understanding and monitoring financial information at every level of the Group, while complying with applicable time limits.

Thus, the responsibilities of the Finance function are exercised in the following way:

- The production of accounting and financial data, and the controls that contribute to their reliability, are first handled by the Finance function at the level of each entity. The Finance Department of the entity, transmits the information produced to the Division/Operational Entity (OE) and, certifying that it is reliable, in accordance with the internal certification procedure described below.
- For their part, the Divisions/OE – Business Lines then perform a financial analysis, checking the data produced by the entities, and contribute to its quality, particularly by carrying out appropriate reconciliations between the accounting and management data, at their level.
- Centrally, Group Finance prepares the reporting instructions distributed to all the Divisions/OE – Business Lines and consolidated entities, thus promoting the homogenisation of the data and their compliance with the Group's rules. It gathers all the accounting and management information produced by the entities once it has been approved by the Divisions/OE and assembles and consolidates these data for use by Executive Management or for external reporting to third parties.

PRODUCTION OF ACCOUNTING AND FINANCIAL INFORMATION

Accounting policies and rules

The local financial statements for each entity are prepared according to the accounting standards prevailing in the country where the entity carries on business, while the Group consolidated financial statements are prepared under IFRS (International Financial Reporting Standards) as adopted by the European Union.

Within Group Finance, the Group's Accounting Policies and Standards Department defines the accounting principles to be applied on a Group-wide basis, which are based on IFRS. It monitors regulatory changes and prepares new accounting principles with the necessary level of interpretation. A manual of the Group's IFRS accounting principles is available to the Divisions/OE – Business Lines on the internal network communication tools (Intranet) at BNP Paribas. It is regularly updated to reflect regulatory changes.

The Group's Accounting Policies and Standards Department also handles requests for specific accounting studies made by the Divisions/OE – Business Line or accounting entities, particularly when a new financial product or transaction is designed or booked in the accounts.

Finally, a department within Group Finance is also dedicated to the preparation of management policies and standards. Its work is based on the needs identified by the management channel. These principles and standards can also be accessed using internal network tools (Intranet).

The accounting principles and rules associated with solvency are within the remit of Group Risk Management (GRM), and those associated with liquidity are within the remit of ALM – Treasury.

The process of preparing information

There are two distinct reporting channels involved in the process of preparing information:

- The **accounting channel**: in particular, this channel handles production of the entities' financial and analytical accounts and preparation of the Group's financial statements in accordance with accounting policies and standards. It also produces related information relevant to solvency and liquidity, while ensuring that it is reconciled with the accounts at every level.
- The **management channel**: this prepares management information (in particular organised by Divisions/OE – Business Lines and put together on the basis of data per entity) relevant to the financial management of the businesses in accordance with the internal principles and standards adopted. It ensures the consistency of the management data with the accounting data, at every level. This channel is responsible for the preparation of solvency and liquidity ratios and for their analysis.

Group Finance designs, deploys and administers the reporting tools of the two reporting channels, intended to provide information for the whole Group, while taking their respective objectives and their necessary complementarity into account.

Group Finance promotes the establishment of standard accounting systems within the Group's entities, which are designed at Group level and are progressively being deployed. This approach promotes the sharing of information and facilitates the implementation of cross-functional projects against the background of the development of pooled account processing and synthesis within the Group.

With regard to liquidity, a specific programme was put in place in 2012 in collaboration with the staff of ALM-Treasury. It is particularly intended, in the area of reporting:

- to define the applicable policies and methodologies having regard to the regulations being prepared;
- to define and implement permanent tools and processes both at the level of the Group and at the level of the Divisions/OE – Business Lines and entities.

Its main work should be completed between now and the end of 2013, so as to be compatible with the expected opening of the ratio observation period in 2014.

PERMANENT CONTROL OF ACCOUNTING AND FINANCIAL INFORMATION

Internal control within the Finance function

To enable it to monitor management of the risk associated with accounting and financial information centrally, Group Finance has a Group Control & Certification Department, which has the following key responsibilities:

- defining the Group's policy as regards the accounting internal control system. Under this system, the entities implement principles that organise the accounting internal control environment and key controls intended to ensure the reliability of the information contained in their consolidation reporting package. The Group has issued internal accounting control guidelines for use by the consolidated entities and a standard accounting control plan listing the major mandatory controls aimed at covering the accounting risk;
- ensuring the correct functioning of the accounting internal and financial information control environment within the Group, in particular through the internal account certification procedure described below; quarterly reporting to Executive Management and to the Financial Statements Committee of the Board of Directors on the quality of the financial statements being produced within the Group;
- jointly with GRM, ensuring the correct functioning of the systems of collection and processing of consolidated credit risk reports, in particular by means of a specific certification mechanism and quality indicators;
- monitoring implementation by the entities of recommendations made by the Statutory Auditors and the General Inspection relating to the accounting risk, in conjunction with the Divisions/OE – Business Lines. This monitoring is facilitated by use of dedicated tools that enable each entity to monitor the recommendations made to it and to regularly report on the progress made on the various action plans. Centralised monitoring of these recommendations enables Group Finance to identify improvements to the accounting internal control system made within the consolidated entities, identify any cross-functional problems and, if necessary, revise the Group-level procedures and instructions.

In the case of the accounting channel, these missions are passed on to the Finance Departments of the Divisions/OE by central control teams, who oversee the entities closely and, if necessary, implement accounting control procedures geared to the specific needs of their scope.

Finally, depending on the size of the entities, correspondents or staff, the implementation of the Group's accounting internal control principles leads to the setting-up of dedicated accounting control teams by the entities' Finance Departments. In this respect, the pooling approach to the work of synthesising accounts within the regional platforms that has been adopted within the Group, which allows for greater harmonisation of the reporting and control processes and increases their effectiveness within the entities concerned, also ensures that the accounting control teams are of the right size and have the right expertise for their needs. The key responsibilities of these local teams are as follows:

- to liaise between Finance and the back offices feeding the accounting system, particularly by verifying that the latter have the necessary information to carry out their accounting work (training in the accounting tools made available to them, knowledge of the accounting systems, etc.);
- to implement the second-level accounting controls within all entities within their scope. In a decentralised accounting framework, these controls are in addition to the first level controls carried out by back offices, and particularly rely on accounting control tools that, for example, make it possible, in the case of each account, to identify the department responsible for its justification and control, to reconcile the balances recorded in the accounting system with the balances in the operational systems for each business, and to identify, justify and monitor the clearing of suspense accounts;
- to coordinate the "elementary certification" process (described below) whereby the various departments of an entity report on the controls that they have carried out;
- to ensure that the accounting internal control system enables the entity's Finance Department to have sufficient oversight of the process of preparation of account summaries, and in particular over all the elements necessary for the Group's certification process (described below). The formalisation of the work of closing using tools to map the processes and associated risks, and to document the controls, contributes to the achievement of this objective.

Internal Certification Process

At Group level

Group Finance, using the FACT "Financial Accounting Control Tool", runs a process of internal certification of the quarterly data produced by each entity for the consolidation reporting package, of the validation work carried out within the Finance Departments of the Divisions/Business Lines and of the process of consolidation for which the Group Reporting department of Group Finance is responsible.

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

- the data transmitted has been prepared in accordance with the Group's norms and standards;
- that the accounting internal control system guarantees its quality and reliability.

The main certificate completed by the entities consolidated by global or proportional integration reproduces the results of all of the major controls defined in the Group's accounting control plan, and leads to the determination of a rating for each entity. Entities consolidated by the equity method complete an appropriate certificate. Finally, non-consolidated entities are the subject of an annual simplified certification procedure.

This certification system is also applied to the credit risk in collaboration with GRM. It should be implemented in 2013 for data relating to liquidity in collaboration with ALM-Treasury.

This internal certification process forms part of the overall Group internal control monitoring system and enables Group Finance, which has overall responsibility for the preparation and quality of the Group's consolidated financial statements, to be informed of any problems in the financial statements and to monitor the implementation by the entities of appropriate corrective measures. A report on this procedure is presented to Executive Management and to the Financial Statements Committee of the Board of Directors at the close of the Group's quarterly consolidated accounts.

At entity level

In order to ensure the oversight of all the processes of preparation of accounting information at the level of each entity's Finance Department, Group Control & Certification 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 a decentralised way that makes such a process necessary.

This is a process whereby the providers of information contributing to the preparation of accounting and financial data (e.g. middle office, back office, Human Resources, Accounts Payable, etc.) formally certify 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 in combination with the accounting controls that it exercises directly, prepares a summary report intended to be used to prepare the main certificate, and liaises with the various players in order to monitor points requiring attention.

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

Control of valuations of financial instruments and determinations of the results of market transactions

Group Finance, which is responsible for the production and quality of the Group's accounting and management information, delegates the assessment 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 is based upon a range of organisational principles defined in the Group's internal control Charter and exists at each level in the organisation, i.e., Group, Corporate and Investment Banking Division and in the main entities recording market transactions in their accounts.

Finance Departments perform controls at their level and have visibility over the entire process via dedicated corporate investment banking teams ("CIB Financial Control"). 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 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 in the accounting systems. As part of the quarterly accounts closing process, CIB Finance reports back to an arbitration and decision-making committee ("PFC" – Product Financial Control Committee) chaired by the Group Chief Financial Officer on the actions of the CIB 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 Group Finance, Corporate Investment Banking and Group Risk Management.

Development of the system

The control system is continuously adapted to the Group's requirements. The procedures described form part of an evolving system that aims to guarantee an adequate level of control throughout the Group.

In particular, in collaboration with the Divisions/OE – Business Lines, steps are taken systematically to review the quality of the process of account certification, with the gradual deployment of indicators calculated to apply to certain controls, and one-off actions directed at certain major controls. These steps are supplemented by presentations made to the various committees concerned with Finance, on-site inspections, the distribution of Group procedures giving details of certain major controls, and finally detailed instructions intended to ensure homogenous response procedures and adequate documentation for that process.

Similarly, with regard to data used for the solvency ratio, specific steps are taken to improve the production processes. In particular, with regard to the reconciliation of accounting data and information relating to the credit risk, standard methodologies have been defined and deployed within the most significant entities to strengthen the audit trail and to ensure close collaboration between the Finance and Risks teams in carrying out analyses. This approach is being extended to other entities in the Group.

The system will also be adapted in the context of the programme embarked upon to review liquidity reporting.

PERIODIC CONTROL – CENTRAL ACCOUNTING INSPECTION TEAM

General Inspection 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 Group Finance and the risk evaluation chart set up by General Inspection.

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 General Inspection when carrying out inspections in such areas;
- to disseminate internal audit best practices and standardise the quality of audit work throughout the Group;
- to identify and inspect areas of accounting risk at Group level.

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 companies.

The Statutory Auditors also carry out limited reviews on the closing of the half-yearly accounts, and specific tasks in relation to the quarterly accounts. As part of their statutory audit assignment:

- they examine any significant changes in accounting standards and present their recommendations to the Financial Statements Committee concerning choices with a material impact;
- they present the Finance functions of the entities/Business Lines/divisions, and of the Group, with their conclusions, and in particular with any observations and recommendations intended to improve certain aspects of the internal control system that contributes to the preparation of the accounting and financial information that they examined in the course of their audit.

The Financial Statements Committee of the Board of Directors is briefed concerning accounting choices that have a material impact, as discussed in section 2.2.1 "Corporate Governance".

CORPORATE COMMUNICATIONS (PRESS RELEASES, SPECIAL PRESENTATIONS, ETC.)

Financial reports are prepared for external publication by the Investor Relations and Financial Information team, within Group Finance, for the purpose of presenting the Group's different activities, explaining its financial results and providing details of its development strategy to individual shareholders, institutional investors, financial analysts and rating agencies, while observing the principle that the financial information presented should conform to that used internally.

The team, which reports to Executive Management and the Chief Financial Officer, devises the format in which financial information is published by the Group. It liaises with the Divisions 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. The Statutory Auditors are associated with the validation and review phase of press releases relating to the closing of quarterly, half-yearly or annual financial statements, before their presentation to the Financial Statements Committee and to the Board of Directors.

2.3 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

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

For the year ended 31 December 2012

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 2012.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the company and providing the other information required by article L.225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and
- to attest that the report sets out the other information required by article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- 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 the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in 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 and risk management 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.

Other information

We attest that the Chairman's report sets out the other information required by article L.225-37 of the French Commercial Code.

Neuilly-sur-Seine and Courbevoie, 8 March 2013

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
Damien Leurent	Etienne Boris	Hervé Hélias

2.4 Executive Committee

The BNP Paribas Executive Committee was composed of the following members at 31 December 2012:

- **Jean-Laurent Bonnafé**, Chief Executive Officer and Director;
- **Philippe Bordenave**, Chief Operating Officer;
- **Georges Chodron de Courcel**, Chief Operating Officer;
- **François Villeroy de Galhau**, Chief Operating Officer;
- **Jacques d'Estais**, Deputy Chief Operating Officer and Head of Investment Solutions, Personal Finance, and International Retail Banking;
- **Alain Papiasse**, Deputy Chief Operating Officer and Head of Corporate and Investment Banking;
- **Jean Clamon**, Managing Director and Head of Compliance and Internal Control;
- **Marie-Claire Capobianco**, Head of French Retail Banking;
- **Stefaan Decraene**, Head of International Retail Banking;
- **Fabio Gallia**, Head of Italy and Chief Executive Officer and Director of BNL;
- **Yann Gérardin**, Head of Global Equities & Commodity Derivatives;
- **Maxime Jadot**, Head of BNP Paribas Fortis;
- **Frédéric Janbon**, Head of Fixed Income;
- **Michel Konczaty**, Head of Group Risk Management;
- **Thierry Laborde**, Head of BNP Paribas Personal Finance;
- **Eric Lombard**, Head of BNP Paribas Cardif;
- **Yves Martrenchar**[(1)], Head of Group Human Resources;
- **Eric Raynaud**, Head of the Asia-Pacific Region.

The Executive Committee of BNP Paribas has been assisted by a permanent secretariat since November 2007.

(1) Yves Martrenchar succeeds Frédéric Lavenir.

3 2012 REVIEW OF OPERATIONS

3.1 BNP Paribas consolidated results

In millions of euros	2012	2011	2012/2011
Revenues	**39,072**	**42,384**	**-7.8%**
Operating Expenses and Dep.	(26,550)	(26,116)	+1.7%
Gross Operating Income	**12,522**	**16,268**	**-23.0%**
Cost of Risk	(3,941)	(6,797)	-42.0%
Operating Income	**8,581**	**9,471**	**-9.4%**
Share of Earnings of Associates	489	80	n.s.
Other Non Operating Items	1,302	100	n.s.
Non Operating Items	**1,791**	**180**	**n.s.**
Pre-Tax Income	**10,372**	**9,651**	**+7.5%**
Corporate Income Tax	(3,059)	(2,757)	+11.0%
Net Income Attributable to Minority Interests	(760)	(844)	-10.0%
Net Income Attributable to Equity Holders	**6,553**	**6,050**	**+8.3%**
Cost/Income	**68.0%**	**61.6%**	**+6.4 pt**

ADAPTATION PLAN COMPLETED AND SOLID RESULTS IN A CHALLENGING ECONOMIC ENVIRONMENT

This year, the Group completed its plan to adapt to new regulations ahead of the schedule announced: CIB's funding needs in US dollars were reduced by USD 65 billion by April 2012 and the Group surpassed its goal of increasing the fully-loaded Basel 3 common equity Tier 1 ratio(1) by 100 basis points by the end of September 2012. The ratio was 9.9% as at 31 December 2012, illustrating the Group's high level of solvency. The risk-weighted assets were cut by EUR 62 billion since 31 December 2011.

BNP Paribas achieved this year solid results in a challenging economic environment: the eurozone slid back into recession (GDP: -0.4%) and the crisis in the capital markets carried on throughout most of the year. Against this backdrop, revenues totalled EUR 39,072 million, down 7.8% compared to 2011. It includes this year the impact of four significant exceptional items, which total EUR -1,513 million: losses from the sale of sovereign bonds (EUR -232 million), losses from the sale of loans (EUR -91 million), own credit adjustment (EUR -1,617 million) and a one-off amortisation of a part of Fortis PPA due to early redemptions (EUR +427 million). The revenues of the operating divisions edged up 0.8%, showing their good resilience, with a rise of 0.4% for Retail Banking(2), 4.8% for Investment Solutions and a 1.8% drop for CIB.

Operating expenses, which totalled EUR 26,550 million, were under control, up slightly 1.7%. They were down 0.1% in Retail Banking(2), up 1.4% in Investment Solutions and 2.4% at CIB (-1.1% at constant scope and exchange rates).

Gross operating income was thus down 23.0% during the period to EUR 12,522 million. It was up however 0.8% in the operating divisions.

The Group's cost of risk, which came to EUR 3,941 million or 58 basis points of outstanding customer loans, was down 42.0% compared to 2011 which included the EUR 3,241 million impact due to the Greek assistance programme. Excluding the impact of provisions set aside for Greek bonds, the cost of risk was up moderately 9.2%.

(1) Common equity Tier 1 ratio, taking into account all the rules of the CRD 4 directives with no transitory provisions, which will only enter into force on 1 January 2019, and as anticipated by BNP Paribas.

(2) Including 100% of Private Banking of the domestic markets, excluding PEL/CEL effects.

Non operating items came EUR to 1,791 million. They include the impact of two exceptional items to the tune of EUR 1,445 million: the EUR 1,790 million capital gain booked in connection with the sale of a 28.7% stake in Klépierre S.A. and EUR 345 million in impairments, of which EUR 298 million was an impairment of BNL bc's goodwill due to the expected increase in the Bank of Italy's capital requirements (local common equity Tier 1 ratio increased from 7% to 8%).

Pre-tax income totalled EUR 10,372 million, up 7.5% compared to last year with a negligible net impact of exceptional items: EUR -68 million. The operating divisions posted EUR 11,574 million in pre-tax income, up 0.8% compared to 2011.

In a still unfavourable environment, BNP Paribas generated this year EUR 6,553 million in net income, up from the 2011 level (EUR 6,050 million), thanks to the broad diversification of its businesses. At 8.9%, return on equity was virtually flat compared to last year when it was 8.8%.

Net earnings per share was EUR 5.16 compared to EUR 4.82 in 2011. The net book value per share(1) was EUR 60.8, up 4.5% compared to last year and its compounded annualised growth rate was 6.5% since 31 December 2008, demonstrating BNP Paribas' ability to continue to grow the net asset value per share throughout the cycle.

The Board of Directors will propose to shareholders at the Shareholder Meeting to pay out a dividend of EUR 1.50 per share, which equates to a 29.7% pay-out ratio, to be paid out in cash. This allocation of earnings will enable the Group to reinvest over two-thirds of its profits in business development initiatives and in efforts to support its clients.

Capital allocation

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 European Solvency Ratio requirements under CRD 3 regulation, also known as Basel 2.5, and is based on 9% of risk-weighted assets. Risk-weighted assets are calculated as the sum of:

- the risk-weighted assets for credit and counterparty risk, calculated using the standardised approach or the internal ratings based approach (IRBA) depending on the particular entity;
- the regulatory capital requirement for market and operational risks, multiplied by 12.5. The capital requirement for operational risk is calculated using the basic indicator approach, standardised approach, or Advanced Measurement Approach (AMA), depending on the particular entity.

Each division is allocated the share of capital deducted prudentially from Tier 1 capital, in particular 100% of the net asset value of investments in credit and financial institutions.

The capital allocated to the Insurance business is equal to the solvency requirement calculated according to insurance regulations.

(1) Not revaluated.

3.2 Core business results

RETAIL BANKING

In millions of euros	2012	2011	2012/2011
Revenues	**24,911**	**24,806**	**+0.4%**
Operating Expenses and Dep.	(15,088)	(15,098)	-0.1%
Gross Operating Income	**9,823**	**9,708**	**+1.2%**
Cost of Risk	(3,505)	(3,568)	-1.8%
Operating Income	**6,318**	**6,140**	**+2.9%**
Associated Companies	192	165	+16.4%
Other Non Operating Items	98	98	+0.0%
Pre-Tax Income	**6,608**	**6,403**	**+3.2%**
Income Attributable to Investment Solutions	(209)	(206)	+1.5%
Pre-Tax Income of Retail Banking	**6,399**	**6,197**	**+3.3%**
Cost/Income	60.6%	60.9%	-0.3 pt
Allocated Equity *(€bn)*	33.7	32.9	+2.4%

Including 100% of Private Banking of the domestic markets in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg for the Revenues to Pre-Tax Income line items.

DOMESTIC MARKETS

In millions of euros	2012	2011	2012/2011
Revenues	**15,730**	**15,795**	**-0.4%**
Operating Expenses and Dep.	(9,981)	(10,160)	-1.8%
Gross Operating Income	**5,749**	**5,635**	**+2.0%**
Cost of Risk	(1,573)	(1,405)	+12.0%
Operating Income	**4,176**	**4,230**	**-1.3%**
Associated Companies	40	20	+100.0%
Other Non Operating Items	(1)	12	n.s.
Pre-Tax Income	**4,215**	**4,262**	**-1.1%**
Income Attributable to Investment Solutions	(209)	(206)	+1.5%
Pre-Tax Income of Domestic Markets	**4,006**	**4,056**	**-1.2%**
Cost/Income	63.5%	64.3%	-0.8 pt
Allocated Equity *(€bn)*	21.2	21.0	+1.1%

Including 100% of Private Banking of the domestic markets in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg for the Revenues to Pre-Tax Income line items.

For the whole of 2012, the strong sales and marketing drive in Domestic Markets translated into growth in deposits in all the networks. With EUR 275 billion, Domestic Markets' deposits grew 4.7% compared to 2011. Outstanding loans rose 1.2% even if a gradual slowdown in demand for loans was observed during the course of the year.

At EUR 15,730 million, revenues[(1)] were virtually flat (-0.1%[(2)]) compared to 2011 despite a persistently low interest rate environment and a slowdown in volumes of activity during the year. Operating expenses[(1)] were down 1.5%[(2)] compared to 2011, reflecting very good cost control across all the business units and helped improve the cost/income ratio[(2)] in each of the four domestic markets.

Gross operating income therefore came to EUR 5,749 million, up 2.5%[(2)] compared to 2011.

With a moderate overall cost of risk and after allocating one-third of Private Banking's net income from Domestic Markets to the Investment Solutions division, pre-tax income[(3)] came to EUR 4,006 million, down 1.0%[(2)] compared to 2011. Thanks to improved operating efficiency, Domestic Markets delivered solid results at a high level.

FRENCH RETAIL BANKING (FRB)

In millions of euros	2012	2011	2012/2011
Revenues	**6,939**	**7,037**	**-1.4%**
Incl. Net Interest Income	*4,128*	*4,166*	*-0.9%*
Incl. Commissions	*2,811*	*2,871*	*-2.1%*
Operating Expenses and Dep.	(4,496)	(4,573)	-1.7%
Gross Operating Income	**2,443**	**2,464**	**-0.9%**
Cost of Risk	(315)	(315)	+0.0%
Operating Income	**2,128**	**2,149**	**-1.0%**
Non Operating Items	4	3	+33.3%
Pre-Tax Income	**2,132**	**2,152**	**-0.9%**
Income Attributable to Investment Solutions	(122)	(124)	-1.6%
Pre-Tax Income of French Retail Banking	**2,010**	**2,028**	**-0.9%**
Cost/Income	64.8%	65.0%	-0.2 pt
Allocated Equity (€bn)	7.7	7.6	+1.4%

Including 100% of French Private Banking for the Revenues to Pre-Tax Income line items.

For the whole of 2012, FRB's active efforts to support its clients resulted in a good sales and marketing drive in deposits (up 4.7% compared to 2011), in particular thanks to strong growth in savings accounts (+9.6%). Despite a deceleration in demand for loans at the end of the year, outstanding loans rose on average by 1.5% compared to 2011. The continued support of VSEs & SMEs and the success of the Small Business Centres were reflected in particular by increased outstanding loans in this customer segment (+2.7%[(4)]). The sales and marketing drive is also illustrated by 10.5% growth in the number of protection insurance policies during the year as well as the number of mobile service users, which increased 42% to over 630,000 monthly users.

Revenues[(5)] were EUR 6,939 million (-1.4% compared to 2011). In an environment with persistently low interest rates and given the slowdown in demand for loans, net interest income declined by 0.9%. Fees were down 2.1% in line with unfavourable financial markets.

Thanks to continued effort to improve operating efficiency, operating expenses[(5)] contracted by 1.7% compared to 2011 and the cost/income ratio[(5)] improved by 0.2 points to 64.8%.

Gross operating income[(4)] thereby came to EUR 2,443 million, down 0.9% compared to last year.

The cost of risk[(5)], at EUR 315 million, or 21 basis points of outstanding customer loans, remained at a low level.

After allocating one-third of French Private Banking's net income to the Investment Solutions division, FRB posted EUR 2,010 million in pre-tax income[(3)], down 0.9% compared to 2011, a good performance in a context of economic slowdown.

(1) Including 100% of Private Banking of the domestic markets in France (excluding PEL/CEL effects), Italy, Belgium and Luxembourg.

(2) At constant scope and exchange rates.

(3) Excluding PEL/CEL effects.

(4) Source: Banque de France (independent VSEs & SMEs) on a sliding annual basis.

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

BNL BANCA COMMERCIALE (BNL bc)

In millions of euros	2012	2011	2012/2011
Revenues	**3,273**	**3,202**	**+2.2%**
Operating Expenses and Dep.	(1,804)	(1,829)	-1.4%
Gross Operating Income	**1,469**	**1,373**	**+7.0%**
Cost of Risk	(961)	(795)	+20.9%
Operating Income	**508**	**578**	**-12.1%**
Non Operating Items	1	0	n.s.
Pre-Tax Income	**509**	**578**	**-11.9%**
Income Attributable to Investment Solutions	(18)	(14)	+28.6%
Pre-Tax Income of BNL bc	**491**	**564**	**-12.9%**
Cost/Income	55.1%	57.1%	-2.0 pt
Allocated Equity *(€bn)*	6.4	6.4	+0.7%

Including 100% of Italian Private Banking for the Revenues to Pre-Tax Income line items.

For the whole of 2012, in an unfavourable economic environment, BNL bc's business activity was reflected by 4.3% growth in deposits, driven by loans to corporates and local public entities. Outstanding loans grew on average by 0.7% despite a deceleration during the year in line with the market.

At EUR 3,273 million, revenues[(1)] rose 2.2% compared to 2011. Net interest income was up, in particular for loans to small businesses and corporates and margins held up well. Fees decreased driven by a decline in new loan production and the impact of new regulations.

Thanks to cost-cutting measures, in particular in IT and real estate, operating expenses[(1)] were down 1.4% compared to 2011, at EUR 1,804 million, helping BNL bc achieve a further 2 point improvement in its cost/income ratio[(1)] at 55.1%. Gross operating income[(1)] thereby came to EUR 1,469 million, up 7.0% compared to last year.

The cost of risk[(1)], which was 116 basis points of outstanding customer loans, was up 18 basis points compared to last year due to the economic environment. After allocating one-third of Italian Private Banking's net income to the Investment Solutions division, BNL bc's pre-tax income was EUR 491 million, down 12.9% compared to 2011. BNL bc thus achieved good operating performance in a challenging risk environment.

(1) With 100% of Italian Private Banking.

BELGIAN RETAIL BANKING (BRB)

In millions of euros	2012	2011	2012/2011
Revenues	**3,328**	**3,238**	**+2.8%**
Operating Expenses and Dep.	(2,412)	(2,402)	+0.4%
Gross Operating Income	**916**	**836**	**+9.6%**
Cost of Risk	(157)	(137)	+14.6%
Operating Income	**759**	**699**	**+8.6%**
Non Operating Items	18	12	+50.0%
Pre-Tax Income	**777**	**711**	**+9.3%**
Income Attributable to Investment Solutions	(66)	(64)	+3.1%
Pre-Tax Income of Belgian Retail Banking	**711**	**647**	**+9.9%**
Cost/Income	72.5%	74.2%	-1.7 pt
Allocated Equity *(€bn)*	3.7	3.5	+5.8%

Including 100% of Belgian Private Banking for the Revenues to Pre-Tax Income line items.

For the whole of 2012, BRB maintained a good sales and marketing drive. Deposits grew by 3.5% compared to last year due in particular to growth in current accounts and savings accounts. Loans grew 3.4%(1) due in part by the growth in loans to individual customers (+5.5%) and to the fact that loans to SMEs held up well. The sales and marketing drive was also reflected in the successful launch of the Easy Banking offering for the iPhone, iPad and Android and in the good growth of cross-selling with CIB.

Revenues(2) totalled EUR 3,328 million, up 2.1%(1) compared to 2011 due to higher net interest income as a result of growth in volumes, despite a deceleration at the end of the year. For their part, fees were flat.

Operating expenses(2), which came to EUR 2,412 million, were down 0.3%(1), helping BRB continue to improve its cost/income ratio, down 1.7 points(1) to 72.5%. Gross operating income(2) thereby came to EUR 916 million, up 9.0%(1) compared to 2011.

The cost of risk(2), which was 18 basis points of outstanding customer loans, remained at a moderate level. Therefore, after allocating one-third of Belgian Private Banking's net income to the Investment Solutions division, BRB's pre-tax income was EUR 711 million, up 8.4%(1) compared to 2011.

LUXEMBOURG RETAIL BANKING

For the whole of 2012, outstanding loans grew by 2.4% compared to 2011, thanks to a rise in volumes in the corporate and individual customer segments with good growth in mortgages. There was also strong growth in deposits (+10.5%) due in particular to very good asset inflows from corporate clients. Off balance sheet savings were up significantly, driven by increased demand for life insurance products. LRB's revenues grew in line with volumes, the good control of operating expenses helping to significantly improve the cost/income ratio.

PERSONAL INVESTORS

For the whole of 2012, assets under management grew by 10.7% compared to 2011, driven by positive volume and performance effects. Deposits grew sharply during the year, to EUR 9.1 billion (+13.3%). Revenues were, however, down due to a contraction in the brokerage business as a result of clients' cautious stance in an uncertain environment.

ARVAL

For the whole of 2012, the financed fleet grew by 1.6% compared to last year, to 689,000 vehicles. At constant scope and exchange rates (in particular excluding the impact of the sale of the fuel card business in the UK in December 2011), Arval's revenues were up slightly compared to last year due to the fact that margins held up well.

LEASING SOLUTIONS

For the whole of 2012, outstandings declined by 9.5% compared to last year, in line with the adaptation plan regarding the noncore portfolio. The impact on revenues was, however, further limited due to the selective policy in terms of profitability of transactions.

(1) At constant scope.

(2) With 100% of Belgian Private Banking.

EUROPE-MEDITERRANEAN

In millions of euros	2012	2011	2012/2011
Revenues	**1,796**	**1,639**	**+9.6%**
Operating Expenses and Dep.	(1,319)	(1,277)	+3.3%
Gross Operating Income	**477**	**362**	**+31.8%**
Cost of Risk	(290)	(268)	+8.2%
Operating Income	**187**	**94**	**+98.9%**
Associated Companies	65	50	+30.0%
Other Non Operating Items	2	20	-90.0%
Pre-Tax Income	**254**	**164**	**+54.9%**
Cost/Income	73.4%	77.9%	-4.5 pt
Allocated Equity *(€bn)*	3.5	3.3	+5.9%

For the whole of 2012, Europe-Mediterranean enjoyed a very strong sales and marketing drive. Deposits rose by 12.8% compared to 2011 and were growing in most countries, especially in Turkey (+34.3%[1]). Loans grew by 3.5%[1] with good performances in Turkey (+17.1%[1]) and a continued decline in Ukraine (-29.0%[1]).

Revenues rose 7.0%[1] to EUR 1,796 million, due in part to a fast-paced growth in Turkey (+35%[1]) and declined in Ukraine in line with outstandings. Excluding Ukraine, revenues grew 14.8%[1].

Operating expenses were up 2.1%[1] compared to 2011 due, in particular, to the bolstering of the commercial set up in the Mediterranean during the year with the opening of 30 branches, in particular in Morocco. In Turkey, TEB significantly improved its cost/income ratio which was down 18 points in 2012, at 64.6%[1], thanks to the streamlining of the network carried out in 2011.

The cost of risk, which was EUR 290 million, or 117 basis points of outstanding customer loans, was up slightly compared to 2011. Europe-Mediterranean thus posted EUR 254 million in pre-tax income, up sharply compared to 2011 (+52.7%[1]).

BANCWEST

In millions of euros	2012	2011	2012/2011
Revenues	**2,403**	**2,230**	**+7.8%**
Operating Expenses and Dep.	(1,401)	(1,241)	+12.9%
Gross Operating Income	**1,002**	**989**	**+1.3%**
Cost of Risk	(145)	(256)	-43.4%
Operating Income	**857**	**733**	**+16.9%**
Associated Companies	0	0	n.s.
Other Non Operating Items	2	1	+100.0%
Pre-Tax Income	**859**	**734**	**+17.0%**
Cost/Income	58.3%	55.7%	+2.6 pt
Allocated Equity *(€bn)*	4.1	3.8	+8.8%

(1) At constant scope and exchange rates.

For the whole of 2012, BancWest had a good sales and marketing drive in a more favourable environment. Deposits grew by 8.3%[(1)] compared to 2011, driven by the strong growth of current accounts and savings accounts. Loans were up 3.5%[(1)] due to good growth in corporate loans (+14.7%[(1)]) and the success of business investments in the SME segment. The sales and marketing drive was also reflected in the revving up of the Private Banking expansion, the modernisation of the branch network and an expanded Mobile Banking offering.

Revenues edged down 0.6%[(1)] compared to 2011 as a result of the negative impact of regulatory changes on fees. Excluding this impact, revenues were up 0.8%[(1)], the effect of higher volumes being offset by lower interest rates.

Operating expenses rose by 4.5%[(1)] compared to 2011, due to the strengthening of the corporate and small business as well as Private Banking set up.

The cost of risk was down at 35 basis points of outstanding customer loans, which equates to a 47.8%[(1)] decline compared to 2011.

With EUR 859 million in pre-tax income, up 7.1%[(1)] compared to 2011, BancWest demonstrated its strong profit-generation capacity, whilst expanding the product offering.

PERSONAL FINANCE

In millions of euros	2012	2011	2012/2011
Revenues	**4,982**	**5,142**	**-3.1%**
Operating Expenses and Dep.	(2,387)	(2,420)	-1.4%
Gross Operating Income	**2,595**	**2,722**	**-4.7%**
Cost of Risk	(1,497)	(1,639)	-8.7%
Operating Income	**1,098**	**1,083**	**+1.4%**
Associated Companies	87	95	-8.4%
Other Non Operating Items	95	65	+46.2%
Pre-Tax Income	**1,280**	**1,243**	**+3.0%**
Cost/Income	47.9%	47.1%	+0.8 pt
Allocated Equity *(€bn)*	5.0	4.9	+0.6%

For the whole of 2012, Personal Finance continued to develop engines of growth with, in particular, the successful joint venture with Commerzbank in Germany, the implementation of the agreement with Sberbank in Russia, and the signing of new partnership agreements (for instance, with the Cora hypermarkets in France and with Sony in Germany in e-commerce). Outstanding loans were down 0.5% compared to 2011, at EUR 89.9 billion. Outstanding consumer loans rose by 0.5% with, in particular, a good sales and marketing drive in Germany and Belgium. As for mortgages, the implementation of the adaptation plan under Basel 3 has resulted in a continued decline in outstandings (-1.8%). These combined effects and in particular the impact of new regulations in France on margins drove revenues down 3.1% compared to 2011 at EUR 4,982 million.

Operating expenses were down 1.4% compared to 2011, at EUR 2,387 million. Excluding adaptation costs (EUR 95 million in 2012), they were 3.8% lower.

With risks under control, the cost of risk, which was EUR 1,497 million, or 167 basis points of outstanding customer loans, was down EUR 142 million compared to 2011.

Pre-tax income totalled EUR 1,280 million, up 3.0% compared to last year, demonstrating the business unit's good profit-generation capacity in a challenging environment.

(1) At constant scope and exchange rates.

INVESTMENT SOLUTIONS

In millions of euros	2012	2011	2012/2011
Revenues	**6,204**	**5,922**	**+4.8%**
Operating Expenses and Dep.	(4,319)	(4,258)	+1.4%
Gross Operating Income	**1,885**	**1,664**	**+13.3%**
Cost of Risk	54	(64)	n.s.
Operating Income	**1,939**	**1,600**	**+21.2%**
Associated Companies	136	(134)	n.s.
Other Non Operating Items	23	58	-60.3%
Pre-Tax Income	**2,098**	**1,524**	**+37.7%**
Cost/Income	69.6%	71.9%	-2.3 pt
Allocated Equity *(€bn)*	8.1	7.5	+7.8%

For the whole of 2012, Investment Solutions posted, in all of the business units, a good rise in assets under management[(1)], up 5.6% compared to 31 December 2011, at EUR 889 billion (EUR 842 billion as at 31 December 2011). This growth comes primarily from a favourable performance effect driven by the rise in financial markets, especially in the second half of the year. Net asset outflows for the year were EUR -6.1 billion, but was penalised in the third quarter by a client's (fund manager) decision to insource a distribution contract. Excluding this effect, net asset inflows were EUR +5.2 billion in 2012.

Thus, asset flows were positive in all the business units in 2012, save Asset Management: Wealth Management had good asset inflows, especially in the domestic markets and in Asia, good contributions from Insurance outside of France, in particular in Asia (Taiwan, South Korea), as well as from Personal Investors, especially in Germany. Asset inflows into Asset Management's money market and bond funds were more than offset by asset outflows in all other asset classes.

As at 31 December 2012, Investment Solutions' assets under management[(1)] broke down as follows: EUR 405 billion for Asset Management, EUR 266 billion for Wealth Management, EUR 170 billion for Insurance, EUR 35 billion for Personal Investors, and EUR 13 billion for Real Estate Services.

Investment Solutions' revenues, which totalled EUR 6,204 million, were up 4.8% compared to 2011. Wealth and Asset Management's revenues were down 4.1% due in particular to Asset Management's lower average outstandings and despite good growth by Wealth Management. Insurance's revenues rose 21.2% (+13.4% at constant scope and exchange rates) due to the strong growth of protection insurance and savings outside of France. Securities Services' revenues grew by 4.4% compared to 2011 as a result of a rise in asset under custody and under administration.

Operating expenses, which totalled EUR 4,319 million, were up 1.4% compared to 2011 but were down 0.6% at constant scope and exchange rates. Operating expenses were down 10.1%[(2)] in Asset Management as a result of the adaptation plan whilst investments in the business development of Insurance, Wealth Management and Securities Services continued, especially in Asia. The business unit's cost/income ratio thus improved by 1.6 point[(2)] compared to last year, to 69.6%.

After receiving one-third of the net income of domestic private banking, the Investment Solutions division therefore generated EUR 2,098 million in pre-tax income, up 16.3%[(3)] compared to 2011, reflecting very good overall performance and improved operating efficiency.

(1) Including assets under advisory on behalf of external clients, distributed assets and Personal Investors.

(2) At constant scope and exchange rates.

(3) Excluding the impact of Greek sovereign debt provisions on the Insurance business unit.

WEALTH AND ASSET MANAGEMENT

In millions of euros	2012	2011	2012/2011
Revenues	**2,836**	**2,957**	**-4.1%**
Operating Expenses and Dep.	(2,129)	(2,220)	-4.1%
Gross Operating Income	**707**	**737**	**-4.1%**
Cost of Risk	52	6	n.s.
Operating Income	**759**	**743**	**+2.2%**
Associated Companies	32	33	-3.0%
Other Non Operating Items	16	61	-73.8%
Pre-Tax Income	**807**	**837**	**-3.6%**
Cost/Income	75.1%	75.1%	+0.0 pt
Allocated Equity *(€bn)*	1.8	1.7	+6.4%

INSURANCE

In millions of euros	2012	2011	2012/2011
Revenues	**1,970**	**1,626**	**+21.2%**
Operating Expenses and Dep.	(1,001)	(912)	+9.8%
Gross Operating Income	**969**	**714**	**+35.7%**
Cost of Risk	(6)	(71)	-91.5%
Operating Income	**963**	**643**	**+49.8%**
Associated Companies	100	(166)	n.s.
Other Non Operating Items	0	(3)	n.s.
Pre-Tax Income	**1,063**	**474**	**n.s.**
Cost/Income	50.8%	56.1%	-5.3 pt
Allocated Equity *(€bn)*	5.7	5.3	+9.0%

SECURITIES SERVICES

In millions of euros	2012	2011	2012/2011
Revenues	**1,398**	**1,339**	**+4.4%**
Operating Expenses and Dep.	(1,189)	(1,126)	+5.6%
Gross Operating Income	**209**	**213**	**-1.9%**
Cost of Risk	8	1	n.s.
Operating Income	**217**	**214**	**+1.4%**
Non Operating Items	11	-1	n.s.
Pre-Tax Income	**228**	**213**	**+7.0%**
Cost/Income	85.1%	84.1%	+1.0 pt
Allocated Equity *(€bn)*	0.5	0.5	+0.2%

CORPORATE AND INVESTMENT BANKING (CIB)

In millions of euros	2012	2011	2012/2011
Revenues	**9,715**	**9,897**	**-1.8%**
Operating Expenses and Dep.	(6,272)	(6,126)	+2.4%
Gross Operating Income	**3,443**	**3,771**	**-8.7%**
Cost of Risk	(493)	(75)	n.s.
Operating Income	**2,950**	**3,696**	**-20.2%**
Associated Companies	39	38	+2.6%
Other Non Operating Items	(3)	42	n.s.
Pre-Tax Income	**2,986**	**3,776**	**-20.9%**
Cost/Income	64.6%	61.9%	+2.7 pt
Allocated Equity *(€bn)*	16.3	16.9	-3.5%

For the whole of 2012, CIB held up well in the context of the adaptation plan, which the division completed ahead of the schedule announced. Thus, compared to mid-2011, CIB's funding needs in U.S. dollars were reduced by USD 65 billion by April 2012 and risk-weighted assets by EUR 45 billion by the end of September 2012. The total net cost of the sale of assets under the plan was substantially lower than expected, at about EUR 250 million.

Against this backdrop, CIB's revenues were down 1.8% compared to 2011, at EUR 9,715 million. Excluding the impact of losses from sales of assets and sovereign bonds (EUR 91 million in 2012 and EUR 1,024 million in 2011), the decline was 10.2%, or a decrease of about EUR 1.1 billion, EUR 800 million of which was in Corporate Banking, which is in line with the announced impact of the adaptation plan.

CIB's operating expenses, which were EUR 6,272 million, rose 2.4% compared to 2011. At constant scope and exchange rates, they were down 1.1%, due in particular to the workforce adaptation (1,400 people) provided for in the plan and completed in full by the end of 2012, and despite selected investments in Cash Management and the gathering of deposits. The cost/income ratio thus came to 62.3%, excluding the adaption plan and the impact of sales of loans, illustrating the good level of operating efficiency.

The cost of risk was EUR 493 million, up EUR 418 million compared to 2011 when it was particularly low due to substantial write-backs.

CIB pre-tax income thus came to EUR 2,986 million, down 20.9% compared to 2011.

ADVISORY AND CAPITAL MARKETS

In millions of euros	2012	2011	2012/2011
Revenues	**6,182**	**5,665**	**+9.1%**
Incl. Equity and Advisory	*1,628*	*2,077*	*-21.6%*
Incl. Fixed Income	*4,554*	*3,588*	*+26.9%*
Operating Expenses and Dep.	(4,574)	(4,377)	+4.5%
Gross Operating Income	**1,608**	**1,288**	**+24.8%**
Cost of Risk	(61)	21	n.s.
Operating Income	**1,547**	**1,309**	**+18.2%**
Associated Companies	12	17	-29.4%
Other Non Operating Items	(6)	13	n.s.
Pre-Tax Income	**1,553**	**1,339**	**+16.0%**
Cost/Income	74.0%	77.3%	-3.3 pt
Allocated Equity *(€bn)*	7.9	6.7	+17.4%

Advisory and Capital Markets' revenues were resilient in a challenging environment. They totalled EUR 6,182 million, down 5.4%[1] compared to 2011, due to an environment that was not very favourable in Europe, the adaptation to Basel 3 and low client business at the end of the year. In 2012, the average VaR remained very low.

Fixed Income's revenues, which were EUR 4,554 million, rose 2.2%[1] compared to 2011, due to the good performance of flow business in Rate, Forex and Credit, with particularly strong growth in bond secondary markets. The business unit also maintained its leading positions on bond issues: number 1 in euro and number 8 for all international issues.

Equities and Advisory's revenues, at EUR 1,628 million, decreased 21.6% compared to last year due in part to low transaction volumes and limited investor demand. The business did, however, maintain solid positions, ranking number 3 as bookrunner for equity-linked products in Europe.

CORPORATE BANKING

In millions of euros	2012	2011	2012/2011
Revenues	**3,533**	**4,232**	**-16.5%**
Operating Expenses and Dep.	(1,698)	(1,749)	-2.9%
Gross Operating Income	**1,835**	**2,483**	**-26.1%**
Cost of Risk	(432)	(96)	n.s.
Operating Income	**1,403**	**2,387**	**-41.2%**
Non Operating Items	30	50	-40.0%
Pre-Tax Income	**1,433**	**2,437**	**-41.2%**
Cost/Income	48.1%	41.3%	+6.8 pt
Allocated Equity *(€bn)*	8.4	10.1	-17.3%

(1) Excluding losses from the sale of sovereign bonds in 2011.

Corporate Banking performed well this year amidst the process of adapting the business model. Revenues totalled EUR 3,533 million, down 17.3%[1] compared to 2011, in line with the reduction of outstanding loans, which decreased by 18.2%, compared to the level as at 31 December 2011, to EUR 106 billion.

In the field of financing, the process of adapting the business model continued with the implementation of the Originate to Distribute approach. Corporate Banking maintained solid positions in new loan production, positioning itself as the number 1 bookrunner for syndicated loans in Europe by number and number 2 by volume and ranking second best trade finance provider worldwide. The business unit's expertise was largely recognised, receiving this year, for example, *IFR*'s Loan of the Year award.

The business unit grew its deposit base 18.2% at the end of 2012, compared to the level as at 31 December 2011, at EUR 55 billion, thanks in particular to significant gathering of client deposits in all regions and the expansion of Cash Management which won several significant mandates, confirming its global position as number 5.

CORPORATE CENTRE

In millions of euros	2012	2011
Revenues	**(1,419)**	**2,204**
Operating Expenses and Dep.	(1,093)	(854)
incl. restructuring costs	*(409)*	*(603)*
Gross Operating income	**(2,512)**	**1,350**
Cost of Risk	3	(3,093)
Operating Income	**(2,509)**	**(1,743)**
Share of earnings of associates	123	12
Other non operating items	1,184	(98)
Pre-Tax Income	**(1,202)**	**(1,829)**

For the whole of 2012, Corporate Centre revenues were EUR -1,419 million compared to EUR 2,204 million in revenues in 2011. They factor in EUR -1,617 million of own credit adjustment (compared to EUR +1,190 million in 2011), a purchase price accounting one-off amortisation of EUR +427 million of a part of Fortis banking book due to early redemptions (compared to EUR +168 million in 2011), a mechanical purchase price accounting amortisation of the Fortis and Cardif Vita banking books of EUR +606 million (compared to EUR +644 million in 2011), EUR -232 million in losses from sales of sovereign bonds (negligible in 2011), the EUR -68 million impact of the exchange of Convertible & Subordinated Hybrid Equity-linked Securities (CASHES) in the first quarter 2012 and the impact of the LTRO cost and of surplus deposits placed with Central Banks. The Corporate Centre's revenues in 2011 also included EUR +516 million in revenues from BNP Paribas Principal Investment (EUR +48 million in 2012) and a EUR -299 million impairment of the equity investment in AXA.

Operating expenses rose to EUR 1,093 million compared to EUR 854 million in 2011, when there was a reversal of EUR 253 million provision due to the favourable outcome of litigation. Excluding this effect, they were down 1.3%, the reduction of restructuring costs this year (EUR 409 million compared to EUR 603 million) being almost offset by the increase in the French systemic tax (EUR 122 million), the increase in the corporate social contribution ("forfait social") (EUR 33 million) and increased tax on wages (EUR 19 million) as well as the accelerated EUR 25 million depreciation of works on buildings.

The cost of risk reflects a net EUR +3 million in write-backs compared to EUR -3,093 million in 2011, which included a EUR 3,161 million impairment of Greek sovereign debt.

Other items total EUR 1,307 million (compared to EUR -86 million in 2011) due, for the most part, to the EUR 1,790 million capital gain from the sale of a 28.7% stake in Klépierre SA, a EUR -406 million goodwill impairment (compared to EUR -152 million in 2011), of which EUR 298 million was an impairment of BNL bc's goodwill due to the expected increase in the Bank of Italy's capital requirements (local common equity Tier 1 ratio increased from 7% to 8%), and the EUR -47 million depreciation of an equity investment.

Pre-tax losses totalled EUR -1,202 million compared to EUR -1,829 million in losses in 2011.

(1) Excluding losses from the sale of loans: EUR 152 million in 2011, EUR 91 million in 2012.

3.3 Balance sheet

ASSETS

OVERVIEW

The Group's consolidated assets amounted to EUR 1,907.3 billion at 31 December 2012, down 3% from EUR 1,965.3 billion at 31 December 2011. The main components of the Group›s assets are 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 91% of total assets at 31 December 2012 (vs. 93% at 31 December 2011). The 3% decrease in assets at 31 December 2012 is due to:

- a 7%, decline in financial instruments at fair value through profit or loss, due mainly to a fall in derivatives;
- a 5%, or EUR 35.3 billion, decline in loans and receivables due from customers to EUR 630.5 billion;
- a 92%, or EUR 10.5 billion, decline in investment property to EUR 0.9 billion, following the sale of a 28.7% interest in Klépierre SA.

These changes were partially offset by a 77%, or EUR 44.8 billion, increase in the amounts deposited with central banks to EUR 103.2 billion.

FINANCIAL ASSETS AT FAIR OR MODEL VALUE THROUGH PROFIT OR LOSS

Financial assets at fair or model value through profit or loss consist of trading account transactions, derivatives and certain assets designated by the Group as at fair or model value through profit or loss at the time of acquisition. Financial assets carried in the trading book mainly include securities, loans and repurchase agreements. Assets designated by the Group as at fair or model value through profit or loss include admissible investments related to unit-linked insurance contracts, and, to a lesser extent, assets with embedded derivatives that have not been separated from the host contract.

These assets are remeasured at fair or model value at each balance sheet date.

Total financial assets at fair value through profit or loss were down 7% compared to 31 December 2011. This decrease mainly reflects a 9%, or EUR 41.3 billion, decline in the replacement value of derivatives to EUR 410.6 billion at 31 December 2012. The decline was particularly pronounced for credit derivatives, which dropped by 51% or EUR 23.7 billion at 31 December 2012.

LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

Loans and receivables due from credit institutions totalled EUR 40.4 billion at 31 December 2012, down 18% from EUR 49.4 billion at 31 December 2011, and are comprised of demand accounts, interbank loans, and repurchase agreements.

Most of this decrease is due to a reduction in loans to credit institutions, which fell 20% to EUR 28.3 billion at 31 December 2012, down from EUR 35.1 billion at 31 December 2011. Demand accounts also declined 28% to EUR 8.7 billion at 31 December 2012, down from EUR 12.1 billion a year earlier. Impairment provisions edged down slightly, from EUR 0.7 billion at year-end 2011 to EUR 0.5 billion at year-end 2012.

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 630.5 billion at 31 December 2012, down 5% from EUR 665.8 billion at 31 December 2011. This decline can be attributed to a 7% decrease in loans to customers, from EUR 624.3 billion at year-end 2011 to EUR 583.4 billion at year-end 2012, while demand accounts increased by 13% over the year to EUR 43.4 billion at 31 December 2012. Finance leases declined 6% to EUR 28.0 billion at 31 December 2012 and repurchase agreements rose 53% to EUR 2.2 billion at 31 December 2012. Impairment provisions fell 5% to EUR 26.5 billion at 31 December 2012 from EUR 28.0 billion a year earlier.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are fixed-income and variable-income securities that are not managed in the same way as financial assets at fair or model value through profit or loss and, with respect to fixed-income instruments, are not intended to be held until maturity. These assets are remeasured at market or similar value through equity at each balance sheet date.

Available-for-sale financial assets remained stable between 31 December 2011 and 31 December 2012, at EUR 192.5 billion (net of provisions).

Provisions on available-for-sale financial assets fell by EUR 0.9 billion to EUR 4.3 billion at 31 December 2012 from EUR 5.2 billion at 31 December 2011. Impairment provisions on available-for-sale financial assets are calculated at each balance sheet date. The unrealised gain on available-for-sale financial assets totalled EUR 9.3 billion at 31 December 2012, compared with an unrealised loss of EUR 3.5 billion at 31 December 2011, due to an increase in the value of fixed-income securities issued by certain Eurozone governments and a rise in the market price of listed variable-income securities due to the upturn in equity markets. This EUR 12.8 billion increase therefore reflects a EUR 11.5 billion rise in the unrealised gain on fixed-income securities and a EUR 1.2 billion rise in the unrealised gain on variable-income securities.

HELD-TO-MATURITY FINANCIAL ASSETS

Held-to-maturity financial assets are investments with fixed or determinable payments and a fixed maturity that the Group has the intention and the ability to hold until maturity. They are recognised in the balance sheet at amortised cost using the effective interest method, and are divided into two categories: government bonds and Treasury bills, and other fixed-income securities.

Held-to-maturity financial assets shrank 3% in 2012, from EUR 10.6 billion at year-end 2011 to EUR 10.3 billion at year-end 2012, principally due to securities sold at maturity.

ACCRUED INCOME AND OTHER ASSETS

Accrued income and other assets consist of the following: guarantee deposits and bank 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 totalled EUR 99.4 billion at 31 December 2012, up 6% from EUR 93.5 billion at 31 December 2011. This growth reflects a 17%, or EUR 7.8 billion, increase in guarantee deposits and bank guarantees paid.

CASH AND AMOUNTS DUE FROM CENTRAL BANKS

Cash and amounts due from central banks totalled EUR 103.2 billion at year-end 2012, up 77% from EUR 58.4 billion at year-end 2011, due to an increase in short-term investments.

LIABILITIES

OVERVIEW

The Group's consolidated liabilities stood at EUR 1,812.9 billion at 31 December 2012, down 4% from EUR 1,879.7 billion at 31 December 2011. The main components of the Group›s liabilities are financial liabilities at fair or model value through profit or loss, amounts due to credit institutions, amounts due to customers, debt securities, accrued expenses and other liabilities, and technical reserves of insurance companies. These items together accounted for 97% of the Group's total liabilities at 31 December 2012 (the same percentage as a year earlier). The 4% decrease in liabilities in 2012 can be attributed to:

- an 8% decrease in financial liabilities at fair value through profit of loss;
- a 25%, or EUR 37.4 billion, fall in amounts due to credit institutions to EUR 111.7 billion at 31 December 2012.

The above were partially offset by:

- a 10%, or EUR 15.4 billion, increase in debt securities to EUR 173.2 billion at year-end 2012;
- an 11%, or EUR 14.9 billion, rise in technical reserves of insurance companies to EUR 148.0 billion at 31 December 2012.

FINANCIAL LIABILITIES AT FAIR OR MODEL VALUE THROUGH PROFIT OR LOSS

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

The total value of financial liabilities at fair or model value through profit or loss was down 8% compared to 31 December 2011, due mainly to the decrease in the replacement value of derivatives, which fell 10%, or EUR 42.9 billion, to EUR 404.6 billion at 31 December 2012, with credit derivatives declining sharply to EUR 23.8 billion at 31 December 2012, down 51% from a year earlier.

AMOUNTS DUE TO CREDIT INSTITUTIONS

Amounts due to credit institutions consist primarily of borrowings, and, to a lesser extent, demand deposits and repurchase agreements.

Amounts due to credit institutions shrank 25%, or EUR 37.4 billion, to EUR 111.7 billion at 31 December 2012. This decline mainly reflects a 21%, or EUR 25.5 billion, decrease in borrowings from credit institutions to EUR 93.9 billion at year-end, as well as a 30% or EUR 3.5 billion, fall in repurchase agreements to EUR 8.0 billion at 31 December 2012 and a 46% or EUR 8.5 billion reduction in current accounts to 9.8 billion at 31 December 2012.

AMOUNTS DUE TO CUSTOMERS

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

Amounts due to customers stood at EUR 539.5 billion at 31 December 2011, down 1%, or EUR 6.8 billion, from EUR 546.3 billion a year earlier. This decrease was due to a 68%, or EUR 15.9 billion, reduction in repurchase agreements to EUR 7.3 billion at 31 December 2012, partly offset by increases of 2% (EUR 5.2 billion) in demand deposits to EUR 259.8 billion and of 11% (EUR 5.8 billion) in regulated savings accounts to 60.4 billion at 31 December 2012.

DEBT SECURITIES

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

Debt securities totalled EUR 173.2 billion at 31 December 2012, up 10% from EUR 157.8 billion at 31 December 2011. This net increase is due to a 15% rise in negotiable certificates of deposit to EUR 155.9 billion, partially offset by a 24% decrease in bond issues to EUR 17.3 billion at 31 December 2012.

SUBORDINATED DEBT

Subordinated debt totalled EUR 15.2 billion at 31 December 2012, down 23% from EUR 19.7 billion a year earlier.

TECHNICAL RESERVES OF INSURANCE COMPANIES

Technical reserves of insurance companies amounted to EUR 148.0 billion at 31 December 2012, up 11% from EUR 133.1 billion at 31 December 2011. This increase is primarily due to higher technical reserves at the life insurance business.

ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of guarantee deposits received, settlement accounts related to securities transactions, collection accounts, accrued expenses and deferred income, and other creditors and miscellaneous liabilities. Accrued expenses and other liabilities increased 7%, from EUR 81.0 billion at 31 December 2011 to EUR 86.7 billion at 31 December 2012.

MINORITY INTERESTS

Minority interests contracted to EUR 8.5 billion at 31 December 2012, down from EUR 10.3 billion at 31 December 2011. This decrease mainly reflects a EUR 0.8 billion contribution to net income, less EUR 2.0 billion from the change in the method of accounting for Klépierre, which is now treated as an associate, a EUR 0.7 billion redemption of preferred shares, EUR 0.3 billion for partial reimbursement of shares held by a minority shareholder, and EUR 0.2 billion of dividend payouts.

Changes in assets and liabilities recognised directly in equity amounted to EUR 0.9 billion.

CONSOLIDATED SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP

Consolidated shareholders' equity attributable to the BNP Paribas Group (before dividend payout) stood at EUR 85.9 billion at 31 December 2012 compared with EUR 75.4 billion at 31 December 2011. The EUR 10.5 billion increase is attributable to EUR 6.6 billion of net income attributable to the Group for 2012 and EUR 1.2 billion of capital increases conducted out in 2012, less a EUR 1.4 billion dividend payout for the 2011 financial year. The change in assets and liabilities recognised directly in equity amounted to EUR 4.6 billion in 2012, mainly as a result of changes in the value of available-for-sale financial assets recognised directly in equity.

OFF-BALANCE SHEET ITEMS

FINANCING COMMITMENTS

Financing commitments given to customers consist mostly of documentary credits and other confirmed letters of credit, and commitments relating to repurchase agreements between the transaction date and the value date. These commitments fell 5% to EUR 215.7 billion at 31 December 2012.

Financing commitments given to credit institutions increased 78% to EUR 48.6 billion at 31 December 2012, owing mainly to the rise in repurchase agreements recognised in financing commitments received at the trade date.

Financing commitments received consist primarily of stand-by letters of credit and commitments relating to repurchase agreements. Financing commitments received contracted 1% to EUR 125.8 billion at 31 December 2012, down from EUR 126.5 billion a year earlier, reflecting an 11% fall in commitments received from customers to EUR 6.0 billion at 31 December 2012. The share of commitments received from credit institutions remained stable, at EUR 119.7 billion at year-end 2012.

GUARANTEE COMMITMENTS

Guarantee commitments fell 14% to EUR 91.7 billion at 31 December 2012 from EUR 106.1 billion a year earlier. This decrease is mainly attributable to a 12% fall in commitments given to customers to EUR 79.9 billion at 31 December 2012, coupled with a 21% decline in commitments given to credit institutions to EUR 11.8 billion at 31 December 2012.

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

3.4 Profit and loss account

REVENUES

In millions of euros	2012	2011	Change (2012/2011)
Net interest income	21,745	23,981	-9%
Net commission income	7,532	8,419	-11%
Net gain on financial instruments at fair value through profit or loss	3,312	3,733	-11%
Net gain on available-for-sale financial assets and other financial assets not measured at fair value	1,624	280	x 5.8
Net income from other activities	4,859	5,971	-19%
REVENUES	**39,072**	**42,384**	**-8%**

OVERVIEW

The 8% decline in the Group's revenues in 2012 mainly reflects a 9% fall in net interest income and an 11% fall in net commission income, which was partially offset by an increase in net gains on available-for-sale financial assets.

NET INTEREST INCOME

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

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

- net interest income from loans and receivables, including the interest, transaction costs, fees, and commissions included in the initial value of the loan; these items are calculated using the effective interest method and recognised in the profit and loss account over the life of the loan;
- net interest income from fixed-income securities held by the Group which are classified as "Financial assets at fair value through profit or loss" (for the contractual accrued interest) and "Available-for-sale financial assets" (for the interest calculated using the effective interest method;
- interest income from held-to-maturity assets, which are investments with fixed or determinable payments and fixed maturity that the Group has the intention and ability to hold until maturity; and
- net interest income from cash flow hedges, which are used in particular to hedge interest rate risk on variable-rate assets and liabilities. Changes in the fair value of cash flow hedges are recorded in shareholders' equity. The amounts recorded in shareholders' equity over the life of the hedge are transferred to "Net interest income" as and when the cash flows from the hedged item are recognised as profit or loss in the income statement.

Interest income and expenses on hedging derivatives at value are included with the interest generated by the hedged item. Similarly, interest income and expenses arising from hedging derivatives used for transactions designated as at fair or model value through profit or loss are allocated to the same line items as the interest income and expenses relating to the underlying transactions.

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

Volumes of interest-earning assets and interest-bearing liabilities can be affected by various factors, in addition to general economic conditions and growth in the Group's lending activities (either organically or through acquisitions). One such factor is the Group's business mix, such as the relative proportion of capital allocated to interest-generating as opposed to fee-generating businesses.

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

Net interest income fell by 9% year-on-year to EUR 21,745 million in 2012. This decline mainly reflects a 41% reduction in income from fixed-income securities measured at fair value through profit or loss to EUR 1,438 million in 2012 from EUR 2,435 million in 2011, and to a decrease in net income from customer items, to EUR 19,718 million in 2012 from EUR 20,406 million in 2011.

Net interest on debt securities issued by the Group fell 14%, from EUR 4,025 million in 2011 to EUR 3,445 million in 2012.

The decline in net interest income in 2012 was due to the general climate of low interest rates and decelerating business volumes, coupled with the effects of adaptation plans instituted for certain businesses in 2011 (mainly Corporate & Investment Banking, Leasing and Personal Finance). These factors contributed to a decrease in net interest income.

NET COMMISSION INCOME

Net commission income includes commissions on interbank and money market transactions, customer transactions, securities transactions, foreign exchange and arbitrage transactions, securities commitments, forward financial instruments, and financial services. Net commission income fell to EUR 7,532 million in 2012 from EUR 8,419 million in 2011. This mainly reflects a fall in commission income from trusts and similar activities, to EUR 2,298 million in 2012 from EUR 2,454 million in 2011, and a decline of EUR 330 million in commissions from financial assets and liabilities not measured at fair or model value through profit or loss to EUR 2,657 million in 2012 from EUR 2,987 million in 2011.

Commissions receded in 2012 owing to unfavourable financial market conditions.

NET GAIN ON FINANCIAL INSTRUMENTS AT FAIR OR MODEL VALUE THROUGH PROFIT OR LOSS

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

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

The net gain on financial instruments at fair or model value through profit or loss was EUR 3,312 million in 2012, down 11% from EUR 3,733 million in 2011. The gains and losses resulting from cash flows and the remeasurement of financial instruments, either cash or derivatives, must be appreciated as a whole in order to give a fair representation of the profit or loss resulting from trading activities.

The decrease in this line item is primarily due to the change in the net gain on financial instruments at fair or model value through profit or loss under the IAS 39 option, essentially attributable to the BNP Paribas Group's issue risk (which fell from a gain of EUR 1,190 million in 2011 to a loss of EUR 1,617 million in 2012). The other components of income from items at fair value through profit or loss under the IAS 39 option are offset by changes in the value of the equity instruments covering these assets.

The residual change in net gains on portfolios of financial assets and financial liabilities at fair value through profit or loss is due to a EUR 2,363 million increase in net gains on debt instruments combined with a EUR 499 million decrease in other derivatives.

The remeasurement of currency positions increased by EUR 602 million.

NET GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS AND OTHER FINANCIAL ASSETS NOT MEASURED AT FAIR OR MODEL VALUE

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

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

The net gain on available-for-sale financial assets and other financial assets not measured at fair or model value increased EUR 1,344 million between 31 December 2011 and 31 December 2012. This increase can be attributed to a EUR 1,247 million rise in the net gain on fixed-income financial assets and a EUR 97 million increase in the net gain on variable-income financial assets.

In 2012, this line item included significant exceptional items, such as a one-off amortisation of the fair value remeasurement of part of the BNP Paribas Fortis banking book due to prepayments (+ EUR 427 million).

NET INCOME FROM OTHER ACTIVITIES

This line item consists of net income from insurance activities, investment property, assets leased under operating leases, and property development activities, as well as other net income. Net income from other activities declined by 19%, from EUR 5,971 million in 2011 to EUR 4,859 million in 2012, due primarily to decreases of EUR 390 million in net income from insurance activities and of EUR 604 million in net income from investment properties following the disposal of the Klépierre group.

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

The decrease in net income from insurance activities in 2012 is attributable mainly to a fall in technical reserves, which dropped from a positive EUR 1,572 million in 2011 to a negative EUR 4,246 million in 2012. This change is primarily due to an increase in the value of admissible investments related to unit-linked contracts, which went from a net loss of EUR 1,597 million in 2011 to a net gain of EUR 3,361 million in 2012. Gross premiums written increased from EUR 16,288 million in 2011 to EUR 19,813 million in 2012. The claims and benefits expense rose from EUR 12,484 million in 2011 to EUR 15,267 million in 2012.

OPERATING EXPENSES, DEPRECIATION, AND AMORTISATION

In millions of euros	2012	2011	Change (2012/2011)
Operating expenses	(25,007)	(24,608)	2%
Depreciation, amortisation, and impairment of property, plant and equipment and intangible assets	(1,543)	(1,508)	2%
TOTAL OPERATING EXPENSES, DEPRECIATION, AND AMORTISATION	**(26,550)**	**(26,116)**	**2%**

Operating expenses, depreciation and amortisation registered a controlled increase of 2%, rising from EUR 26,116 million in 2011 to EUR 26,550 million in 2012.

GROSS OPERATING INCOME

The Group's gross operating income declined 23% to EUR 12,522 million in 2012 (from EUR 16,268 million in 2011), primarily owing to an 8% fall in revenues and a 2% increase in operating expenses.

COST OF RISK

In millions of euros	2012	2011	Change (2012/2011)
Net allowances to impairment	(4,111)	(3,510)	+17%
Recoveries on loans and receivables previously written off	714	514	+39%
Irrecoverable loans and receivables not covered by impairment provisions	(482)	(560)	-14%
Loss on Greek sovereign debt	(62)	(3,241)	-98%
TOTAL COST OF RISK FOR THE PERIOD	**(3,941)**	**(6,797)**	**-42%**

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

The Group's cost of risk was EUR 3,941 million, 42% lower than in 2011, which included the EUR 3,241 million impact of the support plan for Greece. Excluding the impact of provisions for Greek bonds, the cost of risk rose by a moderate 9.2%.

Excluding Greek sovereign debt, the increase in the cost of risk from 2011 to 2012 was due mainly to a EUR 418 million rise in provisions for Corporate & Investment Banking (including a EUR 336 million increase for Corporate Banking), which were unusually low in 2011 owing to substantial reversals. Moreover, provisions for the Retail Banking business fell 2% to EUR 3,505 million in 2012 (from EUR 3,565 million in 2011), including a 43% decrease in provisions at BancWest (EUR 145 million in 2012 vs. EUR 256 million in 2011) and a 9% decrease in provisions for the Personal Finance business (EUR 1,497 million in 2012 vs. EUR 1,639 million in 2011).

At 31 December 2012, doubtful loans and commitments net of guarantees totalled EUR 33 billion, down from EUR 37 billion a year earlier, and provisions totalled EUR 28 billion, compared with EUR 30 billion a year earlier. The coverage ratio was 83% at 31 December 2012, compared with 80% at 31 December 2011.

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

NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS

In millions of euros	2012	2011	Change (2012/2011)
OPERATING INCOME	**8,581**	**9,471**	**-9%**
Share of earnings of associates	489	80	x6.1
Net gain on non-current assets	1,792	206	x8.7
Goodwill	(490)	(106)	x4.6
Corporate income tax	(3,059)	(2,757)	+11%
Net income attributable to minority interests	(760)	(844)	-10%
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS	**6,553**	**6,050**	**+8%**

OVERVIEW

Net income attributable to equity holders rose by 8% in 2012 as compared to 2011.

SHARE OF EARNINGS OF ASSOCIATES

The Group's share of earnings of associates (i.e., companies accounted for under the equity method) increased from EUR 80 million in 2011 to EUR 489 million in 2012, mainly as a result of the EUR 213 million negative impact of the Greek sovereign debt provision recognised at insurance companies in 2011.

NET GAIN ON NON-CURRENT ASSETS

This line item includes net realised gains and losses on sales of property, plant, equipment, and intangible assets used in operations, and on sales of investments in consolidated undertakings still included in the scope of consolidation at the time of sale. The net gain on non-current assets increased from EUR 206 million in 2011 to EUR 1,792 million in 2012, including the gain on the sale of a 28.7% interest in Klépierre SA for EUR 1.7 billion.

CHANGE IN VALUE OF GOODWILL

The change in the value of goodwill amounted to a negative EUR 490 million in 2012 compared with a negative EUR 106 million in 2011, including a negative EUR 298 million adjustment in the goodwill of BNL Banca Commerciale due to the anticipated increase in capital requirements by the Bank of Italy.

INCOME TAX EXPENSE

The Group's income tax expense for 2012 totalled EUR 3,059 million, up from EUR 2,757 million in 2011.

MINORITY INTERESTS

The share of earnings attributable to minority interests in consolidated companies fell to EUR 760 million in 2012 from EUR 844 million in 2011, mainly due to the loss of control over the Klépierre group, which is now consolidated under the equity method.

3.5 Recent events

PRODUCTS AND SERVICES

BNP Paribas regularly introduces new products and services for its customers. More information is available on the Group's websites, including in the press releases available at www.invest.bnpparibas.com.

ACQUISITIONS AND PARTNERSHIPS

No significant acquisition or partnership events have occurred since the third update to the 2011 Registration document was issued on 9 November 2012.

3.6 Outlook

GROUP OUTLOOK

In 2013, the Group will prepare a 2014-2016 business development plan based on the road maps of the various divisions with the goal of unveiling a comprehensive plan early in 2014.

The first phase of the plan is the launch of Simple and Efficient, an ambitious initiative to simplify the way the Group functions and improve operating efficiency.

The second phase will include specific business development plans by region and business unit. The first unveiled plan covers the Asia Pacific region.

SIMPLE & EFFICIENT: AN AMBITIOUS PLAN TO SIMPLIFY THE WAY THE GROUP FUNCTIONS AND IMPROVE OPERATING EFFICIENCY

In 2013, the Group will launch a 3-year EUR 1.5 billion investment programme designed to simplify the way it functions and improve its operating efficiency.

The Group is aiming to improve operating efficiency in order to achieve cost savings starting in 2013 and which are expected to reach EUR 2 billion a year as of 2015. About half of these savings will come from Retail Banking, a third from CIB and a sixth from Investment Solutions. This will be achieved without closing down any businesses and with the dedication of the entire Group.

In order to maximise the benefits, General Management will head the programme and a specially-dedicated team will provide across-the-board monitoring, facilitating project management across several business units and functions.

The programme will include 5 areas for transformation (process review, system streamlining, operating simplification, customer service and cost optimisation) and across-the-board approaches to improving operating efficiency (digitisation of business processes, increased delegation, simplified internal reporting, etc.). Over 1,000 initiatives have already been identified in the Group.

ASIA PACIFIC: A REGION FOR THE GROUP TO FOCUS ITS BUSINESS DEVELOPMENT

With a workforce of nearly 8,000 persons[(1)] working for CIB and Investment Solutions, and a presence in 14 markets, the Group is one of the international banks that is best positioned in Asia Pacific where it has had a long-standing presence. CIB and Investment Solutions currently make about 12.5% of their revenues there, or EUR 2 billion.

In the fast-growing region, the Group has recognised franchises especially in Trade Finance (with 25 trade centres), Cash Management (number 5 in Asia), Fixed Income (number 1 for FX Derivatives and number 1 Interest Derivative Dealer), Equities and Advisory (number 2 Equity Derivatives Dealer), Private Banking (number 8 with 30 billion in assets under management in 2012), Insurance (7th amongst non Asian insurers), and has a strong presence in the petroleum and gas, metals and mining products sectors as well as air transport. The Group also has successful partnerships with a number of leading domestic players.

By leveraging its solid platforms, the Group's goal is to grow CIB's and Investment Solutions' revenues in Asia to over EUR 3 billion by 2016, or a compounded annualised growth rate on the order of 12%.

The Group expects to grow its financed assets by the same magnitude and, likewise, to grow the gathering of deposits in the region. Within the next three years, the Group also expects to hire about 1,300 people in the region to work in Investment Solutions and CIB.

For corporate clients, the Group will bolster the commercial organisation geared to multinational corporations as well as local large and medium-sized businesses. Thereby, it will expand its domestic client base, service global clients in Asia Pacific and its Asian clients as they take their businesses global. It will hence step up the effort with respect to Trade Finance and Cash Management and, in Fixed Income, speed up the roll out of bonds, flow products, and hedging instruments. At the same time, the Group will heighten its presence with investors rolling out Originate to Distribute, developing Asset Management and Securities Management, expanding the Private Banking client base and stepping up cross-selling between CIB and Investment Solutions. Lastly, the Group will forge new partnerships, especially in Insurance with the objective of developing business in China and Indonesia.

A member of the Executive Committee, already based in the region, will oversee the Group's business and development.

(1) Excluding partnerships.

CORE BUSINESS OUTLOOK

RETAIL BANKING

In 2013, Domestic Markets will continue its strong commitment to its clients, invest in innovation and pursue its effort to streamline operations.

It will thus prepare the retail bank of the future. For individual customers, it will expand innovative online banking services, in particular for mobile phones and continue to develop new payment solutions. For corporate customers, it will continue to expand One Bank for Corporates in association with CIB whilst continuing to acquire new customers (already 2,600 new accounts by year-end 2012) and bolstering the service offering, in particular in Cash Management, leveraging on its leading position in the eurozone. With respect to VSEs & SMEs, Domestic Markets will capitalise on the network of Small Business Centres (59 in France, 42 in Italy) and focus on developing synergies with Leasing Solutions and Arval. Private Banking will leverage its leadership position in the eurozone to grow its business in Italy and to pursue synergies with corporates and small businesses.

In Domestic Markets as a whole, the business unit will upgrade its networks based on the needs of its customers with more advisory and less transaction related services and more diversified formats.

An ambitious plan was thus unveiled in Belgium in December 2012 (Bank for the Future) designed to anticipate new customer behaviours (mobile banking, customer relations centres, less in-branch teller business and increased commercial meetings with clients) and to improve operating efficiency.

The retail banking networks outside the eurozone will roll out the Group's integrated business model whilst adapting themselves to local specificities.

Europe-Mediterranean will continue its selected business development with the opening of branches in regions with fast-paced growth (such as Morocco); adapt the set up and offering to online banking; develop business with institutional customers and grow cash management. With respect to Turkey, TEB will continue to grow its business, in particular by continuing to step up cross-selling with Investment Solutions and CIB.

At BancWest, in a more favourable economic context, the commercial offering will be expanded, in particular by developing Private Banking, closer cooperation with CIB and enhancing the Cash Management offering. Lastly, BancWest will continue to upgrade and streamline the branch network.

Personal Finance will continue to adapt to the new environment.

In France, the business unit will continue to transform its business model whilst growing Cetelem Banque's business (gathering of savings and sale of protection insurance products), implementing the process of assisting clients in a difficult position and leveraging its business alliance with BPCE (joint venture up and running on 1 January 2013) to share certain development costs.

In Italy, Personal Finance will roll out Findomestic Banca (marketing of deposit accounts and insurance products) and continue product innovation.

Lastly, the business unit will continue to develop engines of growth: in Russia by implementing the strategic alliance with Sberbank; in the automobile sector, through partnerships with European manufacturers and distributors; in the Group's retail banking networks in emerging countries, by rolling out PF Inside; and, lastly, by expanding the Internet offering.

INVESTMENT SOLUTIONS

In 2013, Investment Solutions will continue to strengthen its leadership positions in Europe with targeted clientele, in particular Ultra High Net Worth Individuals in Private Banking and institutional clients.

The business unit will continue to innovate and expand its product offering: in Securities Services, by capitalising on changes in regulations in the field of market infrastructure; in Asset Management, by developing high value added products; in all the business units, by rolling out the online banking service offering.

Investment Solutions will continue international business development in fast growing countries, in particular by bolstering platforms in Asia Pacific, Latin America and the Gulf countries. Lastly, Insurance will continue to be a powerful driver of growth within the business unit.

CORPORATE AND INVESTMENT BANKING (CIB)

In 2013, CIB will continue transforming the business model, whilst bolstering its operations in Asia and North America.

Advisory and Capital Markets will continue to expand the product offering whilst strengthening flow product platforms, developing market infrastructure access and collateral management services and continuing to grow the bond origination businesses.

Corporate Banking will continue its transformation, further increasing client deposits by expanding Cash Management whilst developing a regional approach to be closer to clients.

The roll out of Originate to Distribute will be stepped up by leveraging on already strong positions in syndication, securitisation and bond issues and by developing innovative distribution channels (debt funds).

3.7 Liquidity and financing

The Group's liquidity position is very strong.

The Group's cash balance sheet[1] totalled EUR 974 billion as at 31 December 2012. Equity, customer deposits and medium-and long-term resources represent a surplus of EUR 69 billion (of which USD 52 billion) compared to the funding needs of the client activity and tangible and intangible assets. This surplus more than doubled compared to what it was as at 31 December 2011 (EUR 31 billion) and is virtually flat compared to last quarter (EUR 71 billion). Stable resources amount to 110% of funding needs of customer activity, including tangible and intangible assets.

The Group's liquid and asset reserves immediately available totalled EUR 221 billion (compared to EUR 160 billion as at 31 December 2011), which equates to 119% of the short-term cash resources.

The Group's 2013 medium- and long-term funding programme amounts to EUR 30 billion. By the end of January 2013, EUR 11 billion have already been raised[2] from issues with an average maturity of 4.8 years and an average spread of 73 basis points above mid-swap (compared to 109 basis points on average for the 2012 programme). The Group therefore has a diversified medium- and long-term funding at good conditions, and which are improving.

3.8 Solvency

The Group's solvency is very high.

Common equity Tier 1 capital totalled EUR 65.1 billion as at 31 December 2012, up EUR 6.2 billion compared to what it was at 31 December 2011, thanks primarily to retaining most of the earnings.

Risk-weighted assets[3] were EUR 552 billion, down EUR 62 billion compared to what it was as at 31 December 2011, primarily due to the adaptation plan.

Thus, as at 31 December 2012, the common equity Tier 1 ratio, which includes the European Capital Requirements Directive 3 (CRD 3) regulatory regime that came into force at the end of 2011, was 11.8%, up 220 basis points compared to what it was as at 31 December 2011.

The Basel 3 common equity Tier 1 ratio, taking into account all the rules of the CRD 4[4] with no transitory provisions (Basel 3 fully loaded that will come into force only on 1 January 2019) was 9.9% as at 31 December 2012 and up 40 basis points compared to what it was as at 30 September 2012 due to reduction of risk-weighted assets (+15 basis points), the impact of net income from the quarter (+10 basis points) as well as the appreciation of available for sale securities (+10 basis points). It illustrates the Group's high level of solvency within the new regulations, the 9% objective by the end of 2012 set during the launch of the adaptation plan therefore being largely surpassed.

(1) Based on the banking prudential scope and after netting amounts for derivatives, repos, securities lending/borrowing and payables/receivables.

(2) Including issues at the end of 2012 on top of the 34 billion euros completed under the 2012 programme.

(3) Basel 2.5.

(4) CRD 4 as anticipated by BNP Paribas. Since CRD 4 is still being debated in the European Parliament, its directives remain subject to interpretation and can still be amended.

4

CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

The consolidated financial statements of the BNP Paribas Group are presented for the years ended 31 December 2012 and 31 December 2011. In accordance with Article 20.1 of Annex I of European Commission Regulation (EC) 809/2004, the consolidated financial statements for 2010 are provided in the registration document filed with the *Autorité des marchés financiers* on 9 March 2012 under number D.12-0145.

4.1 Profit and loss account for the year ended 31 December 2012

In millions of euros	Notes	Year to 31 Dec. 2012	Year to 31 Dec. 2011
Interest income	2.a	44,476	47,124
Interest expense	2.a	(22,731)	(23,143)
Commission income	2.b	12,601	13,695
Commission expense	2.b	(5,069)	(5,276)
Net gain/loss on financial instruments at fair value through profit or loss	2.c	3,312	3,733
Net gain/loss on available-for-sale financial assets and other financial assets not measured at fair value	2.d	1,624	280
Income from other activities	2.e	33,720	26,836
Expense on other activities	2.e	(28,861)	(20,865)
REVENUES		**39,072**	**42,384**
Operating expense		(25,007)	(24,608)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	5.n	(1,543)	(1,508)
GROSS OPERATING INCOME		**12,522**	**16,268**
Cost of risk	2.f	(3,941)	(6,797)
OPERATING INCOME		**8,581**	**9,471**
Share of earnings of associates		489	80
Net gain on non-current assets		1,792	206
Goodwill	5.o	(490)	(106)
PRE-TAX INCOME		**10,372**	**9,651**
Corporate income tax	2.g	(3,059)	(2,757)
NET INCOME		**7,313**	**6,894**
Net income attributable to minority interests		760	844
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		**6,553**	**6,050**
Basic earnings per share	8.a	5.16	4.82
Diluted earnings per share	8.a	5.15	4.81

4.2 Statement of net income and changes in assets and liabilities recognised directly in equity

In millions of euros	Year to 31 Dec. 2012	Year to 31 Dec. 2011
Net income for the period	**7,313**	**6,894**
Changes in assets and liabilities recognised directly in equity	**5,518**	**(1,748)**
Items related to exchange rate movements	113	(61)
Changes in fair value of available-for-sale financial assets, including those reclassified as loans and receivables	4,761	(2,532)
Changes in fair value of available-for-sale financial assets reported in net income, including those reclassified as loans and receivables	(284)	277
Changes in fair value of hedging instruments	559	640
Changes in fair value of hedging instruments reported in net income	6	(15)
Items related to investments in associates	363	(57)
TOTAL	**12,831**	**5,146**
Attributable to equity shareholders	11,178	4,487
Attributable to minority interests	1,653	659

4.3 Balance sheet at 31 December 2012

In millions of euros	Notes	31 December 2012	31 December 2011
ASSETS			
Cash and amounts due from central banks		103,190	58,382
Financial instruments at fair value through profit or loss			
Trading securities	5.a	143,465	157,624
Loans and repurchase agreements	5.a	146,899	153,799
Instruments designated at fair value through profit or loss	5.a	62,800	57,073
Derivative financial instruments	5.a	410,635	451,967
Derivatives used for hedging purposes	5.b	14,267	9,700
Available-for-sale financial assets	5.c	192,506	192,468
Loans and receivables due from credit institutions	5.f	40,406	49,369
Loans and receivables due from customers	5.g	630,520	665,834
Remeasurement adjustment on interest-rate risk hedged portfolios		5,836	4,060
Held-to-maturity financial assets	5.j	10,284	10,576
Current and deferred tax assets	5.k	8,661	11,570
Accrued income and other assets	5.l	99,359	93,540
Policyholders' surplus reserve	5.p	-	1,247
Investments in associates	5.m	7,040	4,474
Investment property	5.n	927	11,444
Property, plant and equipment	5.n	17,319	18,278
Intangible assets	5.n	2,585	2,472
Goodwill	5.o	10,591	11,406
TOTAL ASSETS		**1,907,290**	**1,965,283**
LIABILITIES			
Due to central banks		1,532	1,231
Financial instruments at fair value through profit or loss			
Trading securities	5.a	52,432	100,013
Borrowings and repurchase agreements	5.a	203,063	173,271
Instruments designated at fair value through profit or loss	5.a	43,530	42,044
Derivative financial instruments	5.a	404,598	447,467
Derivatives used for hedging purposes	5.b	17,286	14,331
Due to credit institutions	5.f	111,735	149,154
Due to customers	5.g	539,513	546,284
Debt securities	5.i	173,198	157,786
Remeasurement adjustment on interest-rate risk hedged portfolios		2,067	356
Current and deferred tax liabilities	5.k	3,046	3,489
Accrued expenses and other liabilities	5.l	86,691	81,010
Technical reserves of insurance companies	5.p	147,992	133,058
Provisions for contingencies and charges	5.q	10,962	10,480
Subordinated debt	5.i	15,223	19,683
TOTAL LIABILITIES		**1,812,868**	**1,879,657**
CONSOLIDATED EQUITY			
Share capital, additional paid-in capital and retained earnings		*76,102*	*70,714*
Net income for the period attributable to shareholders		*6,553*	*6,050*
Total capital, retained earnings and net income for the period attributable to shareholders		**82,655**	**76,764**
Change in assets and liabilities recognised directly in equity		3,231	(1,394)
Shareholders' equity		**85,886**	**75,370**
Retained earnings and net income for the period attributable to minority interests		8,124	10,737
Changes in assets and liabilities recognised directly in equity		412	(481)
Total minority interests		**8,536**	**10,256**
TOTAL CONSOLIDATED EQUITY		**94,422**	**85,626**
TOTAL LIABILITIES AND EQUITY		**1,907,290**	**1,965,283**

4.4 Cash flow statement for the year ended 31 December 2012

In millions of euros	Notes	Year to 31 Dec. 2012	Year to 31 Dec. 2011
Pre-tax income		**10,372**	**9,651**
Non-monetary items included in pre-tax net income and other adjustments		**8,540**	**18,975**
Net depreciation/amortisation expense on property, plant and equipment and intangible assets		3,663	3,788
Impairment of goodwill and other non-current assets		493	135
Net addition to provisions		7,004	6,359
Share of earnings of associates		(489)	(80)
Net income from investing activities		(1,783)	(246)
Net expense (income) from financing activities		217	(1,719)
Other movements		(565)	10,738
Net increase in cash related to assets and liabilities generated by operating activities		**38,424**	**11,719**
Net decrease in cash related to transactions with credit institutions		(22,052)	(11,427)
Net increase (decrease) in cash related to transactions with customers		47,028	(68,092)
Net increase in cash related to transactions involving other financial assets and liabilities		17,890	96,551
Net decrease in cash related to transactions involving non-financial assets and liabilities		(2,455)	(2,970)
Taxes paid		(1,987)	(2,343)
NET INCREASE IN CASH AND EQUIVALENTS GENERATED BY OPERATING ACTIVITIES		**57,336**	**40,345**
Net increase in cash related to acquisitions and disposals of consolidated entities	8.d	2,911	325
Net decrease related to property, plant and equipment and intangible assets		(1,631)	(1,938)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS RELATED TO INVESTING ACTIVITIES		**1,280**	**(1,613)**
Increase (decrease) in cash and equivalents related to transactions with shareholders		543	(3,910)
Decrease in cash and equivalents generated by other financing activities		(8,246)	(11,058)
NET DECREASE IN CASH AND EQUIVALENTS RELATED TO FINANCING ACTIVITIES		**(7,703)**	**(14,968)**
EFFECT OF MOVEMENT IN EXCHANGE RATES ON CASH AND EQUIVALENTS		**(1,035)**	**1,550**
NET INCREASE IN CASH AND EQUIVALENTS		**49,878**	**25,314**
Balance of cash and equivalent accounts at the start of the period		**50,329**	**25,015**
Cash and amounts due from central banks		58,382	33,568
Due to central banks		(1,231)	(2,123)
On demand deposits with credit institutions	5.f	12,099	11,273
On demand loans from credit institutions	5.f	(18,308)	(17,464)
Deduction of receivables and accrued interest on cash and equivalents		(613)	(239)
Balance of cash and equivalent accounts at the end of the period		**100,207**	**50,329**
Cash and amounts due from central banks		103,190	58,382
Due to central banks		(1,532)	(1,231)
On demand deposits with credit institutions	5.f	8,665	12,099
On demand loans from credit institutions	5.f	(9,840)	(18,308)
Deduction of receivables and accrued interest on cash and equivalents		(276)	(613)
NET INCREASE IN CASH AND EQUIVALENTS		**49,878**	**25,314**

4.5 Statement of changes in shareholders' equity

	Capital and retained earnings			
	Attributable to shareholders			
In millions of euros	Share capital and additional paid-in capital	Undated Super Subordinated Notes	Non-distributed reserves	Total
Capital and retained earnings at 31 December 2010	**25,711**	**8,029**	**40,723**	**74,463**
Appropriation of net income for 2010			**(2,521)**	**(2,521)**
Increases in capital and issues	396			396
Reduction in capital				
Impact of redemption of undated super subordinated notes			114	114
Movements in own equity instruments	(427)	(768)	91	(1,104)
Share-based payment plans			65	65
Remuneration on preferred shares and undated super subordinated notes			(295)	(295)
Impact of internal transactions on minority shareholders (note 8.c)			(80)	(80)
Change in consolidation method impacting minority shareholders			(8)	(8)
Acquisitions of additional interests or partial sales of interests (note 8.c)			(292)	(292)
Change in commitments to repurchase minority shareholders' interests			3	3
Other movements	(2)		(25)	(27)
Change in assets and liabilities recognised directly in equity				
Net income for 2011			**6,050**	**6,050**
Interim dividend payments				
Capital and retained earnings at 31 December 2011	**25,678**	**7,261**	**43,825**	**76,764**
Appropriation of net income for 2011			**(1,430)**	**(1,430)**
Increases in capital and issues	1,153			1,153
Reduction in capital	(378)			(378)
Movements in own equity instruments	268	(20)	(46)	202
Share-based payment plans			72	72
Remuneration on preferred shares and undated super subordinated notes			(280)	(280)
Impact of internal transactions on minority shareholders (note 8.c)			8	8
Change in consolidation method impacting minority shareholders				
Acquisitions of additional interests or partial sales of interests (note 8.c)				
Change in commitments to repurchase minority shareholders' interests			5	5
Other movements	(7)		(7)	(14)
Change in assets and liabilities recognised directly in equity				
Net income for 2012			**6,553**	**6,553**
Interim dividend payments				
Capital and retained earnings at 31 December 2012	**26,714**	**7,241**	**48,700**	**82,655**

between 1 Jan. 2011 and 31 Dec. 2012

			Changes in assets and liabilities recognised directly in equity					
Minority interests			Attributable to shareholders					
Capital and retained earnings	Preferred shares eligible as Tier 1 capital	Total	Exchange rates	Financial assets available for sale and reclassified as loans and receivables	Derivatives used for hedging purposes	Total	Minority interests	Total equity
9,401	**1,892**	**11,293**	**(401)**	**(14)**	**584**	**169**	**(296)**	**85,629**
(462)		**(462)**						**(2,983)**
								396
	(500)	(500)						(500)
								114
								(1,104)
								65
(117)		(117)						(412)
80		80						
63		63						55
(477)		(477)						(769)
(16)		(16)						(13)
65	3	68						41
			(44)	(2,182)	663	(1,563)	(185)	(1,748)
844		**844**						**6,894**
(39)		(39)						(39)
9,342	**1,395**	**10,737**	**(445)**	**(2,196)**	**1,247**	**(1,394)**	**(481)**	**85,626**
(232)		**(232)**						**(1,662)**
								1,153
(250)	(683)	(933)						(1,311)
10		10						212
								72
(86)		(86)						(366)
(11)		(11)						(3)
(2,027)		(2,027)						(2,027)
(4)		(4)						(4)
(15)		(15)						(10)
(81)	40	(41)						(55)
			(51)	4,345	331	4,625	893	5,518
760		**760**						**7,313**
(34)		(34)						(34)
7,372	**752**	**8,124**	**(496)**	**2,149**	**1,578**	**3,231**	**412**	**94,422**

4.6 Notes to the financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED BY THE BNP PARIBAS GROUP

1.a APPLICABLE ACCOUNTING STANDARDS

The consolidated financial statements of the BNP Paribas Group have been prepared in accordance with international accounting standards (International Financial Reporting Standards – IFRS), as adopted for use in the European Union[1]. Accordingly, certain provisions of IAS 39 on hedge accounting have been excluded, and certain recent texts have not yet undergone the approval process.

In the consolidated financial statements at 31 December 2012, the Group has adopted the amendment to IFRS 7 "Financial Instruments: Disclosures – Transfers of Financial Assets" adopted by the European Union on 23 November 2011 (see note 5.r). This amendment has no impact on the recognition and measurement of transactions.

The introduction of other standards, which are mandatory as of 1 January 2012, has no effect on the 2012 financial statements.

The Group did not choose to early-adopt the new standards, amendments, and interpretations adopted by the European Union whose application in 2012 was optional.

As of 1 January 2013, in accordance with the amendment to IAS 19 "Employee Benefits" adopted in June 2012 by the European Union, the retirement benefit liability will be recognised in the Group's balance sheet taking into account actuarial gains or losses which would not have been recognised or amortised at this date. This liability will thus be increased by EUR 412 million and by EUR 570 million respectively at 1 January 2012 and 31 December 2012 in the restated 2012 accounts presented in the 2013 financial statements; the 2012 pre-tax income will therefore be increased accordingly by EUR 7 million.

On 29 December 2012, the European Union adopted the amendment to IAS 32 "Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities", IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", and the amended IAS 28 "Investments in Associates and Joint Ventures", mandatory for financial periods starting on or after 1 January 2014, and IFRS 13 "Fair Value Measurement", applicable prospectively for financial periods starting on or after 1 January 2013. The Group is in the process of analysing the potential impacts of these new standards on the consolidated financial statements.

Information on the nature and extent of risks relating to financial instruments as required by IFRS 7 "Financial Instruments: Disclosures" and to insurance contracts as required by IFRS 4 "Insurance Contracts", along with information on regulatory capital required by IAS 1 "Presentation of Financial Statements" is presented in Chapter 5 of the Annual Report. This information, which is an integral part of the notes to the BNP Paribas Group's consolidated financial statements, is covered by the opinion of the Statutory Auditors concerning the consolidated financial statements, and is identified in the Annual Report by the word "Audited".

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 its contribution to the consolidated financial statements is below the following three thresholds: EUR 15 million of consolidated Revenues, EUR 1 million of consolidated gross operating income or net income before tax, EUR 500 million of 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.

(1) The full set of standards adopted for use in the European Union can be found on the website of the European Commission at: http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission.

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 (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 the 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 using 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 decisions 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 to companies developed in partnership with other groups, where the BNP Paribas Group participates in strategic decisions 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 senior managers 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 on the assets side of the balance sheet under "Investments in associates" and in the relevant component of shareholders' equity. Goodwill on associates is also included under "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 within consolidated equity. The calculation of minority interests takes into account the outstanding cumulative preferred shares classified as equity instruments issued by subsidiaries, when such shares are held outside the Group.

Transactions resulting in a loss of control completed prior to 1 January 2010 gave rise to the recognition of a gain or loss equal to the difference between the sale price and the Group's share in the underlying equity. For transactions completed after 1 January 2010, the revised IAS 27 required any equity interest retained by the Group to be remeasured at its fair value through profit or loss.

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 from the translation of balance sheet items and profit and loss items are recorded in shareholders' equity under "Exchange rates" 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 to zero all translation differences, by booking all cumulative translation differences attributable to shareholders and to minority interests in the opening balance sheet at 1 January 2004 to retained earnings.

On liquidation or disposal of some or all of an interest held in a foreign enterprise located outside the euro zone, leading to a change in the nature of the investment (loss of control, significant influence or joint control), the cumulative translation adjustment recorded in equity at the date of the liquidation or sale is recognised in the profit and loss account.

Should the percentage interest held change without any modification in the nature of the investment, the translation adjustment is reallocated between the portion attributable to shareholders and that attributable to minority interests, if the enterprise is fully consolidated. For associates and joint ventures, the portion related to the interest sold is recognised in the profit and loss account.

1.b.4 Business combinations and measurement of goodwill

Business combinations

Business combinations are accounted for using the purchase method.

Under this method, the acquiree's identifiable assets and liabilities assumed 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 acquiree's contingent liabilities are not recognised in the consolidated balance sheet unless they represent a present obligation on the acquisition date and their fair value can be measured reliably.

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued to obtain control of the acquiree. Costs directly attributable to the business combination are treated as a separate transaction and recognised through profit or loss.

Any contingent consideration is included in the cost, as soon as control is obtained, at its fair value on the date when control was acquired. Subsequent changes in the value of any contingent consideration recognised as a financial liability are recognised through profit or loss.

The Group may recognise any adjustments to the provisional accounting within 12 months of the acquisition date.

Goodwill represents the difference between the cost of the combination and the acquirer's interest in the net fair value of the identifiable assets and liabilities of the acquiree at the acquisition date. Positive goodwill is recognised in the acquirer's balance sheet, while negative goodwill is recognised immediately in profit or loss, on the acquisition date. Minority interests are measured at their share of the fair value of the acquiree's identifiable assets and liabilities. However, for each business combination, the Group can elect to measure minority interests at fair value, in which case a proportion of goodwill is allocated to them. To date, the Group has never used this latter option.

Goodwill is recognised in the functional currency of the acquiree and translated at the closing exchange rate.

On the acquisition date, any previously held equity interest in the acquiree is remeasured at its fair value through profit or loss. In the case of a step acquisition, the goodwill is therefore determined by reference to the acquisition-date fair value.

Since the revised IFRS 3 is applied prospectively, business combinations completed prior to 1 January 2010 were not restated for the effects of changes to IFRS 3.

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 of IFRS 3.

Measurement of goodwill

The BNP Paribas Group tests goodwill for impairment on a regular basis.

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 approach. It is reviewed on a regular basis in order to take account of events likely to affect the composition of cash-generating units, such as acquisitions, disposals and major reorganisations.

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, and the goodwill is written down by the excess of the carrying amount of the unit over its recoverable amount.

(1) As defined by IAS 36.

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 changes in the relative positioning of the unit's activities on their market. 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 or equivalent, 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 when the probability of drawdown is low, or when 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 obligations for BNP Paribas: an obligation to pay interest on the savings for an indefinite period, at a rate set by the government at the 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 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 at the 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 with respect to 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 are equivalent to:

- for the loan phase: statistically probable loans outstanding and actual loans outstanding;
- 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 the reinvestment rate and the fixed savings interest rate on at-risk savings outstanding for the period in question. Earnings for future periods from the loan phase are estimated as the difference between the refinancing rate and the fixed loan interest rate on at-risk loans outstanding 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 fixed rate home loans in the case of the loan phase and products offered to individual clients 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 with respect to 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 into one of four categories.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are composed of:

- financial assets held for trading purposes;
- financial assets that the Group has designated, on initial recognition, 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 into 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.

Loans and receivables

Securities with fixed or determinable payments that are not traded on an active market, apart from securities for which the owner may not recover almost all of its initial investment due to reasons other than credit deterioration, are classified as "Loans and receivables" if they do not meet the criteria to be classified as "Financial assets at fair value through profit or loss." These securities are measured and recognised as described in section 1.c.1.

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 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" or "Loans and receivables".

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 at fair value, with changes in fair value (excluding accrued interest) shown on a separate line in shareholders' equity. Upon 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". The same applies in the event of impairment.

Income recognised using the effective interest method for fixed-income available-for-sale securities is recorded under "Interest income" in the profit and loss account. Dividend income from variable-income securities is recognised under "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 on the balance sheet except in the case of repurchase agreements contracted for trading purposes where the corresponding liability is classified under "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 under "Loans and receivables" except in the case of reverse repurchase agreements contracted for trading purposes, where the corresponding receivable is recognised under "Financial assets at fair value through profit or loss".

Securities lending transactions do not result in derecognition of the lent securities, and securities borrowing transactions do not result in recognition of the borrowed securities on the balance sheet. In cases where the borrowed securities are subsequently sold by the Group, the obligation to deliver the borrowed securities on maturity is recognised on 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 substantially transferred all the risks and rewards related 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, depend on 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 from 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 under "Financial assets at fair value through profit or loss", and in shareholders' equity if the asset is classified under "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 and restucturing 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 reliably measured. Loans are initially assessed for evidence of impairment 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 an individual level, objective evidence that a financial asset is impaired includes observable data regarding the following events:

- the existence of accounts that are 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 meets significant financial difficulty, such that a risk can be considered to have arisen regardless of whether the borrower has missed any payments;
- concessions with respect to the credit terms granted to the borrower that the lender would not have considered had the borrower not been meeting financial difficulty (see section "Restructuring of assets classified as «Loans and receivables»").

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 recognised in 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 theoretical income 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 under "Interest income" in the profit and loss account.

Impairment losses on 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 is 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 have been waived.

Counterparties that are not individually impaired are risk-assessed on a portfolio basis 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 recognised in 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 with respect to 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.

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(1) Monetary assets and liabilities are assets and liabilities to be received or paid in fixed or determinable amounts of cash.

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, the control system identifies securities that may be impaired on a long term basis and is based on criteria such as a significant decline in quoted price below the acquisition cost or a prolonged decline, which prompts the Group to carry out an additional individual qualitative analysis. This may lead to the recognition of an impairment loss calculated on the basis of the quoted price.

Apart from the identification criteria, the Group has determined three indications of impairment, one being a significant decline in price, defined as a fall of more than 50% of the acquisition price, another being a prolonged decline over two consecutive years and the final one being a decline on average of at least 30% over an observation period of one year. The Group believes that a period of two years is what is necessary for a moderate decline in price below the purchase cost to be considered as something more than just the effect of random volatility inherent in the stock markets or a cyclical change lasting a few years, but which represents a lasting phenomenon justifying an impairment.

A similar method is applied for variable-income securities not quoted in an active market. Any impairment is then determined based on the model value.

In the case of fixed-income securities, impairment is assessed based on the same criteria applied to individually impaired loans and receivables. For securities quoted in an active market, impairment is determined based on the quoted price. For all the others, it is determined based on model value.

Impairment losses taken against variable-income securities are recognised as a component of Revenues on the line "Net gain/loss on available-for-sale financial assets", and may not be reversed through the profit and loss account until these securities 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 under "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.

Restructuring of assets classified as "loans and receivables"

The restructuring of an asset classified in loans and receivables is considered to be a troubled debt restructuring when the Bank, for economic or legal reasons related to the borrower's financial difficulties, agrees to a modification of terms of the original transaction that it would not otherwise consider, resulting in the borrower's contractual obligation to the Bank, measured at present value, being reduced compared with the original terms.

At the time of restructuring, a discount is applied to the loan to reduce its carrying amount to the present value of the new expected future cash flows discounted at the original effective interest rate.

The decrease in the asset value is recognised in profit and loss under "Cost of risk".

When the restructuring consists of a partial or full settlement with other substantially different assets, the original debt (see note 1.c.14) and the assets received in settlement are recognised at their fair value on the settlement date. The difference in value is recognised in profit or loss under "Cost of risk".

1.c.6 Reclassification of financial assets

The only authorised reclassifications of financial assets are the following:

- for a non-derivative financial asset which is no longer held for the purposes of selling it in the near-term, out of "Financial assets at fair value through profit or loss" and into:
  - "Loans and receivables" if the asset meets the definition for this category and the Group has the intention and ability to hold the asset for the foreseeable future or until maturity, or
  - other categories only under rare circumstances when justified and provided that the reclassified assets meet the conditions applicable to the host portfolio;
- out of "Available-for-sale financial assets" and into:
  - "Loans and receivables" with the same conditions as set out above for "Financial assets at fair value through profit or loss,
  - "Held-to-maturity financial assets," for assets that have a maturity, or "Financial assets at cost," for unlisted variable-income assets.

Financial assets are reclassified at fair value, or at the value calculated by a model, on the reclassification date. Any derivatives embedded in the reclassified financial assets are recognised separately and changes in fair value are recognised through profit or loss.

After reclassification, assets are recognised according to the provisions applied to the host portfolio. The transfer price on the reclassification date is deemed to be the initial cost of the asset for the purpose of determining any impairment.

In the event of reclassification from "available-for-sale financial assets" to another category, gains or losses previously recognised through equity are amortised to profit or loss over the residual life of the instrument using the effective interest method.

Any upward revisions to the estimated recoverable amounts are recognised through an adjustment to the effective interest rate as of the date on which the estimate is revised. Downward revisions are recognised through an adjustment to the financial asset's carrying amount.

1.c.7 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 is required 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.8 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 derivatives if they are settled in cash, or by choice, depending on 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.

If the contract includes an obligation, whether contingent or not, for the bank to repurchase its own shares, the bank must recognise the present value of the debt with an offsetting entry in equity.

1.c.9 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 recognised in 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 particularly used 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 particularly used to hedge interest rate risk on floating-rate assets and liabilities, including rollovers, and foreign exchange risks on highly probable forecast foreign currency revenues.

At the inception of the hedge, the Group prepares formal documentation which details 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 hedged, the hedging instrument, and the methods used to assess the effectiveness of the hedging relationship.

On inception and at least quarterly, the Group assesses, in consistency with the original documentation, the actual (retrospective) and expected (prospective) effectiveness of the hedging relationship. Retrospective effectiveness tests are designed to assess whether the ratio of actual changes in the fair value or cash flows of the hedging instrument to those in the hedged item is 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.

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 recognised in 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 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 measured 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 category to which they belong.

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. Hedging instruments may be currency derivatives or any other non-derivative financial instrument.

Embedded derivatives

Derivatives embedded in hybrid financial instruments are separated 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.10 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).

Fair value is determined:

- based on 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 resulting from the absence of an active market.

Whether or not a market is active is determined by a variety of factors. Characteristics of an inactive market include a significant decline in the volume and level of trading activity in identical or similar instruments, reduced availability of prices from information providers, a significant variation in available prices between market participants or a lack of recent observed transaction prices.

Use of quoted prices in an active market

If quoted prices in an active market are available, they are used to determine fair value. These represent directly quoted prices for identical instruments.

Use of models to value unquoted financial instruments

The majority of over-the-counter derivatives 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.

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.

The valuation derived from 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.

Similarly, a counterparty risk adjustment is included in the valuation derived from the model in order to reflect the credit quality of the derivative instrument.

The margin generated when these financial instruments are traded is taken to the profit and loss account immediately.

Other illiquid complex financial instruments are valued using internally-developed techniques, that are based on data which are entirely or partly not observable in active markets.

In the absence of observable inputs, 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 in 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.

Lastly, the fair value of unlisted equity securities is measured in 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 points of reference are 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 calculated using the most recent information available.

1.c.11 Financial assets and liabilities designated at fair value through profit or loss (fair value option)

Financial assets or financial liabilities may be designated on initial recognition as at fair value through profit or loss, in the following cases:

- hybrid financial instruments containing one or more embedded derivatives which otherwise would have been separated 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;
- when a group of financial assets and/or financial liabilities is managed and measured on the basis of fair value, in accordance with a documented risk management and investment strategy.

1.c.12 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 into account all fees received or paid that are an integral part of the effective interest rate of the contract, transaction costs, and premiums and discounts.

The method used by the Group to recognise service-related commission income and expenses depends on 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 "Commission income and expense". Commission payable or receivable for recurring services is recognised over the term of the service, also under "Commission income and expense".

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 Revenues.

External costs that are directly attributable to an issue of new shares are deducted from equity net of all related taxes.

1.c.13 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 with respect to 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.14 Derecognition of financial assets and financial liabilities

The Group derecognises all or part of a financial asset either when the contractual rights to the cash flows from the asset expire or 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.15 Offsetting 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.

Repurchase agreements and derivatives traded with clearing houses that meet the two criteria set out in the accounting standard are offset in the balance sheet.

4

1.d ACCOUNTING STANDARDS SPECIFIC TO INSURANCE BUSINESS

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 are comprised of 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 a share of actual profits as a supplement to guaranteed benefits.

Liabilities relating to other financial contracts, which are covered by IAS 39, are shown in "Due to customers".

Unit-linked contract liabilities are measured in 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.

In the event of an unrealised loss on shadow accounted assets, a policyholders' loss reserve is recognised on the assets side of the consolidated balance sheet in an amount equal to the probable deduction from the policyholders' future profit share. The recoverability of the policyholders' loss reserve is assessed prospectively, taking into account policyholders' surplus reserves recognised elsewhere, capital gains on financial assets that are not shadow accounted due to accounting elections made (held-to-maturity financial assets and property investments measured at cost) and the company's ability and intention to hold the assets carrying the unrealised loss. The policyholders' loss reserve is recognised symmetrically with the corresponding assets and shown on the assets side of the balance sheet under the line item "Accrued income and other assets".

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, EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment and intangible assets shown in the consolidated balance sheet are composed of 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 the 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 which may require replacement at regular intervals, or which have different uses or generate economic benefits at different rates, 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".

1.f LEASES

Group companies may either be 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 expenses 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 payments, 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 12 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 cash generating unit, 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 resell.

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 and retirement bonuses in France and pension plans in other countries, some of which are operated through pension funds.

Short-term benefits

The Group recognises an expense when it has used services rendered by employees in exchange for employee benefits.

Long-term benefits

These are benefits, other than post-employment benefits and termination benefits, which are not settled fully within 12 months after the employees render the related service. This relates, in particular, to compensation deferred for more than 12 months and not linked to the BNP Paribas share price, 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 as is the effect of any plan amendments.

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 these benefits. Termination benefits due more than 12 months after the balance sheet date are discounted.

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 do not require a provision. The amount of the 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 demographic and financial assumptions into account.

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 into account 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.

When 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 causing 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 of 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 costs 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", with respect to defined-benefit plans, is comprised of the current service cost (the rights vested by 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 granted to the employee.

The Group grants employees stock subscription option plans and deferred share-based or share price-linked cash-settled compensation plans, and also offers them the possibility to purchase specially-issued BNP Paribas shares at a discount, on condition that they retain the shares for a specified period.

Stock option and share award plans

The expense related to stock option and share award plans is recognised over the vesting period, if the benefit is conditional upon the grantee's continued employment.

Stock options and share award expenses are recorded under salary and employee benefits expenses, with a corresponding adjustment to shareholders' equity. They are 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, financial valuation models are used that take into account any performance conditions related to the BNP Paribas share price. The total expense of a plan is determined by multiplying the unit value per option or share awarded by the estimated number of options or shares awarded vested at the end of the vesting period, taking into account the 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 price value of BNP Paribas shares.

Share price-linked cash-settled deferred compensation plans

The expense related to these plans is recognised in the year during which the employee rendered the corresponding services.

If the payment of share-based variable compensation is explicitly subject to the employee's continued presence at the vesting date, the services are presumed to have been rendered during the vesting period and the corresponding compensation expense is recognised on a pro rata basis over that period. The expense is recognised under salary and employee benefits expenses with a corresponding liability in the balance sheet. It is revised to take into account any non-fulfilment of the continued presence or performance conditions and the change in BNP Paribas share price.

If there is no continued presence condition, the expense is not deferred, but recognised immediately with a corresponding liability in the balance sheet. This is then revised on each reporting date until settlement to take into account any performance conditions and the change in the BNP Paribas share price.

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 when measuring the benefit to the employees, which is reduced accordingly. Therefore, the benefit 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 the same tax group, they fall under the jurisdiction of a single tax authority, and there is a legal right to offset.

Current and deferred taxes are recognised as tax income or expenses in the profit and loss account, excepted for 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 CASH FLOW STATEMENT

The cash and cash equivalents balance is composed of the net balance of cash accounts and accounts with central 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).

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 the preparation of the financial statements when making their estimates. The actual future results from operations where managers have made use of estimates may in reality differ significantly from those estimates, mainly according to market conditions. 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 active 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;
- whether a market is active or inactive for the purposes of using a valuation technique;
- impairment losses on variable-income financial assets classified as "Available-for-sale";
- impairment tests performed on intangible assets;
- the appropriateness of the designation of certain derivative instruments such 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 2012

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 a derivative instrument. 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 under "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. Similarly, interest income and expense arising from derivatives used to hedge transactions designated as at fair value through profit or loss is allocated to the same accounts as the interest income and expense relating to the underlying transactions.

	Year to 31 Dec. 2012			Year to 31 Dec. 2011		
In millions of euros	Income	Expense	Net	Income	Expense	Net
Customer items	**29,093**	**(9,375)**	**19,718**	**29,146**	**(8,740)**	**20,406**
Deposits, loans and borrowings	27,622	(9,246)	18,376	27,424	(8,388)	19,036
Repurchase agreements	21	(79)	(58)	61	(203)	(142)
Finance leases	1,450	(50)	1,400	1,661	(149)	1,512
Interbank items	**1,719**	**(2,562)**	**(843)**	**2,102**	**(2,621)**	**(519)**
Deposits, loans and borrowings	1,645	(2,281)	(636)	1,905	(2,274)	(369)
Repurchase agreements	74	(281)	(207)	197	(347)	(150)
Debt securities issued	**-**	**(3,445)**	**(3,445)**	**-**	**(4,025)**	**(4,025)**
Cash flow hedge instruments	**2,849**	**(2,477)**	**372**	**2,903**	**(2,535)**	**368**
Interest rate portfolio hedge instruments	**2,146**	**(3,577)**	**(1,431)**	**1,519**	**(2,712)**	**(1,193)**
Financial instruments at fair value through profit or loss	**2,293**	**(1,295)**	**998**	**4,518**	**(2,510)**	**2,008**
Fixed-income securities	1,438	-	1,438	2,435	-	2,435
Loans/Borrowings	207	(360)	(153)	357	(528)	(171)
Repurchase agreements	648	(814)	(166)	1,726	(1,776)	(50)
Debt securities	-	(121)	(121)	-	(206)	(206)
Available-for-sale financial assets	**5,889**	**-**	**5,889**	**6,268**	**-**	**6,268**
Held-to-maturity financial assets	**487**	**-**	**487**	**668**	**-**	**668**
TOTAL INTEREST INCOME/(EXPENSE)	**44,476**	**(22,731)**	**21,745**	**47,124**	**(23,143)**	**23,981**

Interest income on individually impaired loans amounted to EUR 610 million in the year ended 31 December 2012 compared with EUR 554 million in the year ended 31 December 2011.

2.b COMMISSION INCOME AND EXPENSE

Commission income and expense on financial instruments not measured at fair value through profit or loss amounted to EUR 3,258 million and EUR 601 million respectively in 2012, compared with income of EUR 3,583 million and expense of EUR 596 million in 2011.

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 2,298 million in 2012, compared with EUR 2,454 million in 2011.

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).

In millions of euros	Year to 31 Dec. 2012	Year to 31 Dec. 2011
Trading book	**5,505**	**952**
Debt instruments	2,066	(297)
Equity instruments	3,132	455
Other derivatives	307	806
Repurchase agreements	-	(12)
Financial instruments designated at fair value through profit or loss	**(2,818)**	**2,891**
Of which debt remeasurement effect arising from BNPP Group issuer risk (note 5.a)	*(1,617)*	*1,190*
Impact of hedge accounting	**16**	**(117)**
Fair value hedges	258	(1,989)
Hedged items in fair value hedge	(242)	1,872
Remeasurement of currency positions	**609**	**7**
TOTAL	**3,312**	**3,733**

Net gains on the trading book in 2012 and 2011 include a non-material amount related to the ineffective portion of cash flow hedges.

2.d NET GAIN/LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS AND OTHER FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE

In millions of euros	Year to 31 Dec. 2012	Year to 31 Dec. 2011
Loans and receivables, fixed-income securities(1)	**839**	**(408)**
Disposal gains and losses	839	(408)
Equities and other variable-income securities	**785**	**688**
Dividend income	515	453
Additions to impairment provisions	(465)	(731)
Net disposal gains	735	966
TOTAL	**1,624**	**280**

(1) *Interest income from fixed-income financial instruments 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).*

After the impact of insurance policyholders' surplus reserve, unrealised gains and losses previously recorded under "Change in assets and liabilities recognised directly in shareholders' equity" and included in the pre-tax income, amount to a gain of EUR 445 million for the year ended 31 December 2012 compared with a net gain of EUR 742 million for the year ended 31 December 2011.

The application of the automatic impairment criteria and qualitative analysis led to a first impairment of variable-income securities, for the following amounts:

- EUR 45 million linked to a decline in price of more than 50% of the acquisition price (EUR 44 million in 2011);
- EUR 8 million linked to the observation of an unrealised loss over two consecutive years (EUR 23 million in 2011);
- EUR 11 million linked to the observation of an unrealised loss of at least an average of 30% over one year (not used in 2011);
- EUR 54 million linked to an additional qualitative analysis (EUR 73 million in 2011).

2.e NET INCOME FROM OTHER ACTIVITIES

In millions of euros	Year to 31 Dec. 2012			Year to 31 Dec. 2011		
	Income	Expense	Net	Income	Expense	Net
Net income from insurance activities	24,715	(21,460)	3,255	18,204	(14,559)	3,645
Net income from investment property	375	(178)	197	1,301	(500)	801
Net income from assets held under operating leases	5,871	(4,844)	1,027	5,627	(4,567)	1,060
Net income from property development activities	1,214	(1,006)	208	216	(41)	175
Other net income	1,545	(1,373)	172	1,488	(1,198)	290
TOTAL NET INCOME FROM OTHER ACTIVITIES	**33,720**	**(28,861)**	**4,859**	**26,836**	**(20,865)**	**5,971**

The decrease in net income from investment properties is due to the loss of control over Klépierre at the end of the first quarter 2012 (see note 8.d).

➤ NET INCOME FROM INSURANCE ACTIVITIES

In millions of euros	Year to 31 Dec. 2012	Year to 31 Dec. 2011
Gross premiums written	19,813	16,288
Policy benefit expenses	(15,267)	(12,484)
Movement in technical reserves	(4,246)	1,572
Change in value of admissible investments related to unit-linked policies	3,361	(1,597)
Reinsurance ceded	(519)	(361)
Other income and expense	113	227
TOTAL NET INCOME FROM INSURANCE ACTIVITIES	**3,255**	**3,645**

"Policy benefit expenses" include 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 policies. Interest paid on such contracts is recognised in "Interest expense".

2.f COST OF RISK

"Cost of risk" represents the net amount of impairment losses recognised in respect to credit risks inherent in the Group's banking intermediation activities, plus any impairment losses in the cases of known counterparty risks on over-the-counter financial instruments.

Cost of risk for the period

➤ COST OF RISK FOR THE PERIOD

In millions of euros	Year to 31 Dec. 2012	Year to 31 Dec. 2011
Net allowances to impairment	(4,173)	(6,751)
of which Greek sovereign debt[(1)]	*(62)*	*(3,241)*
Recoveries on loans and receivables previously written off	714	514
Irrecoverable loans and receivables not covered by impairment provisions	(482)	(560)
TOTAL COST OF RISK FOR THE PERIOD	**(3,941)**	**(6,797)**

(1) *The impairment allowance relating to Greek sovereign debt recognised in 2011 resulted from the release in cost of risk of the change in value recognised in equity on the date when these securities were reclassified as loans and receivables (see note 4), i.e. EUR 1,296 million, and from additional impairment assuming a 75% loss of their par value.*

➤ COST OF RISK FOR THE PERIOD BY ASSET TYPE

In millions of euros	Year to 31 Dec. 2012	Year to 31 Dec. 2011
Loans and receivables due from credit institutions	6	47
Loans and receivables due from customers	(3,769)	(6,085)
Available-for-sale financial assets	(13)	(569)
Held-to-maturity financial assets	-	(22)
Financial instruments on trading activities	(118)	(132)
Other assets	(8)	4
Off-balance sheet commitments and other items	(39)	(40)
TOTAL COST OF RISK FOR THE PERIOD	**(3,941)**	**(6,797)**

Provisions for impairment: credit risks

➤ MOVEMENT IN IMPAIRMENT PROVISIONS DURING THE PERIOD

In millions of euros	Year to 31 Dec. 2012	Year to 31 Dec. 2011
TOTAL IMPAIRMENT PROVISIONS AT START OF PERIOD	**30,675**	**29,783**
Net allowance to impairment	4,173	6,005
of which Greek sovereign debt	*62*	*2,395*
Utilisation of impairment provisions	(6,007)	(3,935)
Effect of exchange rate movements and other items	(424)	(1,178)
TOTAL IMPAIRMENT PROVISIONS AT END OF PERIOD	**28,417**	**30,675**

➤ IMPAIRMENT PROVISION BY ASSET TYPE

In millions of euros	31 December 2012	31 December 2011
Impairment of assets		
Loans and receivables due from credit institutions *(note 5.f)*	537	707
Loans and receivables due from customers *(note 5.g)*	26,525	27,958
Financial instruments on trading activities	276	598
Available-for-sale financial assets *(note 5.c)*	69	162
Held-to-maturity financial assets	-	223
Other assets	34	36
TOTAL IMPAIRMENT PROVISIONS AGAINST FINANCIAL ASSETS	**27,441**	**29,684**
of which specific provisions	*23,100*	*24,818*
of which collective provisions	*4,341*	*4,866*
Provisions recognised as liabilities		
Provisions for off-balance sheet commitments		
to credit institutions	45	23
to customers	451	478
Other items subject to provisions	480	490
TOTAL PROVISIONS RECOGNISED AS LIABILITIES *(note 5.q)*	**976**	**991**
of which specific provisions	807	858
of which collective provisions	169	133
TOTAL IMPAIRMENT PROVISIONS	**28,417**	**30,675**

2.g CORPORATE INCOME TAX

Reconciliation of the effective tax expense to the theoretical tax expense at standard tax rate in France[1]	Year to 31 Dec. 2012		Year to 31 Dec. 2011	
	in millions of euros	Tax rate	in millions of euros	Tax rate
Corporate income tax expense on pre-tax income at standard tax rate in France[2]	**(3,745)**	**36.1%**	**(3,493)**	**36.1%**
Differential effect in tax rates applicable to foreign entities	216	-2.1%	187	-1.9%
Effect of dividends and securities disposals taxed at reduced rate	337	-3.3%	169	-1.7%
Tax effect on previously unrecognised deferred taxes (tax losses and temporary differences)	163	-1.6%	244	-2.5%
Tax effect of using tax losses for which no deferred tax asset was previously recognised	9	-0.1%	29	-0.3%
Other items	(39)	0.5%	107	-1.2%
Corporate income tax expense	**(3,059)**	**29.5%**	**(2,757)**	**28.5%**
of which				
Current tax expense for the year to 31 December	*(2,696)*		*(2,070)*	
Deferred tax expense for the year to 31 December (note 5.k)	*(363)*		*(687)*	

(1) Including the 3.3% social security contribution tax and the exceptional 5% contribution calculated on French corporate tax at 33.33%, lifting it to 36.1%.
(2) Restated for the share of income from companies accounted for under the equity method and goodwill amortisation.

Note 3 SEGMENT INFORMATION

The Group is composed of three core businesses:

- Retail Banking (RB), which covers Domestic Markets, Personal Finance, and International Retail Banking. Domestic Markets include retail banking networks in France (FRB), Italy (BNL banca commerciale), Belgium (BRB), and Luxembourg (LRB), as well as certain specialised retail banking divisions (Personal Investors, Leasing Solutions and Arval). International Retail Banking is composed of all BNP Paribas Group retail banking businesses out of the Eurozone, split between Europe Mediterranean and BancWest in the United States;
- Investment Solutions (IS), which includes Wealth Management; Investment Partners – covering all of the Group's Asset Management businesses; Securities Services to management companies, financial institutions and other corporations; Insurance and Real Estate Services;
- Corporate and Investment Banking (CIB), which includes Advisory & Capital Markets (Equities and Equity Derivatives, Fixed Income & Forex, Corporate Finance) and Corporate Banking (Specialised and Structured Financing, Corporate Deposit Line) businesses.

Other activities mainly include Principal Investments, Klépierre[1] property investment company, and the Group's corporate functions.

They also include non-recurring items resulting from applying the rules on business combinations. In order to provide consistent and relevant economic information for each core business, the impact of amortising fair value adjustments recognised in the net equity of entities acquired and restructuring costs incurred in respect to the integration of entities have been allocated to the "Other Activities" segment.

Inter-segment transactions are conducted at arm's length. The segment information presented comprises agreed inter-segment transfer prices.

The capital allocation is carried out on the basis of risk exposure, taking into account various conventions 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 segment is determined by attributing to each segment the income of its allocated equity.

(1) The Klépierre group was fully consolidated until 14 March 2012, then, following the partial disposal of the Group's interest, Klépierre has been consolidated under the equity method (see note 8.d).

So as to be comparable with 2012, the segment information for 2011 has been restated of the following three main effects as if these had occurred from 1 January 2011:

- in the context of the change in the organisational structure of the Group, a set of Domestic Markets was created. It includes Personal Investors, which is thus no longer included in the Investment Solutions core business;
- the capital allocated to each business is now based on 9% of risk-weighted assets, compared to 7% previously;
- the contribution to the deposits guarantee fund in Belgium had initially been booked in “Other Activities”, while waiting for a definition of the Belgian bank levy which was still pending. This new definition is applicable in 2012 and replaces the contribution to the deposits guarantee fund. So as to be comparable, this tax is re-attributed to BRB (EUR -107 million in 2011).

The corresponding differences were accounted for under “Other Activities” so as not to affect the Group’s pre-tax income.

Information by business segment

➤ INCOME BY BUSINESS SEGMENT

In millions of euros	Year to 31 Dec. 2012						Year to 31 Dec. 2011					
	Revenues	Operating expense	Cost of risk	Operating income	Non-operating items	Pre-tax income	Revenues	Operating expense	Cost of risk	Operating income	Non-operating items	Pre-tax income
Retail Banking												
Domestic Markets												
French Retail Banking[(1)]	**6,797**	(4,384)	(315)	**2,098**	3	**2,101**	**6,786**	(4,462)	(315)	**2,009**	2	**2,011**
BNL banca commerciale[(1)]	**3,230**	(1,779)	(961)	**490**	1	**491**	**3,163**	(1,806)	(793)	**564**	-	**564**
Belgian Retail Banking[(1)]	**3,183**	(2,333)	(157)	**693**	18	**711**	**3,092**	(2,321)	(136)	**635**	12	**647**
Other Domestic Markets activities	**2,181**	(1,263)	(140)	**778**	16	**794**	**2,309**	(1,351)	(158)	**800**	17	**817**
Personal Finance	4,982	(2,387)	(1,497)	1,098	182	1,280	5,142	(2,420)	(1,639)	1,083	160	1,243
International Retail Banking												
Europe-Mediterranean	**1,796**	(1,319)	(290)	**187**	67	**254**	**1,639**	(1,277)	(268)	**94**	70	**164**
BancWest	**2,403**	(1,401)	(145)	**857**	2	**859**	**2,230**	(1,241)	(256)	**733**	1	**734**
Investment Solutions	**6,204**	**(4,319)**	**54**	**1,939**	**159**	**2,098**	**5,922**	**(4,258)**	**(64)**	**1,600**	**(76)**	**1,524**
Corporate and Investment Banking												
Advisory & Capital Markets	**6,182**	(4,574)	(61)	**1,547**	6	**1,553**	**5,665**	(4,377)	21	**1,309**	30	**1,339**
Corporate Banking	**3,533**	(1,698)	(432)	**1,403**	30	**1,433**	**4,232**	(1,749)	(96)	**2,387**	50	**2,437**
Other Activities	**(1,419)**	**(1,093)**	**3**	**(2,509)**	**1,307**	**(1,202)**	**2,204**	**(854)**	**(3,093)**	**(1,743)**	**(86)**	**(1,829)**
TOTAL GROUP	**39,072**	**(26,550)**	**(3,941)**	**8,581**	**1,791**	**10,372**	**42,384**	**(26,116)**	**(6,797)**	**9,471**	**180**	**9,651**

(1) *French Retail Banking, BNL banca commerciale, Belgian and Luxembourg Retail Banking after the reallocation within Investment Solutions of one-third of the Wealth Management activities in France, Italy, Belgium and Luxembourg.*

ASSETS AND LIABILITIES BY BUSINESS SEGMENT

For most Group entities, the segmental allocation of assets and liabilities is based on the core business to which they report, with the exception of the key ones, which are broken down or allocated specifically on the basis of risk-weighted assets.

In millions of euros	31 December 2012		31 December 2011	
	Assets	Liabilities	Assets	Liabilities
Retail Banking				
Domestic Markets	**393,342**	**369,716**	**385,868**	**362,389**
French Retail Banking	151,926	144,370	154,537	146,759
BNL banca commerciale	88,471	80,555	86,662	78,587
Belgian Retail Banking	103,207	99,411	95,879	92,384
Other Domestic Markets activities	49,738	45,380	48,790	44,659
Personal Finance	**85,721**	**78,732**	**91,561**	**84,440**
International Retail Banking	**93,575**	**81,760**	**92,097**	**80,867**
Europe-Mediterranean	33,488	29,619	32,276	28,702
BancWest	60,087	52,141	59,821	52,165
Investment Solutions	**202,119**	**192,146**	**212,807**	**200,636**
Corporate and Investment Banking	**1,029,675**	**1,013,742**	**1,050,883**	**1,035,511**
Other Activities	**102,858**	**171,194**	**132,067**	**201,440**
TOTAL GROUP	**1,907,290**	**1,907,290**	**1,965,283**	**1,965,283**

Information by business segment relating to companies accounted for under the equity method and goodwill amortisation in the period is presented respectively in note 5.m Investments in Associates and note 5.o Goodwill.

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.

REVENUES BY GEOGRAPHIC AREA

In millions of euros	Year to 31 Dec. 2012	Year to 31 Dec. 2011
Domestic Markets	22,998	26,810
France	*12,593*	*16,773*
Belgium	*4,586*	*4,702*
Italy	*4,687*	*3,857*
Luxembourg	*1,132*	*1,478*
Other European countries	7,305	7,130
Africa and Mediterranean	1,659	1,469
Americas	5,043	4,977
Asia and Pacific	2,067	1,998
TOTAL	**39,072**	**42,384**

ASSETS AND LIABILITIES, IN CONTRIBUTION TO THE CONSOLIDATED ACCOUNTS, BY GEOGRAPHIC AREA

In millions of euros	31 December 2012	31 December 2011
Domestic Markets	1,364,031	1,397,581
France	*1,000,682*	*972,274*
Belgium	*190,673*	*252,086*
Italy	*134,926*	*136,392*
Luxembourg	*37,750*	*36,829*
Other European countries	217,397	244,747
Africa and Mediterranean	31,758	31,573
Americas	201,805	201,184
Asia and Pacific	92,299	90,198
TOTAL	**1,907,290**	**1,965,283**

Note 4 EXPOSURE TO SOVEREIGN RISK

As part of its liquidity management, the Group seeks to maximise the refinancing available so that it can meet unexpected liquidity needs. In particular, this strategy is predicated on holding securities eligible as collateral for refinancing from central banks and includes a substantial proportion of highly rated debt securities issued by governments representing a low level of risk. As part of its Asset and Liability Management (ALM) and structural interest-rate risk management policy, the Group also holds a portfolio of assets that includes sovereign debt instruments, with interest-rate characteristics that contribute to its hedging strategies. In addition, the Group is a market maker in sovereign debt securities in a number of countries, which leads it to take temporary long and short trading positions, some of which are hedged by derivatives.

These portfolios are presented in the chapter 5 of the Annual Report.

Accounting treatment of debt securities issued by Greece, Ireland and Portugal

Three European countries, namely Greece, Ireland and Portugal, have experienced a marked deterioration in their public finances against the backdrop of the economic and financial crisis, which progressively prompted the markets to shun public-sector debt securities issued by these countries, leaving them unable to raise the funding they need to run their public deficits.

The European solidarity policy defined in such circumstances by the euro zone member countries prompted them, in conjunction with the International Monetary Fund (IMF), to put in place support arrangements, leading to the formulation and implementation of several plans for Greece, then for Ireland and Portugal.

1. Reclassification of securities at 30 June 2011

The lack of liquidity seen during the first half of 2011 in the markets for the public debt instruments issued by Greece, Ireland and Portugal, plus in Greece's case, the commitment given by French banks at the request of the authorities not to sell their position, prompted BNP Paribas to consider that these securities could no longer be classified as available-for-sale assets.

As permitted in paragraph 50E of IAS 39 in such exceptional circumstances, and given the period that the bank believes to be necessary for these three countries to restore the state of their finances, BNP Paribas Group reclassified – with effect from 30 June 2011 – public debt securities from these three countries from the "Available-for-sale financial assets" category to "Loans and receivables".

Greek sovereign debt instruments due to mature prior to 31 December 2020 were covered by provisions under the second support plan for Greece, which was initiated in June 2011 and finalised on 21 July 2011, reflecting the banks' commitment to provide support. This plan has several options, including a voluntary exchange at par for 30-year debt securities with their principal collateralised by AAA-rated zero coupon bonds, with terms leading to recognition of an initial discount of 21%.

BNP Paribas intended to take up this exchange option in connection with the collective undertaking given by the French financial sector. Accordingly, the debt securities held on the Group's balance sheet and due to be exchanged were measured by recognising the 21% discount. Treated as a concession by the lender owing to the difficulties encountered by the borrower, this discount led to an impairment loss being recognised through profit or loss in the first half of 2011.

In regards to Greek sovereign debt securities not exchanged, as well as Irish and Portuguese sovereign debt instruments, after due consideration of the various aspects of the European support plan, some investors took the view that there was no objective evidence that the recovery of the future cash flows associated with these securities was compromised, especially since the European Council had stressed the unique and non-replicable nature of the private sector's participation in such an operation. Accordingly, the bank took the view that there were no grounds to recognise impairment in these securities.

2. Measurement of Greek securities at 31 December 2011

In the second half of 2011, it was recognised that Greece was having trouble meeting the economic targets on which the 21 July plan was based, particularly in regards to sustainability of its debts. This led to a new agreement in principle, dated 26 October, based on private-sector creditors waiving 50% of amounts owed to them. Since the arrangements for implementing this agreement had not been definitively settled at 31 December 2011 by all of the international institutions concerned, the bank determined the impairment loss on all the securities it held on the basis of the most recent proposal put forward by private-sector creditors represented by the Institute of International Finance (IIF).

On the basis of (1) a 50% haircut, (2) the immediate repayment of 15% of amounts owed through securities of the European Financial Stability Facility (EFSF) with a maturity of two years and paying market interest rates, (3) the payment of accrued interest through EFSF securities with a maturity of six months and paying market interest rates, (4) a coupon of 3% until 2020 and 3.75% subsequently on securities maturing between 2023 and 2042 received in exchange for existing securities and (5) a discount rate of 12% on future cash flows, the bank estimated the likely loss on existing securities as 75%, which is almost identical to that priced in by the market through the average discount on these securities at 31 December 2011.

3. Accounting treatment at 30 June 2012, following the exchange offer of Greek securities

On 21 February 2012, the agreement was refined and supplemented between the representatives of the Greek government, private-sector investors (PSI) and the Eurogroup. This agreement is designed to enable Greece to achieve a debt ratio of 120.5% in 2020 as opposed to 160% in 2011, and to achieve the financial stability sought through the plan. The offer involves private-sector investors waiving 53.5% of the nominal value of their Greek bonds, reducing Greece's debt by around EUR 107 billion, in return for a public-sector contribution of EUR 30 billion.

On 12 March 2012, the exchange of Greek sovereign debt securities was realised, with the following main characteristics:

- 53.5% of the principal of previous securities was waived;
- 31.5% of the principal of previous securities was exchanged for 20 bonds issued by Greece with maturities of between 11 and 30 years. The coupon on new bonds will be 2% from 2012 to 2015, rising to 3% from 2015 to 2020, 3.6% in 2021 and 4.3% until 2042. These securities are accounted for as "Available-for-sale assets";
- 15% of the principal of previous securities has been redeemed immediately in the form of short-term securities issued by the European Financial Stability Facility (EFSF), repayment of which is guaranteed by the EUR 30 billion public-sector contribution. These securities are accounted for as "Available-for-sale assets".

In addition to the exchange:

- accrued interest on the exchanged Greek debt at 24 February 2012 was settled through the issue of short-term EFSF securities, accounted for as "Loans and receivables";
- each new bond issued by Greece will be accompanied by a security linked to movements in Greece's gross domestic product over and above those expected in the plan. This instrument is accounted for as a derivative.

The securities exchange has been accounted for as the extinguishment of the previously held assets and the recognition of the securities received at their fair value.

The fair value of the instruments received in exchange for the previous securities was valued at 12 March 2012 at 23.3% of the nominal value of the previous securities. The difference with the net value of the previous securities, as well as the adjustment of accrued interest on the previous securities, led to the recognition of a EUR 55 million loss on the banking book securities, accounted for in the Cost of risk. The loss recognised in the Cost of risk at the time of the exchange of the securities held by insurance companies amounts to EUR 19 million, and led to a EUR 12 million insurance policyholders' surplus reserve being reversed.

4. Sale of Greek securities in December 2012 under Greece's bond buyback programme

On 27 November 2012, representatives of the Eurogroup and the International Monetary Fund (IMF) asked the Greek government to implement a buyback programme for part of its sovereign debt held by private investors, in a bid to reduce its debt burden to 124% of Gross Domestic Product (GDP) in 2020.

The offer was open from 3 to 11 December 2012 and enabled private investors to participate in the buyback programme, the average price of which amounted to 33.5% of the par value. BNP Paribas sold all the bonds it held at the time of the offer, generating a gain of EUR 25 million.

BNP Paribas Group's exposure to Greek, Irish and Portuguese sovereign credit risk

a) Portfolio of banking activities

In millions of euros	31 December 2011	Exchange 12/03/12	Disposals and repayments	31 December 2012
Greece				
Available-for-sale assets reclassified as loans and receivables				
Risk exposure and carrying value after impairment	**972**	**(972)**	**-**	**-**
Available-for-sale assets				
Risk exposure		316	(316)	-
Carrying value	-	**316**	**(316)**	-

In millions of euros	31 December 2011	Amortisation of the purchase price	Disposals and repayments	Change in value recognised directly in equity (1)	Change in value of interest-rate risk hedged securities	31 December 2012
Ireland						
Available-for-sale assets reclassified as loans and receivables						
Risk exposure	270	1	(68)	-	-	**203**
Discount amortised at effective interest rate(1)	(54)	-	-	23	-	**(31)**
Carrying value	**216**	**1**	**(68)**	**23**	**-**	**172**
Portugal						
Available-for-sale assets reclassified as loans and receivables						
Risk exposure	1,381	(1)	(737)	-	-	**643**
Discount amortised at effective interest rate(1)	(263)	-	-	138	-	**(125)**
Change in value of interest-rate risk hedged securities	41	-	-	-	7	**48**
Carrying value	**1,159**	**(1)**	**(737)**	**138**	**7**	**566**

(1) *The discount amortised at effective interest rate is composed of the changes in fair value which were recognised directly in shareholders' equity when the securities were classified as available-for-sale financial assets. Amortisation of the discount is recognised directly in shareholders' equity, without impact on the profit and loss account.*

➤ CARRYING VALUE BROKEN DOWN BY MATURITY

In millions of euros	Remaining time to maturity 1 year	2 years	3 years	5 years	10 years	15 years	>15 years	Total 31 December 2012
Ireland								
Available-for-sale assets reclassified as loans and receivables		3		16	153			**172**
Portugal								
Available-for-sale assets reclassified as loans and receivables	2	138	64	148	110		104	**566**

b) Portfolio of general insurance funds

In millions of euros	31 December 2011	Exchange 12/03/12	Disposals and repayments	31 December 2012
Greece				
Available-for-sale assets reclassified as loans and receivables and held-to-maturity financial assets				
Risk exposure and carrying value after impairment	**288**	**(288)**	**-**	**-**
Available-for-sale assets				
Risk exposure		96	(96)	-
Carrying value	-	**96**	**(96)**	**-**

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In millions of euros	31 December 2011	Amortisation of the purchase price	Disposals and repayments	Change in value recognised directly in equity(1)	31 December 2012
Ireland					
Loans and receivables and available-for-sale assets reclassified as loans and receivables					
Risk exposure	761	(2)	(633)	-	**126**
Discount amortised at effective interest rate(1)	(179)	-	-	156	**(23)**
Carrying value	**582**	**(2)**	**(633)**	**156**	**103**
Held-to-maturity financial assets					
Risk exposure and carrying value	**325**	**-**	**-**	**-**	**325**
Portugal					
Loans and receivables and available-for-sale assets reclassified as loans and receivables					
Risk exposure	1,072	(4)	(451)	-	**617**
Discount amortised at effective interest rate(1)	(276)	-	-	109	**(167)**
Carrying value	**796**	**(4)**	**(451)**	**109**	**450**
Held-to-maturity financial assets					
Risk exposure and carrying value	**159**	**-**	**-**	**-**	**159**

(1) The discount amortised at effective interest rate is composed of the changes in fair value which were recognised directly in shareholders' equity when the securities were classified as available-for-sale financial assets. Amortisation of the discount is recognised directly in shareholders' equity, without impact on the profit and loss account.

In shareholders' equity, the discount at 31 December 2012 of Irish and Portuguese securities held by general insurance funds, respectively of EUR 23 million and EUR 167 million before tax, is compensated by a decrease in the insurance policyholders' surplus reserve of respectively EUR 21 million and EUR 149 million before tax.

The carrying value of Irish and Portuguese bonds represents less than 2% of the carrying value of all the fixed income securities held by insurance entities.

➤ CARRYING VALUE BROKEN DOWN BY MATURITY

In millions of euros	Remaining time to maturity							Total 31 December 2012
	1 year	2 years	3 years	5 years	10 years	15 years	>15 years	
Ireland								
Loans and receivables and available-for-sale financial assets reclassified as loans and receivables					50	53		**103**
Held-to-maturity financial assets	9			181	135			**325**
Portugal								
Loans and receivables and available-for-sale financial assets reclassified as loans and receivables				32	322	96		**450**
Held-to-maturity financial assets		60	10		89			**159**

Disposals of held-to-maturity securities in 2011

In 2011, BNP Paribas sold EUR 2.8 billion of sovereign debt securities, issued by Italy, which had until then been classified under "Held-to-maturity assets". The amount of securities sold equalled around 21% of securities under this heading at 31 December 2010 (see note 5.j).

The sale of Italian securities was prompted by the deterioration in Italy's economic situation, as reflected by the downgrading of Italy's credit ratings by various rating agencies in September and October 2011 and by the fall in the market value of these securities (see IAS 39 – AG22a).

In addition, increased solvency requirements under the European Capital Requirements Directive (CRD 3) at 31 December 2011 and the move to anticipate the new Basel III solvency ratio – with initial drafts of CRD 4 and a European Capital Requirements Regulation being published in July 2011 – prompted the bank to carry out a substantial reduction in assets, particularly by selling material amounts of assets classified under "Loans and receivables" and "Held-to-maturity financial assets" (see IAS 39 – AG22e).

Rating downgrades suffered by certain issuers threatened to increase the amount of risk-weighted assets corresponding to the loans concerned. As a result, the bank had to reduce its exposure to positions most affected by this change, regardless of their accounting classification.

As a result, the Group applied the requirements of paragraphs AG 22a) and e) of IAS 39, to demonstrate that these disposals do not alter its intention to hold other assets in this category to maturity, or its ability to finance them. Other assets were therefore kept within this category.

Note 5 NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2012

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 held-for-trading transactions, 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.

In millions of euros	31 December 2012		31 December 2011	
	Trading book	Instruments designated at fair value through profit or loss	Trading book	Instruments designated at fair value through profit or loss
Securities portfolio	**143,465**	**62,701**	**157,624**	**57,024**
Treasury bills and government bonds	69,140	340	96,196	484
Other fixed-income securities	25,544	6,409	35,973	5,611
Equities and other variable-income securities	48,781	55,952	25,455	50,929
Loans and repurchase agreements	**146,899**	**99**	**153,799**	**49**
Loans	1,150	99	537	49
Repurchase agreements	145,749	-	153,262	-
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**290,364**	**62,800**	**311,423**	**57,073**
Short selling of borrowed securities	**52,432**	**-**	**100,013**	**-**
Borrowings and repurchase agreements	**203,063**	**1,242**	**173,271**	**1,664**
Borrowings	4,017	1,242	1,895	1,664
Repurchase agreements	199,046	-	171,376	-
Debt securities ***(note 5.i)***	**-**	**40,799**	**-**	**37,987**
Subordinated debt ***(note 5.i)***	**-**	**1,489**	**-**	**2,393**
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**255,495**	**43,530**	**273,284**	**42,044**

Financial instruments designated as at fair value through profit or loss

Financial assets designated as at fair value through profit or loss

Assets designated by the Group as at fair value through profit or loss include admissible investments related to unit-linked insurance policies, and to a lesser extent assets with embedded derivatives that have not been separated from the host contract.

Admissible investments related to unit-linked insurance policies include securities issued by the Group's consolidated entities, which are not eliminated upon consolidation in order to keep the figures shown in respect of the assets invested under these contracts at the same level as the technical reserves set aside in respect of the corresponding policyholder liabilities. The fixed-income securities (certificates and Euro Medium Term Notes) not eliminated upon consolidation amounted to EUR 741 million at 31 December 2012 compared with EUR 940 million at 31 December 2011, and variable-income securities (shares mainly issued by BNP Paribas SA) came to EUR 28 million at 31 December 2012 compared with EUR 14.5 million at 31 December 2011. Eliminating these securities would not have a material impact on the financial statements for the period.

Financial liabilities designated as at fair value through profit or loss

Financial liabilities designated at fair value through profit or loss mainly consist of issues originated and structured on behalf of customers, where the risk exposure is managed in combination with the hedging strategy. These types of issues contain significant embedded derivatives, whose changes in value are cancelled out by changes in the value of derivatives which economically cover them.

The redemption value of financial liabilities designated at fair value through profit or loss at 31 December 2012 was EUR 44,956 million (EUR 49,748 million at 31 December 2011).

Fair value takes into account any change in value attributable to issuer risk relating to the BNP Paribas Group. For most amounts concerned, fair value is the replacement value of each instrument, which is calculated by discounting the instrument's cash flows using a discount rate corresponding to that of a similar debt instrument that might be issued by the BNP Paribas Group at the closing date.

As a result, the carrying value of liabilities measured at market or model value is reduced by EUR 30 million compared with EUR 1,647 million at 31 December 2011 i.e a EUR -1,617 million variation recognised in net gain/loss on financial instruments at fair value through profit or loss (note 2.c). This reduction in value represents an unrealised gain that will only be realised if these financial instruments issued by the Bank are bought back in the market. If this does not happen, income relating to this unrealised gain will be written back over the remaining term of the liabilities at a pace determined by movements in the bank's issuer risk.

Derivative financial instruments

The majority of derivative financial instruments held for trading are related to transactions initiated for trading purposes. They may result from market-making or arbitrage activities. BNP Paribas actively trades in derivatives. Transactions include trades in "ordinary" instruments such as credit default swaps, and structured transactions with complex risk profiles tailored to meet the needs of its customers. The net position is in all cases subject to limits.

Some derivative instruments are also contracted to hedge financial assets or financial liabilities 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).

In millions of euros	31 December 2012		31 December 2011	
	Positive market value	Negative market value	Positive market value	Negative market value
Currency derivatives	21,532	24,697	28,097	26,890
Interest rate derivatives	333,066	324,079	332,945	330,421
Equity derivatives	29,682	29,467	38,140	36,377
Credit derivatives	22,782	22,523	46,460	46,358
Other derivatives	3,573	3,832	6,325	7,421
DERIVATIVE FINANCIAL INSTRUMENTS	**410,635**	**404,598**	**451,967**	**447,467**

The table below shows the total notional amount of trading derivatives. 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.

In millions of euros	31 December 2012	31 December 2011
Currency derivatives	2,243,150	2,249,390
Interest rate derivatives	41,127,475	40,272,463
Equity derivatives	1,865,666	1,818,445
Credit derivatives	2,105,501	2,321,275
Other derivatives	144,834	156,291
DERIVATIVE FINANCIAL INSTRUMENTS	**47,486,626**	**46,817,864**

Derivatives traded on organised markets (including clearing houses) represent 62% of the Group's derivative transactions at 31 December 2012 (48% at 31 December 2011).

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 2012		31 December 2011	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Fair value hedges	**10,571**	**15,574**	**6,920**	**12,902**
Currency derivatives	-	24	4	8
Interest rate derivatives	10,570	15,550	6,810	12,879
Other derivatives	1	-	106	15
Cash flow hedges	**3,674**	**1,685**	**2,743**	**1,416**
Currency derivatives	271	287	312	245
Interest rate derivatives	3,389	1,298	2,408	825
Other derivatives	14	100	23	346
Net foreign investment hedges	**22**	**27**	**37**	**13**
Currency derivatives	22	27	37	13
DERIVATIVES USED FOR HEDGING PURPOSES	**14,267**	**17,286**	**9,700**	**14,331**

The total notional amount of derivatives used for hedging purposes stood at EUR 809,636 million at 31 December 2012, compared with EUR 799,608 million at 31 December 2011.

5.c AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are measured at fair value or model value for unlisted securities.

In millions of euros	31 December 2012			31 December 2011		
	Net	of which impairment losses	of which changes in value taken directly to equity	Net	of which impairment losses	of which changes in value taken directly to equity
Fixed-income securities	**175,413**	**(69)**	**6,414**	**174,989**	**(162)**	**(5,120)**
Treasury bills and government bonds	93,801	(4)	1,886	96,194	(2)	(4,240)
Other fixed-income securities	81,612	(65)	4,528	78,795	(160)	(880)
Equities and other variable-income securities	**17,093**	**(4,265)**	**2,868**	**17,479**	**(5,067)**	**1,621**
of which listed securities	5,861	(1,821)	1,357	6,092	(2,052)	619
of which unlisted securities	11,232	(2,444)	1,511	11,387	(3,015)	1,002
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET OF IMPAIRMENT PROVISIONS	**192,506**	**(4,334)**	**9,282**	**192,468**	**(5,229)**	**(3,499)**

The gross amount of impaired fixed-income securities is EUR 118 million at 31 December 2012 (EUR 234 million at 31 December 2011).

Changes in value taken directly to equity are determined as follows:

In millions of euros	31 December 2012			31 December 2011		
	Fixed-income securities	Equities and other variable-income securities	Total	Fixed-income securities	Equities and other variable-income securities	Total
Changes in value of non-hedged securities recognised in "available-for-sale financial assets"	**6,414**	**2,868**	**9,282**	**(5,120)**	**1,621**	**(3,499)**
Deferred tax linked to these changes in value	(2,162)	(556)	**(2,718)**	1,959	(228)	**1,731**
Insurance policyholders' surplus reserve from insurance entities, after deferred tax	(3,854)	(558)	**(4,412)**	(307)	(21)	**(328)**
Group share of changes in value of available-for-sale securities owned by associates, after deferred tax and insurance policyholders' surplus reserve	504	94	**598**	58	96	**154**
Unamortised changes in value of available-for-sale securities reclassified as loans and receivables	(172)	-	**(172)**	(395)	-	**(395)**
Other variations	(33)	25	**(8)**	(38)	23	**(15)**
Changes in value of assets taken directly to equity under the heading "Financial assets available for sale and reclassified loans and receivables"	**697**	**1,873**	**2,570**	**(3,843)**	**1,491**	**(2,352)**
Attributable to equity shareholders	340	1,809	**2,149**	(3,644)	1,448	**(2,196)**
Attributable to minority interests	357	64	**421**	(199)	43	**(156)**

5.d MEASUREMENT OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

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

- **Level 1** – Financial instruments with quoted market prices:

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

  It notably includes liquid shares and bonds, short sales of these instruments, derivatives traded on organised markets (futures and options, etc.), and units in funds with net asset value calculated on a daily basis.

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

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

  This level notably includes illiquid shares and bonds, short sales of these instruments, short-term repurchase agreements not measured based on a quoted price directly observed in the market, units in civil property companies (SCIs) held in unit-linked policy portfolios, where the underlying assets are appraised from time to time using observable market data, units in funds for which liquidity is provided on a regular basis, derivatives traded in OTC markets measured using techniques based on observable inputs and structured debt issues measured using only observable inputs.

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

  This level comprises financial instruments measured using valuation techniques based wholly or partially on non-observable inputs. A non-observable input is defined as a parameter, the value of which is derived from assumptions or correlations based neither on observable transaction prices in the identical instrument at the measurement date nor observable market data available at the same date.

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

  This level notably comprises unlisted shares, bonds measured using valuation models employing at least one significant non-observable input or derived from price data in a non-active market (such as CDO, CLO and ABS units), long-term or structured repurchase agreements, units in funds undergoing liquidation or the listing of which has been suspended, complex derivatives with multiple underlyings (hybrid instruments, synthetic CDOs, etc.) and the structured debt underlying these derivatives.

Breakdown by measurement method applied to financial instruments recognised at fair value, presented in line with the IFRS 7 recommendations

	31 December 2012				31 December 2011			
In millions of euros	level 1	level 2	level 3	Total	level 1	level 2	level 3	Total
FINANCIAL ASSETS								
Financial instruments at fair value through profit or loss held for trading *(note 5.a)*	87,977	599,383	13,639	**700,999**	102,953	638,973	21,464	**763,390**
of which financial assets at fair value through profit or loss	*84,454*	*199,428*	*6,482*	**290,364**	*100,821*	*202,100*	*8,502*	**311,423**
of which derivative financial instruments	*3,523*	*399,955*	*7,157*	**410,635**	*2,132*	*436,873*	*12,962*	**451,967**
Financial instruments designated as at fair value through profit or loss *(note 5.a)*	*47,783*	*10,968*	*4,049*	**62,800**	*41,982*	*13,496*	*1,595*	**57,073**
Derivatives used for hedging purposes *(note 5.b)*	-	14,267	-	**14,267**	-	9,700	-	**9,700**
Available-for-sale financial assets *(note 5.c)*	125,010	57,549	9,947	**192,506**	132,676	49,921	9,871	**192,468**
FINANCIAL LIABILITIES								
Financial instruments at fair value through profit or loss held for trading *(note 5.a)*	31,531	611,274	17,288	**660,093**	79,822	614,641	26,288	**720,751**
of which financial liabilities at fair value through profit or loss	*29,530*	*217,108*	*8,857*	**255,495**	*77,414*	*183,355*	*12,516*	**273,285**
of which derivative financial instruments	*2,001*	*394,166*	*8,431*	**404,598**	*2,408*	*431,286*	*13,772*	**447,466**
Financial instruments designated as at fair value through profit or loss *(note 5.a)*	3,203	31,773	8,554	**43,530**	3,168	31,260	7,616	**42,044**
Derivatives used for hedging purposes *(note 5.b)*	-	17,286	-	**17,286**	-	14,331	-	**14,331**

Table of movements in level 3 financial instruments

For level 3 financial instruments, the following movements occurred between 1 January 2011 and 31 December 2012:

In millions of euros	Financial Assets				Financial Liabilities		
	Financial instruments at fair value through profit or loss held for trading	Financial instruments designated as at fair value through profit or loss	Available-for-sale financial assets	Total	Financial instruments at fair value through profit or loss held for trading	Financial instruments designated as at fair value through profit or loss	Total
AT 31 DECEMBER 2010	**22,881**	**1,703**	**8,154**	**32,738**	**(25,408)**	**(8,737)**	**(34,145)**
Purchases	2,652	33	1,328	**4,013**	-	-	**-**
Issues	-	-	-	**-**	(9,464)	(3,127)	**(12,591)**
Sales	(274)	-	(1,427)	**(1,701)**	-	-	**-**
Settlements(1)	(5,327)	(151)	(961)	**(6,439)**	8,923	3,150	**12,073**
Transfers to level 3	3,157	23	9,005	**12,185**	(2,817)	(338)	**(3,155)**
Transfers from level 3	(2,598)		(267)	**(2,865)**	2,778	1,455	**4,233**
Reclassifications(2)	-	-	(6,312)	**(6,312)**	-	-	**-**
Gains (or losses) recognised in profit or loss with respect to transactions expired or terminated during the period	(3,568)	29	(396)	**(3,935)**	849	31	**880**
Gains (or losses) recognised in profit or loss with respect to unexpired instruments at the end of the period	4,120	(42)	95	**4,173**	(687)	(50)	**(737)**
Changes in fair value of assets and liabilities recognised directly in equity							
Items related to exchange rate movements	421	-	53	**474**	(462)	-	**(462)**
Changes in fair value of assets and liabilities recognised in equity	-	-	599	**599**	-	-	**-**
AT 31 DECEMBER 2011	**21,464**	**1,595**	**9,871**	**32,930**	**(26,288)**	**(7,616)**	**(33,904)**
Purchases	1,783	1,326	1,222	**4,331**	-	-	**-**
Issues	-	-	-	**-**	(8,279)	(3,565)	**(11,844)**
Sales	(1,952)	(1,193)	(1,725)	**(4,870)**	-	-	**-**
Settlements(1)	(2,546)	(94)	(177)	**(2,817)**	12,649	1,811	**14,460**
Transfers to level 3	1,098	2,959	940	**4,997**	(122)	(36)	**(158)**
Transfers from level 3	(593)	(588)	(669)	**(1,850)**	708	447	**1,155**
Gains (or losses) recognised in profit or loss with respect to transactions expired or terminated during the period	(7,391)	44	(75)	**(7,422)**	5,694	(28)	**5,666**
Gains (or losses) recognised in profit or loss with respect to unexpired instruments at the end of the period	1,598	-	41	**1,639**	(1,257)	433	**(824)**
Changes in fair value of assets and liabilities recognised directly in equity							
Items related to exchange rate movements	178	-	5	**183**	(393)	-	**(393)**
Changes in fair value of assets and liabilities recognised in equity	-	-	514	**514**	-	-	**-**
AT 31 DECEMBER 2012	**13,639**	**4,049**	**9,947**	**27,635**	**(17,288)**	**(8,554)**	**(25,842)**

(1) For the assets, includes redemptions of principal, interest payments as well as cash inflows and outflows relating to derivatives of which the fair value is positive. For the liabilities, includes principal redemptions, interest payments as well as cash inflows and outflows relating to derivatives of which the fair value is negative.

(2) These are financial instruments initially recognised at fair value and reclassified as loans and receivables.

The level 3 financial instruments may be hedged by other level 1 and/or level 2 instruments, the gains and losses on which are not shown in this table. Consequently, the gains and losses shown in this table are not representative of the gains and losses arising from management of the net risk on all these instruments. More particularly, losses and gains on financial assets and liabilities at model value through profit or loss held for trading purposes, amounting respectively to EUR 5,792 million and EUR 4,437 million at 31 December 2012 (compared with EUR 552 million and EUR 162 million at 31 December 2011), primarily correspond to changes in the value of CDO positions classified in level 3 hedged by CDS positions classified in level 2.

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

Determination of value adjustments

Trading portfolio instruments classified as level 3 comprise mainly illiquid securities, derivatives with an illiquid underlying asset and other instruments containing complex derivatives. The valuation of these instruments generally requires the use of valuation models based on dynamic risk hedging techniques, and may require the use of non-observable inputs.

All of these instruments are subject to uncertainties in their valuation, which give rise to value adjustments, reflecting the risk premium that would be incorporated by a market operator when setting the price. These valuation adjustments take account in particular of:

- risks that would not be taken into account by the model (adjustment for model risk);
- the inherent uncertainty in estimating valuation parameters (adjustment for uncertain parameters);
- liquidity risks associated with the instrument or parameter concerned;
- specific risk premiums intended to offset certain additional costs resulting from the dynamic management strategy associated with the model under certain market conditions;
- counterparty risk.

When determining value adjustments, each risk factor is considered individually and no effect of diversification between risks, parameters or models of different kinds is taken into account. Meanwhile, for a given risk factor, a portfolio-based approach is used, with offsetting between instruments when they are managed together.

All of these adjustments are components of the model value of instruments and portfolios.

Assessment of value sensitivity

In order to measure the sensitivity of the model value of level 3 instruments (excluding securities positions) to a change in assumptions, the following two scenarios have been considered: a favourable scenario in which all portfolio valuations are made without a value adjustment, and an unfavourable scenario in which all of these valuations are made with twice as high a value adjustment. Calculated in this way, sensitivity is a measurement of the difference between the values obtained by market operators with a different perception of valuation risk and risk aversion.

In the interest of simplification, the sensitivity of the value of securities positions, whether relating to trading portfolios, available-for-sale assets or instruments designated at model value through profit or loss, is based on a 1% change in the value applied.

	31 December 2012		31 December 2011	
In millions of euros	Potential impact on income	Potential impact on equity	Potential impact on income	Potential impact on equity
Financial instruments at fair value through profit or loss held for trading or designated as at fair value(1)	+/-857	-	+/-1,300	
Available-for-sale financial assets	-	+/-105		+/-104

(1) Financial instruments at fair value through profit and loss are presented under the same heading, whether they are part of the trading portfolio or have been designated at fair value through profit or loss, as sensitivity is calculated on the net positions in instruments classified as level 3 regardless of their accounting classification.

Deferred margin on financial instruments measured using techniques developed internally and based on partly non-observable inputs in active markets

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

The day one profit is calculated after setting aside reserves for uncertainties as described previously and taken back to profit or loss over the expected period for which the inputs will be non-observable. The unamortised amount is included under "Financial instruments held for trading purposes at fair value through profit or loss" as a reduction in the fair value of the relevant complex transactions.

In millions of euros	31 December 2012	31 December 2011
DEFERRED MARGIN AT THE BEGINNING OF THE PERIOD	**655**	**920**
Deferred margin on transactions during the year	279	286
Margin taken to the profit and loss account during the year	(331)	(551)
DEFERRED MARGIN AT THE END OF THE PERIOD	**603**	**655**

5.e RECLASSIFICATION OF FINANCIAL INSTRUMENTS INITIALLY RECOGNISED AT FAIR VALUE THROUGH PROFIT OR LOSS HELD FOR TRADING PURPOSES OR AS AVAILABLE-FOR-SALE ASSETS

4

The amendments to IAS 39 and IFRS 7 adopted by the European Union on 15 October 2008 permit the reclassification of instruments initially held for trading or available-for-sale within the customer loan portfolios or as securities available-for-sale.

➤ DATA RELATING TO FINANCIAL INSTRUMENTS AT RECLASSIFICATION DATE

In millions of euros	Reclassification date	Carrying value		Expected cash flows deemed recoverable[1]		Average effective interest rate	
		Assets reclassified as loans and receivables	Assets reclassified as available-for-sale	Assets reclassified as loans and receivables	Assets reclassified as available-for-sale	Assets reclassified as loans and receivables	Assets reclassified as available-for-sale
Sovereign securities from the available-for-sale portfolio		**6,312**		**14,826**			
of which Greek sovereign securities	30 June 2011	3,186		9,401		9.3%	
of which Portuguese sovereign securities	30 June 2011	1,885		3,166		8.8%	
of which Irish sovereign securities	30 June 2011	1,241		2,259		6.7%	
Structured transactions and other fixed-income securities		**10,995**	**767**	**12,728**	**790**		
from the trading portfolio							
	1 October 2008	7,077	767	7,904	790	7.6%	6.7%
	30 June 2009	2,760		3,345		8.4%	
from the available-for-sale portfolio							
	30 June 2009	1,158		1,479		8.4%	

(1) Expected cash flows cover the repayment of capital and of all interest (not discounted) until the date the instruments mature.

Measurement of reclassified assets at 31 December 2012

The following tables show the items related to the reclassified assets:

ON THE BALANCE SHEET

In millions of euros	31 December 2012		31 December 2011	
	Carrying value	Market or model value	Carrying value	Market or model value
Sovereign securities reclassified as loans and receivables due from customers	**1,259**	**1,443**	**3,939**	**3,600**
of which Greek sovereign securities	-	-	1,201	1,133
of which Portuguese sovereign securities	1,001	1,117	1,939	1,631
of which Irish sovereign securities	258	326	799	836
Reclassified structured transactions and other fixed-income securities	**3,581**	**3,538**	**4,664**	**4,511**
Into loans and receivables due from customers	3,581	3,538	4,647	4,494
Into available-for-sale financial assets	-	-	17	17

IN PROFIT AND LOSS AND AS A DIRECT CHANGE IN EQUITY

In millions of euros	Year to 31 Dec. 2012		Year to 31 Dec. 2011			
			Realised			
	Realised	Pro forma amount for the period(1)	before reclassification	after reclassification	Total	Pro forma amount for the period(1)
In profit or loss	(85)	(22)	(409)	(2,415)	(2,630)	(2,838)
In revenues	**(16)**	**16**	**116**	**211**	**509**	**361**
of which Greek sovereign securities	15	15	87	178	265	265
of which Portuguese sovereign securities	(112)	(112)	19	56	75	75
of which Irish sovereign securities	(15)	(15)	10	(23)	(13)	(13)
of which structured transactions and other fixed-income securities	96	128			182	34
In cost of risk	**(69)**	**(38)**	**(525)**	**(2,626)**	**(3,139)**	**(3,199)**
of which Greek sovereign securities	(40)	(38)	(525)	(2,626)	(3,151)	(3,199)
of which structured transactions and other fixed-income securities	(29)	0			12	-
As direct change in equity (before tax)	**217**	**420**	**504**	**850**	**1,379**	**1,180**
of which Greek sovereign securities	-	-	681	778	1,459	1,459
of which Portuguese sovereign securities	153	336	(176)	32	(144)	(336)
of which Irish sovereign securities	48	54	(1)	40	39	48
of which structured transactions and other fixed-income securities	16	30			25	9
TOTAL PROFIT AND LOSS IMPACT AND DIRECT CHANGES IN EQUITY RESULTING FROM RECLASSIFIED ITEMS	**132**	**398**	**95**	**(1,565)**	**(1,251)**	**(1,658)**

(1) *Pro forma figures show the contribution to full-year earnings, and the impact of the change in their value on equity, as if the instruments concerned had not been reclassified.*

Securities issued by Portugal and Ireland, held by the Group and reclassified under "Loans and Receivables" have been measured at market value for the purposes of notes 5.e and 8.h. Securities issued by Portugal and Ireland and included in the trading portfolio have also been measured at market value, which is considered level 2 as defined in note 5.d.

5.f INTERBANK AND MONEY-MARKET ITEMS

➤ LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

In millions of euros	31 December 2012	31 December 2011
On demand accounts	8,665	12,099
Loans	28,250	35,130
Repurchase agreements	4,028	2,847
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS, BEFORE IMPAIRMENT PROVISIONS	**40,943**	**50,076**
of which doubtful loans	995	976
Provisions for impairment of loans and receivables due from credit institutions (*note 2.f*)	**(537)**	**(707)**
specific provisions	(508)	(696)
collective provisions	(29)	(11)
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS, NET OF IMPAIRMENT PROVISIONS	**40,406**	**49,369**

➤ DUE TO CREDIT INSTITUTIONS

In millions of euros	31 December 2012	31 December 2011
On demand accounts	9,840	18,308
Borrowings	93,862	119,324
Repurchase agreements	8,033	11,522
TOTAL DUE TO CREDIT INSTITUTIONS	**111,735**	**149,154**

5.g CUSTOMER ITEMS

➤ LOANS AND RECEIVABLES DUE FROM CUSTOMERS

In millions of euros	31 December 2012	31 December 2011
On demand accounts	43,434	38,448
Loans to customers	583,469	624,229
Repurchase agreements	2,177	1,421
Finance leases	27,965	29,694
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS, BEFORE IMPAIRMENT PROVISIONS	**657,045**	**693,792**
of which doubtful loans	42,453	43,696
Impairment of loans and receivables due from customers (*note 2.f*)	**(26,525)**	**(27,958)**
specific provisions	(22,213)	(23,103)
collective provisions	(4,312)	(4,855)
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS, NET OF IMPAIRMENT PROVISIONS	**630,520**	**665,834**

➤ BREAKDOWN OF FINANCE LEASES

In millions of euros	31 December 2012	31 December 2011
Gross investment	**31,576**	**32,614**
Receivable within 1 year	8,635	8,856
Receivable after 1 year but within 5 years	15,753	16,127
Receivable beyond 5 years	7,188	7,631
Unearned interest income	**(3,611)**	**(2,920)**
Net investment before impairment provisions	**27,965**	**29,694**
Receivable within 1 year	7,757	8,165
Receivable after 1 year but within 5 years	13,935	14,636
Receivable beyond 5 years	6,273	6,893
Impairment provisions	**(969)**	**(1,062)**
Net investment after impairment provisions	**26,996**	**28,632**

➤ DUE TO CUSTOMERS

In millions of euros	31 December 2012	31 December 2011
On demand deposits	259,770	254,530
Term accounts and short-term notes	212,059	214,056
Regulated savings accounts	60,380	54,538
Repurchase agreements	7,304	23,160
TOTAL DUE TO CUSTOMERS	**539,513**	**546,284**

5.h PAST-DUE LOANS, WHETHER IMPAIRED OR NOT, AND RELATED COLLATERAL OR OTHER GUARANTEES

The following table presents the carrying amounts of financial assets that are past due but not impaired and impaired assets and related collateral or other guarantees. The amounts shown are stated before any provision on a portfolio basis.

The amounts shown for collateral and other guarantees correspond to the lower of the value of the collateral or other guarantee and the value of the secured assets.

	31 December 2012								
	Maturities of unimpaired past-due loans								
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	Impaired assets and commitments covered by provisions	Total loans and commitments	Collateral received in respect of unimpaired past-due loans	Collateral received in respect of impaired assets
Available-for-sale financial assets (excl. variable-income securities)	-	-	-	-	-	49	49	-	-
Loans and receivables due from credit institutions	125	105	20	-	-	487	612	49	318
Loans and receivables due from customers	16,438	15,709	605	45	79	20,240	36,678	9,734	11,429
Held-to-maturity financial assets	-	-	-	-	-	-	-	-	-
Past-due assets, net of individual impairment provisions	**16,563**	**15,814**	**625**	**45**	**79**	**20,776**	**37,339**	**9,783**	**11,747**
Financing commitments given						739	739		72
Guarantee commitments given						720	720		376
Off-balance sheet non-performing commitments, net of provisions						**1,459**	**1,459**	**-**	**448**
TOTAL	**16,563**	**15,814**	**625**	**45**	**79**	**22,235**	**38,798**	**9,783**	**12,195**

	31 December 2011								
	Maturities of unimpaired past-due loans								
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	Impaired assets and commitments covered by provisions	Total loans and commitments	Collateral received in respect of unimpaired past-due loans	Collateral received in respect of impaired assets
Available-for-sale financial assets (excl. variable-income securities)	-	-	-	-	-	72	72	-	2
Loans and receivables due from credit institutions	501	466	14	5	16	335	836	244	90
Loans and receivables due from customers	17,408	16,578	688	114	28	20,533	37,941	10,989	9,691
Held-to-maturity financial assets	-	-	-	-	-	63	63	-	-
Past-due assets, net of individual impairment provisions	**17,909**	**17,044**	**702**	**119**	**44**	**21,003**	**38,912**	**11,233**	**9,783**
Financing commitments given						559	559		106
Guarantee commitments given						1,156	1,156		571
Off-balance sheet non-performing commitments, net of provisions						**1,715**	**1,715**	**-**	**677**
TOTAL	**17,909**	**17,044**	**702**	**119**	**44**	**22,718**	**40,627**	**11,233**	**10,460**

5.i DEBT SECURITIES AND SUBORDINATED DEBT

This note covers all debt securities in issue and subordinated debt measured at amortised cost and designated at fair value through profit or loss.

➤ DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (NOTE 5.a)

Issuer/Issue date *In millions of euros*	Currency	Original amount in foreign currency *(in millions)*	Date of call or interest step-up	Interest rate	Interest step-up	Subordination ranking[1]	Conditions precedent for coupon payment[3]	31 December 2012	31 December 2011
Debt securities						1		**40,799**	**37,987**
Subordinated debt								**1,489**	**2,393**
Redeemable subordinated debt			[2]			2		781	1,283
Perpetual subordinated debt								708	1,110
Fortis Banque SA Dec. 2007	EUR	3,000	Dec-14	3-month Euribor +200 bp	-	5	A	592	1,025
Others	-	-	-	-	-	-		116	85

(1) The subordination ranking reflects where the debt stands in the order of priority for repayment against other financial liabilities.

(2) After agreement from the banking supervisory authority and at the issuer's initiative, 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 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.

(3) Conditions precedent for coupon payment.

A Coupon payments are halted should the issuer have insufficient capital or the underwriters become insolvent or when the dividend declared for Ageas shares falls below a certain threshold.

The perpetual subordinated debt recognised at fair value through profit or loss chiefly consists of an issue by Fortis Banque SA in December 2007 of Convertible And Subordinated Hybrid Equity-linked Securities (CASHES).

The CASHES are perpetual securities but may be exchanged for Fortis SA/NV (now Ageas) shares at the holder's sole discretion at a price of EUR 23.94. However, as of 19 December 2014, the CASHES will be automatically exchanged into Fortis SA/NV shares if their price is equal to or higher than EUR 35.91 for twenty consecutive trading days. The principal amount will never be redeemed in cash. The rights of the CASHES holders are limited to the 125,313,283 Fortis SA/NV shares that Fortis Bank acquired on the date of issuance of the CASHES and pledged to them.

Fortis SA/NV and Fortis Banque have entered into a Relative Performance Note (RPN) contract, the value of which varies contractually so as to offset the impact on Fortis Banque of the relative difference between changes in the value of the CASHES and changes in the value of the Fortis SA/NV shares.

On 25 January 2012, Ageas and Fortis Bank signed an agreement concerning the partial settlement of the RPN and the purchase by Fortis Bank of all perpetual subordinated debts issued in 2001 for a nominal amount of EUR 1,000 million (recognised as debt at amortised cost), of which Ageas holds EUR 953 million. The settlement of the RPN and the purchase of the perpetual subordinated notes issued in 2001 both depended on BNP Paribas achieving a minimum success rate of 50% in the CASHES tender offer.

BNP Paribas launched a cash offer for the CASHES, then converted the CASHES acquired into underlying Ageas shares; BNP Paribas received compensation from Ageas, as the RPN mechanism ceased to exist proportionally to the CASHES converted.

The offer was closed on 30 January with a success rate of 63% at a price of 47.5%.

Following this operation, the net balance of the RPN represents a subordinated liability of EUR 241 million that is eligible to Tier 1 capital at 31 December 2012.

Maturity schedule of medium and long-term debt securities and redeemable subordinated debt designated at fair value through profit or loss with a maturity at issuance of more than one year:

Maturity or call option date *in millions of euros*	2013	2014	2015	2016	2017	2018-2022	After 2022	Total at 31 December 2012
Medium- and long-term debt securities	7,226	7,521	7,004	5,403	4,331	5,174	4,140	40,799
Redeemable subordinated debt	20	81	246	17	239	137	41	781
TOTAL	**7,246**	**7,602**	**7,250**	**5,420**	**4,570**	**5,311**	**4,181**	**41,580**

Maturity or call option date *in millions of euros*	2012	2013	2014	2015	2016	2017-2021	After 2021	Total at 31 December 2011
Medium- and long-term debt securities	8,258	4,809	7,004	5,054	5,155	4,983	2,724	37,987
Redeemable subordinated debt	520	46	85	468	22	92	50	1,283
TOTAL	**8,778**	**4,855**	**7,089**	**5,522**	**5,177**	**5,075**	**2,774**	**39,270**

➤ DEBT SECURITIES MEASURED AT AMORTISED COST

Issuer/Issue date *In millions of euros*	Currency	Original amount in foreign currency *(in millions)*	Date of call or interest step-up	Interest rate	Interest step-up	Subordination ranking[1]	Conditions precedent for coupon payment[3]	31 December 2012	31 December 2011
Debt securities								**173,198**	**157,786**
Debt securities in issue with an initial maturity less than one year						1		**83,591**	**71,213**
Negotiable debt securities								83,591	71,213
Debt securities in issue with an initial maturity of more than one year						1		**89,607**	**86,573**
Negotiable debt securities								72,294	63,758
Bonds								17,313	22,815
Subordinated debt								**15,223**	**19,683**
Redeemable subordinated debt			(2)			2		**12,607**	**16,165**
Undated subordinated notes			(2)					**1,461**	**2,396**
BNP SA Oct. 85	EUR	305	-	TMO -0.25%	-	3	B	254	254
BNP SA Sept. 86	USD	500	-	6-month Libor +0.075%	-	3	C	207	211
Fortis Banque SA Sept. 01	EUR	1,000	Sept-11	6.50%	3 month Euribor +237 bp	5	D	-	1,000
Fortis Banque SA Oct. 04	EUR	1,000	Oct-14	4.625%	3 month Euribor +170 bp	5	E	879	814
Others	-	-	-	-	-			121	117
Undated subordinated notes								**926**	**893**
Fortis Banque NV/SA Feb. 08	USD	750	-	8.28%	-	5		563	548
Fortis Banque NV/SA June 08	EUR	375	-	8.03%	-	5	E	363	345
Participating notes[4]								**222**	**224**
BNP SA July 84	EUR	337	-	depending on net income subject to a minimum of 85% of the TMO rate and a maximum of 130% of the TMO rate	-	4	NA	215	220
Others	-	-	-	-	-	-	-	7	4
Expenses and commission, related debt								**7**	**5**

(1) (2) See reference relating to "Debt securities at fair value through profit or loss".

(3) Conditions precedent for coupon payment

- *B Payment of the interest is mandatory, unless the Board of Directors decides to postpone these payments after the Shareholders' General Meeting has officially noted that there is no income available for distribution, where this occurs within the 12 month period preceding the due date for payment of the interest. Interest payments are cumulative and are payable in full once dividend payments resume.*
- *C Payment of the interest is mandatory, unless the Board of Directors decides to postpone these payments after the Shareholders' General Meeting in ordinary session has validated the decision not to pay out a dividend, where this occurs within the 12 month period preceding the due date for payment of the interest. Interest payments are cumulative and are payable in full once dividend payments resume. The bank has the option of resuming payment of interest arrears, even where no dividend is paid out.*
- *D Interest is not payable if the coupons exceed the difference between net equity and the amount of the issuer's share capital and reserves not available for distribution.*
- *E Coupons are paid in the form of other securities if Tier 1 capital stands at less than 5% of the issuer's risk-weighted assets.*

(4) The participating notes issued by BNP SA may be repurchased as provided for in the law of 3 January 1983. Accordingly, during 2012, 32,000 notes were repurchased and cancelled. The number of notes in the market is 1,434,092.

In the fourth quarter of 2011, the bank made a public offer to exchange redeemable subordinated debt, eligible for inclusion in Tier 2 capital, for new senior debt. The transaction reduced the outstanding amount of redeemable subordinated debt by EUR 1,433 million, and resulted in the recognition of a EUR 41 million gain in net interest income.

Maturity schedule of medium and long-term debt securities and redeemable subordinated debt carried at amortised cost with a maturity at issuance of more than one year:

Maturity or call option date *in millions of euros*	2013	2014	2015	2016	2017	2018-2022	After 2022	Total at 31 December 2012
Medium- and long-term debt securities	16,914	16,657	14,896	7,359	10,845	18,351	4,585	89,607
Redeemable subordinated debt	1,630	1,138	1,196	1,526	4,344	2,535	238	12,607
TOTAL	**18,544**	**17,795**	**16,092**	**8,885**	**15,189**	**20,886**	**4,823**	**102,214**

Maturity or call option date *in millions of euros*	2012	2013	2014	2015	2016	2017-2021	After 2021	Total at 31 December 2011
Medium- and long-term debt securities	16,630	12,994	10,085	12,994	13,569	14,954	5,347	86,573
Redeemable subordinated debt	2,818	1,485	1,125	813	1,902	6,809	1,213	16,165
TOTAL	**19,448**	**14,479**	**11,210**	**13,807**	**15,471**	**21,763**	**6,560**	**102,738**

5.j HELD-TO-MATURITY FINANCIAL ASSETS

	31 December 2012		31 December 2011	
In millions of euros	Net	of which impairment losses	Net	of which impairment losses
Treasury bills and government bonds	10,127	-	10,394	(223)
Other fixed-income securities	157	-	182	
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**10,284**	**-**	**10,576**	**(223)**

At 31 December 2011 the impaired securities were the Greek sovereign bonds held by insurance entities for a gross amount of EUR 286 million. These assets were extinguished on 12 March 2012 with the securities exchange described in note 4.

Disposals of sovereign debt securities classified as held-to-maturity financial assets in 2011 are described in note 4.

5.k CURRENT AND DEFERRED TAXES

In millions of euros	31 December 2012	31 December 2011
Current taxes	790	2,227
Deferred taxes	7,871	9,343
Current and deferred tax assets	**8,661**	**11,570**
Current taxes	901	1,893
Deferred taxes	2,145	1,596
Current and deferred tax liabilities	**3,046**	**3,489**

➤ CHANGE IN DEFERRED TAX OVER THE PERIOD:

In millions of euros	Year to 31 Dec. 2012	Year to 31 Dec. 2011
NET DEFERRED TAXES AT START OF PERIOD	**7,747**	**7,601**
Net losses arising from deferred taxes *(note 2.g)*	(363)	(687)
Changes in deferred taxes linked to changes in value and reversal through profit or loss of changes in value of available-for-sale financial assets, including those reclassified as loans and receivables	(2,054)	848
Changes in deferred taxes linked to changes in value and reversal through profit or loss of changes in value of hedging derivatives	(195)	(428)
Effect of exchange rate and other movements	591	413
NET DEFERRED TAXES AT END OF PERIOD	**5,726**	**7,747**

➤ BREAKDOWN OF DEFERRED TAX ASSETS AND LIABILITIES BY NATURE:

In millions of euros	31 December 2012	31 December 2011
Available-for-sale financial assets, including those reclassified as loans and receivables	(365)	1,708
Unrealised finance lease reserve	(688)	(725)
Provisions for employee benefit obligations	915	844
Provisions for credit risk	2,811	3,607
Other items	(103)	(535)
Tax loss carryforwards	3,156	2,848
NET DEFERRED TAXES	**5,726**	**7,747**
Deferred tax assets	7,871	9,343
Deferred tax liabilities	(2,145)	(1,596)

Unrecognised deferred tax assets totalled EUR 1,905 million at 31 December 2012 compared with EUR 2,404 million at 31 December 2011.

In order to determine the size of the tax loss carryforwards recognised as assets, the Group conducts every year a specific review for each relevant entity based on the applicable tax regime, notably incorporating any time limit rules, and a realistic projection of their future revenue and charges in line with their business plan.

Entities with deferred tax assets recognised on tax loss carryforwards of more than EUR 100 million:

In millions of euros	31 December 2012	Statutory time limit on carryforwards	Expected recovery period
Fortis Banque SA	2,451	unlimited	9 years
BNP Paribas London branch	115	unlimited	3 years
UkrSibbank	105	unlimited	10 years
Others	485		
TOTAL DEFERRED TAX ASSETS RELATING TO TAX LOSS CARRYFORWARDS	**3,156**		

5.l ACCRUED INCOME/EXPENSE AND OTHER ASSETS/LIABILITIES

In millions of euros	31 December 2012	31 December 2011
Guarantee deposits and bank guarantees paid	52,602	44,832
Settlement accounts related to securities transactions	13,005	18,972
Collection accounts	453	792
Reinsurers' share of technical reserves	2,827	2,524
Accrued income and prepaid expenses	4,982	2,996
Other debtors and miscellaneous assets	25,490	23,424
TOTAL ACCRUED INCOME AND OTHER ASSETS	**99,359**	**93,540**
Guarantee deposits received	42,235	40,733
Settlement accounts related to securities transactions	12,760	16,577
Collection accounts	1,288	1,084
Accrued expenses and deferred income	6,338	4,708
Other creditors and miscellaneous liabilities	24,070	17,908
TOTAL ACCRUED EXPENSES AND OTHER LIABILITIES	**86,691**	**81,010**

The movement in "Reinsurers' share of technical reserves" breaks down as follows:

In millions of euros	31 December 2012	31 December 2011
REINSURERS' SHARE OF TECHNICAL RESERVES AT START OF PERIOD	**2,524**	**2,495**
Increase in technical reserves borne by reinsurers	3,470	1,463
Amounts received in respect of claims and benefits passed on to reinsurers	(3,166)	(1,412)
Effect of changes in exchange rates and scope of consolidation	(1)	(22)
REINSURERS' SHARE OF TECHNICAL RESERVES AT END OF PERIOD	**2,827**	**2,524**

5.m INVESTMENTS IN ASSOCIATES

Associates for which the Group's share of the equity value is above EUR 100 million at 31 December 2012 are listed below.

In millions of euros	31 December 2012	31 December 2011
Retail Banking	**1,341**	**1,269**
of which Bank of Nanjing	463	362
of which Carrefour Banque	265	248
of which Servicios Financieros Carrefour EFC SA	136	112
of which Carrefour Promotora de Vendas e Participaçoes	-	140
Investment Solutions	**2,296**	**1,665**
of which AG Insurance	1,455	957
of which BNP Paribas Cardif Emeklilik Anonim Sirketi	121	137
Corporate and Investments Banking	**817**	**489**
of which Verner Investments	341	354
of which BNP Paribas Securities (Japan) Ltd	270	-
Other Activities	**2,586**	**1,051**
of which Klépierre	1,096	-
of which Erbe	1,027	967
of which SCI Scoo	275	-
of which SCI Portes de Claye	118	-
INVESTMENTS IN ASSOCIATES	**7,040**	**4,474**

The following table gives financial data for the Group's main associates:

In millions of euros	Financial reporting standards	Total assets	Net revenue	Net income attributable to equity holders
AG Insurance(2)	Local Gaap	58,147	6,113	(384)
Bank of Nanjing(2)	Local Gaap	34,502	830	357
BNP Paribas Cardif Emeklilik Anonim Sirketi(2)	IFRS Gaap	361	(5)	(10)
BNP Paribas Securities (Japan) Ltd.(2)	Local Gaap	309	79	519
Carrefour Banque(2)	Local Gaap	4,674	365	63
Erbe(2)	Local Gaap	2,372	-	41
Klépierre(2)	Local Gaap	7,561	267	240
SCI Scoo(2)	Local Gaap	409	33	33
SCI Portes de Claye(1)	Local Gaap	267	-	4
Servicios Financieros Carrefour EFC SA(2)	Local Gaap	1,282	203	59
Verner Investissements(1)	IFRS Gaap	6,353	347	39

(1) Data relating to 31 December 2012.
(2) Data relating to 31 December 2011.

5.n PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS USED IN OPERATIONS, INVESTMENT PROPERTY

	31 December 2012			31 December 2011		
In millions of euros	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount
INVESTMENT PROPERTY	**1,199**	**(272)**	**927**	**13,621**	**(2,177)**	**11,444**
Land and buildings	6,997	(1,460)	5,537	6,857	(1,339)	5,518
Equipment, furniture and fixtures	6,519	(4,200)	2,319	6,614	(4,092)	2,522
Plant and equipment leased as lessor under operating leases	12,762	(4,157)	8,605	12,964	(4,256)	8,708
Other property, plant and equipment	1,780	(922)	858	2,334	(804)	1,530
PROPERTY, PLANT AND EQUIPMENT	**28,058**	**(10,739)**	**17,319**	**28,769**	**(10,491)**	**18,278**
Purchased software	2,543	(1,978)	565	2,410	(1,814)	596
Internally-developed software	2,890	(1,992)	898	2,705	(1,920)	785
Other intangible assets	1,602	(480)	1,122	1,542	(451)	1,091
INTANGIBLE ASSETS	**7,035**	**(4,450)**	**2,585**	**6,657**	**(4,185)**	**2,472**

The decrease of the carrying amount of investment property and other properties, plant and equipment is due to the loss of control over Klépierre at the end of the first quarter 2012 (note 8.d).

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 amortised cost at 31 December 2012 is EUR 1,087 million, compared with EUR 16,900 million at 31 December 2011.

Operating leases

Operating leases and investment property transactions are in certain cases subject to agreements providing for the following minimum future payments:

In millions of euros	31 December 2012	31 December 2011
Future minimum lease payments receivable under non-cancellable leases	**5,352**	**8,248**
Payments receivable within 1 year	2,404	3,203
Payments receivable after 1 year but within 5 years	2,839	4,624
Payments receivable beyond 5 years	109	421

Future minimum lease payments receivable under non-cancellable leases comprise payments that the lessee is required to make during the lease term.

The decrease of the future minimum lease payments receivable is due to the loss of control over Klépierre at the end of the first quarter 2012 (note 8.d).

Intangible assets

Other intangible assets include leasehold rights, goodwill and trademarks acquired by the Group.

Depreciation, amortisation and impairment

Net depreciation and amortisation expense for the year ended 31 December 2012 was EUR 1,546 million, compared with EUR 1,491 million for the year ended 31 December 2011.

The net decrease in impairment losses on property, plant, equipment and intangible assets taken to the profit and loss account in the year ended 31 December 2012 amounted to EUR 3 million, compared with a net increase of EUR 17 million for the year ended 31 December 2011.

5.o GOODWILL

In millions of euros	Year to 31 Dec. 2012	Year to 31 Dec. 2011
CARRYING AMOUNT AT START OF PERIOD	**11,406**	**11,324**
Acquisitions	2	341
Divestments	(240)	(157)
Impairment losses recognised during the period	(493)	(173)
Translation adjustments	(89)	53
Other movements	5	18
CARRYING AMOUNT AT END OF PERIOD	**10,591**	**11,406**
Gross value	11,750	12,082
Accumulated impairment recognised at the end of period	(1,159)	(676)

Goodwill by core business is as follows:

In millions of euros	Carrying amount		Impairment losses recognised		Acquisitions of the period	
	31 December 2012	31 December 2011	Year to 31 Dec. 2012	Year to 31 Dec. 2011	Year to 31 Dec. 2012	Year to 31 Dec. 2011
Goodwill						
Retail Banking	**8,361**	**8,962**	**(486)**	**(172)**	**-**	**216**
Arval	316	310	-	-	-	-
BancWest	3,782	3,852	-	-	-	-
French & Belgian Retail Banking	59	77	-	-	-	9
Italian Retail Banking	1,400	1,698	(298)	-	-	-
Europe-Mediterranean	295	287	-	-	-	199
Leasing Solutions	147	232	(80)	-	-	7
Personal Finance	1,950	2,093	(108)	(172)	-	1
Personal Investors	412	413	-	-	-	-
Investment Solutions	**1,584**	**1,544**	**-**	**-**	**2**	**125**
Insurance	259	258	-	-	-	120
Investment Partners	251	248	-	-	-	-
Real Estate	351	348	-	-	2	5
Securities Services	372	365	-	-	-	-
Wealth Management	351	325	-	-	-	-
Corporate and Investment Banking	**643**	**657**	**(7)**	-	-	-
Other Activities	**3**	**243**	-	**(1)**	-	-
TOTAL GOODWILL	**10,591**	**11,406**	**(493)**	**(173)**	**2**	**341**
Negative goodwill			3	67		
CHANGE IN VALUE OF GOODWILL			**(490)**	**(106)**		

Goodwill impairment tests are based on three different methods: observation of transactions related to comparable businesses, share price data for listed companies with comparable businesses, and discounted future cash flows (DCF).

If one of the two comparables-based methods indicates the need for impairment, the DCF method is used to validate the results and determine the amount of impairment required.

The DCF method is based on a number of assumptions in terms of future revenues, expenses and cost of risk. These parameters are taken from medium-term business plans for the first three years, extrapolated over a sustainable growth period of ten years, representing the duration of the economic cycle to which the banking industry is sensitive, and then in perpetuity, based on sustainable growth rates up to ten years and the inflation rate thereafter, for each business line.

The key parameters which are sensitive to the assumptions made are the cost/income ratio, the sustainable growth rate and the cost of capital. Cost of capital is determined on the basis of a risk-free rate, an observed market risk premium weighted by a risk factor based on comparables specific to each homogeneous group of businesses. The sustainable growth rates used are obtained from external market sources and if necessary are revised down according to management expectations. The cost/income ratio is based on the structure specific to each homogeneous group of businesses.

The following table shows the sensitivity of cash generating unit valuations to changes in the value of parameters used in the DCF calculation. The cost of capital, cost/income ratio and sustainable 10-year growth rate are specific to each business. The growth rate beyond 10 years is set at 2% for all businesses, which is a conservative rate in view of inflation rates in most countries in which the Group operates.

Lastly, allocated capital is determined for each homogeneous group of businesses based on the Core Tier One regulatory requirements for the legal entity to which the homogeneous group of businesses belongs, with a minimum of 7%.

In 2012, considering in particular the expected increase in the Bank of Italy capital requirement (local Core Equity Tier One increased from 7% to 8%), the Group recognised a EUR 298 million impairment of the goodwill allocated to the BNL bc homogeneous group.

SENSITIVITY OF THE MAIN GOODWILL VALUATIONS TO A 10-BASIS POINT CHANGE IN THE COST OF CAPITAL AND A 1% CHANGE IN THE COST/INCOME RATIO AND IN THE SUSTAINABLE GROWTH RATE

In millions of euros	BNL bc	BancWest	Personal Finance (excluding specific CGU)
Cost of capital	**10.2%**	**8.3%**	**10.5%**
Adverse change (+10 basis points)	(98)	(152)	(114)
Positive change (-10 basis points)	100	157	116
Cost/income ratio	**53.3%**	**61.6%**	**46.0%**
Adverse change (+1%)	(226)	(276)	(339)
Positive change (-1%)	226	276	339
Sustainable growth rate	**5.0%[(1)]**	**5.0%**	**5.0%**
Adverse change (-1%)	(232)[(1)]	(254)	(779)
Positive change (+1%)	240[(1)]	267	820

(1) From 2018.

For the BancWest and Personal Finance (excluding specific CGU) cash generating units, there are no grounds for goodwill writedowns even if the three most adverse scenarios contained in the table are applied to the impairment test.

5.p TECHNICAL RESERVES OF INSURANCE COMPANIES

In millions of euros	31 December 2012	31 December 2011
Liabilities related to insurance contracts	**131,070**	**122,494**
Gross technical reserves		
Unit-linked contracts	42,241	39,550
Other insurance contracts	88,829	82,944
Liabilities related to financial contracts with discretionary participation feature	**10,424**	**10,564**
Policyholders' surplus reserve - liability	**6,498**	**-**
TOTAL TECHNICAL RESERVES OF INSURANCE COMPANIES	**147,992**	**133,058**
Policyholders' surplus reserve - asset[(1)]	-	(1,247)
Liabilities related to unit-linked financial contracts[(2)]	1,298	1,340
Liabilities related to general fund financial contracts	25	45
TOTAL LIABILITIES RELATED TO CONTRACTS WRITTEN BY INSURANCE COMPANIES	**149,315**	**133,196**

(1) The policyholders' loss asset is presented under "other debtors and miscellaneous assets".
(2) Liabilities related to unit-linked financial contracts are included in "Due to customers" (note 5.g).

The policyholders' surplus reserve arises from the application of shadow accounting. It represents the interest of policyholders within French and Italian life insurance subsidiaries in unrealised gains and losses and impairment losses on assets where the benefit paid under the policy is linked to the return on those assets. It is obtained from stochastic calculations modelling the unrealised gains and losses attributable to policyholders based on economic scenarios and assumptions as regards rates paid to customers and new business inflows. For France, this resulted in an interest of 90% in 2012, unchanged from 2011.

The application of these models led to recognise a policyholders' surplus liability in 2012, whilst market conditions in the second half of 2011 had led to the recognition of an asset, representing policyholders' share of unrealised losses and writedowns on the portfolio of financial assets which are taken to income or directly to equity depending on their accounting category.

The movement in liabilities related to insurance contracts breaks down as follows:

In millions of euros	Year to 31 Dec. 2012	Year to 31 Dec. 2011
LIABILITIES RELATED TO CONTRACTS AT START OF PERIOD	**133,196**	**116,409**
Additions to insurance contract technical reserves and deposits taken on financial contracts related to life insurance	30,801	11,895
Claims and benefits paid	(18,177)	(12,407)
Contracts portfolio disposals	-	(92)
Effect of changes in the scope of consolidation	(6)	18,984
Effect of movements in exchange rates	140	4
Effect of changes in value of admissible investments related to unit-linked business	3,361	(1,597)
LIABILITIES RELATED TO CONTRACTS AT END OF PERIOD	**149,315**	**133,196**

See note 5.l for details of reinsurers' share of technical reserves.

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5.q PROVISIONS FOR CONTINGENCIES AND CHARGES

Provisions for contingencies and charges

In millions of euros	31 December 2012	31 December 2011
Provisions for employee benefits	**5,985**	**6,019**
of which post-employment benefit *(note 7.b)*	4,334	4,398
of which post-employment healthcare benefits *(note 7.b)*	123	116
of which provision for other long-term benefits *(note 7.c)*	1,058	972
of which provision for voluntary departure, early retirement plans, and headcount adaptation plan *(note 7.d)*	470	533
Provisions for home savings accounts and plans	**142**	**233**
Provisions for off-balance sheet commitments *(note 2.f)*	**976**	**991**
Provisions for litigations	**1,683**	**1,448**
Other provisions for contingencies and charges	**2,176**	**1,789**
TOTAL PROVISIONS FOR CONTINGENCIES AND CHARGES	**10,962**	**10,480**

In millions of euros	31 December 2012	31 December 2011
TOTAL PROVISIONS AT START OF PERIOD	**10,480**	**10,311**
Net additions to provisions	1,141	376
Provisions used	(1,102)	(1,260)
Effect of movements in exchange rates and other movements	443	1,053
TOTAL PROVISIONS AT END OF PERIOD	**10,962**	**10,480**

Provisions for regulated savings product risks

➤ DEPOSITS, LOANS AND SAVINGS

In millions of euros	31 December 2012	31 December 2011
Deposits collected under home savings accounts and plans	**14,946**	**14,699**
of which deposits collected under home savings plans	12,076	11,846
Aged more than 10 years	*5,374*	*5,897*
Aged between 4 and 10 years	*4,491*	*3,290*
Aged less than 4 years	*2,211*	*2,659*
Outstanding loans granted under home savings accounts and plans	**379**	**438**
of which loans granted under home savings plans	76	96
Provisions and discount recognised for home savings accounts and plans	**152**	**243**
of which discount recognised for home savings accounts and plans	10	10
of which provisions recognised for home savings accounts and plans	142	233
of which provisions recognised for plans aged more than 10 years	*65*	*65*
of which provisions recognised for plans aged between 4 and 10 years	*28*	*91*
of which provisions recognised for plans aged less than 4 years	*31*	*68*
of which provisions recognised for home savings accounts	*18*	*9*

➤ CHANGE IN PROVISIONS

	Year to 31 Dec. 2012		Year to 31 Dec. 2011	
In millions of euros	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	**224**	**19**	**203**	**23**
Additions to provisions during the period	-	9	21	-
Provision reversals during the period	(100)	-	-	(4)
TOTAL PROVISIONS AT END OF PERIOD	**124**	**28**	**224**	**19**

The reversal recognised in 2012 was due primarily to a revision of the provision calculation model and, in particular, the method of determining the reference rates, which has been adapted to take account of current liquidity pricing conditions for products offered to individual customers (see note 1.c.2).

5.r TRANSFERS OF FINANCIAL ASSETS

Financial assets that have been transferred but not derecognised by the Group are mainly composed of securities sold temporarily under repurchase agreements or securities lending transactions, as well as securitised assets. The liabilities associated to securities temporarily sold under repurchase agreements consist of debts recognised under the "repurchase agreements" heading. The liabilities associated to securitised assets consist of the securitisation notes purchased by third parties.

Securities lending and repurchase agreements:

In millions of euros, at 31 December 2012	Carrying amount of transferred assets	Carrying amount of associated liabilities
SECURITIES LENDING OPERATIONS		
Securities at fair value through profit or loss	3,270	
REPURCHASE AGREEMENTS		
Securities at fair value through profit or loss	52,604	51,915
Securities classified as loans and receivables	957	888
Available-for-sale financial assets	9,422	9,423
TOTAL	**66,253**	**62,226**

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Securitisation transactions partially refinanced by external investors, whose recourse is limited to the transferred assets:

In millions of euros, at 31 December 2012	Carrying amount of transferred assets	Carrying amount of associated liabilities	Fair value of transferred assets	Fair value of associated liabilities	Net position
SECURITISATION					
Securities at fair value through profit or loss	231	217	231	217	14
Loans and receivables	11,447	8,997	11,487	8,915	2,572
Available-for-sale financial assets	283	305	262	283	(21)
TOTAL	**11,961**	**9,519**	**11,980**	**9,415**	**2,565**

There have been no significant transfers leading to partial or full derecognition of the financial assets where the Bank has a continuing involvement in them.

Note 6 FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS

6.a FINANCING COMMITMENTS GIVEN OR RECEIVED

Contractual value of financing commitments given and received by the Group:

In millions of euros	31 December 2012	31 December 2011
Financing commitments given		
to credit institutions	48,628	27,291
to customers	215,656	226,007
Confirmed letters of credit	176,355	199,706
Other commitments given to customers	39,301	26,301
TOTAL FINANCING COMMITMENTS GIVEN	**264,284**	**253,298**
Financing commitments received		
from credit institutions	119,722	119,719
from customers	6,036	6,781
TOTAL FINANCING COMMITMENTS RECEIVED	**125,758**	**126,500**

6.b GUARANTEE COMMITMENTS GIVEN BY SIGNATURE

In millions of euros	31 December 2012	31 December 2011
Guarantee commitments given		
to credit institutions	11,829	14,920
to customers	79,860	91,176
Property guarantees	1,054	1,783
Sureties provided to tax and other authorities, other sureties	44,283	50,975
Other guarantees	34,523	38,418
TOTAL GUARANTEE COMMITMENTS GIVEN	**91,689**	**106,096**

6.c OTHER GUARANTEE COMMITMENTS

➤ FINANCIAL INSTRUMENTS GIVEN AS COLLATERAL

In millions of euros	31 December 2012	31 December 2011
Financial instruments (negotiable securities and private receivables) lodged with central banks and eligible for use at any time as collateral for refinancing transactions after haircut	99,499	91,231
Used as collateral with central banks	42,201	48,582
Available for refinancing transactions	57,298	42,649
Securities sold under repurchase agreements	238,734	239,813
Other financial assets pledged as collateral for transactions with credit institutions, financial customers or subscribers of covered bonds issued by the Group(1)	149,237	119,703

(1) Notably including "Société de Financement de l'Économie Française" and "Caisse de Refinancement de l'Habitat" financing.

Financial instruments given as collateral by the Group that the beneficiary is authorised to sell or reuse as collateral amounted to EUR 328,024 million at 31 December 2012 (EUR 336,757 million at 31 December 2011).

➤ FINANCIAL INSTRUMENTS RECEIVED AS COLLATERAL

In millions of euros	31 December 2012	31 December 2011
Financial instruments received as collateral (excluding repurchase agreements)	**71,671**	**68,705**
of which instruments that the Group is authorised to sell and reuse as collateral	*32,140*	*30,509*
Securities received under repurchase agreements	**174,474**	**195,530**

The financial instruments received as collateral or under repurchase agreements that the Group effectively sold or reused as collateral amounted to EUR 156,718 million at 31 December 2012 (compared with EUR 144,791 million at 31 December 2011).

Note 7 SALARIES AND EMPLOYEE BENEFITS

7.a SALARY AND EMPLOYEE BENEFIT EXPENSES

In millions of euros	Year to 31 Dec. 2012	Year to 31 Dec. 2011
Fixed and variable remuneration, incentive bonuses and profit-sharing	11,209	10,844
Retirement bonuses, pension costs and social security taxes	3,563	3,724
Payroll taxes	483	435
TOTAL SALARY AND EMPLOYEE BENEFIT EXPENSES	**15,255**	**15,003**

7.b POST-EMPLOYMENT BENEFITS

IAS 19 distinguishes between two categories of plans, each handled differently depending on the risk incurred by the entity. When the entity is committed to paying a fixed amount, stated as a percentage of the beneficiary's annual salary, for example, to an external entity handling payment of the benefits based on the assets available for each plan member, it is described as a defined contribution plan. Conversely, when the entity's obligation is to manage the financial assets funded through the collection of contributions from employees and to bear the cost of benefits itself or to guarantee the final amount subject to future events, it is described as a defined-benefit plan. The same applies, if the entity entrusts management of the collection of premiums and payment of benefits to a separate entity, but retains the risk arising from management of the assets and from future changes in the benefits.

Pension plans and other post-employment benefits

The BNP Paribas Group has implemented over the past few years a wide campaign of converting defined-benefit plans into defined -contribution plans.

In France, for example, 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 addition, since defined benefit plans have been closed to new employees in most countries outside France, they are offered the benefit of joining defined contribution pension plans.

The amount paid into defined-contribution post-employment plans in France and other countries for the year to 31 December 2012 was EUR 531 million, compared with EUR 511 million for the year to 31 December 2011.

Defined-benefit pension plans for Group entities

In France, BNP Paribas pays a top-up banking industry pension arising from rights acquired to 31 December 1993 by retired employees 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 are 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 presence within the Group at retirement, were fixed when the previous schemes were closed. These pension plans have been funded through insurance companies. The fair value of the related plan assets in these companies' balance sheets breaks down as 83.7% bonds, 6.8% equities and 9.5% property assets.

In Belgium, BNP Paribas Fortis provides a defined-benefit plan for its employees and middle managers who joined the bank before its pension plans were harmonised on 1 January 2002, based on final salary and the number of years' service. The obligation is partially funded through AG Insurance, in which the BNP Paribas Group owns an 18.7% interest. BNP Paribas Fortis' senior managers have a pension plan that provides a lump sum based on the number of years of service and final salary, which is partially funded through AXA Belgium and AG Insurance.

Under Belgian and Swiss law, the employer is responsible for a guaranteed minimum return on defined-contribution plans. As a result of this obligation, these plans are classified as defined-benefit plans.

Defined-benefit pension plans remain in place in certain countries, but are generally closed to new members. They are based either on the vesting of a pension linked to the employee's final salary and length of service (United Kingdom) or on the annual vesting of rights to a lump sum expressed as a percentage of annual salary and paying interest at a predefined rate (United States). Some plans are top-up schemes linked to statutory pensions (Norway). Some plans are managed by an insurance company (Netherlands), a foundation (Switzerland) or by independent funds (United Kingdom).

In Turkey, the pension plan replaces the national pension scheme and is measured based on the terms of transfer to the Turkish state.

This plan is fully funded by financial assets held with an external foundation.

On 31 December 2012, Belgium, the United Kingdom, the United States, Switzerland and Turkey represented 91% of the total gross defined-benefit obligations outside France. The fair value of the related plan assets was split as follows: 59% bonds, 17% equities, 24% other financial instruments (including 11% in insurance contracts).

Other post-employment benefits

Group employees also receive various other contractual post-employment benefits, such as indemnities payable on retirement. BNP Paribas' obligations for these benefits in France are funded through a contract held with a third-party insurer. In other countries, the gross obligations of the Group are mainly concentrated in Italy (80%), where pension reforms changed Italian termination indemnity schemes (TFR) into defined-contribution plans effective from 1 January 2007. Rights vested up to 31 December 2006 continue to be qualified as defined-benefit obligations.

Post-employment healthcare plans

In France, BNP Paribas has no longer any obligation 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 and Belgium.

Obligations under defined benefit plans

➤ ASSETS AND LIABILITIES RECOGNISED ON THE BALANCE SHEET

In millions of euros	Post-employment benefits		Post-employment healthcare benefits	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Present value of defined benefit obligation	**8,662**	**8,351**	**147**	**121**
Defined benefit obligation arising from wholly or partially funded plans	7,761	7,517	-	-
Defined benefit obligation arising from wholly unfunded plans	901	834	147	121
Fair value of plan assets	**(4,148)**	**(3,798)**	**-**	**-**
Fair value of reimbursement rights(1)	**(2,639)**	**(2,463)**	**-**	**-**
Cost not yet recognised in accordance with IAS 19	**(546)**	**(407)**	**(24)**	**(5)**
Prior service costs	(153)	(164)	-	1
Net actuarial gains/(losses)	(393)	(243)	(24)	(6)
Effect of asset ceiling	**209**	**91**	**-**	**-**
NET OBLIGATION RECOGNISED IN THE BALANCE SHEET FOR DEFINED-BENEFIT PLANS	**1,538**	**1,774**	**123**	**116**
Asset recognised in the balance sheet for defined-benefit plans	(2,796)	(2,624)	-	-
of which net assets of defined-benefit plans	*(157)*	*(161)*	-	-
of which fair value of reimbursement rights	*(2,639)*	*(2,463)*	-	-
Obligation recognised in the balance sheet for defined-benefit plans	4,334	4,398	123	116

(1) The reimbursement rights are principally found on the balance sheet of the Group's insurance subsidiaries notably AG Insurance with respect to BNP Paribas Fortis' defined-benefit plan to hedge its commitments to other Group entities that were transferred to them to cover the post-employment benefits of certain employee categories.

CHANGE IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION

In millions of euros	Post-employment benefits		Post-employment healthcare benefits	
	Year to 31 Dec. 2012	Year to 31 Dec. 2011	Year to 31 Dec. 2012	Year to 31 Dec. 2011
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AT START OF PERIOD	**8,351**	**8,052**	**121**	**114**
Current service cost	311	300	3	3
Interest cost	310	320	5	5
Plan amendments	(2)	(8)	2	1
Curtailments or settlements	(73)	(97)	-	(1)
Actuarial (gains)/losses on obligation	284	210	22	3
Actual employee contributions	30	30	-	-
Benefits paid directly by employer	(130)	(145)	(4)	(5)
Benefits paid from assets/reimbursement rights	(380)	(297)	-	-
Exchange rate (gains)/losses on obligation	31	23	(1)	2
Consolidation variation (gains)/losses on obligation	(71)	(37)	-	-
Others	1	-	(1)	(1)
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION AT END OF PERIOD	**8,662**	**8,351**	**147**	**121**

CHANGE IN THE FAIR VALUE OF PLAN ASSETS

In millions of euros	Post-employment benefits	
	Year to 31 Dec. 2012	Year to 31 Dec. 2011
FAIR VALUE OF PLAN ASSETS AT START OF PERIOD	**3,798**	**3,889**
Expected return on plan assets	179	188
Settlements	(19)	(55)
Actuarial gains/(losses) on plan assets	112	(49)
Actual employee contributions	21	21
Employer contributions	292	127
Benefits paid from plan assets	(211)	(138)
Exchange rate gains/(losses) on plan assets	32	(31)
Consolidation variation gains/(losses) on plan assets	(53)	(155)
Others	(3)	1
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD	**4,148**	**3,798**

Healthcare benefit plans are not funded plans.

CHANGE IN THE FAIR VALUE OF REIMBURSEMENT RIGHTS

In millions of euros	Post-employment benefits	
	Year to 31 Dec. 2012	Year to 31 Dec. 2011
FAIR VALUE OF REIMBURSEMENT RIGHTS AT START OF PERIOD	**2,463**	**2,366**
Expected return on reimbursement rights	97	92
Settlements	-	-
Actuarial gains on reimbursement rights	124	1
Actual employee contributions	10	9
Employer contributions	146	111
Benefits paid from reimbursement rights	(169)	(159)
Exchange rate gains/(losses) on reimbursement rights	-	3
Consolidation variation gains/(losses) on reimbursement rights	(32)	41
Others	-	(1)
FAIR VALUE OF REIMBURSEMENT RIGHTS AT END OF PERIOD	**2,639**	**2,463**

Healthcare benefit plans are not funded plans.

COMPONENTS OF THE COST OF DEFINED-BENEFIT PLANS

In millions of euros	Post-employment benefits		Post-employment healthcare benefits	
	Year to 31 Dec. 2012	Year to 31 Dec. 2011	Year to 31 Dec. 2012	Year to 31 Dec. 2011
CURRENT SERVICE COST	**311**	**300**	**3**	**3**
Interest cost	310	320	5	5
Expected return on plan assets	(179)	(188)	-	-
Expected return on reimbursement rights	(97)	(92)	-	-
Amortization of actuarial (gains)/losses	(86)	62	3	-
Amortization of prior service costs	9	5	1	-
(Losses)/gains on curtailments or settlements	(65)	(39)	-	(1)
Effect of asset ceiling	135	(32)	-	-
Others	1	(2)	-	-
TOTAL EXPENSE RECOGNISED IN PROFIT AND LOSS	**339**	**334**	**12**	**7**

Method used to measure obligations

Defined-benefit plans are valued by independent firms using actuarial techniques, applying the projected unit credit method, in order to determine the expense arising from rights vested by 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 into account economic conditions specific to each country and Group company.

Obligations under post-employment healthcare benefit plans are measured using the specific mortality tables applicable in each country and healthcare cost trend assumptions. These assumptions, which are derived from historical data, take into account expectations about healthcare benefit costs, including expected trend in the cost of healthcare benefits and expected inflation.

Principal actuarial assumptions used to calculate post-employment benefit obligations (excluding post-employment healthcare benefits)

The Group discounts its obligations using the yields of high quality corporate bonds issued in the relevant currency zone, with a term consistent with the duration of the obligations. Until 31 December 2011, the Group used the sovereign bonds yields for the Eurozone (iBoxx Eurozone index). In 2012, this index was higher than the AA rated corporate bonds yields, prompting the Group to adopt the generally used AA rated corporate bonds benchmark (iBoxx Euro index). The change of benchmark led to an increase of EUR 238 million in the Group obligations, with no impact on the financial statements at 31 December 2012, given the mechanism for deferred recognition of actuarial gains and losses described below.

The rates used are as follows:

In %	31 December 2012				31 December 2011			
	France	Eurozone excl. France	UK	USA	France	Eurozone excl. France	UK	USA
Discount rate	1.42%-2.69%	2.03%-2.69%	4.00%	3.90%	3.14%-4.64%	3.30%-4.70%	3.50%	4.50%
Rate of compensation increase(1)	2.60%-3.60%	2.00%-3.90%	2.00%-4.25%	4.00%	3.00%-4.50%	2.00%-4.65%	2.00%-4.50%	4.00%

(1) Including price increases (inflation).

Actual rate of return on plan assets and reimbursement rights over the period

The expected return on plan assets is determined by weighting the expected return on each asset class by its respective contribution to the fair value of total plan assets.

In %	Year to 31 Dec. 2012				Year to 31 Dec. 2011			
	France	Eurozone excl. France	UK	USA	France	Eurozone excl. France	UK	USA
Expected return on plan assets and reimbursement rights(1)	3.55%	2.27%-3.92%	3.40%-6.10%	3.00%-6.00%	3.90%	3.25%-4.70%	3.00%-6.20%	4.50%-6.00%
Actual return on plan assets and reimbursement rights(1)	3.70%	2.00%-19.00%	4.78%-10.00%	8.00%-14.00%	3.68%	1.00%-6.40%	2.80%-7.40%	1.00%-5.00%

(1) Range of values, reflecting the existence of several plans within a single country or geographical or monetary zone.

Actuarial gains and losses

Actuarial gains and losses reflect increases or decreases in the present value of a defined benefit obligation or in the fair value of the corresponding plan assets. Actuarial gains and losses resulting from the change in the present value of a defined benefit plan obligation are the cumulative effect of experience adjustments (differences between previous actuarial assumptions and actual occurrences) and the effects of changing actuarial assumptions.

BNP Paribas applies the "corridor" approach permitted in IAS 19, which specifies that recognition of actuarial gains and losses is deferred when they do not exceed 10% of the greater of the i) obligation and ii) value of the plan assets. The "corridor" is calculated separately for each defined-benefit plan. Where this limit is breached, the exceeding portion of cumulative actuarial gains and losses is amortised in the profit and loss account over the remaining life of the plan.

The following table shows the actuarial gains and losses:

In millions of euros	Post-employment benefits	
	31 December 2012	31 December 2011
CUMULATIVE UNRECOGNISED ACTUARIAL LOSSES	**(393)**	**(243)**
NET ACTUARIAL LOSSES GENERATED OVER THE PERIOD	**(48)**	**(258)**
of which actuarial (losses)/gains on plan assets or reimbursement rights	236	(51)
of which actuarial losses from changes in actuarial assumptions on obligation	(393)	(275)
of which experience gains on obligation	109	68

7.c OTHER LONG-TERM BENEFITS

BNP Paribas offers its employees various long-term benefits, mainly long-service awards, the ability to save up paid annual leave in time savings accounts, and certain guarantees protecting them in the event they become incapacitated.

As part of the Group's variable compensation policy, annual deferred compensation plans are set up for certain high-performing employees or pursuant to special regulatory frameworks. Under these plans, payment is deferred over time and is subject to the performance achieved by the business lines, divisions and Group.

In millions of euros	31 December 2012	31 December 2011
Net provisions for the long-term benefits	**956**	**864**
Asset recognised in the balance sheet under the other long-term benefits	(102)	(108)
Obligation recognised in the balance sheet under the other long-term benefits	1,058	972

7.d TERMINATION BENEFITS

BNP Paribas has implemented a number of voluntary redundancy plans and headcount adaptation plan for 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 a bilateral agreement or a draft bilateral agreement.

In millions of euros	31 December 2012	31 December 2011
Provision for volontary departure, early retirement plans, and headcount adaptation plan	470	533

7.e SHARE-BASED PAYMENTS

Share-based loyalty, compensation and incentive schemes

BNP Paribas has set up several share-based payment schemes for certain employees:

- a Global Share-Based Incentive Plan including:
  - performance shares plans,
  - stock subscription or purchase option plans;
- deferred share price-linked, cash-settled long term compensation plans, mainly for employees whose activities are likely to have an impact on the Group's risk exposure.

Global Share-Based Incentive Plan

Until 2005, various stock option plans were granted to Group employees by BNP Paribas and BNL, under successive authorisations given by Shareholders' Meetings.

In 2006, BNP Paribas set up a Global Share-Based Incentive Plan for some Group employees, including stock options and performance share awards.

The aim of the Plan was to actively involve 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 issuance and no discount is offered. Since the 2005 plan, the life of the options granted has been reduced to 8 years.

Until 2008, the vesting period for performance share plans was 2 or 4 years depending on the case. Performance shares awarded since 2009 vest after a period of 3 or 4 years, depending on the case and provided the employee is still a member of the Group. The compulsory holding period for performance shares is two years for French employees.

Since 2010, the conditional portion granted is set at 100% of the total award for members of the BNP Paribas Group Executive Committee and senior managers and 20% for other beneficiaries.

The performance condition for the contingent portion of performance shares awarded up to 2011 is based on earnings per share.

In 2012, only performance shares were awarded. The performance condition has been revised and is now similar to the one used in the past for stock option plans, in other words, performance of the BNP Paribas share relative to the Dow Jones Euro Stoxx Bank index.

Under stock option plans set up between 2003 and 2011, the performance condition was not fully met on six of twenty-seven occasions and the adjustments described above were therefore implemented. Under performance share plans awarded since 2009, the performance condition was not met on one of seven occasions and the relevant contingent portion therefore lapsed.

All unexpired plans settle in subscription or purchase of BNP Paribas shares.

Deferred share price-linked, cash-settled compensation plans

As part of the Group's variable remuneration policy, deferred annual compensation plans offered to certain high-performing employees or set up pursuant to special regulatory frameworks may entitle beneficiaries to variable compensation settled in cash but linked to the share price, payable over several years.

As of 2009, variable compensation for employees, subject to special regulatory frameworks.

Since the publication of the Decree by the French ministry of finance on 13 December 2010, the variable compensation plan applies to Group employees performing activities that may have a material impact on the Group's risk profile. The scope of application was more restricted in 2009, as it primarily concerned trading staff.

Under these plans, payment is deferred over time and is contingent on the performance achieved by the business lines, core businesses and Group.

Sums are paid mostly in cash and are linked to the increase or decrease in the BNP Paribas share price. In addition, since 2011, in accordance with the Decree of 13 December 2010, some of the variable compensation granted over the year in respect of the performance of the previous year will also be indexed to the BNP Paribas share price and paid to beneficiaries during the year of attribution.

Deferred variable compensation for other Group employees

Sums due under the annual deferred compensation plans for high-performing employees are paid all or part in cash and are linked to the increase or decrease in the BNP Paribas share price.

EXPENSE OF SHARE-BASED PAYMENT

Expense in millions of euros	Year to 31 Dec. 2012				Year to 31 Dec. 2011
	Stock subscription and purchase option plans	Share award plans	Variable deferred compensation plans	Total expense	Total expense
Prior deferred compensation plans	-	-	160	**160**	(285)
Deferred compensation plan for the year	-	-	294	**294**	287
Global Share-Based Incentive Plan	27	45	-	**72**	69
TOTAL	**27**	**45**	**454**	**526**	**71**

Valuation of stock option and performance shares plans

As required under IFRS 2, BNP Paribas attributes a value to stock options and performance shares granted to employees and recognises an expense, determined at the date of grant, calculated respectively 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 an adjustment in the expense, are those related to the population of grantees (loss of rights) and internal performance conditions. 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 also 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 in 2011 were valued at between EUR 11.03 and EUR 12.13 depending on whether or not they are subject to performance conditions according to the various secondary award tranches.

No stock subscription options were granted in 2012.

	Year to 31 Dec. 2011
	Plan granted on 4 March 2011
BNP Paribas share price on the grant date *(in euros)*	54.49
Option exercise price *(in euros)*	56.45
Implied volatility of BNP Paribas shares	28.5%
Expected option holding period	8 years
Expected dividend on BNP Paribas shares(1)	4.1%
Risk-free interest rate	3.5%
Expected proportion of options that will be forfeited	1.3%

(1) The dividend yield indicated above is the average of a series of estimated annual dividends.

Measurement of performance shares

The unit value used to measure performance shares is the value at the end of the holding period plus dividends paid since the vesting date, discounted at the grant date.

The performance shares awarded in 2012, depending on whether or not they are subject to a performance condition, were valued at between EUR 28.47 and EUR 33.45 for employees in France and between EUR 27.46 and EUR 32.36 for employees outside France. The performance shares awarded in 2011 were valued at EUR 47.84 for employees in France and EUR 45.95 for employees outside France.

	Year to 31 Dec. 2012 Plan granted on 6 March 2012		Year to 31 Dec. 2011 Plan granted on 4 March 2011	
	Vested on 9 March 2015	Vested on 7 March 2016	Vested on 4 March 2014	Vested on 4 March 2015
BNP Paribas share price on the grant date *(in euros)*	37.195	37.195	54.49	54.49
Date of availability	09/03/2017	07/03/2016	04/03/2016	04/03/2015
Expected dividend on BNP Paribas shares[(1)]	3.23%	3.23%	4.10%	4.10%
Risk-free interest rate	1.53%	1.33%	2.99%	2.81%
Expected proportion of options that will be forfeited	2.00%	2.00%	2.00%	2.00%

(1) The dividend yield indicated above is the average of a series of estimated annual dividends.

History of plans granted under the Global Share-Based Incentive Plan

The tables below give details of the characteristics and terms of all unexpired plans at 31 December 2012:

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)*[1]	Number of options[1]	Remaining period until expiry of options (years)
BNL[3]	20/10/2000	161	504,926	20/10/2003	20/10/2013	100.997	435,166	0.8
BNL[3]	26/10/2001	223	573,250	26/10/2004	26/10/2014	61.888	4,856	1.8
BNP Paribas SA[2]	21/03/2003	1,302	6,693,000	21/03/2007	20/03/2013	35.87	2,077,347	0.2
BNP Paribas SA[2]	24/03/2004	1,458	1,779,850	24/03/2008	21/03/2014	48.15	1,252,760	1.2
BNP Paribas SA[2]	25/03/2005	2,380	4,332,550	25/03/2009	22/03/2013	53.28	3,932,248	0.2
BNP Paribas SA[2]	05/04/2006	2,583	3,894,770	06/04/2010	04/04/2014	73.40	3,483,945	1.3
BNP Paribas SA[2]	08/03/2007	2,023	3,630,165	08/03/2011	06/03/2015	80.66	3,315,460	2.2
BNP Paribas SA[2]	06/04/2007	219	405,680	06/04/2011	03/04/2015	76.57	371,008	2.3
BNP Paribas SA[2]	18/04/2008	2,402	3,985,590	18/04/2012	15/04/2016	64.47	3,732,876	3.3
BNP Paribas SA[2]	06/04/2009	1,397	2,376,600	08/04/2013	05/04/2017	35.11	2,282,515	4.3
BNP Paribas SA[2]	05/03/2010	1,820	2,423,700	05/03/2014	02/03/2018	51.20	2,323,340	5.2
BNP Paribas SA[2]	04/03/2011	1,915	2,296,820	04/03/2015	04/03/2019	56.45	2,246,700	6.2
TOTAL OPTIONS OUTSANDING AT END OF PERIOD							**25,458,221**	

(1) The number of options and the exercise price have been adjusted, where appropriate, for the two-for-one BNP Paribas share split that took place on 20 February 2002, and the detachment of the pre-emptive subscription rights on 7 March 2006 and 30 September 2009, in accordance with the regulations in force.

(2) 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 37.67 for 274,161 options under the 21 March 2003 plan, outstanding at the year-end
- EUR 50.55 for 3,080 options under the 24 March 2004 plan, outstanding at the year-end
- EUR 55.99 for 169,863 options under the 25 March 2005 plan, outstanding at the year-end
- EUR 77.06 for 155,263 options under the 5 April 2006 plan, outstanding at the year-end

(3) 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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PERFORMANCE SHARE PLANS

Characteristics of the plan						Number of share outstanding at end of period[(2)]
Originating company	Date of grant	Number of grantees	Number of shares granted	Vesting date of shares granted	Expiry date of holding period for shares granted	
BNP Paribas SA[(1)]	2007-2008					401
BNP Paribas SA[(1)]	06/04/2009	2,247	359,930	10/04/2012	10/04/2014	2,221
BNP Paribas SA	06/04/2009	1,686	278,325	08/04/2013	08/04/2013	263,494
BNP Paribas SA	05/03/2010	2,536	510,445	05/03/2013	05/03/2015	493,495
BNP Paribas SA	05/03/2010	2,661	487,570	05/03/2014	05/03/2014	465,760
BNP Paribas SA	04/03/2011	2,574	541,415	04/03/2014	04/03/2016	531,005
BNP Paribas SA	04/03/2011	2,743	499,035	04/03/2015	04/03/2015	489,900
BNP Paribas SA	06/03/2012	2,610	1,072,480	09/03/2015	09/03/2017	1,057,295
BNP Paribas SA	06/03/2012	2,755	849,455	07/03/2016	07/03/2016	823,490
TOTAL SHARES OUTSTANDING AT END OF PERIOD						**4,127,061**

(1) *The vesting date for certain shares has been deferred due to the beneficiaries' absence on the date initially scheduled.*
(2) *The number of shares has been adjusted for the pre-emptive subscription rights detached on 30 September 2009.*

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Movements over the past two years

STOCK SUBSCRIPTION OPTION PLANS

	Year to 31 Dec. 2012		Year to 31 Dec. 2011	
	Number of options	Weighted average exercise price *(in euros)*	Number of options	Weighted average exercise price *(in euros)*
OPTIONS OUTSTANDING AT 1 JANUARY	**27,509,625**	**58.67**	**28,752,600**	**58.05**
Options granted during the period	-	-	2,296,820	56.45
Options exercised during the period	(581,181)	36.07	(2,770,177)	46.17
Options expired during the period	(1,470,223)		(769,618)	
OPTIONS OUTSTANDING AT 31 DECEMBER	**25,458,221**	**59.24**	**27,509,625**	**58.67**
OPTIONS EXERCISABLE AT 31 DECEMBER	**18,605,666**	**63.55**	**16,722,292**	**61.99**

The average quoted stock market price for the option exercise period in 2012 was EUR 41.99 (EUR 54.84 in 2011).

PERFORMANCE SHARE PLANS

	Year to 31 Dec. 2012	Year to 31 Dec. 2011
	Number of shares	Number of shares
SHARES OUTSTANDING AT 1 JANUARY	**2,633,568**	**1,637,867**
Shares granted during the period	1,921,935	1,040,450.00
Shares vested during the period	(351,808)	(2,392.00)
Shares expired during the period	(76,634)	(42,357.00)
SHARES OUTSTANDING AT 31 DECEMBER	**4,127,061**	**2,633,568**

SHARES SUBSCRIBED OR PURCHASED BY EMPLOYEES UNDER THE COMPANY SAVINGS PLAN

	Year to 31 Dec. 2012	Year to 31 Dec. 2011
Date of plan announcement	3 May 2012	11 May 2011
Quoted price of BNP Paribas shares at date of plan announcement (in euros)	30.15	54.23
Number of shares issued	4,289,709	6,315,653
Subscription price (in euros)	25.00	42.40
Five-year risk-free interest rate	1.67%	2.76%
Five-year borrowing rate	7.52%	7.63%
Fair value-based cost of the mandatory holding period	29.00%	25.14%

In 2012 as in 2011, the discount granted to employees subscribing shares under the Company Savings Plan was less than the value of the five-year mandatory holding period applicable to the shares purchased and the Group did not recognise an expense in this respect.

Of the total number of BNP Paribas Group employees who were offered the opportunity of buying shares under the Plan in 2012, 27% accepted the offer and 73% turned it down.

Note 8 ADDITIONAL INFORMATION

8.a CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

Resolutions of the Shareholders' General Meeting valid for 2012

The following authorisations to increase or reduce the share capital have been granted to the Board of Directors under resolutions voted in Shareholders' General Meetings and were valid during 2012:

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2012
Shareholders' General Meeting of 12 May 2010 (19th resolution)	Authorisation granted to the Board of Directors to carry out transactions reserved for members of the BNP Paribas Group's Corporate Savings Plan in the form of new share issues and/or sales of reserved shares. *Authorisation was given to increase the share capital within the limit of a maximum par value of EUR 46 million on one or more occasions by issuing ordinary shares, with waiving of pre-emptive rights for existing shareholders, reserved for members of the BNP Paribas Group Corporate Savings Plan.* *This authorisation was granted for a period of 26 months and was nullified by the 20th resolution of the Shareholders' General Meeting of 23 May 2012.*	4,289,709 new shares with a par value of EUR 2 issued on 29 June 2012
Shareholders' General Meeting of 11 May 2011 (5th resolution)	Authorisation given to the Board of Directors to set up a share buyback programme for the Company until it holds at most 10% of the shares forming the share capital. *Said acquisitions of shares at a price not exceeding EUR 75 would be intended to fulfil several objectives, notably including:* *- honouring obligations arising from the issue of share equivalents, stock option programmes, the award of free shares, the award or sale of shares to employees in connection with the employee profit-sharing scheme, employee share ownership plans or corporate savings plans;* *- cancelling shares following authorisation by the Shareholders' General Meeting of 11 May 2011;* *- covering any allocation of shares to the employees and corporate officers of BNP Paribas and companies exclusively controlled by BNP Paribas within the meaning of Article L.233-16 of the French Commercial Code;* *- for retention or remittance in exchange or payment for external growth transactions, mergers, spin-offs or asset contributions;* *- in connection with a market-making agreement complying with the Code of Ethics recognised by the Autorité des Marchés Financiers;* *- for asset and financial management purposes.* This authorisation was granted for a period of 18 months and was nullified by the 5th resolution of the Shareholders' General Meeting of 23 May 2012.	Under the market-making agreement, 586,934 shares with a par value of EUR 2 were acquired and 577,489 shares with a par value of EUR 2 were sold between 1 January and 23 May 2012
Shareholders' General Meeting of 11 May 2011 (15th resolution)	Authorisation to allot performance shares to the Group's employees and corporate officers. *The shares awarded may be existing shares or new shares to be issued and may not exceed 1.5% of BNP Paribas' share capital, i.e. less than 0.5% a year.* *This authorisation was granted for a period of 38 months.*	1,921,935 performance shares granted at the Board meeting of 6 March 2012

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2012
Shareholders' General Meeting of 11 May 2011 (16th resolution)	Authorisation to grant stock subscription or purchase options to corporate officers and certain employees. *The number of options granted may not exceed 3% of the share capital of BNP Paribas, i.e. less than 1% a year. This is a blanket limit covering both the 15th and 16th resolutions of the Shareholders' General Meeting of 11 May 2011.* *This authorisation was granted for a period of 38 months.*	This authorisation was not used during the period
Shareholders' General Meeting of 23 May 2012 (3rd resolution)	Decision to propose to shareholders a dividend payable in cash or in new shares. *Payment of the dividend in new shares had the effect of increasing the share capital by EUR 83,358,352 or 41,679,176 shares. This operation generated an additional paid-in capital of EUR 941,115,794.08.*	41,679,176 new shares with a par value of EUR 2 issued on 26 June 2012
Shareholders' General Meeting of 23 May 2012 (5th resolution)	Authorisation given to the Board of Directors to set up a share buyback programme for the Company until it holds at most 10% of the shares forming the share capital. *Said acquisitions of shares at a price not exceeding EUR 60 per share (EUR 75 previously) would be intended to fulfil several objectives, notably including:* *- honouring obligations arising from the issue of share equivalents, stock option programmes, the award of free shares, the award or sale of shares to employees in connection with the employee profit-sharing scheme, employee share ownership plans or corporate savings plans;* *- cancelling shares following authorisation by the Shareholders' General Meeting of 23 May 2012 (21st resolution);* *- covering any allocation of shares to the employees and corporate officers of BNP Paribas and companies exclusively controlled by BNP Paribas within the meaning of Article L.233-16 of the French Commercial Code;* *- for retention or remittance in exchange or payment for external growth transactions, mergers, spin-offs or asset contributions;* *- in connection with a market-making agreement complying with the Code of Ethics of the Autorité des Marchés Financiers;* *- for asset and financial management purposes.* *This authorisation was granted for a period of 18 months and replaces that given by the 5th resolution of the Shareholders' General Meeting of 11 May 2011.*	Under the market-making agreement, 1,156,315 shares with a par value of EUR 2 were acquired and 1,245,515 shares with a par value of EUR 2 were sold between 24 May and 31 December 2012
Shareholders' General Meeting of 23 May 2012 (13th resolution)	Authorisation to issue ordinary shares and share equivalents and securities granting entitlement to debt instruments, with pre-emptive rights for existing shareholders maintained. *The par value of the capital increases that may be carried out immediately and/or in the future by virtue of this authorisation may not exceed EUR 1 billion (representing 500 million shares) The par value of any debt instruments that may be issued by virtue of this authorisation may not exceed EUR 10 billion.* *This authorisation was granted for a period of 26 months and replaces that given by the 12th resolution of the Shareholders' General Meeting of 12 May 2010.*	This authorisation was not used during the period

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2012
Shareholders' General Meeting of 23 May 2012 (14th resolution)	Authorisation to issue ordinary shares and share equivalents and securities granting entitlement to debt instruments, with pre-emptive rights for existing shareholders waived and a priority subscription period granted. *The par value capital increases that may be carried out immediately and/ or in the future by virtue of this authorisation may not exceed EUR 350 million (representing 175 million shares).* *The par value of any debt instruments giving access to the capital of BNP Paribas that may be issued by virtue of this authorisation may not exceed EUR 7 billion.* *This authorisation was granted for a period of 26 months and replaces that given by the 13th resolution of the Shareholders' General Meeting of 12 May 2010.*	This authorisation was not used during the period
Shareholders' General Meeting of 23 May 2012 (15th resolution)	Authorisation to issue ordinary shares and share equivalents, with pre-emptive rights for existing shareholders waived, in consideration for securities tendered to public exchange offer. *The par value of the capital increases that may be carried out on one or more occasions by virtue of this authorisation may not exceed EUR 350 million (representing 175 million shares).* *This authorisation was granted for a period of 26 months and replaces that given by the 14th resolution of the Shareholders' General Meeting of 12 May 2010.*	This authorisation was not used during the period
Shareholders' General Meeting of 23 May 2012 (16th resolution)	Authorisation to issue ordinary shares and share equivalents, with pre-emptive rights for existing shareholders waived, in consideration for securities tendered to contribution of shares up to a maximum of 10% of the capital. *The par value of the capital increases that may be carried out on one or more occasions by virtue of this authorisation may not exceed 10% of the number of shares forming the issued capital of BNP Paribas on the date of the decision by the Board of Directors.* *This authorisation was granted for a period of 26 months and replaces that given by the 15th resolution of the Shareholders' General Meeting of 12 May 2010.*	This authorisation was not used during the period
Shareholders' General Meeting of 23 May 2012 (17th resolution)	Blanket limit on authorisations to issue shares without pre-emptive rights for existing shareholders. *The maximum par value of all issues made without pre-emptive rights for existing shareholders carried out immediately and/or in the future by virtue of the authorisations granted under the 14th to 16th resolutions of the present Shareholders' General Meeting may not exceed EUR 350 million for shares and EUR 7 billion for debt instruments.*	Not applicable
Shareholders' General Meeting of 23 May 2012 (18th resolution)	Issue of shares to be paid up by capitalising income, retained earnings or additional paid-in capital. *Authorisation was given to increase the issued capital within the limit of a maximum par value of EUR 1 billion on one or more occasions, by capitalising all or part of the retained earnings, profits or additional paid-in capital, successively or simultaneously, through the issuance and award of free ordinary shares, through an increase in the par value of existing shares, or through a combination of these two methods.* *This authorisation was granted for a period of 26 months and replaces that given by the 17th resolution of the Shareholders' General Meeting of 12 May 2010.*	This authorisation was not used during the period

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2012
Shareholders' General Meeting of 23 May 2012 (19th resolution)	Blanket limit on authorisations to issue shares with or without pre-emptive rights for existing shareholders. *The maximum par value of all issues made with or without pre-emptive rights for existing shareholders by virtue of the authorisations granted under the 13th to 16th resolutions of the present Shareholders' General Meeting may not exceed EUR 1 billion for shares issued immediately and/or in the future and EUR 10 billion for debt instruments.*	Not applicable
Shareholders' General Meeting of 23 May 2012 (20th resolution)	Authorisation granted to the Board of Directors to carry out transactions reserved for members of the BNP Paribas Group's Corporate Savings Plan in the form of new share issues and/or sales of reserved shares. *Authorisation was given to increase the share capital within the limit of a maximum par value of EUR 46 million on one or more occasions by issuing ordinary shares, with pre-emptive rights for existing shareholders waived, reserved for members of the BNP Paribas Group's Corporate Savings Plan.* *This authorisation was granted for a period of 26 months and replaces that given by the 19th resolution of the Shareholders' General Meeting of 12 May 2010.*	This authorisation was not used during the period
Shareholders' General Meeting of 23 May 2012 (21st resolution)	Authorisation granted to the Board of Directors to reduce the share capital by cancelling shares. *Authorisation was given to cancel, on one or more occasions, through a reduction in the share capital, all or some of the shares that BNP Paribas holds and that it may come to hold, provided that the number of shares cancelled in any 24-month period does not exceed 10% of the total number of shares at the operation date.* *Full powers were delegated to complete the capital reduction and deduct the difference between the purchase cost of the cancelled shares and their par value from additional paid-in capital and reserves available for distribution, including from the legal reserve in respect of up to 10% of the capital cancelled.* *This authorisation was granted for a period of 18 months and replaces that given by the 17th resolution of the Shareholders' General Meeting of 11 May 2011.*	12,034,091 shares with a par value of EUR 2 were cancelled on 14 December 2012

SHARE CAPITAL TRANSACTIONS

Operations affecting share capital	Number of shares	Par value *(in euros)*	In euros	Date of authorisation by Shareholders' Meeting	Date of decision by Board of Directors	Date from which shares carry dividend rights
Number of shares outstanding at 31 December 2010	**1,198,660,156**	**2**	**2,397,320,312**			
Increase in ordinary shares by exercise of stock subscription options	2,736,124	2	5,472,248	(1)	(1)	1 January 2010
Increase in ordinary shares by exercise of stock subscription options	34,053	2	68,106	(1)	(1)	1 January 2011
Capital increase reserved for members of the Company Savings Plan	6,315,653	2	12,631,306	12 May 2010	11 May 2011	1 January 2011
Number of shares outstanding at 31 December 2011	**1,207,745,986**	**2**	**2,415,491,972**			
Increase in ordinary shares by exercise of stock subscription options	12,694	2	25,388	(1)	(1)	1 January 2011
Increase in ordinary shares by exercise of stock subscription options	568,487	2	1,136,974	(1)	(1)	1 January 2012
Capital increase arising from the payment of a stock dividend	41,679,176	2	83,358,352	23 May 2012	23 May 2012	1 January 2012
Capital increase reserved for members of the Company Savings Plan	4,289,709	2	8,579,418	12 May 2010	3 May 2012	1 January 2012
Capital decrease	(12,034,091)	2	(24,068,182)	23 May 2012	14 December 2012	-
Number of shares outstanding at 31 December 2012	**1,242,261,961**	**2**	**2,484,523,922**			

(1) Various resolutions voted in the Shareholders' General Meetings and decisions of the Board of Directors authorising the granting of stock subscription options that were exercised during the period.

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➤ SHARES ISSUED BY BNP PARIBAS AND HELD BY THE GROUP

	Proprietary transactions		Trading transactions(1)		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 2010	**2,914,178**	**162**	**(4,499,794)**	**(214)**	**(1,585,616)**	**(52)**
Acquisitions	17,294,952	614			17,294,952	614
Disposals	(2,530,370)	(127)			(2,530,370)	(127)
Shares delivered to employees	(13,464)	(1)			(13,464)	(1)
Other movements	(1,700,548)	(89)	(1,580,236)	30	(3,280,784)	(59)
Shares held at 31 December 2011	**15,964,748**	**559**	**(6,080,030)**	**(184)**	**9,884,718**	**375**
Acquisitions	1,743,249	58			1,743,249	58
Disposals	(1,823,004)	(59)			(1,823,004)	(59)
Shares delivered to employees	(352,306)	(15)			(352,306)	(15)
Capital decrease	(12,034,091)	(378)			(12,034,091)	(378)
Other movements	(920)		4,714,581	126	4,713,661	126
Shares held at 31 December 2012	**3,497,676**	**165**	**(1,365,449)**	**(58)**	**2,132,227**	**107**

(1) Short selling in the framework of an activity of trading and arbitrage transactions on equity indices.

At 31 December 2012, the BNP Paribas Group was a net buyer of 2,132,227 BNP Paribas shares representing an amount of EUR 107 million, which was recognised as a reduction in equity.

During 2011, BNP Paribas SA acquired on the market, outside the market-making agreement, 12,034,091 shares at an average price of EUR 31.39 with the intention of cancelling these shares. They have been cancelled following the decision of the Board of Directors made on 14 December 2012.

Under the Bank's market-making agreement with BNP Paribas share in the Italian market, and in line with the Code of Ethics recognised by the AMF, BNP Paribas SA bought back 1,743,249 shares during 2012 at an average share price of EUR 33.36, and sold 1,823,004 treasury shares at an average share price of EUR 33.70. At 31 December 2012, 149,832 shares worth EUR 6.3 million were held by BNP Paribas under this agreement.

From 1 January to 31 December 2012, 351,808 BNP Paribas shares were delivered following the definitive award of free shares to their beneficiaries.

Preferred shares and Undated Super Subordinated Notes (TSSDI) eligible as Tier 1 regulatory capital

Preferred shares issued by the Group's foreign subsidiaries

In January 2003, BNP Paribas Capital Trust VI, a subsidiary under the exclusive control of the Group, made a EUR 700 million issue of non-voting undated non-cumulative preferred shares governed by the laws of the United States, which did not dilute BNP Paribas ordinary shares. The shares pay a fixed-rate dividend for a period of ten years. They are redeemable at the issuer's discretion after a ten-year period, and thereafter at each coupon date. In case they are not redeemed in 2013, a Euribor-indexed dividend will be paid quarterly. The issuer has the option of not paying dividends on these preferred shares if no dividends are paid on BNP Paribas SA ordinary shares and no coupons are paid on preferred share equivalents (Undated Super Subordinated Notes) in the previous year. Unpaid dividends are not carried forward.

During 2011 and 2012, EUR 500 million and EUR 660 million of undated preferred shares of the same type as those described above were redeemed.

In 2003 and 2004, the LaSer-Cofinoga sub-group, which is proportionately consolidated by BNP Paribas made 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.

In October 2012, EUR 45 million of the 2003 issue have been repurchased, generating a gross gain in shareholders' equity of EUR 4 million.

➤ PREFERRED SHARES ISSUED BY THE GROUP'S FOREIGN SUBSIDIARIES

Issuer	Date of issue	Currency	Amount *(in millions of euros)*	Rate and term before 1st call date		Rate after 1st call date
BNPP Capital Trust VI	January 2003	EUR	700	5.868%	10 years	3-month Euribor +2.48%
Cofinoga Funding I LP	March 2003	EUR	55(1)	6.82%	10 years	3-month Euribor +3.75%
Cofinoga Funding II LP	January and May 2004	EUR	80(1)	TEC 10(2) +1.35%	10 years	TEC 10(2) +1.35%
TOTAL AT 31 DECEMBER 2012			**752(3)**			

(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 fictitious 10-year Treasury note.
(3) Net of shares held in treasury by Group entities and after applying the proportional consolidation rate of Cofinoga.

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.

At 31 December 2012, the BNP Paribas Group held EUR 15 million in preferred shares (EUR 55 million at 31 December 2011), deducted from minority interests.

Undated Super Subordinated Notes issued by BNP Paribas SA

BNP Paribas SA has issued Undated Super Subordinated Notes which pay a fixed or floating rate coupon and are redeemable at the end of a fixed period and thereafter at each coupon date. Some of these issues will pay a coupon indexed to Euribor or Libor if the notes are not redeemed at the end of this period.

In the fourth quarter of 2011, the following transactions were carried out in relation to Undated Super Subordinated Notes:

- a public offer to exchange USD 1.3 billion of notes issued in June 2005 for new non-subordinated bonds paying interest at 3-month USD Libor +2.75%. This transaction reduced outstanding debt by USD 280 million, generating a gross gain of EUR 59 million in terms of equity;
- a public offer to buy EUR 750 million of notes issued in April 2006, GBP 325 million of notes issued in July 2006 and EUR 750 million of notes issued in April 2007. This transaction reduced the outstanding debt by EUR 201 million, GBP 162 million and EUR 112 million respectively, and generated a gross gain of EUR 135 million in terms of equity.

Fortis Bank France, company absorbed by BNP Paribas SA on 12 May 2010, carried out a EUR 60 million issue during December 2007 of Undated Super Subordinated Notes. This issue offers investors a floating rate of interest. These Undated Super Subordinated Notes were redeemed early on 23 May 2011.

The table below summarises the characteristics of these various issues

➤ UNDATED SUPER SUBORDINATED NOTES

Date of issue	Currency	Amount *(in millions of currency units)*	Coupon payment date	Rate and term before 1st call date		Rate after 1st call date
June 2005	USD	1,070	semi-annual	5.186%	10 years	USD 3-month Libor +1.680%
October 2005	EUR	1,000	annual	4.875%	6 years	4.875%
October 2005	USD	400	annual	6.25%	6 years	6.250%
April 2006	EUR	549	annual	4.73%	10 years	3-month Euribor +1.690%
April 2006	GBP	450	annual	5.945%	10 years	GBP 3-month Libor +1.130%
July 2006	EUR	150	annual	5.45%	20 years	3-month Euribor +1.920%
July 2006	GBP	163	annual	5.945%	10 years	GBP 3-month Libor +1.810%
April 2007	EUR	638	annual	5.019%	10 years	3-month Euribor +1.720%
June 2007	USD	600	quarterly	6.5%	5 years	6.50%
June 2007	USD	1,100	semi-annual	7.195%	30 years	USD 3-month Libor +1.290%
October 2007	GBP	200	annual	7.436%	10 years	GBP 3-month Libor +1.850%
June 2008	EUR	500	annual	7.781%	10 years	3-month Euribor +3.750%
September 2008	EUR	650	annual	8.667%	5 years	3-month Euribor +4.050%
September 2008	EUR	100	annual	7.57%	10 years	3-month Euribor +3.925%
December 2009	EUR	2	quarterly	3-month Euribor +3.750%	10 years	3-month Euribor +4.750%
December 2009	EUR	17	annual	7.028%	10 years	3-month Euribor +4.750%
December 2009	USD	70	quarterly	USD 3-month Libor +3.750%	10 years	USD 3-month Libor +4.750%
December 2009	USD	0.5	annual	7.384%	10 years	USD 3-month Libor +4.750%
TOTAL EURO-EQUIVALENT VALUE AT 31 DECEMBER 2012		**7,241**(1)				

(1) Net of shares held in treasury by Group entities.

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 Undated Super Subordinated Note equivalents 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 SA, 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.

The proceeds from these issues are recorded in equity under "Capital and 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.

At 31 December 2012, the BNP Paribas Group held EUR 37 million of Undated Super Subordinated Notes which were deducted from shareholders' equity.

Earnings per share

Basic earnings per share is calculated by dividing the net income for the period attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period. The net income attributable to ordinary shareholders is determined by deducting the net income attributable to holders of preferred shares.

Diluted earnings per share correspond to net income for the year attributable to holders of ordinary shares, 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. In-the-money stock subscription options are taken into account in the diluted earnings per share calculation, as are share awards made under the Global Share-based Incentive Plan. Conversion of these instruments would have no effect on the net income figure used in this calculation.

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	Year to 31 Dec. 2012	Year to 31 Dec. 2011
Net income used to calculate basic and diluted earnings per ordinary share *(in millions of euros)*[(1)]	**6,271**	**5,768**
Weighted average number of ordinary shares during the year	**1,214,528,487**	**1,197,356,577**
Effect of potentially dilutive ordinary shares	2,083,716	2,061,675
Stock subscription plan[(2)]	-	706,705
Performance share plan[(2)]	2,054,507	1,324,406
Stock purchase plan	29,209	30,565
Weighted average number of ordinary shares used to calculate diluted earnings per share	**1,216,612,203**	**1,199,418,253**
Basic earnings per share *(in euros)*	**5.16**	**4.82**
Diluted earnings per share *(in euros)*	**5.15**	**4.81**

(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 (treated as preferred share equivalents), which for accounting purposes is treated as dividends.

(2) See note 7.e Share-based payments for the description of share-based plans.

The dividend per share paid in 2012 out of 2011 net income amounted to EUR 1.20 compared with EUR 2.10 per share paid in 2011 out of 2010 net income.

8.b SCOPE OF CONSOLIDATION

Name	Country	31/12/2012 Method	Voting (%)	Interest (%)	Ref	31/12/2011 Method	Voting (%)	Interest (%)	Ref
Consolidating company									
BNP Paribas SA	France								
Retail Banking									
Domestic Markets									
Retail Banking - France									
Banque de Bretagne	France								S4
Banque de Wallis et Futuna	France	Full (1)	51.0%	51.0%		Full (1)	51.0%	51.0%	
BNP Paribas Développement SA	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Factor	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Factor Portugal	Portugal	Full	100%	100%		Full	100%	100%	
BNP Paribas Guadeloupe	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Guyane	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Martinique	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Nouvelle-Calédonie	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Réunion	France	Full (1)	100%	100%		Full (1)	100%	100%	
Fortis Commercial Finance SAS	France				S4	Full	100%	100%	E3
Fortis Mediacom Finance	France								S4
Retail Banking - Belgium									
Alpha Card SCRL (groupe)	Belgium	Equity	50.0%	37.5%		Equity	50.0%	37.5%	
BNP Paribas Commercial Finance Ltd. (ex-Fortis Commercial Finance Ltd.)	UK	Equity*	100%	74.9%		Equity*	100%	74.9%	E3
BNP Paribas Fortis Factor	Belgium				S4	Full	100%	74.9%	
BNP Paribas Factor GmbH (ex-Fortis Commercial Finance GmbH)	Germany	Equity*	100%	74.9%		Equity*	100%	74.9%	E3
BNP Paribas Fortis Factor NV (ex-Fortis Commercial Finance NV)	Belgium	Full	100%	74.9%		Full	100%	74.9%	E3
BNP Paribas Fortis Funding SA	Luxembourg	Full	100%	74.9%		Full	100%	74.9%	
Bpost banque (ex-Banque de La Poste SA)	Belgium	Prop.	50.0%	37.5%		Prop.	50.0%	37.5%	
Demetris NV	Belgium	Equity*	100%	74.9%		Equity*	100%	74.9%	
Europay Belgium	Belgium				S3	Equity	39.9%	29.9%	
Fortis Banque SA (BNP Paribas Fortis)	Belgium	Full	74.9%	74.9%		Full	74.9%	74.9%	
Fortis Commercial Finance Deutschland BV	Netherlands	Equity*	100%	74.9%		Equity*	100%	74.9%	E3
Fortis Commercial Finance Holding NV	Netherlands	Full	100%	74.9%		Full	100%	74.9%	E3
Fortis Finance Belgium SCRL	Belgium	Full	100%	74.9%		Full	100%	74.9%	
FV Holding NV	Belgium	Equity	40.0%	30.0%		Equity	40.0%	30.0%	
Immobilière Sauvenière SA	Belgium	Equity*	100%	74.9%		Equity*	100%	74.9%	
Special Purpose Entities									
BASS Master Issuer NV	Belgium	Full	-	-		Full	-	-	
Esmée Master Issuer	Belgium	Full	-	-		Full	-	-	
Retail Banking - Luxembourg									
Alsabail	France								S2
BGL BNP Paribas	Luxembourg	Full	66.0%	53.4%		Full	66.0%	53.4%	
BGL BNP Paribas Factor SA	Luxembourg	Full	100%	53.4%	E1				
Cofhylux SA	Luxembourg	Full	100%	53.4%		Full	100%	53.4%	
Société Alsacienne de développement et d'expansion	France	Full	100%	53.4%		Full	100%	53.4%	

Name	Country	31/12/2012 Method	Voting (%)	Interest (%)	Ref	31/12/2011 Method	Voting (%)	Interest (%)	Ref
Retail Banking - Italy (BNL Banca Commerciale)									
Artigiancassa SPA	Italy	Full	73.9%	73.9%		Full	73.9%	73.9%	
Banca Nazionale del Lavoro SPA	Italy	Full	100%	100%		Full	100%	100%	
BNL Finance SPA	Italy	Full	100%	100%		Full	100%	100%	
BNL Positivity SRL	Italy	Full	51.0%	51.0%		Full	51.0%	51.0%	
BNP Paribas Personal Finance SPA	Italy				S4	Full	100%	100%	
International Factors Italia SPA - Ifitalia	Italy	Full	99.6%	99.6%		Full	99.6%	99.6%	
Special Purpose Entities									
EMF IT-2008-1 SRL	Italy	Full	-	-		Full	-	-	
UCB Service SRL	Italy								S4
Vela ABS	Italy	Full (2)	-	-		Full (2)	-	-	
Vela Home SRL	Italy	Full	-	-		Full	-	-	
Vela Mortgages SRL	Italy	Full	-	-		Full	-	-	
Vela OBG SRL	Italy	Full	-	-	E1				
Vela Public Sector SRL	Italy	Full	-	-		Full	-	-	
Arval									
Arval Austria GmbH	Austria	Equity*	100%	100%	D1	Full	100%	100%	
Arval Belgium SA	Belgium	Full	100%	100%		Full	100%	100%	
Arval Benelux BV	Netherlands	Full	100%	100%		Full	100%	100%	
Arval Brasil Limitada	Brazil	Full	100%	100%		Full	100%	100%	
Arval Business Services Ltd.	UK	Full	100%	100%		Full	100%	100%	
Arval BV	Netherlands	Full	100%	100%		Full	100%	100%	
Arval CZ SRO (ex-Arval PHH Service Lease CZ)	Czech Republic	Full	100%	100%		Full	100%	100%	
Arval Deutschland GmbH	Germany	Full	100%	100%		Full	100%	100%	
Arval ECL SAS	France	Equity*	100%	100%	D1	Full	100%	100%	
Arval Hellas Car Rental SA	Greece	Equity*	100%	100%		Equity*	100%	100%	
Arval India Private Ltd.	India	Equity*	100%	100%		Equity*	100%	100%	
Arval Ltd.	UK	Full	100%	100%		Full	100%	100%	
Arval Luxembourg SA	Luxembourg	Equity*	100%	100%	D1	Full	100%	100%	
Arval Magyarorszag KFT	Hungary	Equity*	100%	100%		Equity*	100%	100%	E1
Arval Maroc SA	Morocco	Equity*	100%	89.0%	D1	Full	100%	89.0%	
Arval NV	Belgium				S3	Full	100%	100%	
Arval PHH Holdings Ltd.	UK	Full	100%	100%		Full	100%	100%	
Arval PHH Holdings UK Ltd.	UK	Full	100%	100%		Full	100%	100%	
Arval OOO	Russia	Full	100%	100%		Full	100%	100%	
Arval Schweiz AG	Switzerland	Equity*	100%	100%	D1	Full	100%	100%	
Arval Service Gmbh	Germany	Full	100%	100%		Full	100%	100%	E3
Arval Service Lease	France	Full	100%	100%		Full	100%	100%	
Arval Service Lease Aluger Operational Automoveis	Portugal	Equity*	100%	100%	D1	Full	100%	100%	
Arval Service Lease Italia SpA	Italy	Full	100%	100%		Full	100%	100%	
Arval Service Lease Polska sp. z.o.o.	Poland	Full	100%	100%		Full	100%	100%	
Arval Service Lease Romania SRL	Romania	Equity*	100%	100%		Equity*	100%	100%	
Arval Service Lease SA	Spain	Full	100%	100%		Full	100%	100%	
Arval Slovakia	Slovakia	Equity*	100%	100%	D1	Full	100%	100%	

Changes in the scope of consolidation

New entries (E) in the scope of consolidation

- *E1 Passing qualifying thresholds as defined by the Group (cf. note 1.b)*
- *E2 Incorporation*
- *E3 Purchase or change of control*

Removals (S) from the scope of consolidation

- *S1 Cessation of activity (including dissolution, liquidation)*
- *S2 Disposal, loss of control or loss of significant influence*
- *S3 Entities removed from the scope because < qualifying thresholds (cf. note 1.b)*
- *S4 Merger, Universal transfer of assets and liabilities*

Variance(V) in voting or ownership interest

- *V1 Additional purchase*
- *V2 Partial disposal*
- *V3 Dilution*
- *V4 Increase in %*

Equity Simplified consolidation by the equity method (non-material entities) (cf. note 1.b)*

Miscellaneous

- *D1 Consolidation method change not related to fluctuation in voting or ownership interest*
- *D2 111 Construction-Sale Companies (Real Estate programs) of which 103 fully and 8 proportionally consolidated*
- *D3 The Klépierre group was fully consolidated until 14 March 2012, then, following the partial disposal of the interest of BNP Paribas Group, the Klépierre group has been consolidated under the equity method (cf. note 8.d.)*

Prudential scope of consolidation

- *(1) French subsidiaries whose regulatory supervision falls within the scope of the consolidated Group, in accordance with article 4.1 of CRBF regulation 2000.03.*
- *(2) Entities excluded from prudential scope of consolidation*
- *(3) Entities consolidated under the equity method for prudential purposes.*

Name	Country	31/12/2012 Method	Voting (%)	Interest (%)	Ref	31/12/2011 Method	Voting (%)	Interest (%)	Ref
Arval Trading	France	Equity*	100%	100%	D1	Full	100%	100%	
Arval UK Group Ltd.	UK	Full	100%	100%		Full	100%	100%	
Arval UK Ltd.	UK	Full	100%	100%		Full	100%	100%	
Autovalley	France	Equity*	100%	100%		Equity*	100%	100%	
BNP Paribas Fleet Holdings Ltd.	UK	Full	100%	100%		Full	100%	100%	
Cofiparc SNC	France	Full	100%	100%		Full	100%	100%	
Dexia Location Longue Durée	France	Equity*	51.0%	51.0%		Equity*	51.0%	51.0%	
Gestion et Location Holding	France	Full	100%	100%		Full	100%	100%	
Greenval Insurance Company Ltd.	Ireland	Full (3)	100%	100%		Full (3)	100%	100%	
PHH Financial services Ltd.	UK	Full	100%	100%		Full	100%	100%	
PHH Investment Services Ltd.	UK								S1
PHH Treasury Services Ltd.	UK								S1
TEB Arval Arac Filo Kiralama AS	Turkey	Full	75.0%	68.7%		Full	75.0%	68.7%	
Leasing Solutions									
Ace Equipment Leasing	Belgium	Full	100%	76.7%	V2	Full	100%	84.5%	
Ace Leasing	Belgium	Full	100%	76.7%	V2	Full	100%	84.5%	
Ace Leasing BV	Netherlands	Full	100%	76.7%	V2	Full	100%	84.5%	
Agrilease BV	Netherlands	Full	100%	76.7%	V2	Full	100%	84.5%	
Albury Asset Rentals Ltd.	UK	Full	100%	76.7%	V2	Full	100%	84.5%	
All In One Vermietungsgesellschaft für Telekommunicationsanlagen mbH.	Germany	Equity*	100%	76.7%	V2	Equity*	100%	84.5%	D1
All In One Vermietung GmbH	Austria	Equity*	100%	76.7%	V2	Equity*	100%	84.5%	D1
Allstar Business Solutions Ltd.	UK								S2
Aprolis Finance	France	Full	51.0%	39.1%	V2	Full	51.0%	43.1%	
Arius	France	Full	100%	76.7%	V2	Full	100%	84.5%	
Artegy Ltd.	UK	Full	100%	76.7%	V2	Full	100%	84.5%	
Artegy	France	Full	100%	76.7%	V2	Full	100%	84.5%	
Barloworld Heftruck BV	Netherlands	Equity	50.0%	38.4%	V2	Equity	50.0%	42.2%	
BNP Paribas Finansal Kiralama AS	Turkey	Full	100%	75.8%	V2	Full	100%	83.2%	V3
BNP Paribas Lease Group BPLG	France	Full (1)	100%	76.7%	V2	Full (1)	100%	84.5%	
BNP Paribas Lease Group (Rentals) Ltd.	UK	Full	100%	76.7%	V2	Full	100%	84.5%	
BNP Paribas Lease Group BV	Netherlands								S4
BNP Paribas Lease Group IFN SA	Romania	Equity*	100%	76.7%	V2	Equity*	100%	84.5%	E1
BNP Paribas Lease Group KFT	Hungary	Equity*	100%	76.7%	V2	Equity*	100%	84.5%	D1
BNP Paribas Lease Group Leasing Solutions SPA	Italy	Full	100%	93.9%	V2	Full	100%	95.9%	
BNP Paribas Lease Group Lizing RT	Hungary	Equity*	100%	76.7%	V2	Equity*	100%	84.5%	D1
BNP Paribas Lease Group Luxembourg SA	Luxembourg	Full	100%	53.4%	V2	Full	100%	84.5%	
BNP Paribas Lease Group Netherlands BV	Netherlands	Full	100%	76.7%	V2	Full	100%	84.5%	
BNP Paribas Lease Group Polska SP z.o.o	Poland	Equity*	100%	76.7%	V2	Equity*	100%	84.5%	D1
BNP Paribas Lease Group PLC	UK	Full	100%	76.7%	V2	Full	100%	84.5%	
BNP Paribas Lease Group SA Belgium	Belgium	Full	100%	76.7%	V2	Full	100%	84.5%	
BNP Paribas Leasing Solutions	Luxembourg	Full	100%	76.7%	V2	Full	100%	84.5%	
BNP Paribas Leasing Solutions Immobilier Suisse (ex-Fortis Lease Immobilier Suisse)	Switzerland	Equity*	100%	76.7%	V2	Equity*	100%	84.5%	D1
BNP Paribas Leasing Solutions Ltd. (ex-HFGL Ltd.)	UK	Full	100%	76.7%	V2	Full	100%	84.5%	
BNP Paribas Leasing Solutions NV	Netherlands	Full	100%	76.7%	V2	Full	100%	84.5%	
BNP Paribas Leasing Solutions Suisse SA	Switzerland	Equity*	100%	76.7%	V2& D1	Full	100%	84.5%	
Claas Financial Services	France	Full (1)	60.1%	46.1%	V2	Full (1)	60.1%	50.8%	
Claas Financial Services Inc.	USA	Full	100%	46.1%	V2	Full	100%	50.8%	
Claas Financial Services Ltd.	UK	Full	51.0%	39.1%	V2	Full	51.0%	43.1%	
CNH Capital Europe	France	Full (1)	50.1%	38.4%	V2	Full (1)	50.1%	42.3%	
CNH Capital Europe BV	Netherlands	Full	100%	38.4%	V2	Full	100%	42.3%	
CNH Capital Europe GmbH	Austria	Full	100%	38.4%	V2	Full	100%	42.3%	
CNH Capital Europe Ltd.	UK	Full	100%	38.4%	V2	Full	100%	42.3%	
Commercial Vehicle Finance Ltd.	UK	Full	100%	76.7%	V2	Full	100%	84.5%	
Dialcard Fleet Services Ltd.	UK								S1
Diamond Finance UK Ltd.	UK								S1
Equipment Lease BV	Netherlands	Full	100%	76.7%	V2	Full	100%	84.5%	

Name	Country	31/12/2012 Method	Voting (%)	Interest (%)	Ref	31/12/2011 Method	Voting (%)	Interest (%)	Ref
ES-Finance	Belgium	Full	100%	74.9%	V2	Full	100%	84.5%	
Fortis Energy Leasing XI BV	Netherlands	Full	100%	76.7%	V2	Full	100%	84.5%	
Fortis Energy Leasing X2 BV	Netherlands	Full	100%	76.7%	V2	Full	100%	84.5%	
Fortis Energy Leasing X3 BV	Netherlands								S2
Fortis Energy Leasing XIV BV	Netherlands	Full	100%	76.7%	V2	Full	100%	84.5%	
Fortis Lease Belgium	Belgium	Full	100%	76.7%	V2	Full	100%	84.5%	
Fortis Lease (France)	France	Full (1)	100%	76.7%	V2	Full (1)	100%	84.5%	
Fortis Lease Car & Truck	Belgium	Full	100%	76.7%	V2	Full	100%	84.5%	
Fortis Lease Czech	Czech Republic								S2
Fortis Lease Deutschland GmbH	Germany	Equity*	100%	76.7%	V2	Equity*	100%	84.5%	D1
Fortis Lease Group Services	Belgium				V2& S3	Full	100%	84.5%	
Fortis Lease Hungaria Equipment Financing Financial Leasing Company	Hungary				S3	Equity*	100%	84.5%	
Fortis Lease Hungaria Vehicle Financing Financial Leasing Company	Hungary				S3	Equity*	100%	84.5%	
Fortis Lease Iberia SA	Spain	Equity*	100%	76.3%	V2	Equity*	100%	82.4%	D1
Fortis Lease Operativ Lizing Zartkoruen Mukodo Reszvenytarsasag	Hungary	Equity*	100%	76.7%	V2	Equity*	100%	84.5%	
Fortis Lease Polska Sp.z.o.o.	Poland	Full	100%	74.9%		Full	100%	74.9%	V2
Fortis Lease Portugal	Portugal	Equity*	100%	76.7%	V2	Equity*	100%	84.5%	D1
Fortis Lease Romania IFN SA	Romania	Equity*	100%	76.7%	V2	Equity*	100%	84.5%	D1
Fortis Lease SPA	Italy								S4
Fortis Lease UK Ltd.	UK	Full	100%	76.7%	V2	Full	100%	84.5%	
Fortis Lease UK (1) Ltd.	UK				S3	Equity*	100%	84.5%	D1
Fortis Lease UK Retail Ltd.	UK	Full	100%	76.7%	V2	Full	100%	84.5%	
Fortis Vastgoedlease BV	Netherlands	Full	100%	76.7%	V2	Full	100%	84.5%	
Hans Van Driel Rental BV (ex-AFL Lease BV)	Netherlands				S2	Full	100%	84.5%	
HFGL Ltd. (ex-BNP Paribas Leasing Solutions Ltd.)	UK	Full	100%	76.7%	V2	Full	100%	84.5%	
Humberclyde Commercial Investments Ltd.	UK	Full	100%	76.7%	V2	Full	100%	84.5%	
Humberclyde Commercial Investments N°1 Ltd.	UK	Full	100%	76.7%	V2	Full	100%	84.5%	
Humberclyde Commercial Investments N° 4 Ltd.	UK								S1
Humberclyde Finance Ltd.	UK				S1	Full	100%	84.5%	
Humberclyde Industrial Finance Ltd.	UK				S1	Full	100%	84.5%	
JCB Finance	France	Full (1)	100%	38.4%	V2	Full (1)	100%	42.3%	
JCB Finance Holdings Ltd.	UK	Full	50.1%	38.4%	V2	Full	50.1%	42.3%	
Locatrice Italiana SPA	Italy	Equity*	100%	93.9%	V2	Equity*	100%	95.9%	D1
Manitou Finance Ltd.	UK	Full	51.0%	39.1%	V2	Full	51.0%	43.1%	
MFF	France	Full (1)	51.0%	39.1%	V2	Full (1)	51.0%	43.1%	
Natiocrédibail	France	Full (1)	100%	100%	V1	Full (1)	100%	84.5%	
Natiocrédimurs	France	Full (1)	100%	100%	V1	Full (1)	100%	84.5%	
Natioénergie	France	Full (1)	100%	100%	V1	Full (1)	100%	84.5%	
Paricomi 2	France				S3	Full	100%	100%	
Same Deutz Fahr Finance Ltd.	UK	Full	100%	76.7%	V2	Full	100%	84.5%	
Same Deutz Fahr Finance	France	Full (1)	100%	76.7%	V2	Full (1)	100%	84.5%	
SREI Equipement Finance Private Ltd.	India	Prop.	50.0%	38.4%	V2	Prop.	50.0%	42.2%	
TEB Finansal Kiralama AS	Turkey								S4
UFB Asset Finance Ltd.	UK				S1	Full	100%	84.5%	
Special Purpose Entities									
Vela Lease SRL	Italy	Full	-	-		Full	-	-	
Personal Investors									
B*Capital	France	Full (1)	100%	99.9%		Full (1)	100%	99.9%	
Cortal Consors	France	Full (1)	100%	100.0%		Full (1)	100%	100.0%	
Geojit BNP Paribas Financial Services Ltd - Groupe	India	Prop.	33.6%	33.6%		Prop.	33.6%	33.6%	
Geojit Technologies Private Ltd.	India	Full	56.8%	56.8%		Full	56.8%	56.8%	
Portzamparc Gestion	France	Full	100%	51.0%		Full	100%	51.0%	
Portzamparc société de Bourse	France	Full (1)	51.0%	51.0%		Full (1)	51.0%	51.0%	
BNP Paribas Personal Finance									
Alpha Crédit SA	Belgium	Full	100%	74.9%		Full	100%	74.9%	
Axa Banque Financement	France	Equity	35.0%	35.0%		Equity	35.0%	35.0%	
Banco BGN SA	Brazil	Full	100%	100%		Full	100%	100%	
Banco BNPParibas Personal FinanceSA	Portugal	Full	100%	100%		Full	100%	100%	

Name	Country	31/12/2012 Method	Voting (%)	Interest (%)	Ref	31/12/2011 Method	Voting (%)	Interest (%)	Ref
Banco Cetelem Argentina SA	Argentina	Full	100%	100%		Full	100%	100%	
Banco Cetelem SA	Spain	Full	100%	100%		Full	100%	100%	
Banco de Servicios Financieros SA	Argentina	Equity	39.9%	39.9%		Equity	39.9%	39.9%	E1
BGN Mercantil E Servicos Limitada	Brazil	Equity*	100%	100%	E1				
Bieffe 5 SPA	Italy	Full	100%	100%		Full	100%	100%	V1
BNP Paribas Personal Finance	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Personal Finance EAD	Bulgaria	Full	100%	100%		Full	100%	100%	
BNP Paribas Personal Finance BV	Netherlands	Full	100%	100%		Full	100%	100%	
BNP Paribas Personal Finance SA de CV	Mexico	Full	100%	100%		Full	100%	100%	
BNP Paribas Vostok LLC	Russia	Equity	30.0%	30.0%	V2	Full	100%	100%	
Cafineo	France	Full (1)	51.0%	50.8%		Full (1)	51.0%	50.8%	
Carrefour Banque	France	Equity	39.2%	39.2%		Equity	39.2%	39.2%	
Carrefour Promotora de Vendas e Participaçoes (CPVP) Limitada	Brazil				S2	Equity	40.0%	40.0%	
Cetelem Algérie	Algeria	Equity*	100%	100%	D1	Full	100%	100%	
Cetelem America Ltda	Brazil	Full	100%	100%		Full	100%	100%	
Cetelem Benelux BV	Netherlands				S1	Full	100%	100%	
Cetelem Brasil SA	Brazil	Full	100%	100%		Full	100%	100%	
Cetelem CR AS	Czech Republic	Full	100%	100%		Full	100%	100%	
Cetelem IFN	Romania	Full	100%	100%		Full	100%	100%	
Cetelem Latin America Holding Participaçoes Ltda	Brazil	Full	100%	100%		Full	100%	100%	
Cetelem Slovensko AS	Slovakia	Full	100%	100%		Full	100%	100%	
Cetelem Thailande	Thailand								S2
CMV Médiforce	France	Full (1)	100%	100%		Full (1)	100%	100%	
Cofica Bail	France	Full (1)	100%	100%		Full (1)	100%	100%	
Cofiplan	France	Full (1)	100.0%	100.0%		Full (1)	100.0%	100.0%	
Commerz Finanz	Germany	Full	50.1%	50.1%		Full	50.1%	50.1%	
Cosimo	France	Full	100%	100%		Full	100%	100%	E1
Credirama SPA	Italy	Equity*	51.0%	51.0%		Equity*	51.0%	51.0%	V1& D1
Credisson Holding Ltd.	Cyprus				S1	Full	100%	100%	
Crédit Moderne Antilles Guyane	France	Full (1)	100%	100%		Full (1)	100%	100%	
Crédit Moderne Océan Indien	France	Full (1)	97.8%	97.8%		Full (1)	97.8%	97.8%	
Direct Services	Bulgaria	Full	100%	100%		Full	100%	100%	
Domofinance	France	Full (1)	55.0%	55.0%		Full (1)	55.0%	55.0%	
Effico	France	Full	100%	100%		Full	100%	100%	
Effico Iberia SA	Spain	Full	100%	100%		Full	100%	100%	
Effico Portugal	Portugal	Equity*	100%	100%		Equity*	100%	100%	
Eos Aremas Belgium SA	Belgium	Equity	50.0%	37.4%		Equity	50.0%	37.4%	
Eurocredito EFC SA	Spain	Full	100%	100%		Full	100%	100%	
Facet	France	Full (1)	100%	100%		Full (1)	100%	100%	
Fidem	France	Full (1)	51.0%	51.0%		Full (1)	51.0%	51.0%	
Fimestic Expansion SA	Spain	Full	100%	100%		Full	100%	100%	
Finalia	Belgium	Full	100%	74.9%	V1	Full	51.0%	38.2%	
Findomestic Banca SPA	Italy	Full	100%	100%		Full	100%	100%	V1
Findomestic Banka AD	Serbia	Full	100%	100%		Full	100%	100%	V1
LaSer - Cofinoga (Groupe)	France	Prop.	50.0%	50.0%		Prop.	50.0%	50.0%	
Leval 20	France	Full	100%	100%	E1				
Loisirs Finance	France	Full (1)	51.0%	51.0%		Full (1)	51.0%	51.0%	
Magyar Cetelem Bank Zrt.	Hungary	Full	100%	100%		Full	100%	100%	
Natixis Financement	France				S2	Equity	33.0%	33.0%	
Nissan Finance Belgium NV	Belgium	Full	100%	75.4%	V2	Full	100%	77.3%	
Norrsken Finance	France	Full (1)	51.0%	51.0%		Full (1)	51.0%	51.0%	
Prestacomer SA de CV	Mexico	Full	100%	100%		Full	100%	100%	
Prêts et Services SAS	France	Full (1)	100%	100%		Full (1)	100%	100%	
Projeo	France	Full (1)	51.0%	51.0%		Full (1)	51.0%	51.0%	
Servicios Financieros Carrefour EFC	Spain	Equity	37.3%	39.9%		Equity	37.3%	39.9%	
Submarino Finance Promotora de Credito Limitada	Brazil				S2	Prop.	50.0%	50.0%	
Sundaram Home Finance Ltd.	India	Equity*	49.9%	49.9%		Equity*	49.9%	49.9%	D1
TEB Tuketici Finansman AS	Turkey	Full	92.8%	91.0%		Full	92.8%	91.0%	V1
UCB Ingatlanhitel RT	Hungary	Full	100%	100%		Full	100%	100%	
UCB Suisse	Switzerland	Full	100%	100%		Full	100%	100%	
Union de Creditos Inmobiliarios - UCI (Groupe)	Spain	Prop.	50.0%	50.0%		Prop.	50.0%	50.0%	
Von Essen GmbH & Co. KG Bankgesellschaft	Germany	Full	100%	74.9%		Full	100%	74.9%	
Special Purpose Entities									
Autonoria 2012 - 1 et 2	France	Full	-	-	E2				
Domos 2011 - A et B	France	Full	-	-		Full	-	-	E2
FCC Retail ABS Finance - Noria 2008	France				S1	Full	-	-	
FCC Retail ABS Finance - Noria 2009	France	Full	-	-		Full	-	-	
FCC Domos 2008	France	Full	-	-		Full	-	-	
FCC Master Domos	France				S1	Full	-	-	
FCC Master Domos 5	France								S1
FCC UCI 5-18	Spain	Prop.	-	-		Prop.	-	-	
FCC UCI 19	Spain								S1
Fundo de Investimento EM Direitos Creditorios BGN Life	Brazil	Full	-	-		Full	-	-	
Fundo de Investimento EM Direitos Creditorios BGN Premium	Brazil				S1	Full	-	-	
Phedina Hypotheken 2010 BV	Netherlands	Full	-	-		Full	-	-	
Phedina Hypotheken 2011-I BV	Netherlands	Full	-	-		Full	-	-	E2
Viola Finanza SRL	Italy	Full	-	-		Full	-	-	
International Retail Banking									
Retail Banking in the United States of America									
1897 Services Corporation	USA	Full	100%	100%		Full	100%	100%	
521 South Seventh Street LLC	USA				S1	Full	69.2%	69.2%	
BancWest Corporation	USA	Full	100%	100%		Full	100%	100%	
Bancwest Investment Services, Inc.	USA	Full	100%	100%		Full	100%	100%	
Bank of the West Business Park Association LLC	USA	Full	38.0%	38.0%		Full	38.0%	38.0%	
Bank of the West	USA	Full	100%	100%		Full	100%	100%	
Bishop Street Capital Management Corporation	USA	Full	100%	100%		Full	100%	100%	
BW Insurance Agency, Inc.	USA	Full	100%	100%		Full	100%	100%	
BW Leasing, Inc.	USA				S1	Full	100%	100%	
Center Club, Inc.	USA	Full	100%	100%		Full	100%	100%	
CFB Community Development Corporation	USA	Full	100%	100%		Full	100%	100%	
Claas Financial Services LLC	USA	Full	75.9%	62.5%	V2	Full	75.9%	63.6%	
Commercial Federal Affordable Housing, Inc.	USA	Full	100%	100%		Full	100%	100%	
Commercial Federal Community Development Corporation	USA	Full	100%	100%		Full	100%	100%	
Commercial Federal Insurance Corporation	USA	Full	100%	100%		Full	100%	100%	
Commercial Federal Investment Service Inc.	USA	Full	100%	100%		Full	100%	100%	
Commercial Federal Realty Investors Corporation	USA	Full	100%	100%		Full	100%	100%	
Commercial Federal Service Corporation	USA	Full	100%	100%		Full	100%	100%	
Community Service, Inc.	USA	Full	100%	100%		Full	100%	100%	
Equity Lending Inc.	USA	Full	100%	100%		Full	100%	100%	
Essex Credit Corporation	USA	Full	100%	100%		Full	100%	100%	
FHB Guam Trust Co.	USA	Full	100%	100%		Full	100%	100%	E2
FHL Lease Holding Company Inc.	USA				S1	Full	100%	100%	
FHL SPC One, Inc.	USA	Full	100%	100%		Full	100%	100%	
First Bancorp	USA	Full	100%	100%		Full	100%	100%	
First Hawaiian Bank	USA	Full	100%	100%		Full	100%	100%	
First Hawaiian Leasing, Inc.	USA	Full	100%	100%		Full	100%	100%	
First National Bancorporation	USA	Full	100%	100%		Full	100%	100%	
First Santa Clara Corporation	USA	Full	100%	100%		Full	100%	100%	
Liberty Leasing Company	USA	Full	100%	100%		Full	100%	100%	

Changes in the scope of consolidation

New entries (E) in the scope of consolidation

E1 Passing qualifying thresholds as defined by the Group (cf. note 1.b)
E2 Incorporation
E3 Purchase or change of control

Removals (S) from the scope of consolidation

S1 Cessation of activity (including dissolution, liquidation)
S2 Disposal, loss of control or loss of significant influence
S3 Entities removed from the scope because < qualifying thresholds (cf. note 1.b)
S4 Merger, Universal transfer of assets and liabilities

Variance(V) in voting or ownership interest

V1 Additional purchase
V2 Partial disposal
V3 Dilution
V4 Increase in %

Equity Simplified consolidation by the equity method (non-material entities) (cf. note 1.b)*

Miscellaneous

D1 Consolidation method change not related to fluctuation in voting or ownership interest
D2 111 Construction-Sale Companies (Real Estate programs) of which 103 fully and 8 proportionally consolidated
D3 The Klépierre group was fully consolidated until 14 March 2012, then, following the partial disposal of the interest of BNP Paribas Group, the Klépierre group has been consolidated under the equity method (cf. note 8.d.)

Prudential scope of consolidation

(1) French subsidiaries whose regulatory supervision falls within the scope of the consolidated Group, in accordance with article 4.1 of CRBF regulation 2000.03.
(2) Entities excluded from prudential scope of consolidation
(3) Entities consolidated under the equity method for prudential purposes.

Name	Country	31/12/2012 Method		Voting (%)	Interest (%)	Ref	31/12/2011 Method		Voting (%)	Interest (%)	Ref
Mountain Falls Acquisition Corporation	USA	Full		100%	100%		Full		100%	100%	
Real Estate Delivery 2 Inc.	USA	Full		100%	100%		Full		100%	100%	
The Bankers Club, Inc.	USA	Full		100%	100%		Full		100%	100%	
Ursus Real estate Inc.	USA	Full		100%	100%		Full		100%	100%	
Special Purpose Entities											
Commercial Federal Capital Trust 2	USA	Full		-	-		Full		-	-	
Commercial Federal Capital Trust 3	USA										S1
C-One Leasing LLC	USA										S2
Equipment Lot Bombardier 1997A-FH	USA	Full		-	-		Full		-	-	E1
Equipment Lot FH	USA	Full		-	-		Full		-	-	E1
Equipment Lot Siemens 1997A-FH	USA	Full		-	-		Full		-	-	E1
Equipment Lot Siemens 1998A-FH	USA	Full		-	-		Full		-	-	E1
First Hawaiian Capital 1	USA	Full		-	-		Full		-	-	
FTS Acquisitions LLC	USA	Full		-	-		Full		-	-	
Glendale Corporate Center Acquisition LLC	USA	Full		-	-		Full		-	-	
LACMTA Rail Statutory Trust (FH1)	USA	Full		-	-		Full		-	-	E1
Laveen Village Center Acquisition LLC	USA	Full		-	-		Full		-	-	
Lexington Blue LLC	USA	Equity*		-	-		Equity*		-	-	E1
MNCRC Equipement Lot	USA	Full		-	-		Full		-	-	E1
NYCTA Equipement Lot	USA	Full		-	-		Full		-	-	E1
Riverwalk Village Three Holdings LLC	USA	Full		-	-		Full		-	-	
Santa Rita Townhomes Acquisition LLC	USA	Full		-	-		Full		-	-	
Southwest Airlines 1993 Trust N363SW	USA	Full		-	-		Full		-	-	E1
ST 2001 FH-1	USA	Full		-	-		Full		-	-	E1
SWB 98-1	USA					S1	Full		-	-	E1
SWB 99-1	USA	Full		-	-		Full		-	-	E1
VTA 1998-FH	USA	Full		-	-		Full		-	-	E1
1997-LRV-FH	USA	Full		-	-		Full		-	-	E1
1999-FH-1 (SNCF)	USA					S1	Full		-	-	E1
1999-FH-2 (SNCF)	USA					S1	Full		-	-	E1
Europe Mediterranean											
Banque de Nankin	China	Equity		14.7%	14.7%	V1	Equity		12.7%	12.7%	
Banque du Sahara LSC	Libya										S2
Banque Internationale du Commerce et de l'Industrie Burkina Faso	Burkina Faso	Full		51.0%	51.0%		Full		51.0%	51.0%	
Banque Internationale du Commerce et de l'Industrie Côte d'Ivoire	Ivory Coast	Full		59.8%	59.8%		Full		59.8%	59.8%	
Banque Internationale du Commerce et de l'Industrie Gabon	Gabon	Equity		46.7%	46.7%		Equity		46.7%	46.7%	
Banque Internationale du Commerce et de l'Industrie Guinée	Guinea	Equity		30.8%	30.8%		Equity		30.8%	30.8%	
Banque Internationale du Commerce et de l'Industrie Mali	Mali	Full		85.0%	85.0%		Full		85.0%	85.0%	
Banque Internationale du Commerce et de l'Industrie Senegal	Senegal	Full		54.1%	54.1%		Full		54.1%	54.1%	
Banque Malgache de l'Ocean Indien	Madagascar										S2
Banque Marocaine du Commerce et de l'Industrie	Morocco	Full		67.0%	67.0%		Full		66.7%	66.7%	
Banque Marocaine du Commerce et de l'Industrie Assurance	Morocco	Equity*		100%	67.0%		Equity*		100%	66.7%	E1
Banque Marocaine du Commerce et de l'Industrie Crédit Conso	Morocco										S4
Banque Marocaine du Commerce et de l'Industrie Crédit Conso (ex-Cetelem Maroc)	Morocco	Full		99.9%	66.9%		Full		99.9%	66.7%	V3
Banque Marocaine du Commerce et de l'Industrie Gestion	Morocco	Equity*		100%	67.0%		Equity*		100%	66.7%	
Banque Marocaine du Commerce et de l'Industrie Leasing	Morocco	Full		72.0%	48.3%		Full		72.0%	48.1%	
Banque Marocaine du Commerce et de l'Industrie Offshore	Morocco	Full		100%	67.0%		Full		100%	66.7%	
BNP Intercontinentale - BNPI	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNP Paribas Bank Polska SA	Poland	Full		99.9%	74.9%		Full		99.9%	74.8%	
BNP Paribas BDDI Participations	France	Full		100%	100%		Full		100%	100%	
BNP Paribas El Djazair	Algeria	Full		100%	100%		Full		100%	100%	
BNP Paribas Fortis Yatirimlar Holding AS	Turkey	Full		100%	74.9%		Full		100%	74.9%	
BNP Paribas SAE	Egypt	Full		95.2%	95.2%		Full		95.2%	95.2%	
BNP Paribas Yatirimlar Holding Anonim Sirketi	Turkey	Full		100%	100%		Full		100%	100%	E2
Dominet SA	Poland	Full		100%	74.9%		Full		100%	74.9%	
Fortis Bank Anonim Sirketi	Turkey										S4
Fortis Bank Malta Ltd.	Malta	Equity*		100%	74.9%		Equity*		100%	74.9%	D1
Fortis Faktoring AS	Turkey	Equity*		100%	74.9%		Equity*		100%	74.9%	E3
Fortis Holding Malta BV	Netherlands	Full		100%	74.9%		Full		100%	74.9%	
Fortis Holding Malta Ltd.	Malta	Full		100%	74.9%		Full		100%	74.9%	
Fortis Portfoy Yonetimi AS	Turkey										S4
Fortis Yatirim Menkul Degerler AS	Turkey										S4
IC Axa Insurance	Ukraine	Equity*		49.8%	49.8%		Equity*		49.7%	49.7%	
IC Axa Ukraine	Ukraine					S4	Equity*		50.0%	50.0%	
Orient Commercial Bank	Vietnam	Equity		20.0%	20.0%		Equity		20.0%	20.0%	V1
TEB Holding AS (Groupe)	Turkey	Prop.		50.0%	37.5%		Prop.		50.0%	37.5%	
Ukrainian Leasing Company	Ukraine	Equity*		100%	100%		Equity*		100%	100%	D1

Name	Country	31/12/2012 Method		Voting (%)	Interest (%)	Ref	31/12/2011 Method		Voting (%)	Interest (%)	Ref
UkrSibbank	Ukraine	Full		100%	100%		Full		100%	100%	
Union Bancaire pour le Commerce et l'Industrie	Tunisia	Full		50.0%	50.0%		Full		50.0%	50.0%	
Special Purpose Entities											
K-Kollect LLC	Ukraine	Full		-	-		Full		-	-	E2
Investment Solutions											
BNP Paribas Suisse SA	Switzerland	Full		100%	100%		Full		100%	100%	
Insurance											
AG Insurance-Groupe	Belgium	Equity		25.0%	18.7%		Equity		25.0%	18.7%	
Antin Epargne Pension	France										S4
BNP Paribas Assurance TCB Life Insurance Company Ltd	Taiwan	Equity		49.0%	49.0%		Equity		49.0%	49.0%	
BNP Paribas Cardif	France	Full	(3)	100%	100%		Full	(3)	100%	100%	
BNP Paribas Cardif BV (ex-BNP Paribas Assurance BV)	Netherlands	Full	(3)	100%	100%		Full	(3)	100%	100%	
BNP Paribas Cardif Emeklilik Anonim Sirketi	Turkey	Equity*		100%	100%		Equity*		100%	100%	D1
BNP Paribas Cardif Levensverzekeringen NV (ex-Cardif Levensverzekeringen NV)	Netherlands	Full	(3)	100%	100%		Full	(3)	100%	100%	
BNP Paribas Cardif Pojistovna AS (ex-Pojistovna Cardif Pro Vita AS)	Czech Republic	Full	(3)	100%	100%		Full	(3)	100%	100%	
BNP Paribas Cardif PSC Ltd. (ex-Pinnacle Underwriting Limited)	UK	Equity*		100%	100%		Equity*		100%	100%	E1
BNP Paribas Cardif Seguros Generales SA (ex-Compania de Seguros Generales Cardif SA)	Chile	Full	(3)	100%	100%		Full	(3)	100%	100%	
BNP Paribas Cardif Seguros de Vida SA (ex-Compania de Seguros de Vida Cardif SA)	Chile	Full	(3)	100%	100%		Full	(3)	100%	100%	
BNP Paribas Cardif Vita Compagnia di Assicurazione E Riassicurazione SPA (ex-BNL Vita SPA)	Italy	Full	(3)	100%	100%		Full	(3)	100%	100%	V1
Cardif Assicurazioni SPA	Italy	Full	(3)	100%	100%		Full	(3)	100%	100%	
Cardif Assurances Risques Divers	France	Full	(3)	100%	100%		Full	(3)	100%	100%	
Cardif Assurance Vie	France	Full	(3)	100%	100%		Full	(3)	100%	100%	
Cardif Biztosito Magyarorszag Zrt	Hungary	Equity*		100%	100%		Equity*		100%	100%	
Cardif Colombia Seguros Generales	Colombia	Equity*		100%	100%		Equity*		100%	100%	
Cardif del Peru Sa Compania de Seguros	Perou	Equity*		100%	100%		Equity*		100%	100%	
Cardif do Brasil Vida e Previdencia SA	Brazil	Full	(3)	100%	100%		Full	(3)	100%	100%	
Cardif do Brasil Seguros e Garantias	Brazil	Full	(3)	100%	100%		Full	(3)	100%	100%	
Cardif Forsakring AB	Sweden	Equity*		100%	100%		Equity*		100%	100%	
Cardif Hayat Sigorta Anonim Sirketi	Turkey	Equity*		100%	100%		Equity*		100%	100%	D1
Cardif Holdings Inc.	USA					S3	Full	(3)	100%	100%	
Cardif Insurance Company	Russia	Equity*		100%	100%		Equity*		100%	100%	
Cardif I-Services	France	Equity*		100%	100%		Equity*		100%	100%	D1
Cardif Leven	Belgium	Full	(3)	100%	100%		Full	(3)	100%	100%	
Cardif Life Insurance Company	USA										S2
Cardif Life Insurance Co. Ltd.	South Korea	Full	(3)	85.0%	85.0%		Full	(3)	85.0%	85.0%	
Cardif Lux Vie	Luxembourg	Full	(3)	66.7%	51.1%		Full	(3)	66.7%	51.1%	V3
Cardif Mexico Seguros de Vida SA de CV	Mexico	Equity*		100%	100%		Equity*		100%	100%	
Cardif Mexico Seguros Generales SA de CV	Mexico	Equity*		100%	100%		Equity*		100%	100%	
Cardif Nordic AB	Sweden	Full	(3)	100%	100%		Full	(3)	100%	100%	
Cardif Pinnacle Insurance Holdings PLC	UK	Full	(3)	100%	100%		Full	(3)	100%	100%	
Cardif Pinnacle Insurance Management Services PLC	UK	Full	(3)	100%	100%		Full	(3)	100%	100%	
Cardif Polska Towarzystwo Ubezpiec-zen na Zycie SA	Poland	Full	(3)	100%	100%		Full	(3)	100%	100%	
Cardif Schadeverzekeringen NV	Netherlands	Full	(3)	100%	100%		Full	(3)	100%	100%	
Cardif Seguros SA	Argentina	Full	(3)	100%	100%		Full	(3)	100%	100%	
CB (UK) Ltd. (Fonds C)	UK	Full	(3)	100%	100%		Full	(3)	100%	100%	
Darnell Ltd.	Ireland	Full	(3)	100%	100%		Full	(3)	100%	100%	
F & B Insurance Holdings SA (Groupe)	Belgium	Equity		50.0%	50.0%		Equity		50.0%	50.0%	
Financial Telemarketing Services Ltd.	UK	Equity*		100%	100%		Equity*		100%	100%	
Fortis Luxembourg - Vie SA	Luxembourg										S4
GIE BNP Paribas Cardif	France	Full	(3)	100%	99.0%		Full	(3)	100%	99.0%	
Luizaseg	Brazil	Equity*		50.0%	50.0%		Equity*		50.0%	50.0%	D1
Natio Assurance	France	Equity*		50.0%	50.0%		Equity*		50.0%	50.0%	D1
NCVP Participacoes Societarias SA	Brazil	Full	(3)	100%	100%		Full	(3)	100%	100%	
Pinnacle Insurance PLC	UK	Full	(3)	100%	100%		Full	(3)	100%	100%	
Pocztylion Arka Powszechne Towarzys-two Emerytalne SA	Poland	Equity		33.3%	33.3%		Equity		33.3%	33.3%	
Pojistovna Cardif Slovakia AS	Slovakia	Equity*		100%	100%		Equity*		100%	100%	
Portes de Claye SCI	France	Equity		45.0%	57.2%	E3					
Rueil Caudron SCI	France					S3	Full	(3)	100%	100%	
Scoo SCI	France	Equity		46.4%	58.3%	E1					
State Bank of India Life Insurance Company Ltd.	India	Equity		26.0%	26.0%		Equity		26.0%	26.0%	
Special Purpose Entities											
Odyssée SCI	France	Full	(3)	-	-		Full	(3)	-	-	

Name	Country	31/12/2012 Method	Voting (%)	Interest (%)	Ref	31/12/2011 Method	Voting (%)	Interest (%)	Ref
Wealth Management									
Bank Insinger de Beaufort NV	Netherlands	Full	63.0%	63.0%		Full	63.0%	63.0%	
Bank Insinger de Beaufort Safe Custody NV	Netherlands				S3	Full	100%	63.0%	
BNP Paribas Espana SA	Spain	Full	99.6%	99.6%		Full	99.6%	99.6%	
BNP Paribas Wealth Management	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Wealth Management Monaco	Monaco	Full (1)	100%	100%		Full (1)	100%	100%	
Conseil Investissement	France	Equity*	100%	100%		Equity*	100%	100%	D1
Fortis Wealth Management Hong Kong Ltd.	Hong-Kong								S2
Fundamentum Asset Management (FAM)	Luxembourg				S3	Full	100%	53.4%	
Insinger de Beaufort Asset Management AG	Switzerland				S3	Full	100%	31.5%	
Insinger de Beaufort Asset Management NV	Netherlands				S3	Full	100%	63.0%	
Insinger de Beaufort Associates BV	Netherlands				S3	Full	100%	63.0%	
Insinger de Beaufort Consulting BV	Netherlands				S3	Full	100%	63.0%	
Klein Haneveld Consulting BV	Netherlands				S3	Full	100%	63.0%	
Sodefi Holding AG	Switzerland				S3	Full	50.0%	31.5%	
Williams De Bröe Private Investment Management Ltd. (ex-BNP Paribas Private Investment Management Ltd.)	UK								S2
Investment Partners									
Alfred Berg Administration A/S	Denmark	Full	100%	90.5%		Full	100%	90.5%	
Alfred Berg Asset Management AB	Sweden	Full	100%	90.5%		Full	100%	90.5%	
Alfred Berg Asset Management Services AB	Sweden				S4	Full	100%	90.5%	
Alfred Berg Fonder AB	Sweden	Full	100%	90.5%		Full	100%	90.5%	
Alfred Berg Fondsmaeglerselskab A/S	Denmark	Full	100%	90.5%		Full	100%	90.5%	
Alfred Berg Forvaltning AS	Norway	Full	100%	90.5%		Full	100%	90.5%	
Alfred Berg Funds	Finland	Full	100%	90.5%		Full	100%	90.5%	
Alfred Berg Kapitalförvaltning AB	Sweden	Full	100%	90.5%		Full	100%	90.5%	
Alfred Berg Kapitalforvaltning AS	Norway	Full	100%	90.5%		Full	100%	90.5%	
Alfred Berg Kapitalforvaltning Finland AB	Finland	Full	100%	90.5%		Full	100%	90.5%	
Antin Infrastructure Partners	France				S2	Equity	40.0%	36.2%	
Arnhem Investment Management Pty Ltd.	Australia	Equity	40.0%	36.2%		Equity	40.0%	36.2%	
Banco Estado Administradora General de Fondos	Chile	Equity*	50.0%	45.3%		Equity*	50.0%	45.3%	
BNP Paribas Asset Management SAS	France	Full	100%	90.5%		Full	100%	90.5%	
BNP Paribas Asset Management Brasil Ltda	Brazil	Full	100%	97.6%		Full	100%	97.6%	
BNP Paribas Asset Management Inc.	USA								S4
BNP Paribas Asset Management Inc. (ex-Fortis Investment Management USA Inc.)	USA	Full	100%	100%		Full	100%	100%	V1
BNP Paribas Asset Management India Private Ltd	India	Equity*	100%	90.5%		Equity*	100%	90.5%	
BNP Paribas Asset Management Uruguay SA	Uruguay				S3	Equity*	100%	90.5%	
BNP Paribas Bergère (ex-Fortis Investment Finance)	France								S3
BNP Paribas Clean Energy Partners GP Ltd	UK	Equity*	100%	90.5%		Equity*	100%	90.5%	D1
BNP Paribas Investment Partners	France	Full	100%	90.5%		Full	100%	90.5%	
BNP Paribas Investment Partners Asia Ltd	Hong-Kong	Full	100%	90.5%		Full	100%	90.5%	
BNP Paribas Investment Partners (Australia) Ltd	Australia	Full	100%	90.5%		Full	100%	90.5%	
BNP Paribas Investment Partners (Australia) Holdings Pty Ltd	Australia	Full	100%	90.5%		Full	100%	90.5%	
BNP Paribas Investment Partners BE Holding	Belgium	Full	100%	90.5%		Full	100%	90.5%	
BNP Paribas Investment Partners Belgium	Belgium	Full	100%	90.5%		Full	100%	90.5%	
BNP Paribas Investment Partners Funds (Nederland) NV	Netherlands	Full	100%	90.5%		Full	100%	90.5%	
BNP Paribas Investment Partners Japan Ltd	Japan	Full	100%	90.5%		Full	100%	90.5%	
BNP Paribas Investment Partners Latam SA	Mexico	Equity*	99.0%	89.6%	E1				
BNP Paribas Investment Partners Luxembourg	Luxembourg	Full	99.7%	90.2%		Full	99.7%	90.2%	
BNP Paribas Investment Partners Netherlands NV	Netherlands	Full	100%	90.5%		Full	100%	90.5%	
BNP Paribas Investment Partners NL Holding NV	Netherlands	Full	100%	90.5%		Full	100%	90.5%	
BNP Paribas Investment Partners Singapore Ltd	Singapore	Equity*	100%	90.5%		Equity*	100%	90.5%	
BNP Paribas Investment Partners Societa di Gestione del Risparmio SPA	Italy	Full	100%	98.4%		Full	100%	98.4%	
BNP Paribas Investment Partners UK Holdings Ltd	UK				S3	Full	100%	90.5%	
BNP Paribas Investment Partners UK Ltd	UK	Full	100%	90.5%		Full	100%	90.5%	
BNP Paribas Investment Partners USA Holdings Inc.	USA	Full	100%	100%		Full	100%	100%	
BNP Paribas Private Equity	France	Equity*	100%	100%		Equity*	100%	100%	D1
CamGestion	France	Full	100%	90.5%		Full	100%	90.5%	
Fauchier General Partner Ltd	Guernsey	Full	100%	90.5%		Full	100%	90.5%	V1
Fauchier Partners Asset Management Ltd	Guernsey	Full	100%	90.5%		Full	100%	90.5%	V1
Fauchier Partners Corporation	USA	Full	100%	90.5%		Full	100%	90.5%	V1
Fauchier Partners International Ltd	Bermuda	Full	100%	90.5%		Full	100%	90.5%	V1
Fauchier Partners Ltd	UK	Full	100%	90.5%		Full	100%	90.5%	V1
Fauchier Partners LLP	UK	Full	87.2%	79.0%	V4	Full	83.4%	75.2%	V1
Fauchier Partners Management Company Ltd	UK	Full	100%	90.5%		Full	100%	90.5%	V1
Fauchier Partners Management Ltd	Guernsey	Full	100%	90.5%		Full	100%	90.5%	V1
Fauchier Partners SAS	France	Full	100%	90.5%		Full	100%	90.5%	E2
Fimapierre	France								S3
Fischer Francis Trees & Watts Inc.	USA	Full	100%	100%		Full	100%	100%	
Fischer Francis Trees & Watts Ltd.	UK								S1
Fischer Francis Trees & Watts Singapore Ltd	Singapore				S4	Equity*	100%	90.5%	
Fischer Francis Trees & Watts UK	UK								S1
Fischer Francis Trees & Watts UK Ltd	UK	Equity*	100%	90.5%	D1	Full	100%	90.5%	
Fund Channel	Luxembourg	Equity*	50.0%	45.2%		Equity*	50.0%	45.2%	
FundQuest	France	Full	100%	90.5%		Full	100%	90.5%	
FundQuest Inc.	USA								S2
FundQuest UK Ltd.	UK	Full	100%	90.5%		Full	100%	90.5%	E1
Haitong - Fortis Private Equity Fund Management Co. Ltd.	China	Equity	33.0%	29.9%		Equity	33.0%	29.9%	
HFT Investment Management Co Ltd - Groupe	China	Equity	49.0%	44.4%		Equity	49.0%	44.4%	
Impax Asset Management Group PLC	UK				S3	Equity	27.9%	25.2%	
Industrifinans Forskningsparken Eiendom AS	Norway								S1
KIT Fortis Investment Management	Kazakhstan								S1
Overlay Asset Management	France								S3
PT. BNP Paribas Investment Partners	Indonesia	Full	99.0%	89.6%		Full	99.0%	89.6%	
Shinan BNP Paribas Asset Management Co Ltd	South Korea	Prop.	35.0%	31.7%		Prop.	35.0%	31.7%	
THEAM	France	Full	100%	90.6%		Full	100%	90.6%	V2
TKB BNP Paribas Investment Partners Holding BV	Netherlands	Equity	50.0%	45.3%		Equity	50.0%	45.3%	
Securities services									
BNP Paribas Fin' AMS	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Dealing Services Asia Ltd. (ex-BNP Paribas Fin' AMS Asia Ltd)	Hong-Kong	Full	100%	100%	E1				S3
BNP Paribas Financial Services LLC	USA	Equity*	100%	100%		Equity*	100%	100%	E1
BNP Paribas Fund Services Australasia Pty Ltd.	Australia	Full	100%	100%		Full	100%	100%	
BNP Paribas Fund Services Dublin Ltd.	Ireland	Equity*	100%	100%		Equity*	100%	100%	D1

Changes in the scope of consolidation

New entries (E) in the scope of consolidation

E1 Passing qualifying thresholds as defined by the Group (cf. note 1.b)
E2 Incorporation
E3 Purchase or change of control

Removals (S) from the scope of consolidation

S1 Cessation of activity (including dissolution, liquidation)
S2 Disposal, loss of control or loss of significant influence
S3 Entities removed from the scope because < qualifying thresholds (cf. note 1.b)
S4 Merger, Universal transfer of assets and liabilities

Variance(V) in voting or ownership interest

V1 Additional purchase
V2 Partial disposal
V3 Dilution
V4 Increase in %

Equity Simplified consolidation by the equity method (non-material entities) (cf. note 1.b)*

Miscellaneous

D1 Consolidation method change not related to fluctuation in voting or ownership interest
D2 111 Construction-Sale Companies (Real Estate programs) of which 103 fully and 8 proportionally consolidated
D3 The Klépierre group was fully consolidated until 14 March 2012, then, following the partial disposal of the interest of BNP Paribas Group, the Klépierre group has been consolidated under the equity method (cf. note 8.d.)

Prudential scope of consolidation

(1) French subsidiaries whose regulatory supervision falls within the scope of the consolidated Group, in accordance with article 4.1 of CRBF regulation 2000.03.
(2) Entities excluded from prudential scope of consolidation
(3) Entities consolidated under the equity method for prudential purposes.

Name	Country	31/12/2012 Method		Voting (%)	Interest (%)	Ref	31/12/2011 Method		Voting (%)	Interest (%)	Ref
BNP Paribas Fund Services France	France	Full		100%	100%		Full		100%	100%	
BNP Paribas Fund Services Securities Pty	Australia	Full		100%	100%		Full		100%	100%	E1
BNP Paribas Securities Services - BP2S	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNP Paribas Securities Services (Holdings) Ltd.	Jersey	Full		100%	100%		Full		100%	100%	
BNP Paribas Sundaram GSO Private Ltd	India	Equity*		51.0%	51.0%	E1					
BNP Paribas Trust Company (Guernesey) Ltd.	Guernsey	Equity*		100%	100%		Equity*		100%	100%	
Real Estate Services											
Asset Partenaires	France	Full		100%	96.8%		Full		100%	96.8%	
Atisreal Netherlands BV	Netherlands	Full		100%	100%	E1					
Auguste Thouard Expertise	France	Full		100%	100%		Full		100%	100%	
BNP Paribas Immobilier Promotion Immobilier d'Entreprise	France	Full		100%	100%		Full		100%	100%	
BNP Paribas Immobilier Résidentiel	France	Full		100%	100%		Full		100%	100%	
BNP Paribas Immobilier Résidentiel Promotion Île-de-France	France	Full		100%	100%		Full		100%	100%	
BNP Paribas Immobilier Résidentiel Promotion Mediterranée	France					S4	Full		100%	100%	
BNP Paribas Immobilier Résidentiel Promotion Rhône Alpes	France					S4	Full		100%	100%	
BNP Paribas Immobilier Résidentiel Promotion Sud Ouest	France					S4	Full		100%	100%	
BNP Paribas Immobilier Résidentiel Promotion Var	France										S4
BNP Paribas Immobilier Résidentiel Residences Services	France					S4	Full		100%	100%	
BNP Paribas Immobilier Résidentiel Residences Services BSA	France	Full		100%	100%		Full		100%	100%	
BNP Paribas Immobilier Résidentiel Residences Services Sofiane	France					S4	Full		100%	100%	
BNP Paribas Immobilier Résidentiel Service Clients	France	Full		100%	100%		Full		100%	100%	
BNP Paribas Immobilier Résidentiel Transaction & Conseil	France	Full		100%	100%		Full		100%	100%	
BNP Paribas Immobilier Résidentiel V2i	France	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate	France	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Advisory Belgium SA	Belgium	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Advisory Italy SPA	Italy	Full		100%	100%		Full		100%	100%	
BNP PB Real Estate Advisory& Property Management Czech Republic SRO	Czech Republic	Full		100%	100%		Full		100%	100%	E3
BNP PB Real Estate Advisory & Property Management Hungary Ltd	Hungary	Full		100%	100%		Full		100%	100%	E3
BNP PB Real Estate Advisory & Property Management Ireland Ltd.	Ireland	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Advisory & Property Management LLC	United Arab Emirates	Full		49.0%	49.0%		Full		49.0%	49.0%	
BNP Paribas Real Estate Advisory & Property Management Luxembourg SA	Luxembourg	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Advisory & Property Management Poland SP ZOO	Poland	Full		100%	100%		Full		100%	100%	E3
BNP Paribas Real Estate Advisory & Property Management UK Ltd.	UK	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Advisory Spain SA	Spain	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Consult France	France	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Consult GmbH	Germany	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Facilities Management Ltd.	UK	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Financial Partner	France	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate GmbH	Germany	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Holding Benelux SA	Belgium	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Holding GmbH	Germany	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Hotels France	France	Full		100%	96.1%		Full		96.4%	96.0%	
BNP Paribas Real Estate & Infrastructure Advisory Service Private Ltd.	India	Full		71.1%	71.1%		Full		71.1%	71.1%	V1
BNP Paribas Real Estate Investment Management	France	Full		96.8%	96.8%		Full		96.8%	96.8%	
BNP Paribas Real Estate Investment Management Belgium	Belgium	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Investment Management Italy	Italy	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Investment Management Ltd.	UK	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Investment Management Luxembourg SA	Luxembourg	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Investment Management Spain SA	Spain	Full		100%	100%		Full		100%	100%	E2
BNP Paribas Real Estate Investment Management UK Ltd.	UK	Full		100%	100%		Full		100%	100%	

Name	Country	31/12/2012 Method		Voting (%)	Interest (%)	Ref	31/12/2011 Method		Voting (%)	Interest (%)	Ref
BNP Paribas Real Estate Investment Services	France	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Italy SRL (ex-BNP Paribas Real Estate Services Holding Italy)	Italy	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Jersey Ltd.	Jersey	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Project Solutions GmbH	Germany										S4
BNP Paribas Real Estate Property Developement Italy SPA	Italy	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Property Developement UK Ltd.	UK	Full		100%	100%		Full		100%	100%	E2
BNP Paribas Real Estate Property Management Belgium	Belgium	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Property Management France SAS	France	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Property Management GmbH	Germany	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Property Management International	France										S4
BNP Paribas Real Estate Property Management Italy SrL	Italy	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Property Management Spain SA	Spain	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Transaction France	France	Full		96.4%	96.1%		Full		96.4%	96.0%	
BNP Paribas Real Estate Valuation France	France	Full		100%	100%		Full		100%	100%	
FG Ingénierie et Promotion Immobilière	France	Full		100%	100%		Full		100%	100%	
European Direct Property Management SA	Luxembourg	Full		100%	100%		Full		100%	100%	
Immobiliere des Bergues	France	Full		100%	100%		Full		100%	100%	
Meunier Hispania	Spain	Full		100%	100%		Full		100%	100%	
Newport Management SAS	France										S4
Partner's & Services	France	Full		100%	100%		Full		100%	100%	
Pyrotex GB 1 SA	Luxembourg	Full		100%	100%	E1					
Pyrotex SARL	Luxembourg	Full		100%	100%		Full		100%	100%	
SC BNP Paribas Real Estate Advisory SA	Romania	Full		100%	100%		Full		100%	100%	V1
Sesame Conseil SAS	France	Full		95.3%	95.3%		Full		95.3%	95.3%	
Siège Issy	France	Full		100%	100%		Full		100%	100%	E2
Tasaciones Hipotecarias SA	Spain	Full		100%	100%		Full		100%	100%	
Weatheralls Consultancy Services Ltd.	UK					S1	Full		100%	100%	
Special Purpose Entities											
Construction-Sale companies	France	Full/Prop.	D2	-	-	E1					
Sviluppo Residenziale Italia SRL	Italy	Full		-	-	E1					
Via Crespi 26 SRL	Italy	Full		-	-		Full		-	-	
Corporate and Investment Banking											
France											
BNP Paribas Arbitrage	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNP Paribas Equities France	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
Esomet	France	Full		100%	100%		Full		100%	100%	
Laffitte Participation 22	France	Full		100%	100%		Full		100%	100%	
Paribas Dérivés Garantis Snc	France										S4
Parifergie	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
Parilease	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
Taitbout Participation 3 Snc	France	Full		100%	100%		Full		100%	100%	
Europe											
Alpha Murcia Holding BV	Netherlands	Equity*		100%	74.9%	E2					
BNP Paribas Arbitrage Issuance BV	Netherlands	Full		100%	100%		Full		100%	100%	
BNP Paribas Bank NV	Netherlands	Full		100%	100%		Full		100%	100%	
BNP Paribas Capital Investments Ltd.	UK										S3
BNP Paribas CMG Ltd.	UK										S3
BNP Paribas Commodity Futures Ltd.	UK	Full		100%	100%		Full		100%	100%	
BNP Paribas Cyprus Ltd.	Cyprus										S3
BNP Paribas E & B Ltd.	UK										S3
BNP Paribas Emission-und Handel. GmbH	Germany	Full		100%	100%		Full		100%	100%	
BNP Paribas Ireland	Ireland	Full		100%	100%		Full		100%	100%	
BNP Paribas Islamic Issuance BV	Netherlands	Full		100%	100%		Full		100%	100%	
BNP Paribas Net Ltd.	UK	Equity*		100%	100%	E1					S3
BNP Paribas UK Holdings Ltd.	UK	Full		100%	100%		Full		100%	100%	
BNP Paribas UK Ltd.	UK	Full		100%	100%		Full		100%	100%	
BNP Paribas Vartry Reinsurance Ltd.	Ireland	Full	(3)	100%	100%		Full	(3)	100%	100%	
BNP Paribas ZAO	Russia	Full		100%	100%		Full		100%	100%	
BNP PUK Holding Ltd.	UK	Full		100%	100%		Full		100%	100%	
Camomile Investments UK Ltd.	UK					S3	Full		100%	100%	
Capstar Partners Ltd.	UK										S3
FB Energy Trading SARL	Luxembourg										S3
Fidex Holdings Ltd.	UK					S3	Full		100%	100%	
Fortis International Finance (Dublin)	Ireland										S3
Fortis International Finance Luxembourg SARL	Luxembourg										S1

		31/12/2012				31/12/2011			
Name	Country	Method	Voting (%)	Interest (%)	Ref	Method	Voting (%)	Interest (%)	Ref
Fortis Proprietary Investment Ireland Ltd.	Ireland								S3
G I Finance	Ireland								S3
GreenStars BNP Paribas	Luxembourg	Equity*	100%	100%	E1				
Harewood Holdings Ltd.	UK	Full	100%	100%		Full	100%	100%	
Landspire Ltd.	UK	Full	100%	100%		Full	100%	100%	
Money Alpha	France								S1
Money Beta	France								S1
Paribas Trust Luxembourg SA	Luxembourg	Full	100%	53.4%		Full	100%	53.4%	
SC Nueva Condo Murcia SL	Spain	Equity*	100%	74.9%	E2				
Utexam Logistics Ltd.	Ireland	Full	100%	100%		Full	100%	100%	
Utexam Solutions Ltd.	Ireland	Full	100%	100%	E1				
Verner Investissements (Groupe)	France	Equity	40.0%	50.0%		Equity	40.0%	50.0%	
Americas									
ACG Capital Partners II LLC	USA				S1	Prop.	50.0%	50.0%	E1
Banco BNP Paribas Brasil SA	Brazil	Full	100%	100%		Full	100%	100%	
Banexi Holding Corporation	USA	Full	100%	100%		Full	100%	100%	
BNP Paribas Canada	Canada	Full	100%	100%		Full	100%	100%	
BNP Paribas Capital Corporation Inc.	USA	Full	100%	100%		Full	100%	100%	
BNP Paribas Capital Services Inc.	USA	Full	100%	100%		Full	100%	100%	
BNP Paribas Capstar Partners Inc.	USA				S4	Full	100%	100%	
BNP Paribas Colombia Corporation Financiera SA	Colombia	Equity*	100%	100%	E1				
BNP Paribas Commodity Futures Inc.	USA								S4
BNP Paribas Energy Trading Canada Corp.	Canada	Equity*	100%	100%	D1	Full	100%	100%	
BNP Paribas Energy Trading GP	USA	Full	100%	100%		Full	100%	100%	
BNP Paribas Energy Trading Holdings, Inc.	USA	Full	100%	100%		Full	100%	100%	
BNP Paribas Energy Trading LLC	USA	Full	100%	100%		Full	100%	100%	
BNP Paribas FS LLC	USA	Full	100%	100%		Full	100%	100%	
BNP Paribas Leasing Corporation	USA	Full	100%	100%		Full	100%	100%	
BNP Paribas Mortgage Corporation	USA	Full	100%	100%		Full	100%	100%	
BNP Paribas North America Inc.	USA	Full	100%	100%		Full	100%	100%	
BNP Paribas Prime Brokerage Inc.	USA	Full	100%	100%		Full	100%	100%	
BNP Paribas Prime Brokerage International Ltd.	Cayman Islands	Full	100%	100%		Full	100%	100%	
BNP Paribas RCC Inc.	USA	Full	100%	100%		Full	100%	100%	
BNP Paribas Securities Corporation	USA	Full	100%	100%		Full	100%	100%	
Camomile Canopia Trading (UK) Ltd.	Cayman Islands								S2
Camomile Ulster Investments (UK) Ltd.	Cayman Islands				S3	Full	100%	100%	
Capstar Partners LLC	USA				S4	Equity*	100%	100%	D1
CooperNeff Group Inc.	USA	Full	100%	100%		Full	100%	100%	
Cronos Holding Company Ltd. (Groupe)	Bermuda	Equity	30.0%	22.5%		Equity	30.0%	22.5%	
FB Holdings Canada Corp.	Canada								S3
FB Transportation Capital LLC	USA	Full	100%	74.9%		Full	100%	74.9%	
Fortis Funding LLC	USA	Full	100%	74.9%		Full	100%	74.9%	
Fortis Proprietary Capital Inc.	USA								S1
French American Banking Corporation - FABC	USA	Full	100%	100%		Full	100%	100%	
FSI Holdings Inc.	USA	Full	100%	100%		Full	100%	100%	
Paribas North America Inc.	USA	Full	100%	100%		Full	100%	100%	
Paribas Participations Limitee	Canada								S1
Petits Champs Participaçoes e Serviços SA	Brazil	Full	100%	100%		Full	100%	100%	
RFH Ltd.	Bermuda	Equity*	100%	74.7%		Equity*	100%	74.7%	
SDI Media Central Holdings Corp.	USA	Equity*	100%	100%		Equity*	100%	100%	E1
TAP Ltd	Bermuda				S2	Equity*	65.0%	48.5%	E2& V2
TCG Fund I, LP	Cayman Islands	Full	99.7%	74.7%		Full	99.7%	74.7%	
Textainer Marine Containers Ltd.	Bermuda								S2
Via North America, Inc.	USA	Full	100%	100%		Full	100%	100%	
Asia - Oceania									
ACG Capital Partners Singapore Pte. Ltd.	Singapore	Prop.	50.0%	50.0%		Prop.	50.0%	50.0%	E1
BNP Pacific (Australia) Ltd.	Australia	Full	100%	100%		Full	100%	100%	
BNP Paribas (China) Ltd.	China	Full	100%	100%		Full	100%	100%	
BNP Paribas Arbitrage (Hong-Kong) Ltd.	Hong Kong	Full	100%	100%		Full	100%	100%	
BNP Paribas Capital (Asia Pacific) Ltd.	Hong Kong	Full	100%	100%		Full	100%	100%	
BNP Paribas Capital (Singapore) Ltd.	Singapore								S3
BNP Paribas Finance (Hong-Kong) Ltd.	Hong Kong	Full	100%	100%		Full	100%	100%	
BNP Paribas Futures (Hong-Kong) Ltd.	Hong Kong								S3
BNP Paribas India Holding Private Ltd.	India	Full	100%	100%	E1				
BNP Paribas India Solutions Private Ltd.	India	Full	100%	100%		Full	100%	100%	
BNP Paribas Japan Ltd.	Japan	Full	100%	100%		Full	100%	100%	
BNP Paribas Malaysia Berhad	Malaysia	Full	100%	100%	E1				
BNP Paribas Principal Investments Japan Ltd.	Japan	Full	100%	100%		Full	100%	100%	
BNP Paribas Securities (Asia) Ltd.	Hong Kong	Full	100%	100%		Full	100%	100%	
BNP Paribas Securities India Private Ltd.	India	Full	100%	95.2%	V1	Full	100%	66.8%	
BNP Paribas Securities (Japan) Ltd.	Hong Kong	Equity*	100%	100%	D1	Full	100%	100%	
BNP Paribas Securities Japan Ltd.	Japan	Full	100%	100%		Full	100%	100%	E2
BNP Paribas Securities (Taiwan) Co Ltd.	Taiwan	Full	100%	100%		Full	100%	100%	
BNP Paribas Securities Korea Company Ltd.	South Korea	Full	100%	100%		Full	100%	100%	
BNP Paribas Securities (Singapore) Pte Ltd.	Singapore	Full	100%	100%		Full	100%	100%	
BPP Holdings Pte Ltd.	Singapore	Full	100%	100%		Full	100%	100%	
Paribas Asia Equity Ltd.	Hong Kong								S3
PT Bank BNP Paribas Indonésia	Indonesia	Full	100%	100%		Full	100%	100%	
PT BNP Paribas Securities Indonesia	Indonesia	Full	99.0%	99.0%		Full	99.0%	99.0%	
Middle East									
BNPP Investment Company KSA	Saudi Arabia	Equity*	100%	100%		Equity*	100%	100%	E1
Special Purpose Entities									
54 Lombard Street Investments Ltd.	UK	Full	-	-		Full	-	-	
Alamo Funding II Inc.	USA	Full	-	-	E1				
Alandes BV	Netherlands	Full	-	-		Full (2)	-	-	
Alectra Finance PLC	Ireland	Full	-	-		Full	-	-	
Antin Participation 8	France	Full	-	-		Full	-	-	E2
APAC NZ Holdings Ltd.	New Zealand				S3	Full	-	-	
Aquarius Capital Investments Ltd.	Ireland	Full	-	-		Full	-	-	
ARV International Ltd.	Cayman Islands				S3	Full	-	-	
Astir BV	Netherlands	Full	-	-		Full	-	-	
Atargatis	France	Full	-	-		Full	-	-	
Aura Capital Investment SA	Luxembourg				S1	Full	-	-	
Austin Finance	France	Full	-	-		Full	-	-	
Black Kite Investment Ltd.	Ireland				S1	Full	-	-	
BNP Paribas Complex Fundo de Investimento Multimercado	Brazil	Full	-	-		Full	-	-	
BNP Paribas EQD Brazil Fund Fundo Invest Multimercado	Brazil	Full	-	-		Full	-	-	
BNP Paribas Finance Inc.	USA	Full	-	-		Full	-	-	
BNP Paribas Proprietario Fundo de Investimento Multimercado	Brazil	Full	-	-		Full	-	-	
BNP Paribas VPG Adonis LLC	USA	Full	-	-		Full	-	-	E2
BNP Paribas VPG Brookfin LLC	USA	Full	-	-		Full	-	-	E2
BNP Paribas VPG Brookline Cre, LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG BMC Select LLC	USA	Full	-	-		Full	-	-	E2
BNP Paribas VPG CB Lender LLC	USA	Full	-	-		Full	-	-	E2
BNP Paribas VPG CT Holdings LLC	USA	Full	-	-		Full	-	-	E2

Changes in the scope of consolidation

New entries (E) in the scope of consolidation

E1 Passing qualifying thresholds as defined by the Group (cf. note 1.b)
E2 Incorporation
E3 Purchase or change of control

Removals (S) from the scope of consolidation

S1 Cessation of activity (including dissolution, liquidation)
S2 Disposal, loss of control or loss of significant influence
S3 Entities removed from the scope because < qualifying thresholds (cf. note 1.b)
S4 Merger, Universal transfer of assets and liabilities

Variance(V) in voting or ownership interest

V1 Additional purchase
V2 Partial disposal
V3 Dilution
V4 Increase in %

Equity Simplified consolidation by the equity method (non-material entities) (cf. note 1.b)*

Miscellaneous

D1 Consolidation method change not related to fluctuation in voting or ownership interest
D2 111 Construction-Sale Companies (Real Estate programs) of which 103 fully and 8 proportionally consolidated
D3 The Klépierre group was fully consolidated until 14 March 2012, then, following the partial disposal of the interest of BNP Paribas Group, the Klépierre group has been consolidated under the equity method (cf. note 8.d.)

Prudential scope of consolidation

(1) French subsidiaries whose regulatory supervision falls within the scope of the consolidated Group, in accordance with article 4.1 of CRBF regulation 2000.03.
(2) Entities excluded from prudential scope of consolidation
(3) Entities consolidated under the equity method for prudential purposes.

		31/12/2012				31/12/2011			
Name	Country	Method	Voting (%)	Interest (%)	Ref	Method	Voting (%)	Interest (%)	Ref
BNP Paribas VPG Freedom Communications LLC	USA	Full	-	-		Full	-	-	E2
BNP Paribas VPG Lake Butler LLC	USA	Full	-	-		Full	-	-	E2
BNP Paribas VPG Legacy Cabinets LLC	USA	Full	-	-		Full	-	-	E2
BNP Paribas VPG Mark IV LLC	USA	Full	-	-		Full	-	-	E2
BNP Paribas VPG Master LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG Medianews Group LLC	USA	Full	-	-		Full	-	-	E2
BNP Paribas VPG MGM LLC	USA	Full	-	-		Full	-	-	E2
BNP Paribas VPG Modern Luxury Media LLC	USA	Full	-	-		Full	-	-	E2
BNP Paribas VPG Northstar LLC	USA	Full	-	-		Full	-	-	E2
BNP Paribas VPG PCMC LLC	USA	Full	-	-		Full	-	-	E2
BNP Paribas VPG Reader's Digest Association LLC	USA	Full	-	-		Full	-	-	E2
BNP Paribas VPG RHI Holdings LLC	USA	Full	-	-		Full	-	-	E2
BNP Paribas VPG SBX Holdings LLC	USA	Full	-	-		Full	-	-	E2
BNP Paribas VPG SDI Media LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG Semgroup LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG Titan Outdoor LLC	USA	Full	-	-		Full	-	-	E2
Boug BV	Netherlands	Full	-	-		Full	-	-	
Crossen SARL	Luxembourg	Full	-	-	E1				
Compagnie Investissement Italiens SNC	France	Full	-	-		Full	-	-	
Compagnie Investissement Opéra SNC	France	Full	-	-		Full	-	-	
Delphinus Titri 2010 SA	Luxembourg				S1	Full	-	-	
Epsom Funding Ltd.	Cayman Islands				S2	Full	-	-	
Eurassie Finance SARL	Luxembourg				S3	Full	-	-	
Fidex Ltd.	UK				S3	Full	-	-	
Financière des Italiens SAS	France	Full	-	-		Full	-	-	
Financière Paris Haussmann	France	Full	-	-		Full	-	-	
Financière Taitbout	France	Full	-	-		Full	-	-	
Grenache et Cie SNC	Luxembourg	Full	-	-		Full	-	-	
Harewood Financing Limited	UK	Full	-	-	E3				
Harewood Investments N°2 à 4 Ltd.	UK								S3
Harewood Investments N°5 Ltd.	Cayman Islands	Full	-	-		Full	-	-	
Harewood Investments N°7 Ltd.	Cayman Islands	Full	-	-		Full	-	-	
Harewood Investment n°8 Ltd.	Cayman Islands	Full	-	-		Full	-	-	E2
Iliad Investments PLC	Ireland				S3	Full	-	-	
Leveraged Finance Europe Capital V BV	Netherlands	Full	-	-		Full	-	-	
Liquidity Ltd.	Cayman Islands				S3	Full	-	-	
Marc Finance Ltd.	Cayman Islands	Full	-	-		Full	-	-	
Méditerranéa	France	Full	-	-		Full	-	-	
Omega Capital Investments PLC	Ireland	Full	-	-		Full	-	-	
Omega Capital Europe PLC	Ireland	Full	-	-		Full	-	-	
Omega Capital Funding Ltd.	Ireland	Full	-	-		Full	-	-	
Optichamps	France	Full	-	-		Full	-	-	
Participations Opéra	France	Full	-	-		Full	-	-	
Reconfiguration BV	Netherlands				S3	Full (2)	-	-	
Renaissance Fund III	Japan	Equity*	-	-		Equity*	-	-	D1
Renaissance Fund IV	Japan								S1
Ribera del Loira Arbitrage	Spain	Full	-	-		Full	-	-	
Royale Neuve I Sarl	Luxembourg	Full	-	-		Full	-	-	
Royale Neuve II Sarl	Luxembourg	Full	-	-		Full	-	-	
Royale Neuve V Sarl	Luxembourg				S3	Full	-	-	
Royale Neuve VI Sarl	Luxembourg				S3	Full	-	-	
Royale Neuve VII Sarl	Luxembourg	Full	-	-		Full	-	-	E1
Royale Neuve Finance SARL	Luxembourg				S3	Full	-	-	
Royale Neuve Investments Sarl	Luxembourg				S1	Full	-	-	
Scaldis Capital (Ireland) Ltd.	Ireland	Full	-	-		Full (2)	-	-	
Scaldis Capital Ltd.	Jersey	Full	-	-		Full (2)	-	-	
Name	Country	Method	Voting (%)	Interest (%)	Ref	Method	Voting (%)	Interest (%)	Ref
Scaldis Capital LLC	USA	Full	-	-		Full (2)	-	-	
Smalt (ex-Fortis Bank Reinsurance SA)	Luxembourg	Full	-	-		Full (3)	-	-	V1
Stradios FCP FIS	Luxembourg				S3	Full	-	-	
Sunny Funding Ltd.	Cayman Islands				S3	Full	-	-	
Tender Option Bond Municipal program	USA	Equity*	-	-	D1	Full	-	-	
Thunderbird Investments PLC	Ireland				S3	Full	-	-	
Other Activities									
Private Equity (BNP Paribas Capital)									
Cobema	Belgium	Full	100%	100%		Full	100%	100%	
Compagnie Financière Ottomane SA	Luxembourg	Full	96.9%	96.9%		Full	96.9%	96.9%	
Erbe	Belgium	Equity	42.5%	42.5%		Equity	42.5%	42.5%	V2
Fortis Private Equity Belgium NV	Belgium	Full	100%	74.9%		Full	100%	74.9%	
Fortis Private Equity Expansion Belgium NV	Belgium	Full	100%	74.9%		Full	100%	74.9%	
Fortis Private Equity France Fund	France	Full	99.9%	75.0%		Full	99.9%	75.0%	
Fortis Private Equity Venture Belgium SA	Belgium	Full	100%	74.9%		Full	100%	74.9%	
Gepeco	Belgium	Full	100%	100%		Full	100%	100%	
Property companies (property used in operations)									
Antin Participation 5	France	Full	100%	100%		Full	100%	100%	
Ejesur SA	Spain	Equity*	100%	100%		Equity*	100%	100%	D1
Foncière de la Compagnie Bancaire SAS	France				S4	Full	100%	100%	
Noria SAS	France								S4
Société Immobilière Marché Saint-Honoré	France	Full	99.9%	99.9%		Full	100%	100%	
Société d'Etudes Immobilières de Constructions - Setic	France				S4	Full	100%	100%	
Société Marloise Participations	France	Full	100%	100%	E1				
Investment companies and other subsidiaries									
BNL International Investment SA	Luxembourg	Full	100%	100%		Full	100%	100%	
BNP Paribas Home Loan SFH	France	Full	100%	100%		Full	100%	100%	
BNP Paribas International BV	Netherlands								S4
BNP Paribas Méditerranée Innovation & Technologies	Morocco	Full	100%	96.7%		Full	100%	96.7%	
BNP Paribas Partners for Innovation (Groupe)	France	Equity	50.0%	50.0%		Equity	50.0%	50.0%	
BNP Paribas Public Sector SCF	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas SB Re	Luxembourg	Full (3)	100%	100%		Full (3)	100%	100%	
Compagnie d'Investissements de Paris - CIP	France	Full	100%	100%		Full	100%	100%	
Financière BNP Paribas	France	Full	100%	100%		Full	100%	100%	
Financière du Marché Saint Honoré	France	Full	100%	100%		Full	100%	100%	
GIE Groupement Auxiliaire de Moyens	France	Full	100%	100%		Full	100%	100%	
Le Sphinx Assurances Luxembourg SA	Luxembourg	Equity*	100%	100%		Equity*	100%	100%	
Loft Beck Ltd.	Ireland								S3
Margaret Inc.	USA								S3
Omnium de Gestion et de Développement Immobilier - OGDI	France	Full	100%	100%		Full	100%	100%	
Plagefin - Placement, Gestion, Finance Holding SA	Luxembourg	Full	100%	53.4%		Full	100%	53.4%	
Sagip	Belgium	Full	100%	100%		Full	100%	100%	
Société Auxiliaire de Construction Immobilière - SACI	France	Full	100%	100%		Full	100%	100%	
Société Orbaisienne de Participations	France	Full	100%	100%		Full	100%	100%	
UCB Bail 2	France	Full	100%	100%		Full	100%	100%	
UCB Entreprises	France	Full (1)	100%	100%		Full (1)	100%	100%	
UCB Locabail immobilier 2	France				S3	Equity*	100%	100%	
Special Purpose Entities									
BNP Paribas Capital Trust LLC 6	USA	Full	-	-		Full	-	-	
BNP Paribas Capital Preferred LLC 6	USA	Full	-	-		Full	-	-	
BNP Paribas US Medium Term Notes Program LLC	USA	Full	-	-		Full	-	-	
BNP Paribas US Structured Medium Term Notes LLC	USA	Full	-	-		Full	-	-	
Klépierre									
Klépierre SA (Group)	France	Equity	22.4%	22.3%	D3	Full	57.5%	52.0%	

8.c CHANGE IN THE GROUP'S INTEREST AND MINORITY INTERESTS IN THE CAPITAL AND RETAINED EARNINGS OF SUBSIDIARIES

➤ INTERNAL RESTRUCTURING THAT LED TO A CHANGE IN MINORITY SHAREHOLDERS' INTEREST IN THE EQUITY OF SUBSIDIARIES

	31 December 2012		31 December 2011	
In millions of euros	Attributable to shareholders	Minority interests	Attributable to shareholders	Minority interests
Disposal of Fortis Bank SA branches' assets to BNP Paribas SA branches on the same territory	(7)	7	(37)	37
Full disposal of Fortis Capital Corporation and its subsidiaries to Banexi Holding Corp	-	-	(30)	30
Internal disposal of BNP Paribas Leasing Solutions from BNP Paribas SA to BGL BNP Paribas	18	(18)		
Other	(3)	-	(13)	13
TOTAL	**8**	**(11)**	**(80)**	**80**

➤ ACQUISITIONS OF ADDITIONAL INTERESTS AND PARTIAL SALES OF INTERESTS LEADING TO CHANGES IN MINORITY INTERESTS IN THE EQUITY OF SUBSIDIARIES

	31 December 2012		31 December 2011	
In millions of euros	Attributable to shareholders	Minority interests	Attributable to shareholders	Minority interests
Fauchier			(24)	(4)
In 2010, then 2011, BNP Paribas Investment Partners bought out minority shareholders interests representing 12.5% of the capital, lifting its interest percentage to 100%				
Findomestic			(291)	(337)
BNP Paribas Personal Finance bought out minority shareholders interests representing 25% of the capital, lifting its interest percentage to 100%				
Restructuring in Turkey			23	(129)
BNP Paribas restructured its activities in Turkey then bought a 6% stake in TEB Bank from minority shareholders, lifting its ownership to 56.99% *(see note 8.d)*				
Other		(4)		(7)
TOTAL	**-**	**(4)**	**(292)**	**(477)**

In connection with the acquisition of certain entities, the Group has granted minority shareholders put options on their holdings at a predetermined price.

The total value of these obligations, which are recorded as a reduction in shareholders' equity, amounted to EUR 133 million at 31 December 2012, compared with EUR 157 million at 31 December 2011.

On 19 September 2012, Galeries Lafayette announced its intention to exercise its option to sell its interest in LaSer to BNP Paribas Personal Finance, in accordance with the shareholders' agreement entered into with its co-shareholder. BNP Paribas took due note of this decision. To date, neither the price nor the timing have been determined.

8.d BUSINESS COMBINATIONS AND LOSS OF CONTROL

Business combinations and loss of control in 2012

Klépierre

BNP Paribas and Simon Property Group signed an agreement on 14 March 2012 relating to the sale by BNP Paribas of 28.7% of the share capital of Klépierre. The disposal enabled BNP Paribas to realise a EUR 1,516 million gain, including a EUR 631 million gain on BNP Paribas' interest after the operation. An additional EUR 227 million gain from internal transactions revaluation is also recognized in net gains on non-current assets. Following this operation, BNP Paribas owns 22.7% of the share capital of Klépierre valued at EUR 1,134 million on 14 March 2012, based on a market price of 26.93 euros per share at the transaction date.

The consolidation of Klépierre under the equity method led the Group to recognise in the profit and loss account a EUR 29 million badwill.

The loss of control over Klépierre leads to EUR 10.4 billion of investment property being removed from the carrying value of investment property assets in the Group's balance sheet.

Business combinations realised in 2011

Acquired subsidaries	Core business	Country	Acquired percentage	*In millions of euros* Acquisition price	Goodwill	Net cash inflow	Key figures on acquisition date Assets		Liabilities	
Fortis Commercial Finance Holding NV										
	RB	Netherlands	100%	100	9	(11)	Loans and receivables due from customers	1,458	Due to financial institutions	867
									Due to customers	463
Fortis Luxembourg Vie										
	IS	Luxembourg	16.66%	114	(1)	175	Financial assets at fair value through profit or loss	7,280	Technical reserves of insurance companies	7,750
BNL Vita										
	IS	Italy	51%	325	120	(144)	Financial assets at fair value through profit or loss	3,555	Technical reserves of insurance companies	11,545
							Available-for-sale financial assets	6,979		

Fortis Commercial Finance

On 10 June 2011, BNP Paribas Fortis and ABN AMRO reached an agreement under which BNP Paribas Fortis acquired the international network of Fortis Commercial Finance, except for its Dutch activities.

The assets acquired from Fortis Commercial Finance, a leading factoring company operating in 12 European and Asian countries, were combined with BNP Paribas Factor to serve BNP Paribas' institutional clients in Europe and Asia.

The deal extends the reach of the Group's factoring network to six new countries: the UK, Germany, Poland, Denmark, Luxembourg and Hong Kong. This acquisition makes the Group one of Europe's leading factoring players. Fortis Commercial Finance has been fully consolidated since 4 October 2011, and did not make a material contribution to Group full-year earnings in 2011.

BNL Vita

On 22 December 2009, Cardif Assicurazioni, an Italian subsidiary of BNP Paribas, reached an agreement with insurance group Unipol to acquire its 51% stake in their BNL Vita bancassurance joint venture. Since 29 September 2011, the BNP Paribas Group has held 100% of BNL Vita. The application of accounting standards relating to business combinations resulted in the recognition of goodwill when the Group took control of BNL Vita on the Group's total stake in this subsidiary.

BNL Vita was founded in 1987 and is the sixth largest player in the Italian bancassurance market. It distributes its life insurance products through the branch network of BNL, the Group's Italian bank. BNL Vita has been fully consolidated since 30 September 2011, and its contribution to full-year 2011 earnings was not material.

The entity's name was changed into BNP Paribas Cardif Vita Compagnia di Assicurazione e Riassicurazione.

Cardif Lux International/Fortis Luxembourg Vie SA

On 7 June 2011, Ageas, BGL BNP Paribas and BNP Paribas Cardif signed an agreement to merge Fortis Luxembourg Vie with Cardif Lux International. Ageas and BGL BNP Paribas previously each owned 50% of Fortis Luxembourg Vie (which was accounted for under the equity method by the BNP Paribas Group in line with its 50% stake). BNP Paribas Cardif previously owned 100% of Cardif Lux International (fully consolidated by the BNP Paribas Group). After the transaction, the BNP Paribas Group owned 66.66% of the combined unit, which has been fully consolidated since 31 December 2011.

The business name of the combined unit is Cardif Lux Vie, which is now a major player in the distribution of life insurance and protection insurance in the Luxemburgian market.

TEB Bank

Following the acquisition of Fortis Banque SA, an agreement foreseeing the merger of TEB and Fortis Bank Turkey was reached between BNP Paribas, the Colakoglu group (co-shareholder of TEB since 2005) and BNP Paribas Fortis. The merger of the two entities was approved by the General Shareholder's Meetings of the two banks the 25 January 2011 and was completed on 14 February. TEB's governance principles were extended to the new entity which is consolidated using the proportional integration method. The Colakoglu group has an option to sell its share in TEB Holding, the holding company controlling TEB, to the BNP Paribas Group at fair value starting from 15 February 2012. This option includes a minimum price on the historical stake of the Colakoglu group of 1,633 million Turkish Lira starting on 1 April 2014.

Through a public tender offer, the BNP Paribas Group also acquired 6% of the quoted shares of the new TEB Bank entity in June 2011.

8.e COMPENSATION 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 includes both a fixed and a variable component, the levels of which are determined using market benchmarks based on surveys of executive remuneration established by specialised firms.

Fixed remuneration

The fixed annual remuneration of Baudouin Prot, Chairman, amounts to EUR 850,000.

The fixed annual remuneration of Jean-Laurent Bonnafé, Chief Executive Officer was increased from EUR 1,050,000 to EUR 1,250,000 from 1 July 2012.

The fixed annual remuneration of Georges Chodron de Courcel, Philippe Bordenave and François Villeroy de Galhau, Chief Operating Officers, amount respectively to EUR 600,000, EUR 580,000 and EUR 450,000.

Variable remuneration

The variable portion of corporate officers' compensation is determined on the basis of a target compensation equal to 100% of the fixed remuneration for Baudouin Prot, 150% for Jean-Laurent Bonnafé, Georges Chodron de Courcel and Philippe Bordenave, and 120% for François Villeroy de Galhau. It fluctuates depending on criteria linked to the Group's performance, to the managerial performance of corporate officers and to the Board of Directors' assessment of BNP Paribas' risk and liquidity policy. The variable portion is intended to reflect the effective contribution made by corporate officers to the success of BNP Paribas, in relation to the Chairman, notably in respect of the duties he performs pursuant to the internal rules of the Board of Directors that do not relate exclusively to the organisation and functioning of the Board, and in relation to the Chief Executive Officer and Chief Operating Officers, in respect to their duties as executives of an international financial services group.

Group performance criteria

Group performance criteria account for 75% of the target variable remuneration and are used to calculate the corresponding portion of the variable remuneration based on the change in the relevant indicators:

- Baudouin Prot, Jean-Laurent Bonnafé and Philippe Bordenave
  - change in earnings per share (37.5% of the target variable remuneration),
  - achievement of the Group's budgeted gross operating income (37.5% of the target variable remuneration).
- Georges Chordon de Courcel and François Villeroy de Galhau
  - change in earnings per share (18.75% of the target variable remuneration),
  - achievement of the Group's budgeted gross operating income (18.75% of the target variable remuneration),
  - change in net income before tax of businesses for which they are responsible (18.75% of the target variable remuneration),
  - achievement of budgeted gross operating income of businesses for which they are responsible (18.75% of the target variable remuneration).

Personal objective-based criteria

Personal objective-based criteria concern managerial performance as assessed by the Board of Directors in terms of foresight, decision-making and leadership skills:

- *foresight*: define a vision, prepare for the future, foster a spirit of innovation, carry out succession planning for and open up the international horizons of senior executives;
- *decision-making*: determine, with the relevant managers, and take the requisite measures for the Group's development, its internal efficiency and the adequacy of its risk management, internal control and capital management policy;
- *leadership*: recognise behaviour consistent with the Group's values (commitment, ambition, creativity, responsiveness). Promote initiative-taking and internal cooperation. Instil a culture of change and performance.

The variable portion of compensation linked to personal criteria is limited to 25% of the target variable compensation.

Criteria related to the risk and liquidity policy

The criteria related to the risk and liquidity policy relate solely to the Chief Executive Officer and Chief Operating Officers. The proportion of variable remuneration corresponding to these criteria depends on the achievement of several measurable and predetermined objectives. It may be granted only where:

- the variable remuneration linked to Group performance indicators is at least equal to the corresponding proportion of the target remuneration;
- the BNP Paribas CDS is ranked among the first third of the lowest CDS of the panel of 21 comparable banks usually published.

In 2012, the Board of Directors ensured that the amount of variable compensation and the sum of all its individual components were consistent with trends in the Group's results and that, in any event, it did not exceed 180% of the fixed remuneration. The Board reported on variable compensation paid to corporate officers at the annual shareholders' meeting.

The Board of Directors decided that 60% of the variable compensation awarded to the corporate officers in 2012 with respect to 2011 would be deferred over three years, with a minimum amount of EUR 300,000 payable in 2013. The deferred portion is subject to a return-on-equity condition, and half of the deferred portion is indexed to the share price. Half of the non-deferred portion was postponed for six months and indexed to the share price.

Long-term compensation of corporate officers in the event of a rise in the share price

BNP Paribas' corporate officers did not receive any stock options or performance shares in 2012.

To align the interests of the Group's executives with its long-term business progress, the Board of Directors has introduced a fully conditional compensation scheme, based on the share price over a five-year period. The scheme gives no scope for choosing the payment date, and limits gains.

No compensation will be paid in respect of this scheme if, 5 years after the attribution date, the share price has risen by less than 5%. Even if the share price rises by more than 5%, payment of compensation would be subject to a performance criterion relating to the BNP Paribas share price being achieved each year. According to this condition, the fraction corresponding to the allocation may be maintained, reduced or lost from one year to the next. The amount paid would depend on the increase in the share price over five years. Any increase in the amount paid will be less than any increase in the share price and subject to a cap that would apply if the share price rose sharply.

The carrying value of this contingent long-term compensation at the grant date (3 May 2012) was EUR 228,565 for Baudouin Prot, EUR 311,323 for Jean-Laurent Bonnafé, EUR 205,132 for Georges Chodron de Courcel, EUR 193,561 for Philippe Bordenave, and EUR 108,421 for François Villeroy de Galhau.

Post-employment benefits

Indemnities or benefits due or likely to become due upon termination or change of offices

Jean-Laurent Bonnafé, who joined BNP Paribas in 1993 and was appointed Chief Executive Officer on 1 December 2011, agreed to waive his employment contract (effective 1 July 2012) in accordance with the recommendations of the AFEP-MEDEF corporate governance code.

As a result of this decision, apart from the death and disability and health insurance provided under group plans, he lost the benefits of the collective bargaining agreement and company agreements which he had enjoyed for almost twenty years as an employee and corporate officer (and particularly his rights as regards termination of his employment contract).

In exchange, therefore, the Board authorised a regulated agreement in his favour on 14 December 2012, which will be put to the vote at the annual General Meeting held to approve the 2012 financial statements. The agreement sets out the terms and conditions of Jean-Laurent Bonnafé's entitlement to termination benefits should he cease to be Chief Executive Officer:

1. Jean-Laurent Bonnafé will not be entitled to termination benefits in the event of:
   - serious or gross misconduct;
   - failure to meet the performance conditions set out in point 2;
   - voluntary resignation from office.
2. In the event of termination for reasons other than those set out in point 1, Jean-Laurent Bonnafé will be entitled to the following contingent termination benefits:
   (a) if, for at least two of the three years preceding termination, he has achieved at least 80% of the quantitative targets set by the Board of Directors for determining his variable compensation, his termination benefits will be equal to two years of his latest fixed remuneration and target compensation prior to termination;
   (b) if the achievement rate indicated above has not been met but the net income attributable to equity holders is positive in two of the three years preceding termination, his termination benefits will be equal to two years of his compensation due in respect of 2011.
3. If termination occurs during the year before the date on which Jean-Laurent Bonnafé is entitled to retire, his termination benefits will be:
   - limited to half of the benefits as set out above;
   - subject to the same terms and conditions.

Baudouin Prot, Georges Chodron de Courcel, Philippe Bordenave and François Villeroy de Galhau are not entitled to any contractual benefits upon termination of office.

Retirement bonuses

Under an agreement authorised by the Board of Directors and terminating the employment contract of Baudouin Prot, BNP Paribas undertook to pay Mr Prot, when he leaves the Group to take retirement, EUR 150,000 corresponding to the retirement bonus he would have received under the agreement relating to the Banque Nationale de Paris staff provident fund.

Jean-Laurent Bonnafé (Chief Executive Officer) is not entitled to any retirement bonus when he takes retirement, in excess of the termination compensation mentioned above.

Georges Chodron de Courcel, Philippe Bordenave and François Villeroy de Galhau (Chief Operating Officers) are entitled to the standard retirement bonus benefits awarded to all BNP Paribas SA employees according to their initial employment contract.

Supplementary pension plans[1]

The defined-benefit plans previously granted to Group executives formerly employed by BNP, Paribas or Compagnie Bancaire have all been converted into top-up type schemes. The amounts allocated to the beneficiaries were fixed when the previous schemes were closed to new entrants.

A similar procedure was applied to Baudouin Prot (Chairman of the board of Directors) and Georges Chodron de Courcel (Chief Operating Officer). Pursuant to Article L.137.11 of the French Social Security Code, Baudouin Prot and Georges Chodron de Courcel 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. The increase in potential pension rights for 2012 will be limited to the effects of this revaluation. 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 Banque Nationale de Paris. The amount of these provisions was adjusted when these legacy plans were closed and the obligations transferred to an external insurance company.

The benefits deriving from the pension schemes described above have always been taken into account by the Board of Directors when determining the overall remuneration of corporate officers. During 2009, the Board of Directors formally recorded that this plan was compliant with the provisions of the AFEP-MEDEF corporate governance code.

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. The amount of contributions paid by the company in 2012 was EUR 400 per beneficiary.

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 well as the common healthcare benefit scheme) as all BNP Paribas SA employees and corporate officers.

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's Executive Committee, which pays out additional capital of EUR 1.10 million in the event of work-related death or total and permanent disability.

Group corporate officers at 31 December 2012	Employment contract		Top-up pension plan		Indemnities and benefits due or likely to become due upon termination or change of offices		Payment under a no-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Baudouin PROT		✓	✓			✓		✓
Jean -Laurent BONNAFÉ		✓(1)	✓(2)		✓(3)			✓
Georges CHODRON DE COURCEL	✓		✓			✓		✓
Philippe BORDENAVE	✓		✓(2)			✓		✓
François VILLEROY DE GALHAU	✓		✓(2)			✓		✓

(1) Employment contract waived effective 1 July 2012.

(2) Jean-Laurent Bonnafé, Philippe Bordenave and François Villeroy de Galhau are only entitled to the defined-contribution plan set up for all BNP Paribas SA employees and corporate officers, in accordance with Article 83 of the French General Tax Code.

(3) See above, Indemnities and benefits due or likely to become due upon termination or change of offices.

(1) AFEP-MEDEF corporate governance code (point 20-2-5).

The table below shows gross remuneration payable for the year to 31 December 2012, including directors' fees and benefits in kind of the same period.

Compensation payable for 2012 *In euros*	Compensation			Directors' fees(3)	Benefits in kind(5)	Total Compensation(6)
	Fixed (1)	Variable paid in 2013	Variable Deferred			
Baudouin PROT						
Chairman of the Board of Directors	850,000	330,000	495,000	93,010	3,701	1,716,404
(for 2011)	*(941,667)*	*(471,970)(2)*	*(707,956)*	*(91,796)*	*(3,926)*	*(2,166,394)*
JEAN-LAURENT BONNAFÉ						
Chief Executive Officer	1,150,000	672,000	1,008,000	143,540	3,108	2,870,811
(for 2011)	*(820,833)*	*(463,106)(2)*	*(694,659)*	*(97,087)*	*(3,197)*	*(2,020,548)*
Georges CHODRON DE COURCEL						
Chief Operating Officer	600,000	356,000	534,000	98,558	4,141	1,494,141
(for 2011)	*(600,000)*	*(305,143)(2)*	*(457,714)*	*(106,133)*	*(4,141)*	*(1,366,998)*
Philippe BORDENAVE						
Chief Operating Officer	580,000	344,000	516,000	7,500	2,879	1,442,879
(for 2011 - Period from 01/12/2011 to 31/12/2011)	*(48,333)*	*(25,842)(2)*	*(38,763)*	*(4)*	*(13)*	*(112,951)*
François VILLEROY DE GALHAU						
Chief Operating Officer	450,000	300,000	230,000	86,042	3,114	983,114
(for 2011 - Period from 01/12/2011 to 31/12/2011)	*(37,500)*	*(33,321)(2)*	*(22,214)*	*(4)*	*(260)*	*(93,295)*
Total compensation payable to the Group's corporate officers for 2012						8,507,349
(for 2011)						*(5,760,186)*

(1) Salary effectively paid in 2012.
(2) These amounts correspond to variable compensation in respect of 2011 and paid in 2012.
(3) Baudouin Prot does not receive any Directors' fees from any Group companies other than from BNP Paribas SA and Erbé. Directors' fees received from Erbé are deducted from his variable compensation.
Jean-Laurent Bonnafé does not receive any Directors' fees from any Group companies other than from BNP Paribas SA, BNP Paribas Fortis, BNL, BNP Paribas Personal Finance and Erbé. The Directors' fees received from BNP Paribas Fortis, BNL, BNP Paribas Personal Finance and Erbé are deducted from his variable compensation.
Georges Chodron de Courcel does not receive any Directors' fees from any Group companies other than from BNP Paribas Suisse, Erbé and BNP Paribas Fortis. The Directors' fees received from these companies are deducted from his variable compensation.
Philippe Bordenave does not receive any Directors' fees from any Group companies other than from BNP Paribas Personal Finance. The Directors' fees received from BNP Paribas Personal Finance are deducted from his variable compensation.
François Villeroy de Galhau does not receive any Directors' fees from any Group companies other than from BGL, BNL, BNP Paribas Fortis, BNP Paribas Leasing Solutions and Cortal Consors. The Directors' fees received from these companies are deducted from his variable compensation.
(4) Philippe Bordenave and François Villeroy de Galhau did not receive any Directors' fees between 1 December 2011, the start date of their term of office, and 31 December 2011.
(5) 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.
(6) Total compensation after deduction of Directors' fees from variable compensation.

The table below shows gross remuneration paid in 2012, including directors' fees and benefits in kind of the same period.

Compensation paid in 2012	Compensation		Directors' fees	Benefits in kind	Total Compensation
In euros	Fixed	Variable[(1)]			
Baudouin PROT					
Chairman of the Board of Directors	850,000	819,495	93,010	3,701	1,766,206
(for 2011)	*(941,667)*	*(799,042)*	*(91,796)*	*(3,926)*	*(1,836,430)*
JEAN-LAURENT BONNAFÉ					
Chief Executive Officer	1,150,000	640,935	143,540	3,108	1,937,583
(for 2011)	*(820,833)*	*(513,619)*	*(97,087)*	*(3,197)*	*(1,434,736)*
Georges CHODRON DE COURCEL					
Chief Operating Officer	600,000	457,166	98,558	4,141	1,159,865
(for 2011)	*(600,000)*	*(435,540)*	*(106,133)*	*(4,141)*	*(1,145,814)*
Philippe BORDENAVE					
Chief Operating Officer	580,000	406,366	7,500	2,879	996,745
(for 2011 - Period from 01/12/2011 to 31/12/2011)	*(48,333)*	*(690)*[(2)]	-	*(13)*	*(49,036)*
François VILLEROY DE GALHAU					
Chief Operating Officer	450,000	216,815	86,042	3,114	755,971
(for 2011 - Period from 01/12/2011 to 31/12/2011)	*(37,500)*	*(690)*[(2)]	-	*(260)*	*(38,450)*
Total compensation paid to the Group's corporate officers in 2012					6,616,370
(for 2011)					*(4,504,466)*

(1) The amounts shown also include variable compensation itself, exceptional compensation and deductions corresponding to the recovery of Directors' fees.
Baudouin Prot's variable compensation paid in 2012 in respect of 2011 was reduced by EUR 50,920, representing the recovery of Directors' fees received in 2011.
Jean-Laurent Bonnafé's variable compensation paid in 2012 in respect of 2011 was reduced by EUR 58,334 representing the recovery of Directors' fees received in 2011.
Georges Chodron de Courcel's variable compensation paid in 2012 in respect of 2011 was reduced by EUR 106,133, representing the recovery of Directors' fees received in 2011.
Philippe Bordenave's variable compensation paid in 2012 in respect of 2011 was reduced by EUR 6,879, representing the recovery of Directors' fees received in 2011.
François Villeroy de Galhau's variable compensation paid in 2012 in respect of 2011 was reduced by EUR 53,413, representing the recovery of Directors' fees received in 2011.
(2) Bonus received in December 2011 awarded under a company-wide agreement to all BNP Paribas SA full-time employees present for the duration of 2010.

The average payroll tax rate on these compensations in 2012 was 30.5% (32.3% in 2011).

BENEFITS AWARDED TO THE CORPORATE OFFICERS

Benefits awarded to the Group's corporate officers	Year to 31 Dec. 2012	Year to 31 Dec. 2011
Post-employment benefits		
Retirement bonuses		
Present value of the benefit obligation (payroll taxes excluded)	€ 620,247	€ 746,318
Contingent collective defined-benefit top-up pension plan		
Total present value of the benefit obligation	€ 19.01 m	€ 18.5 m
Defined contribution pension plan		
Contributions paid by the company during the year	€ 2,000	€ 1,588
Welfare benefits		
Premiums paid by the company during the year	€ 23,429	€ 74,263

DIRECTOR'S FEES PAID TO MEMBERS OF THE BOARD OF DIRECTORS

In euros	Director's fees paid in 2012	Director's fees paid in 2011
AUGUSTE Patrick(1)		26,861
BÉBÉAR Claude(2)	31,306	48,009
BERGER Suzanne(3)		23,358
BONNAFÉ Jean-Laurent	37,703	38,753
DE CHALENDAR Pierre-André(4)	16,461	
GIANNO Jean-Marie(5)	10,054	47,034
GRAPPOTTE François(3)		45,317
KESSLER Denis	71,294	74,466
KUNEVA Meglena	46,203	36,629
LEPETIT Jean-François	76,177	65,524
MISSON Nicole	45,489	17,624
MOUCHARD Thierry(6)	26,515	
PARISOT Laurence	39,615	41,726
PÉBEREAU Michel	44,859	40,876
PLOIX Hélène	53,672	45,972
PROT Baudouin	37,703	40,876
SCHWEITZER Louis	67,896	60,239
TILMANT Michel	55,547	56,590
VAN BROEKHOVEN Emiel	55,547	55,528
WEBER-REY Daniela	46,522	55,528
WICKER-MIURIN Fields	52,432	20,597
TOTAL	**814,995**	**841,507**

(1) Term of office ended 30 June 2011.
(2) Term of office ended 23 May 2012.
(3) Term of office ended 11 May 2011.
(4) Term of office beginning 23 May 2012.
(5) Term of office ended 15 February 2012.
(6) Term of office beginning 16 February 2012.

Stock subscription option plans

Under the authorisations granted by the Shareholders' General Meetings, BNP Paribas has set up a Global Share-based Incentive Plan, the characteristics of which are decided by the Board of Directors and are described in the note on salaries and employee benefits (share-based payment).

Although the provisions of this programme apply to corporate officers, the Board of Directors did not choose to use it in 2012.

➤ OPTIONS GRANTED AND EXERCISED IN 2012

Stock subscription options granted to and/or exercised by the Group's corporate officers	Number of options	Exercise price *(in euros)*	Grant date	Plan expiry date	Individual allocation valuation		Individual allocation as a percentage of share capital
					in euros	as a percentage of the recognised expense	
Options granted in 2012	Nil	-	-	-	-	-	-
Options exercised in 2012	Nil	-	-	-	-	-	-
Options granted in 2011	Nil	-	-	-	-	-	-
Options exercised in 2011							
Baudouin PROT	94,818	47.37	15/05/2001	14/05/2011			
Georges CHODRON DE COURCEL	4,675	35.87	21/03/2003	20/03/2013			

SUMMARY OF COMPENSATION AND STOCK OPTIONS PAID TO INDIVIDUAL CORPORATE OFFICERS

In euros	2012	2011
Baudouin PROT		
Chairman of the Board of Directors		
Remuneration for the year	1,716,404	2,166,394
Long-term compensation - carrying amount at date of grant	228,565	492,506
Value of stock options granted during the year	Nil	Nil
TOTAL	**1,944,969**	**2,658,900**
Jean-Laurent BONNAFÉ		
Chief Executive Officer		
Remuneration for the year	2,870,811	2,020,548
Long-term compensation - carrying amount at date of grant	311,323	399,744
Value of stock options granted during the year	Nil	Nil
TOTAL	**3,182,134**	**2,420,292**
Georges CHODRON DE COURCEL		
Chief Operating Officer		
Remuneration for the year	1,494,141	1,366,998
Long-term compensation - carrying amount at date of grant	205,132	323,780
Value of stock options granted during the year	Nil	Nil
TOTAL	**1,699,273**	**1,690,778**
Philippe BORDENAVE		
Chief Operating Officer		
Remuneration for the year	1,442,879	112,951 (1)
Long-term compensation - carrying amount at date of grant	193,561	Nil
Value of stock options granted during the year	Nil	Nil
TOTAL	**1,636,440**	**112,951 (1)**
François VILLEROY DE GALHAU		
Chief Operating Officer		
Remuneration for the year	983,114	93,295 (1)
Long-term compensation - carrying amount at date of grant	108,421	Nil
Value of stock options granted during the year	Nil	Nil
TOTAL	**1,091,535**	**93,295 (1)**

(1) Remuneration paid between 1 December 2011 (start date of their term of office), and 31 December 2011.

The table shows the number of options held by the Group's corporate officers at 31 December 2012.

Originating company	BNP Paribas	BNP Paribas	BNP Paribas	BNP Paribas	BNP Paribas	BNP Paribas	BNP Paribas	BNP Paribas	BNP Paribas
Date of grant	21/03/2003	24/03/2004	25/03/2005	05/04/2006	08/03/2007	18/04/2008	08/04/2009	05/03/2010	04/03/2011
Baudouin PROT	201,688	-	155,125	184,537	174,300	174,299	-	-	-
Jean-Laurent BONNAFÉ	-	-	41,368	51,261	61,518	61,517	-	-	-
Georges CHODRON DE COURCEL	-	-	62,052	92,269	92,277	102,529	-	-	-
Philippe BORDENAVE	38,484	-	41,368	36,908	36,911	41,012	41,014	24,900	18,660
François VILLEROY DE GALHAU	-	7,750	15,514	15,379	15,380	15,380	41,014	24,900	18,660
NUMBER OF OPTIONS AT END-2012[(1)]	**240,172**	**7,750**	**315,427**	**380,354**	**380,386**	**394,737**	**82,028**	**49,800**	**37,320**

(1) The increase in capital with pre-emptive subscription rights in October 2009 in accordance with the regulations in force and in order to take into account the detachment of a pre-emptive subscription right led to the adjustment of the number and exercise prices of options.

Performance shares

Under the Global Share-based Incentive Plan implemented in favour of the categories of employees described in note 7.e, Philippe Bordenave and François Villeroy de Galhau have received fully conditional performance shares.

Originating company	BNP Paribas		BNP Paribas	
Grant date	05/03/2010		04/03/2011	
Vesting date	05/03/2013		04/03/2014	
Date of availability	06/03/2015		04/03/2016	
Performance conditions	yes		yes	
	Number of shares[(1)]	Valuation[(2)]	Number of shares	Valuation[(2)]
Philippe BORDENAVE	2,070	103,500	4,665	223,174
François VILLEROY DE GALHAU	2,070	103,500	4,665	223,174
TOTAL	**4,140**	**207,000**	**9,330**	**446,347**

(1) The number of shares has been adjusted to take into account the loss of one third of the initial grant due to non-achievement of the performance condition for that portion.
(2) Valuation at the grant date of the shares according to the method described in note 7.e.

No corporate officer held available performance shares at 31 December 2012.

Long-term compensation of BNP Paribas corporate officers in case of a share price rise

The table shows the fair value of the long-term compensation of the Group's corporate officers at the plans grant date and at 31 December 2012.

Originating company	BNP Paribas		BNP Paribas	
Grant date	12/04/2011		03/05/2012	
Due date	12/04/2016		03/05/2017	
In euros	Grant date	At 31/12/2012	Grant date	At 31/12/2012
Baudouin PROT	492,506	410,310	228,565	346,375
Jean-Laurent BONNAFÉ	399,744	333,030	311,323	471,789
Georges CHODRON DE COURCEL	323,780	269,743	205,132	310,864
Philippe BORDENAVE	-	-	193,561	293,328
François VILLEROY DE GALHAU	-	-	108,421	164,305
TOTAL	**1,216,031**	**1,013,083**	**1,047,002**	**1,586,662**

Holding of shares resulting from the exercise of stock options

The Board of Directors decided that the Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officers were required to hold a quantity of shares resulting from the exercising of stock options until they stand down from office. For Jean-Laurent Bonnafé, this holding requirement is set at 50% of the capital gain net of acquisition realised on options awarded as of 1 September 2008, the date when he was appointed corporate officer. This holding requirement applies to Philippe Bordenave and François Villeroy de Galhau for options awarded to them as of 1 December 2011. It will be deemed as having been met once the thresholds defined below in respect of holding shares are reached by means of shares resulting from the exercising of stock options.

The Board of Directors has decided that Baudouin Prot and Georges Chodron de Courcel are still required to hold the minimum quantity of shares for the duration of their term of office. This quantity had previously been set at 80,000 shares for Baudouin Prot and 30,000 shares for Georges Chodron de Courcel. It was also decided that the minimum quantity of shares that Jean-Laurent Bonnafé will be required to hold for the duration of his term of office will be increased from 30,000 shares to 80,000 shares, in line with the number of shares set for Baudouin Prot in his capacity as Chief Executive Officer. Jean-Laurent Bonnafé must comply with this obligation, through the direct ownership of shares or units in the Company Savings Plan fully invested in BNP Paribas shares, no later than by 1 December 2014, that is three years after his appointment as Chief Executive Officer.

In consideration of their respective compensation, the Board of Directors has set the minimum quantity of shares that must be held by Philippe Bordenave and François Villeroy de Galhau for the duration of their term of office in the form of shares or units in the Company Savings Plan fully invested in BNP Paribas shares. This minimum quantity has been set at 30,000 shares for Philippe Bordenave and 20,000 shares for François Villeroy de Galhau. This obligation must be complied with no later than 1 December 2016.

Remuneration and benefits awarded to employee-elected directors

Total compensation paid in 2012 to employee-elected directors based on their actual attendance amounted to EUR 114,370 (EUR 155,426 in 2011), excluding directors fees. The total amount of directors' fees paid in 2012 to employee-elected directors was EUR 82,058 (EUR 93,346 in 2011). 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, as well as healthcare expense coverage. The total amount of premiums paid into these schemes by BNP Paribas in 2012 on behalf of the employee-elected directors was EUR 1,833 (EUR 1,746 in 2011).

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 2012 on behalf of these corporate officers was EUR 738 (EUR 717 in 2011). They 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 2012, total outstanding loans granted directly or indirectly to the Group's corporate officers amounted to EUR 2,700,091 (EUR 3,416,297 at 31 December 2011). It represents the total amount of loans granted to BNP Paribas' corporate officers and their spouses. These loans representing normal transactions were carried out on an arm's length basis.

8.f RELATED PARTIES

Other related parties of the BNP Paribas Group comprise consolidated companies (including entities consolidated under the equity method) and entities managing post-employment benefit plans offered to Group employees (except for multi-employer and multi-industry schemes).

Transactions between the BNP Paribas Group and related parties are carried out on an arm's length basis.

Relations between consolidated companies

A list of companies consolidated by the BNP Paribas Group is provided in note 8.b "Scope of consolidation". Transactions and period-end balances between fully-consolidated entities are eliminated. The tables below show the portion of intragroup transactions not eliminated in consolidated accounts, related with companies accounted for by the proportionate consolidation method over which BNP Paribas exercises joint control. They also show transactions and balances with associates accounted for by the equity method.

➤ RELATED-PARTY BALANCE SHEET ITEMS

In millions of euros	31 December 2012		31 December 2011	
	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				
On demand accounts	53	130	29	40
Loans	3,969	1,827	4,058	3,082
Securities	319	16	312	17
Finance leases	-	-	6	-
Non-trading securities held in the portfolio	459	2	479	2
Other assets	**6**	**128**	**11**	**110**
TOTAL	**4,806**	**2,103**	**4,895**	**3,251**
LIABILITIES				
Deposits				
On demand accounts	25	726	94	664
Other borrowings	121	1,861	88	1,627
Debt securities	**66**	**-**	**67**	**32**
Other liabilities	**8**	**40**	**11**	**14**
TOTAL	**220**	**2,627**	**260**	**2,337**
FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS				
Financing commitments given	**100**	**2,523**	**20**	**581**
Guarantee commitments given	**189**	**102**	**153**	**73**
TOTAL	**289**	**2,625**	**173**	**654**

The Group also carries out trading transactions with related parties involving derivatives (swaps, options and forwards, etc.) and financial instruments purchased or underwritten and issued by them (equities, bonds, etc.).

➤ RELATED-PARTY PROFIT AND LOSS ITEMS

In millions of euros	Year to 31 Dec. 2012		Year to 31 Dec. 2011	
	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	134	146	145	93
Interest expense	*(4)*	*(28)*	*(4)*	*(45)*
Commission income	18	351	18	314
Commission expense	*(57)*	*(15)*	*(60)*	*(28)*
Services provided	1	34	1	72
Services received	-	*(63)*	-	*(96)*
Lease income	2	6	2	7
TOTAL	**94**	**431**	**102**	**317**

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 Belgium, BNP Paribas Fortis funds a number of pension schemes managed by AG Insurance in which the BNP Paribas Group has an 18.7% equity interest.

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 Cardif, Bank of the West and First Hawaiian Bank). In Switzerland, a dedicated foundation manages pension plans for BNP Paribas Switzerland's employees.

At 31 December 2012, the value of plan assets managed by Group companies or by companies over which the Group exercises significant influence was EUR 3,420 million (EUR 3,164 million at 31 December 2011). Amounts received relating to services provided by Group companies in the year to 31 December 2012 totalled EUR 4.0 million, and mainly is composed of management and custody fees (EUR 4.1 million in 2011).

8.g BALANCE SHEET BY MATURITY

The table below gives a breakdown of the balance sheet by contractual maturity. The maturity of financial assets and liabilities at fair value through profit or loss within the trading portfolio is deemed to be "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 2012	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		103,190						103,190
Financial assets at fair value through profit or loss	763,799							763,799
Derivatives used for hedging purposes	14,267							14,267
Available-for-sale financial assets	17,093		6,447	10,578	18,513	56,530	83,345	192,506
Loans and receivables due from credit institutions	26	10,414	7,387	3,013	3,848	6,413	9,305	40,406
Loans and receivables due from customers	-	49,195	47,927	58,766	74,957	190,107	209,568	630,520
Remeasurement adjustment on interest-rate risk hedged portfolios	5,836							5,836
Held-to-maturity financial assets			-	264	436	5,019	4,565	10,284
FINANCIAL ASSETS BY MATURITY	**801,021**	**162,799**	**61,761**	**72,621**	**97,754**	**258,069**	**306,783**	**1,760,808**
Due to central banks		1,532						1,532
Financial liabilities at fair value through profit or loss	661,995		353	1,585	5,356	24,842	9,492	703,623
Derivatives used for hedging purposes	17,286							17,286
Due to credit institutions		15,324	20,525	18,603	5,669	48,928	2,686	111,735
Due to customers		329,327	106,448	32,939	26,079	29,456	15,264	539,513
Debt securities			19,618	33,295	47,581	49,769	22,935	173,198
Subordinated debt	2,605		32	452	1,156	8,204	2,774	15,223
Remeasurement adjustment on interest-rate risk hedged portfolios	2,067							2,067
FINANCIAL LIABILITIES BY MATURITY	**683,953**	**346,183**	**146,976**	**86,874**	**85,841**	**161,199**	**53,151**	**1,564,177**

In millions of euros, at 31 December 2011	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		58,382						58,382
Financial assets at fair value through profit or loss	820,463							820,463
Derivatives used for hedging purposes	9,700							9,700
Available-for-sale financial assets	17,479		5,581	13,589	17,681	50,398	87,740	192,468
Loans and receivables due from credit institutions	-	16,117	11,244	8,304	3,182	7,966	2,556	49,369
Loans and receivables due from customers	-	55,011	57,993	56,878	72,762	198,788	224,402	665,834
Remeasurement adjustment on interest-rate risk hedged portfolios	4,060							4,060
Held-to-maturity financial assets			-	299	212	4,188	5,877	10,576
FINANCIAL ASSETS BY MATURITY	**851,702**	**129,510**	**74,818**	**79,070**	**93,837**	**261,340**	**320,575**	**1,810,852**
Due to central banks		1,231						1,231
Financial liabilities at fair value through profit or loss	723,492		513	2,167	6,131	22,644	7,848	762,795
Derivatives used for hedging purposes	14,331							14,331
Due to credit institutions		21,234	49,429	21,475	6,159	42,282	8,575	149,154
Due to customers		319,719	126,907	31,467	27,547	27,030	13,614	546,284
Debt securities			28,020	31,856	27,896	49,713	20,301	157,786
Subordinated debt	3,507		23	445	2,360	5,325	8,023	19,683
Remeasurement adjustment on interest-rate risk hedged portfolios	356							356
FINANCIAL LIABILITIES BY MATURITY	**741,686**	**342,184**	**204,892**	**87,410**	**70,093**	**146,994**	**58,361**	**1,651,620**

The majority of the financing and guarantee commitments given, which amounted to EUR 264,284 million and EUR 91,689 million respectively at 31 December 2012 (EUR 253,298 million and EUR 106,096 million respectively at 31 December 2011), can be drawn at sight.

8.h 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 2012. 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.

In millions of euros	31 December 2012		31 December 2011	
	Carrying value(1)	Estimated fair value	Carrying value(1)	Estimated fair value
FINANCIAL ASSETS				
Loans and receivables due from credit institutions	40,406	41,128	49,369	49,316
Loans and receivables due from customers	630,520	655,097	665,834	683,398
Held-to-maturity financial assets	10,284	10,412	10,576	11,135
FINANCIAL LIABILITIES				
Due to credit institutions	111,735	112,599	149,154	149,879
Due to customers	539,513	540,982	546,284	547,992
Debt securities	173,198	176,466	157,786	154,419
Subordinated debt	15,223	14,862	19,683	16,243

(1) The carrying amount does not include the remeasurement of portfolios of financial instruments in fair value hedging relationships. At 31 December 2012, this is included within "Remeasurement adjustment on interest-rate risk hedged portfolios" as EUR 5,836 million under assets, and EUR 2,067 million under liabilities (EUR 4,060 million and EUR 356 million, respectively, at 31 December 2011).

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.

8.i CONTINGENT LIABILITIES: LEGAL PROCEEDING AND ARBITRATION

Following discussions with the U.S. Department of Justice and the New York County District Attorney's Office, among other U.S. regulators and law enforcement and other governmental authorities, the Bank is conducting an internal review of certain U.S. dollar payments involving countries, persons and entities that could be subject to economic sanctions under U.S. law in order to determine whether the Bank has, in the conduct of its business, complied with such laws. The review covers a significant volume of transactions that, even though they may not have been prohibited by the laws of the countries of the Bank entities that initiated them, may be considered impermissible under U.S. regulations (and, in particular, those of the Office of Foreign Assets Control). When the Bank completes this review, it will present its findings and arguments to the U.S. authorities. The Bank is not currently able, on the basis of the transactions identified to date, to estimate without a substantial degree of uncertainty the specific amount or even the general magnitude of the possible consequences of this review (including in terms of fines or penalties) on its results of operation and financial condition. The timing of completion of the review process and subsequent discussions with the U.S. authorities is also uncertain. It should be noted that similar reviews conducted by numerous other financial institutions have often resulted in settlements involving in particular the payment of significant fines and/or penalties depending on the circumstances of each matter.

Legal action has been taken against several Algerian and international banks, including BNP Paribas El Djazair, a BNP Paribas SA subsidiary, for administrative errors in processing international trade financing applications. BNP Paribas El Djazair has been accused of non-compliance with foreign exchange regulations in seven cases before Algerian courts. BNP Paribas El Djazair was ordered by a lower court to pay fines of approximately EUR 200 million. Three of these cases were subsequently overturned on appeal, including the case involving the most significant amount (EUR 150 million). Two other appeals rulings have upheld fines totalling EUR 52 million. All of these rulings have been appealed before the Cassation Court, and execution has been suspended pending the outcome of these appeals pursuant to Algerian law. BNP Paribas El Djazair will continue to vigorously defend itself before the Algerian courts with a view to obtaining recognition of its good faith towards the authorities, which suffered no actual damage.

On 27 June 2008, the Republic of Iraq filed a lawsuit in New York against approximately 90 international companies that participated in the oil-for-food ("OFF") programme and against BNP Paribas as holder of the OFF account on behalf of the United Nations. The complaint alleges, notably, that the defendants conspired to defraud the OFF programme, thereby depriving the Iraqi people of more than USD 10 billion in food, medicine and other humanitarian goods. The complaint also contends that BNP Paribas breached purported fiduciary duties and contractual obligations created by the banking services agreement binding BNP Paribas and the United Nations. The complaint is pleaded under the US Racketeer Influenced and Corrupt Organisations Act ("RICO") which allows treble damages if damages are awarded. The complaint has been served and the defendants, including BNP Paribas, moved to dismiss the action in its entirety on a number of different legal grounds. The complaint has been served and the defendants, including BNP Paribas, moved to dismiss the action in its entirety on a number of different legal grounds. Oral arguments took place in October 2012. On 6 February 2013, the complaint was dismissed by the United States District Court Southern District of New York (which means that the plaintiff does not have the opportunity to re-file an amended complaint). On 15 February 2013, the Republic of Iraq filed a notice of appeal before the United States Court of Appeals for the Second Circuit.

The Bank and certain of its subsidiaries are defendants in several actions pending before the United States Bankruptcy Court Southern District of New York brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC ("BLMIS"). These actions, known generally as "clawback claims", are similar to those brought by the BLMIS Trustee against numerous institutions, and seek recovery of amounts allegedly received by the BNP Paribas entities from BLMIS or indirectly through BLMIS-related "feeder funds" in which BNP Paribas entities held interests. The BLMIS Trustee claims in these actions that the amounts which BNP Paribas entities received are avoidable and recoverable under the U.S. Bankruptcy Code and New York state law. In the aggregate, the amounts sought to be recovered in these actions approximates $1.2 billion. BNP Paribas has substantial and credible defenses to these actions and is defending against them vigorously.

Various legal disputes and enquiries are ongoing relating to the restructuring of the Fortis Group, now Ageas, of which BNP Paribas Fortis is no longer part, and to events having occurred before BNP Paribas Fortis became part of the BNP Paribas Group. Among these disputes are litigations brought by shareholder groups in The Netherlands and Belgium against (among others) Ageas and BNP Paribas Fortis, in the context of the capital increase of Fortis (now Ageas) completed in October 2007 in connection with the acquisition of ABN Amro Bank N.V.. The Bank is vigorously defending itself in these proceedings.

There are no other government, legal or arbitration proceedings of which the Company is aware that are likely to have or have had within the last 12 months a significant impact on the financial position or profitability of the Company and/or Group.

8.j FEES PAID TO THE STATUTORY AUDITORS

In 2012 *Excluding tax, in thousands of euros*	Deloitte		PricewaterhouseCoopers		Mazars		Total	
	Total	%	Total	%	Total	%	Total	%
Audit								
Statutory audits and contractual audits, including								
Issuer	3,242	20%	3,359	19%	1,539	16%	8,140	19%
Consolidated subsidiaries	8,801	55%	9,391	54%	7,393	79%	25,585	60%
Other reviews and services directly related to the statutory audit engagement, including								
Issuer	1	0%	564	3%	93	1%	658	2%
Consolidated subsidiaries	1,472	9%	2,920	17%	227	2%	4,619	11%
Sub-total	**13,516**	**84%**	**16,234**	**93%**	**9,252**	**99%**	**39,002**	**91%**
Other services provided by the networks to fully- or proportionally-consolidated subsidiaries								
Tax and legal	97	1%	77	0%	-	0%	174	0%
Others	2,518	16%	1,183	7%	77	1%	3,778	9%
Sub-total	**2,615**	**16%**	**1,260**	**7%**	**77**	**1%**	**3,952**	**9%**
TOTAL	**16,131**	**100%**	**17,494**	**100%**	**9,329**	**100%**	**42,954**	**100%**

In 2011 *Excluding tax, in thousands of euros*	Deloitte		PricewaterhouseCoopers		Mazars		Total	
	Total	%	Total	%	Total	%	Total	%
Audit								
Statutory audits and contractual audits, including								
Issuer	3,639	19%	4,505	25%	1,230	12%	9,374	18%
Consolidated subsidiaries	10,775	55%	9,625	53%	8,927	84%	29,327	61%
Other reviews and services directly related to the statutory audit engagement, including								
Issuer	348	2%	986	5%	121	1%	1,455	4%
Consolidated subsidiaries	535	3%	1,815	10%	332	3%	2,682	6%
Sub-total	**15,297**	**79%**	**16,931**	**93%**	**10,610**	**100%**	**42,838**	**89%**
Other services provided by the networks to fully- or proportionally-consolidated subsidiaries								
Tax and legal	20	0%	54	1%	2	0%	76	0%
Others	4,047	21%	1,133	6%	47	0%	5,227	11%
Sub-total	**4,067**	**21%**	**1,187**	**7%**	**49**	**0%**	**5,303**	**11%**
TOTAL	**19,364**	**100%**	**18,118**	**100%**	**10,659**	**100%**	**48,141**	**100%**

The audit fees paid to auditors which are not members of the network of one of the auditors certifying the consolidated financial statements and the non-consolidated financial statements of BNP Paribas SA, mentioned in the table above, amount to EUR 1,613 thousand for the year 2012 (EUR 1,468 thousand in 2011).

The decrease in fees paid to auditors in 2012 derives from the revaluation of audit budgets in the framework of the renewal of their mandates for 2012-2017, as well as from the effect of changes in scope, mainly related to Klépierre, which is now consolidated under the equity method.

Other work and services related directly to audit work, mainly work on financial transactions, opinions on the Group's approach to implementing accounting standards and controls, reviews of the entity's compliance with regulatory provisions and reviews of internal control quality by comparison with international standards (such as ISAE 3402) as part of services provided to customers, particularly in the securities and asset management businesses.

4.7 Statutory Auditors' report on the consolidated financial statements

Deloitte & Associés
185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Regnault
92400 Courbevoie

For the year ended 31 December 2012

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 modified 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 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,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2012, on:

- the audit of the accompanying consolidated financial statements of BNP Paribas;
- the justification of our assessments;
- the specific verification required by law.

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.

I – Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2012 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II – Justification of our assessments

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

Impairment provisions for credit and counterparty risk

BNP Paribas records impairment provisions to cover the credit and counterparty risk inherent to its business as described in notes 1.c.5, 2.f, 4, 5.f and 5.g to the consolidated financial statements. We examined the control procedures applicable to identifying risk exposure, monitoring credit and counterparty risk, defining impairment testing methods and determining individual and portfolio-based impairment losses.

Measurement of financial instruments

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 identifying inactive markets, verifying these models and determining the inputs used.

Impairment of available-for-sale assets

BNP Paribas recognises impairment losses on available-for-sale assets where there is objective evidence of a prolonged or significant decline in value, as described in notes 1.c.5, 2.d and 5.c to the consolidated financial statements. We examined the control procedures relating to the identification of such evidence, the valuations of the most significant captions, and the estimates used, where applicable, to record impairment losses.

Impairment related to goodwill

BNP Paribas carried out impairment tests on goodwill which led to the recording of impairment losses in 2012, as described in notes 1.b.4 and 5.o to the consolidated financial statements. We examined the methods used to implement these tests as well as the main assumptions, inputs and estimates used, where applicable, to record impairment losses.

Deferred tax assets

BNP Paribas recognises deferred tax assets during the year, notably in respect of tax loss carryforwards, as described in notes 1.k, 2.g and 5.k to the consolidated financial statements. We examined the main estimates and assumptions used to record those deferred tax assets.

Provisions for employee benefits

BNP Paribas raises provisions to cover its employee benefit obligations, as described in notes 1.h and 7.b to the consolidated financial statements. We examined the method adopted to measure these obligations, as well as the main assumptions and inputs used.

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

III – Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented 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, 8 March 2013

The Statutory Auditors

Deloitte & Associés	**PricewaterhouseCoopers Audit**	**Mazars**
Damien Leurent	Etienne Boris	Hervé Hélias

5 RISKS AND CAPITAL ADEQUACY

The purpose of Pillar 3 – market discipline, is to complement the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2) with a set of disclosures completing the usual financial disclosures. It is designed to allow market participants to evaluate key items of information such as scope of application, capital, exposure to different types of risk, risk assessment procedures, and, consequently, capital adequacy with respect to the institution's risk profile.

This chapter presents the information relative to the BNP Paribas Group's risks and in this respect meets:

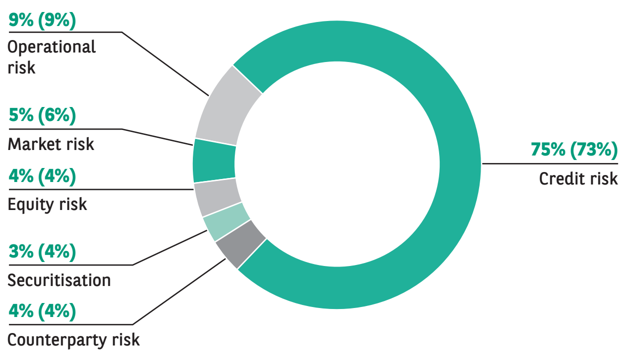
- the obligations set forth in Title IX of the French Decree of 20 February 2007[1] on capital requirements for credit institutions and investment firms which applies to the consolidated BNP Paribas Group (see article 1);
- the accounting standards requirements relating to the nature and the extent of the risks. Pillar 3 information is not subject to an external audit and thus is not addressed for verification to the Statutory Auditors of the Group. However, some information required by accounting standards IFRS 7, IFRS 4 and IAS 1 is included in this chapter and covered by the opinion of the Statutory Auditors on the consolidated financial statements. This information is identified by the mention "[Audited]" and must be read as being part of the notes to the consolidated financial statements;
- the desire to meet the needs of investors and analysts expressed as part of the initiative taken by the Financial Stability Board aiming to improve financial information published by international financial institutions (Enhanced Disclosure Task Force). BNP Paribas has implemented all the recommendations achievable as of 2012 and will meet the rest in the coming years according to their relevance to the Bank and the advance of its works. In this respect, sensitive exposures that were hitherto included in section 3.3 "Review of operations" are presented in the notes of the chapter.

5.1 Annual risk survey

KEY RISKS ARISING FROM THE GROUP'S BUSINESS

RISK-WEIGHTED ASSETS BY TYPE OF RISK AT 31 DECEMBER 2012

➤ **FIGURE 1: RISK-WEIGHTED ASSETS BY RISK TYPE AT 31 DECEMBER 2012(*)**



Total: EUR 552 billion at 31 December 2012
(EUR 614 billion at 31 December 2011)

(*) Numbers between brackets correspond to the breakdown as of 31 December 2011

(1) Issued by the French Ministry of the Economy, Finance and Industry of 20 February 2007, modified by the Decrees of 19 October 2007, of 11 September 2008, of 29 October 2009, of 25 August 2010, of 13 December 2010 and of 23 November 2011.

➤ **TABLE 1: RISK-WEIGHTED ASSETS(*) BY RISK TYPE AND BUSINESS**

								31 December 2012	
	Retail Banking			Corporate & Investment Banking					
In millions of euros	Domestic Markets	Personal Finance	International retail banking	Advisory and capital markets	Corporate banking	Investment Solutions	Other activities	Total	
Credit risk	196,279	43,647	72,492	8,631	75,855	11,084	3,163	411,151	See section 5.4
Securitisation	1,113	57	212	12,141	126	1,047	4,380	19,076	See section 5.5
Counterparty risk	3,878	13	468	15,750	54	346	24	20,533	See section 5.6
Equity risk	2,306	205	163	469	1,698	2,032	17,504	24,377	See section 5.7
Market risk	208	97	298	21,633	1,696	461	1,155	25,548	See section 5.7
Operational risk	13,105	4,829	5,814	16,414	3,692	6,015	1,285	51,154	See section 5.10
TOTAL	**216,889**	**48,848**	**79,447**	**75,038**	**83,121**	**20,985**	**27,511**	**551,839**	See section 5.2

(*) *Information on risks categories is provided in chapter 5.3.*

Most of the Group's exposures give rise to credit risk. Following the introduction of CRD 3, market risk in the trading book is limited to 5% of the Group's risk-weighted assets.

In addition, the split of risk-weighted assets by division reflects the Group's diversified business mix, with 63% devoted to Retail Banking (including 39% for the Domestic Markets) and 29% for Corporate and Investment banking.

TOP RISKS OF THE YEAR

Current top risks of the Group, as notably assessed and monitored through the Group's Risk Profile Statement and related guidelines/ thresholds during 2012, are detailed below. A more detailed review is provided in the sections 5.4 to 5.12.

LIQUIDITY RISK

In 2011, the sovereign debt crisis in the euro zone and the general economic environment put pressure on liquidity and the cost of financing for European banks. In this climate, the Group implemented an adjustment plan aimed at reducing its financing needs, particularly in dollars.

In 2012, access to liquidity improved significantly, particularly for the European banks which benefited from measures taken by the ECB to save the euro and the European banking system.

The Group's liquidity position was improved considerably as a result of completing the adjustment plan in the business lines in September, a large amount of wholesale funding raised in the markets and an increase in assets available for central bank refinancing. During the year, the Group's central bank deposits rose sharply as a result of the adjustment plan. Surplus liquidity was allocated to central bank deposits pending clarification of the treatment of various asset types for future regulatory liquidity ratios.

The increase in the Group's medium and long-term wholesale funding was combined with greater diversification of financing sources via recourse to other distribution networks, structures and currencies and by managing the balance between secured and unsecured financing.

CREDIT CONCENTRATION RISK

This risk is mainly assessed through the monitoring of:

a. Large single name concentrations

- In 2012, no identified Corporate or Financial Institution concentration is above the Risk profile thresholds defined for these types of counterparties. BNP Paribas is also well below the concentration thresholds laid down by the EU directive on Large Exposures.
- Top sovereign risks disclosed in section 5.8, are mainly stemming from the portfolio held by the ALM department as part of its Asset and Liquidity Management and structural interest-rate risk management policy. They have experienced a significant decrease of EUR -15 billion, primarily on euro zone securities (EUR -14 billion).

b. Industrial sectors concentrations

- Industry sectors are monitored in terms of industry risks, gross exposure and RWA. The Group remains diversified as no sector represents more than 11% of the total corporate exposure and more than 5% of the total credit exposure in 2012 (see table 12, section 5.4). The most sensitive sectors are regularly reviewed in dedicated committees.

c. Country risk concentrations

- In terms of exposure, the Group is mainly focused in its domestic markets, as well as in the US (see table 11, section 5.4).
- On top of the country envelope process in place to ensure adequate geographical diversification of its assets, the Group brought specific attention in 2012 to i) peripheral countries , ii) geopolitical risks in certain countries. As a result, such countries were more frequently reviewed in order to closely monitor the evolving political and economic situations and proactively manage our exposure.

MARKET AND COUNTERPARTY RISKS

Market and counterparty risks are analysed by measuring the portfolio sensitivity to market parameters. The results of this sensitivity analysis are compiled at various aggregate position levels and compared with limits.

Over the year 2012, the Group has managed its capital market activities with a view to contain both market and counterparty risk exposures.

Market Risk VaR remained at historically low levels (EUR ~40 million, see section 5.7)

Potential losses generated by the 8 global macro-risk scenarios run monthly for market risk stress tests also remained at low levels due to structural risk reduction and defensive strategies implemented since 2011.

OPERATIONAL RISK

Due to the amount and complexity of data the Bank manages, process failures, typically arising from execution or transaction processing errors and external fraud represent the two main operational loss events in general for the Bank, including in 2012.

INSURANCE RISK

BNP Paribas Cardif is exposed mainly to underwriting, credit & market risks. It monitors closely its exposure and profitability for these risks together with its capital adequacy which remained, in 2012 and as before, above the regulatory threshold.

REPUTATION AND IMAGE RISKS

Reputation and image risks, which are hardly quantifiable by nature, remain a general key concern of the Bank. The Bank is seeking to minimize them as much as possible by adequate management and control procedures, and to actively promote, within the Bank, management principles based on risk awareness.

STRESS TESTING

BNP Paribas regularly performs stress tests in various risk areas (credit, market, liquidity, countries, etc.) as a regular risk management tool and to assess the vulnerability of the Group to adverse scenarios. Their results show that the Group holds sufficient capital to withstand adverse stress scenarios and to meet the regulatory capitalisation standards in force.

RISK FACTORS

RISKS RELATED TO THE BANK AND ITS INDUSTRY

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

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

European markets have experienced significant disruptions in recent years as a result of concerns regarding the ability of certain countries in the Euro-zone to refinance their debt obligations and the extent to which European Union member states or supranational organizations will be willing or able to provide financial support to the affected sovereigns. These disruptions contributed to tightened credit markets, increased volatility in the exchange rate of the euro against other major currencies, affected the levels of stock market indices and created uncertainty regarding the economic prospects of certain countries in the European Union as well as the quality of bank loans to sovereign debtors in the European Union.

The Bank holds and in the future may hold substantial portfolios of sovereign obligations issued by the governments of, and has and may in the future have substantial amounts of loans outstanding to borrowers in, certain of the countries that have been most significantly affected by the crisis in recent years. The Bank also participates in the interbank financial market and as a result, is indirectly exposed to risks relating to the sovereign debt held by the financial institutions with which it does business. More generally, the sovereign debt crisis has had, and may continue to have, an indirect impact on financial markets and, increasingly, economies, in Europe and worldwide, and therefore on the environment in which the Bank operates.

If economic conditions in Europe or in other parts of the world were to deteriorate, particularly in the context of an exacerbation of the sovereign debt crisis (such as a sovereign default), the Bank could be required to record impairment charges on its sovereign debt holdings or record losses on sales thereof, and the resulting market and political disruptions could have a significant adverse impact on the credit quality of the Bank's customers and financial institution counterparties, on market parameters such as interest rates, currency exchange rates and stock market indices, and on the Bank's liquidity and ability to raise financing on acceptable terms.

Legislative action and regulatory measures taken in response to the global financial crisis may materially impact the Bank and the financial and economic environment in which it operates.

Legislation and regulations have been enacted or proposed in recent periods with a view to introducing a number of changes, some permanent, in the global financial environment. While the objective of these new measures is to avoid a recurrence of the recent financial crisis, the impact of the new measures could be to change substantially the environment in which the Bank and other financial institutions operate.

The new measures that have been or may be proposed and adopted include more stringent capital and liquidity requirements, taxes on financial transactions, restrictions and temporary or permanent taxes on employee compensation over specified levels, limits on the types of activities that commercial banks can undertake (particularly proprietary trading and, potentially, investment banking activities more generally), restrictions or prohibitions on certain types of financial products or activities, increased internal control and transparency requirements with respect to certain activities, more stringent conduct of business rules, increased regulation of certain types of financial products including mandatory reporting of derivative transactions, requirements either to mandatorily clear, or otherwise mitigate risks in relation to, over-the-counter derivative transactions, and the creation of new and strengthened regulatory bodies.

Certain measures that have been or are in the process of being adopted and will be applicable to the Bank, such as the Basel 3 and Capital Requirements Directive 4 prudential frameworks, the requirements in relation to them announced by the European Banking Authority and the designation of the Bank as a systemically important financial institution by the Financial Stability Board, will increase the Bank's regulatory capital and liquidity requirements and may limit its ability to extend credit or to hold certain assets, particularly those with longer maturities. The Bank implemented an adaptation plan in response to these requirements, including reducing its balance sheet and bolstering its capital base. Ensuring and maintaining compliance with further requirements of this type that may be adopted in the future may lead the Bank to take additional measures that could weigh on its profitability and adversely affect its financial condition and results of operations.

New measures such as the proposed French banking law or, at the E.U. level, the Liikanen proposal (if adopted) could require the Bank to ring-fence certain of its activities within a subsidiary that will be required to comply with prudential ratios and raise financing on a stand-alone basis. The Federal Reserve's proposed framework for the regulation of foreign banks may also require the Bank to create a new intermediate holding company for its U.S. activities, which would be required to comply with specific capital and liquidity requirements on a stand-alone basis. In addition, the proposed French banking law, as well as the proposed E.U. framework for a single supervisory mechanism and the proposed E.U. framework for the recovery and resolution of financial institutions, will grant increased powers to regulators (including the French banking regulator, the Financial Stability Board, the French deposit guarantee fund and, potentially, the European Central Bank) to prevent and/or resolve banks' financial difficulties, such as the power to require banks to adopt structural changes, issue new securities, cancel existing equity or subordinated debt securities, convert subordinated debt into equity, and, more generally, ensure that any losses are borne by banks' shareholders and creditors. These measures, if adopted, may restrict the Bank's ability to allocate and apply capital and funding resources, limit its ability to diversify risk and increase its funding costs, which could, in turn, have an adverse effect on its business, financial condition, and results of operations.

Some of the new regulatory measures are proposals that are under discussion and that are subject to revision, and would in any case need adapting to each country's regulatory framework by national legislators and/or regulators. It is therefore impossible to accurately predict which measures will be adopted or to determine the exact content of such measures and their ultimate impact on the Bank. Depending on the nature and scope of regulatory measures that are ultimately adopted, they could (in addition to having the effects noted above) affect the Bank's ability to conduct (or impose limitations on) certain types of activities, its ability to attract and retain talent (particularly in its investment banking and financing businesses) and, more generally, its competitiveness and profitability, which would in turn have an adverse effect on its business, financial condition, and results of operations.

The Bank's access to and cost of funding could be adversely affected by a resurgence of the Euro-zone sovereign debt crisis, worsening economic conditions, further rating downgrades or other factors.

The Euro-zone sovereign debt crisis as well as the general macroeconomic environment have at times adversely affected the availability and cost of funding for European banks. This was due to several factors, including a sharp increase in the perception of bank credit risk due to their exposure to sovereign debt in particular, credit rating downgrades of sovereigns and of banks, and debt market speculation. Many European banks, including the Bank, at various points experienced restricted access to wholesale debt markets and to the interbank market, as well as a general increase in their cost of funding. Accordingly, reliance on direct borrowing from the European Central Bank increased substantially. Were such adverse credit market conditions to reappear due to factors relating to the economy or the financial industry in general or to the Bank in particular, the effect on the liquidity of the European financial sector in general and the Bank in particular could be materially adverse.

The Bank's cost of funding may also be influenced by the credit rating on its long-term debt, which was downgraded by two of the principal rating agencies in 2012. Further downgrades in the Bank's credit ratings by any of the three rating agencies may increase the Bank's borrowing costs.

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

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

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

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

To the extent that the Bank owns assets, or has net long positions, in any of those markets, a market downturn could result in losses from a decline in the value of its positions. Conversely, to the extent that the Bank has sold assets that it does not own, or has net short positions in any of those markets, a market upturn could expose it to potentially unlimited losses as it attempts to cover its net short positions by acquiring assets in a rising market. The Bank may from time to time have a trading strategy of holding a long position in one asset and a short position in another, from which it expects to gain 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.

Financial and economic conditions affect the number and size of transactions for which the Bank provides securities underwriting, financial advisory and other investment banking services. The Bank's corporate and investment banking revenues, which include fees from these services, are directly related to the number and size of the transactions in which it participates and can decrease as a result of market changes that are unfavorable to its Investment Banking business and clients. In addition, because the fees that the Bank charges for managing its clients' portfolios are in many cases based on the value or performance of those portfolios, a market downturn that reduces the value of its clients' portfolios or increases the amount of withdrawals would reduce the revenues the Bank receives from its asset management, equity derivatives and private banking businesses. Independently of market changes, below-market performance by the Bank's mutual funds may result in increased withdrawals and reduced inflows, which would reduce the revenues the Bank receives from its asset management business.

During recent market downturns (and particularly during the 2008/2009 period), the Bank experienced all of these effects and a corresponding decrease in revenues in the relevant business lines. There can be no assurance that the Bank will not experience similar trends in future market downturns, which may occur periodically and unexpectedly.

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

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

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

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

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

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

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

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

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

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

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

As with most other banks, BNP Paribas relies heavily on communications and information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in the Bank's customer relationship management, general ledger, deposit, servicing and/or loan organization systems. The Bank cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. An increasing number of companies have recently experienced intrusion attempts or even breaches of their information technology security, some of which have involved sophisticated and highly targeted attacks on their computer networks. Because the techniques used to obtain unauthorized access, disable or degrade service or sabotage information systems change frequently and often are not recognized until launched against a target, the Bank may be unable to anticipate these techniques or to implement in a timely manner effective and efficient countermeasures. The occurrence of any failures of or interruptions in the Bank's information systems resulting from such intrusions or from other causes could have an adverse effect on the Bank's reputation, financial condition and results of operations.

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

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

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

The Bank is exposed to regulatory compliance risk, such as the inability to comply fully with the laws, regulations, codes of conduct, professional norms or recommendations applicable to the financial services industry. This risk is exacerbated by the adoption by different countries of multiple and occasionally diverging legal or regulatory requirements. Besides damage to the Bank's reputation and private rights of action, non-compliance could lead to significant fines, public reprimand, enforced suspension of operations or, in extreme cases, withdrawal of operating licenses. This risk is further exacerbated by continuously increasing regulatory oversight. This is the case in particular with respect to money laundering, the financing of terrorist activities or transactions with countries that are subject to economic sanctions. For example, U.S. regulators and other government authorities have in recent years strengthened economic sanctions administered by the Office of Foreign Assets Control of the U.S. Department of Treasury ("OFAC") as well as the related legal and regulatory requirements (see "note 8 – Contingent Liabilities: Legal Proceedings and Arbitration" in the Bank's financial statements for more information in this respect).

More generally, the Bank is exposed to the risk of legislative or regulatory changes in all of the countries in which it operates, including, but not limited to, the following:

- monetary, liquidity, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy that may significantly influence investor decisions, in particular in the markets in which the Group operates;
- general changes in regulatory requirements applicable to the financial industry, such as rules relating to applicable capital adequacy and liquidity frameworks;
- general changes in securities regulations, including financial reporting and market abuse regulations;
- changes in tax legislation or the application thereof;
- changes in accounting norms;
- changes in rules and procedures relating to internal controls; and
- expropriation, nationalization, confiscation of assets and changes in legislation relating to foreign ownership.

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

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

The Bank has devoted significant resources to developing its risk management policies, procedures and assessment methods and intends to continue to do so in the future. Nonetheless, the Bank's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic and market environments or against all types of risk, particularly risks that the Bank may have failed to identify or anticipate. The Bank's ability to assess the creditworthiness of its customers or to estimate the values of its assets may be impaired if, as a result of market turmoil such as that experienced in recent years, the models and approaches it uses become less predictive of future behavior, valuations, assumptions or estimates. Some of the Bank's qualitative tools and metrics for managing risk are based on its use of observed historical market behavior. The Bank applies statistical and other tools to these observations to arrive at quantifications of its risk exposures. The process the Bank uses to estimate losses inherent in its credit exposure or estimate the value of certain assets requires difficult, subjective, and complex judgments, including forecasts of economic conditions and how these economic predictions might impair the ability of its borrowers to repay their loans or impact the value of assets, which may, during periods of market disruption, be incapable of accurate estimation and, in turn, impact the reliability of the process. These tools and metrics may fail to predict future risk exposures, e.g., if the Bank does not anticipate or correctly evaluate certain factors in its statistical models, or upon the occurrence of an event deemed extremely unlikely by the tools and metrics. This would limit the Bank's ability to manage its risks. The Bank's losses could therefore be significantly greater than the historical measures indicate. In addition, the Bank's quantified modeling does not take all risks into account. Its more qualitative approach to managing certain risks could prove insufficient, exposing it to material unanticipated losses.

The Bank's hedging strategies may not prevent losses.

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

The Bank may experience difficulties integrating acquired companies and may be unable to realize the benefits expected from its acquisitions.

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

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

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

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

5.2 Capital management and capital adequacy

SCOPE OF APPLICATION

The prudential scope of application defined in the French Decree of 20 February 2007 on capital requirements is not the same as the accounting scope of consolidation whose composition concerns the application of IFRS standards.

PRUDENTIAL SCOPE

In accordance with French banking regulation[1], BNP Paribas Group has defined a prudential scope to monitor capital adequacy ratios calculated on consolidated data.

The prudential scope is described in note 8.b to the Financial Statements. It will be noted in particular that:

- insurance companies are consolidated using the equity method and are subject to a deduction from Tier 1 capital according to French regulation CRBF 90-02 modified by the Decree of 20 February 2007;
- asset disposals and risk transfers are assessed with regard to the nature of the risk transfer that results; thus, securitisation vehicles are excluded from the prudential scope if the securitisation transaction is deemed effective, that is, providing a significant risk transfer;

The consolidation principles and the scope of consolidation in accordance with the accounting consolidation method used are described respectively in notes 1.b and 8.b to the Financial Statements.

(1) CRBF Regulation 2000-03 of 6 September 2000.

CONSOLIDATED BALANCE SHEET TO PRUDENTIAL BALANCE SHEET RECONCILIATION

TABLE 2: CONSOLIDATED BALANCE SHEET TO PRUDENTIAL BALANCE SHEET RECONCILIATION AT 31 DECEMBER 2012

In millions of euros	Accounting scope	Insurance	Other	Prudential scope
ASSETS				
Cash and amounts due from central banks	103,190	(2)	0	103,188
Financial instruments at fair value through profit or loss				
Trading securities	143,465	10	0	143,475
Loans and repurchase agreements	146,899	2,271	0	149,170
Instruments designated at fair value through profit or loss	62,800	(60,925)	0	1,875
Derivative financial instruments	410,635	(54)	0	410,581
Derivatives used for hedging purposes	14,267	(22)	0	14,245
Available-for-sale financial assets	192,506	(79,524)	0	112,982
of which equity investments in credit or financial institutions more than 10%-owned	*1,001*			*1,001*
Loans and receivables due from credit institutions	40,406	(1,106)	0	39,300
of which subordinated loans to credit or financial institutions more than 10%-owned	*497*			*497*
Loans and receivables due from customers	630,520	(188)	26	630,358
Remeasurement adjustment on interest-rate risk hedged portfolios	5,836	0	0	5,836
Held-to-maturity financial assets	10,284	(9,861)	0	423
Current and deferred tax assets	8,661	(114)	0	8,547
Accrued income and other assets	99,359	(6,636)	0	92,723
Policyholders' surplus reserve	0	0	0	0
Investments in associates	7,040	4,683	0	11,723
of which investments in credit or financial institutions	*1,642*	*0*		*1,642*
of which goodwill	*342*	*185*	*0*	*527*
Investment property	927	(182)	0	745
Property, plant and equipment	17,319	(401)	0	16,918
Intangible assets	2,585	(191)	0	2,394
of which intangible assets excluding leasehold rights	*2,508*	*(190)*	0	*2,318*
Goodwill	10,591	(185)	0	10,406
TOTAL ASSETS	**1,907,290**	**(152,427)**	**26**	**1,754,889**

In millions of euros	Accounting scope	Insurance	Other	Prudential scope
LIABILITIES				
Due to central banks	1,532	0	0	1,532
Financial instruments at fair value through profit or loss				
Trading securities	52,432	10	0	52,442
Borrowings and repurchase agreements	203,063	0	0	203,063
Instruments designated at fair value through profit or loss	43,530	1,784	198	45,512
of which liabilities eligible for Tier 1 capital	*241*			*241*
of which liabilities eligible for Tier 2 capital	*888*			*888*
Derivative financial instruments	404,598	135	0	404,733
Derivatives used for hedging purposes	17,286	(27)	0	17,259
Due to credit institutions	111,735	(3,692)	0	108,043
Due to customers	539,513	(2,740)	24	536,797
Debt securities	173,198	2,934	(196)	175,936
Remeasurement adjustment on interest-rate risk hedged portfolios	2,067	0	0	2,067
Current and deferred tax liabilities	3,046	(127)	0	2,919
Accrued expenses and other liabilities	86,691	(2,560)	0	84,131
Technical reserves of insurance companies	147,992	(147,992)	0	0
Provisions for contingencies and charges	10,962	(205)	0	10,757
Subordinated debt	15,223	136	0	15,359
of which liabilities eligible for Tier 1 capital	*1,881*			*1,881*
of which liabilities eligible for Tier 2 capital	*12,229*			*12,229*
TOTAL LIABILITIES	**1,812,868**	**(152,344)**	**26**	**1,660,550**
TOTAL CONSOLIDATED EQUITY	**94,422**	**(83)**	**0**	**94,339**
TOTAL LIABILITIES AND EQUITY	**1,907,290**	**(152,427)**	**26**	**1,754,889**

The Group holds a share greater than 10% in credit and financial institutions. The following list presents the main participations 31 December 2012.

➤ TABLE 3: PARTICIPATIONS HIGHER THAN 10% IN CREDIT AND FINANCIAL INSTITUTIONS

In millions of euros	31 December 2012
CREDIT LOGEMENT	227
INSTITUTO PER IL CREDITO SPORTIVO	84
SICOVAM HOLDING	49
BNP PARIBAS FINANCE P.L.C.	40
BNP PARIBAS UK TREASURY LIMITED	38
Others participations higher than 10% in non consolidated credit and financial institutions	563
Shares higher than 10% in non consolidated credit and financial institutions	**1,001**
of which deduction from Tier 1 capital (50%)(1)	501

(1) *Table 4: Amount of regulatory capital.*

Due to the classification of these entities as credit and financial institutions, those shares were deducted from the prudential equity as of 31 December 2012.

SIGNIFICANT SUBSIDIARIES

The capital requirements of BNP Paribas' significant subgroups and subsidiaries are given in Appendix.

The following subgroups are considered significant, based on the criterion that their risk-weighted assets amount to more than 3% of the Group's total risk-weighted assets at 31 December 2012:

- BNP Paribas Fortis;
- Banca Nazionale del Lavoro (BNL);
- BancWest;
- BNP Paribas Personal Finance;
- BGL BNP Paribas.

The risk-weighted assets reported correspond to the sub-consolidation scope of each group. Information related to the concerned perimeters is described in note 8.b to the Financial Statements under the following headings: Belux Retail Banking, Retail Banking in Italy (BNL banca commerciale), Retail Banking in the United States and BNP Paribas Personal Finance. Differences between consolidation and prudential perimeters exist for these five significant subsidiaries, as mentioned in section 5.2.

INDIVIDUAL MONITORING BY THE FRENCH SUPERVISOR

Two entities, BNP Personal Finance and BNP Paribas Home Loan SFH, are monitored individually by the French supervisor (Autorité de Contrôle Prudentiel), according to the supervisor's guidelines and pursuant to discussions between this authority and BNP Paribas.

REGULATORY CAPITAL [Audited][(1)]

The BNP Paribas Group is required to comply with the French regulation that transposes 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.

Since 1 January 2008, the capital adequacy ratio has been calculated in accordance with the Decree issued by the Ministry of the Economy, Finance and Industry on 20 February 2007 introducing the Basel 2 capital adequacy ratio, i.e. regulatory capital expressed as a percentage of the sum of:

- risk-weighted assets calculated using the standardised approach or the internal ratings based approach depending on the entity or Group business concerned;
- the regulatory capital requirement for market and operational risks, multiplied by 12.5. The capital requirement for operational risk is measured using the basic indicator, standardised or Advanced Measurement Approach, depending on the Group entity concerned.

BREAKDOWN OF REGULATORY CAPITAL

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 1 capital, Tier 2 capital and Tier 3 capital – determined as follows:

- core capital (Tier 1) corresponds to consolidated equity (excluding unrealised or deferred gains and losses), adjusted for certain items known as "prudential filters". The main adjustments consist of (i) deducting the planned dividend for the year, as well as goodwill and other intangibles, (ii) excluding consolidated subsidiaries that are not subject to banking regulations – mainly insurance companies – and (iii) applying limits to the eligibility of certain securities, such as undated super subordinated notes;
- supplementary capital (Tier 2) comprises some subordinated debt and any positive credit and counterparty risk valuation differences between provisions for incurred losses taken under the book method and expected losses on credit exposure measured using the internal ratings based approach;
- a discount is applied to subordinated debt with a maturity of less than five years, and dated subordinated debt included in Tier 2 capital is capped at the equivalent of 50% of Tier 1 capital. Total Tier 2 capital is capped at the equivalent of 100% of Tier 1 capital;
- Tier 3 capital comprises subordinated debt with shorter maturities and can only be used to cover a certain proportion of market risks;
- the following items are deducted for the purpose of calculating regulatory capital, half from Tier 1 capital and half from Tier 2 capital: (i) the carrying amount of investments in credit institutions and finance companies accounted for by the equity method; (ii) the regulatory capital of credit institutions and finance companies more than 10% owned by the Group; (iii) the portion of expected losses on credit exposure measured using the internal ratings based approach which is not covered by provisions and other value adjustments.

(1) In the Registration document, information identified by the ranking "Audited" are information which are integral part of the notes to the consolidated financial statements under the information required by IFRS 7, IFRS 4 and IAS 1, and are covered by the opinion of the Statutory Auditors on the consolidated Financial statements.

TABLE 4: REGULATORY CAPITAL

In millions of euros	31 December 2012	31 December 2011
Consolidated equity (1)	**94,422**	**85,626**
Subordinated debt eligible as equity (2)	**2,122**	**3,435**
Regulatory deductions	**(21,333)**	**(18,068)**
Goodwill	(10,933)	(11,783)
Intangible assets	(2,318)	(2,146)
Deductions of 50% for uneligible items	(1,574)	(1,653)
of which equity investments in non-consolidated credit or financial institutions more than 10%-owned	*(501)*	*(672)*
of which investments in credit or financial institutions associates	*(821)*	*(756)*
of which subordinated loans to credit or financial institutions more than 10%-owned	*(248)*	*(222)*
Positive equity accounting difference on insurance companies	(1,633)	(629)
Changes in fair value of available-for-sale financial assets and reclassified loans and receivables recognised directly in equity	(980)	2,616
Changes in fair value of hedging derivatives recognised directly in equity	(1,665)	(1,099)
Revaluation of own debt	17	(950)
Proposed dividend (3)	(1,858)	(1,430)
Non-eligible minority interests	(384)	(733)
Other	(5)	(261)
CORE TIER 1 CAPITAL	**75,211**	**70,993**
Subordinated debt eligible as equity	10,555	13,874
Deductions of 50% for uneligible items	(1,574)	(1,653)
of which equity investments in non-consolidated credit or financial institutions more than 10%-owned	*(501)*	*(672)*
of which investments in credit or financial institutions associates	*(821)*	*(756)*
of which subordinated loans to credit or financial institutions more than 10%-owned	*(248)*	*(222)*
Positive difference between provisions and expected losses	205	548
TIER 2 CAPITAL	**9,186**	**12,769**
TIER 3 CAPITAL	**1,460**	**2,200**
REGULATORY CAPITAL	**85,857**	**85,962**

(1) Statement of changes in shareholders' equity (financial statements 4.5).
(2) Notes to the financial statements 5.a and 5.i.
(3) Dividend to be recommended at the Annual General Meeting of Shareholders.

TABLE 5a: CHANGE IN ELIGIBLE DEBT

In millions of euros	31 December 2011	New issues	Redemptions	Prudential discount	Others	31 December 2012
T1 eligible debt	3,435	0	(1,409)	0	96	2,122
T2 eligible debt (1)	13,874	112	(2,610)	(993)	172	10,555
T3 eligible debt	2,200			(740)		1,460
TOTAL ELIGIBLE DEBT	**19,509**	**112**	**(4,019)**	**(1,733)**	**268**	**14,137**

(1) *T2 eligible debts before prudential discount amount to EUR 13,117 million as at 31 December 2012.*

TABLE 5B: CHANGE IN REGULATORY DEDUCTIONS

In millions of euros	31 December 2011	variation	31 December 2012
Goodwill	(11,783)	850	(10,933)
of which goodwill on fully and proportionately consolidated entities (1)	*(11,192)*	*786*	*(10,406)*
of which goodwill on associates	*(591)*	*64*	*(527)*
Intangible assets	(2,146)	(172)	(2,318)
Deductions of 50% for uneligible items	(1,653)	79	(1,574)
of which equity investments in non-consolidated credit or financial institutions more than 10%-owned	*(672)*	*171*	*(501)*
of which investments in credit or financial institutions more than 10%-owned	*(756)*	*(65)*	*(821)*
of which subordinated loans to credit or financial institutions more than 10%-owned	*(222)*	*(26)*	*(248)*
Positive equity accounting difference on insurance companies (2)	(629)	(1,004)	(1,633)
TOTAL ASSETS DEDUCTED FOR PRUDENTIAL PURPOSES	**(16,211)**	**(247)**	**(16,458)**
Changes in fair value of available-for-sale financial assets and reclassified loans and receivables recognised directly in equity (3)	2,616	(3,596)	(980)
Changes in fair value of hedging derivatives recognised directly in equity (4)	(1,099)	(566)	(1,665)
Revaluation of own debt (5)	(950)	967	17
Proposed dividend	(1,430)	(428)	(1,858)
Non-eligible minority interests	(733)	349	(384)
Other	(261)	256	(5)
TOTAL OTHER REGULATORY DEDUCTIONS	**(1,857)**	**(3,018)**	**(4,875)**
TOTAL REGULATORY DEDUCTIONS	**(18,068)**	**(3,265)**	**(21,333)**

(1) *The decline in the amount of goodwill deductions is due mainly to the impairment of BNL goodwill and the loss of control of the Klépierre group following its partial sale (see note 5.o to the consolidated financial statements).*
(2) *The increase in the positive equity accounting difference on insurance companies is due mainly to the impact of changes in assets and liabilities recognised directly in equity, net income for the year and the 2011 dividend payout.*
(3) *The trend in fair value changes of available-for-sale financial assets and reclassified loans and receivables, which are recognised directly in equity, is due mainly to fixed-income securities.*
(4) *Changes in fair value of derivatives contracted as part of a hedging relationship are excluded from equity.*
(5) *The change in fair value of own debt attributable to the BNP Paribas Group issuer risk is fully deducted.*

CAPITAL REQUIREMENTS AND RISK-WEIGHTED ASSETS

The Group's capital requirement is calculated in accordance with the transposition into French law of the EU Directive on capital adequacy for investment firms and credit institutions, known as CRD 3 (Decree of 20 February 2007 amended)[1]. A dedicated chapter describes banking book securitisations exposures.

(1) *See note 1 section 5.1.*

At 31 December 2012, the total amount of Basel 2 Pillar 1 risk-weighted assets was EUR 552 billion, versus EUR 614 billion at 31 December 2011, broken down as follows by type of risk, calculation approach, and asset class:

TABLE 6: PILLAR 1 RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENTS

In millions of euros	31 December 2012		31 December 2011		Variation	
	Risk-weighted assets	Capital Requirement	Risk-weighted assets	Capital Requirement	Risk-weighted assets	Capital Requirement
Credit risk	**411,151**	**32,892**	**446,674**	**35,734**	**(35,523)**	**(2,842)**
Credit risk - IRB approach	**172,409**	**13,793**	**192,852**	**15,428**	**(20,443)**	**(1,635)**
Central governments and central banks	3,244	260	4,310	345	(1,066)	(85)
Corporates	121,986	9,759	136,889	10,951	(14,903)	(1,192)
Institutions	10,326	826	13,391	1,071	(3,065)	(245)
Retail	36,749	2,940	38,127	3,050	(1,378)	(110)
Real estate loans	*10,772*	*862*	*10,311*	*825*	*461*	*37*
Revolving exposures	*5,851*	*468*	*6,530*	*522*	*(679)*	*(54)*
Other exposures	*20,126*	*1,610*	*21,286*	*1,703*	*(1,160)*	*(93)*
Other non credit-obligation assets	104	8	134	11	(30)	(3)
Credit risk - Standardised approach	**238,742**	**19,099**	**253,822**	**20,306**	**(15,080)**	**(1,207)**
Central governments and central banks	3,742	299	3,458	277	284	22
Corporates	112,909	9,033	117,083	9,367	(4,174)	(334)
Institutions	8,508	681	7,282	582	1,226	99
Retail	80,589	6,447	82,922	6,634	(2,333)	(187)
Real estate loans	*26,276*	*2,102*	*26,818*	*2,145*	*(542)*	*(43)*
Revolving exposures	*3,137*	*251*	*4,295*	*344*	*(1,158)*	*(93)*
Other exposures	*51,176*	*4,094*	*51,810*	*4,145*	*(634)*	*(51)*
Other non credit-obligation assets	32,994	2,639	43,077	3,446	(10,083)	(807)
Securitisation positions	**19,076**	**1,526**	**24,376**	**1,950**	**(5,300)**	**(424)**
Securitisation positions - IRB approach	17,153	1,372	22,665	1,813	(5,512)	(441)
Securitisation positions - Standardised approach	1,923	154	1,712	137	211	17
Counterparty risk	**20,533**	**1,643**	**23,624**	**1,890**	**(3,091)**	**(247)**
Counterparty risk - IRB approach	**18,633**	**1,491**	**20,863**	**1,669**	**(2,230)**	**(178)**
Central governments and central banks	222	18	180	14	42	4
Corporates	15,117	1,209	16,344	1,308	(1,227)	(99)
Institutions	3,294	264	4,339	347	(1,045)	(83)
Counterparty risk - Standardised approach	**1,900**	**152**	**2,761**	**221**	**(861)**	**(69)**
Central governments and central banks	27	2	1	0	26	2
Corporates	1,610	129	2,426	194	(816)	(65)
Institutions	254	20	320	26	(66)	(6)
Retail	9	1	14	1	(5)	0
Other exposures	*9*	*1*	*14*	*1*	*(5)*	*0*
Equity risk	**24,377**	**1,950**	**25,775**	**2,062**	**(1,398)**	**(112)**
Internal model	21,496	1,720	23,461	1,877	(1,965)	(157)
Listed equities	*7,734*	*619*	*8,670*	*694*	*(395)*	*(32)*
Other equity exposures	*7,321*	*586*	*8,576*	*686*	*(1,796)*	*(143)*
Private equity exposures in diversified portfolios	*6,441*	*515*	*6,215*	*497*	*226*	*18*
Simple weighting method	1,733	138	1,248	100	485	38
Listed equities	*21*	*2*	*14*	*1*	*7*	*1*
Other equity exposures	*468*	*37*	*125*	*10*	*343*	*27*
Private equity exposures in diversified portfolios	*1,244*	*99*	*1,109*	*89*	*135*	*10*
Standardised approach	1,148	92	1,066	85	82	7
Market risk	**25,548**	**2,044**	**38,501**	**3,080**	**(12,953)**	**(1,036)**
Internal model	22,633	1,811	35,338	2,827	(12,705)	(1,016)
VaR	*5,440*	*435*	*8,230*	*659*	*(2,790)*	*(224)*
Stressed VaR	*11,179*	*894*	*16,605*	*1,328*	*(5,426)*	*(434)*
Incremental Risk Charge	*3,421*	*274*	*6,440*	*515*	*(3,019)*	*(241)*
Comprehensive Risk Measure	*2,593*	*208*	*4,063*	*325*	*(1,470)*	*(117)*
Standardised approach	2,652	212	2,386	191	266	21
Trading book securitisation positions	263	21	777	62	(514)	(41)
Operational risk	**51,154**	**4,092**	**54,617**	**4,369**	**(3,463)**	**(277)**
Advanced Measurement Approach (AMA)	35,586	2,847	38,628	3,090	(3,042)	(243)
Standardised approach	9,518	761	9,470	758	48	3
Basic indicator approach	6,050	484	6,519	521	(471)	(37)
TOTAL	**551,839**	**44,147**	**613,567**	**49,085**	**(61,728)**	**(4,938)**

Explanations for the changes in 2012 can be found in the various appropriate sections.

CAPITAL ADEQUACY AND CAPITAL PLANNING

CAPITAL ADEQUACY UNDER CURRENT REGULATION

Under the European Union regulation transposed into French law by regulation 91-05, the Group's capital adequacy ratio must be at least 8% at all times, 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 1 ratio of at least 6%.

Ratios are monitored and managed centrally, on a consolidated basis. 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.

➤ TABLE 7: SOLVENCY RATIOS

In millions of euros	31 December 2012	31 December 2011
TIER 1 CAPITAL	**75,211**	**70,993**
Tier 2 capital	**9,186**	**12,769**
Tier 3 capital	**1,460**	**2,200**
REGULATORY CAPITAL	**85,857**	**85,962**
Credit risk	411,151	446,674
Securitisation	19,076	24,376
Counterparty risk	20,533	23,624
Equity risk	24,377	25,775
Market risk	25,548	38,501
Operational risk	51,154	54,617
RISK-WEIGHTED ASSETS(*)	**551,839**	**613,567**
TIER 1 RATIO	**13.6%**	**11.6%**
TOTAL CAPITAL RATIO	**15.6%**	**14.0%**

(*) Until 31 December 2011, the transitional regulatory Decree was setting the floor for Basel 2.5 risk-weighted assets at 80% of the Basel 1 risk weighted assets. The floor had no impact at 31 December 2011. These transitional arrangements were not renewed in 2012.

BNP Paribas Group is also subject to additional supervision as a financial conglomerate, in accordance with a European Directive transposed into French law by the Order of 19 September 2005. Under this regulation, a financial conglomerate engaged in the insurance business must comply with an additional requirement with respect to consolidated capital adequacy: the margin requirement for entities with an insurance business – known as the solvency margin – is added to the bank capital requirement and the sum of the two is compared to the total equity of the financial conglomerate to determine a surplus or a shortfall of capital.

As of 31 December 2012, the capital surplus of the conglomerate was estimated at EUR 37.9 billion (compared to EUR 32.5 billion as of 31 December 2011).

CAPITAL PLANNING

As the sovereign debt crisis escalated during the summer of 2011 and in accordance with Basel 3 regulations as transposed in the CRD 4 Directive and CRR Regulation published by the European Commission on 20 July 2011, the BNP Paribas Group set a target of 9% for the fully loaded Common Equity Tier 1 ratio as of 1 January 2013. The fully loaded scenario assumes that CRD 4/CRR will become effective with no phasing-in arrangements. The target ratio is based on a Core Tier 1 ratio of at least 4.5%, a 2.5% capital conservation buffer and an additional margin for the Group of 2%.

At end December 2012, the pro forma fully loaded CRD 4 CET 1 ratio was 9.9% versus 11.8% under CRD 3, ahead of the target set in September 2011. This was achieved through completion of the asset reduction plan announced in Autumn 2011 combined with strong organic capital generation and an improvement in market conditions for available-for-sale assets during 2012, following the mid-year resolution of the European sovereign debt crisis.

RECOVERY AND RESOLUTION PLAN

In early August 2012, BNP Paribas submitted a second update of its Recovery and Resolution Plan (RRP) to the French banking regulator (Autorité de Contrôle Prudentiel). The plan is prepared at Group level and outlines possible recovery options if the Group were to find itself in a distressed situation. It also contains all the information the financial authorities would need to manage the Group's resolution if necessary.

The updated RRP was prepared in accordance with the recommendations of the Financial Stability Board ahead of expected regulatory requirements. The Board's Internal Control, Risk Management and Compliance Committee approved its main outlines on 27 July 2012. The Committee Chair presented this work to the Board of Directors on 1 August 2012.

The new version of the RRP includes updated figures and takes account of changes in the Group's organisation and activities. It has also been further fleshed out compared with the 2011 version to take account of comments made by the authorities represented on the resolution board.

The resolution board comprises the relevant authorities of Belgium, the United States and Italy, under the aegis of the French banking regulator (Autorité de Contrôle Prudentiel). It met four times during 2012.

CAPITAL MANAGEMENT

OBJECTIVES

BNP Paribas capital management policy objectives consist in guaranteeing solvency at all times and complying with supervisory requirements at global and local levels, meeting expectations both of debt investors and clients, while optimizing the return generated for shareholders, who provide the henceforth required capital.

To achieve these objectives, the main principles underlying the implementation of the policy – anticipation, caution, reactivity and good judgment – are articulated simultaneously along the consolidated and local levels.

CAPITAL MANAGEMENT AT CENTRAL LEVEL

Capital planning has become in the last years a key driver of the Bank's strategic planning process, and even more so, as the implementation of the upcoming Basel 3 regulation has become one of the key strategic objectives for the Group.

Such capital-related targets are built on the Bank's Senior Management expert judgment, which integrates especially anticipated regulatory requirements, evaluation of the market expectations in terms of capitalisation, targeted high quality external rating for the Group and return on Equity objectives.

Consolidated capital targets are directly monitored at central level, through a governance described hereafter, based on bottom-up information flows. This allows defining the level of desirable capital and the means by which to achieve it, feasibility being always evaluated from a cautious point of view.

Capital management at central level relies on two main processes that are closely linked:

- detailed quarterly analysis of actual capital consumption by divisions/business lines through the reporting process and quarterly update of capital planning process throughout the year;
- the yearly budget process, which plays a central role in the Bank's strategic planning process, and integrates a capital planning component.

The development, approval and update of the capital plan process are based, as far as governance is concerned, on two committees:

- Risk-Weighted Assets Committee: created in early 2007, it is jointly chaired by the Chief Financial Officer and the Chief Risk Officer, with divisions and operational units CFOs attending. Held on a quarterly basis, it reviews RWA and the upcoming quarterly solvency ratio trends;
- Capital Committee: created in June 2009, it is chaired quarterly by the Chief Executive Officer, and addresses the following topics:
  - monitoring and anticipations of RWA and solvency ratio evolutions on a 12 to 18 months time span,
  - identifying of the required adjustments and optimisation (based e.g. on business models, processes and IT), and assessment of the associated impacts,
  - define short and medium term capital use guidelines, and propose options to the Executive Committee,
  - monitoring ACP recommendations implementation that impact Group's RWAs and solvency.

Moreover, capital is also integrated into the Bank's risk decision processes, through the criteria of risk-weighted assets consumption:

- RWA are embedded within risk policy setting and risk decision processes;
- RWA limits are set for country risk management as well as for individual concentration policy;
- as far as market risk is concerned, risk limits expressed in market Value at Risk translate directly into capital metrics.

CAPITAL MANAGEMENT AT LOCAL LEVEL

The Group has to allocate available capital among its different entities. To ensure a free and efficient flow of capital throughout the Group, the capital allocation process within the Group is centralised at head office level and mainly driven by two principles: compliance with local regulatory requirements and analysis of the local business needs and growth prospects; this exercise is always conducted with the objective of minimising capital dispersion.

With respect to the first principle, the CFOs are responsible for the daily management and reporting of their subsidiaries' capital requirements. When a capital need arises, it is analysed on a case-by-case basis by the Finance Department, taking into consideration the subsidiary's present position and future strategy. Furthermore, each year the Group monitors the earnings repatriation process. Regarding dividend distributions, the Group policy stipulates that the entire distributable profit of every entity, including retained earnings, must be paid out, with exceptions reviewed on a case-by-case basis. This policy ensures that the capital remains centralised at Group level and also contributes to reducing the currency risk at Group level.

Local CEOs are responsible for ensuring the subsidiary's ongoing financial viability and competitiveness in terms of capital, where relevant. However, any capital action requested by a subsidiary is assessed by and subject to authorisation from head office.

As regards the branches, the Group reviews their capital allocation annually. Here again, the policy is to maintain the level of capital at the adequate level, the principle being that capital ratios of the branches must not exceed that of their parent company, unless required for tax or regulatory reasons, which are analysed by the relevant departments.

With respect to the second principle, the needs of each entity are analysed by dedicated teams in light of the Group's strategy in the relevant country, the entity's growth prospects and the macroeconomic environment.

PILLAR 2 PROCESS

The second pillar of the Basel Agreement, as transposed in the CRD, provides that the Autorité de Contrôle Prudentiel, the "home" supervisor of BNP Paribas, shall determine whether the policies, strategies, procedures and arrangements implemented by the Group on the one hand, and the equity held on the other hand, are adequate for risk management and risk coverage purposes. Pillar 2 also provides that the supervisor may, in the event of non-compliance with CRD requirements, request the Group promptly to take the necessary actions or moves to address the situation. To enforce these provisions, Article L.13-16 of the Monetary and Financial Code allows the supervisor to ask a credit institution to hold more capital than the regulatory minimum.

The Pillar 2 approach thus structures the dialogue between the Group and the supervisor regarding the adequacy of its capital ratios using two complementary processes, whose guidelines have been published by the Committee of European Banking Supervisors (CEBS) in 2006: ICAAP and SREP (Supervisory Review Process).

The Group's internal capital adequacy assessment process (ICAAP) is based on two key pillars: risk review and capital planning.

The risk review is a comprehensive review of management policies and internal control rules applicable to Pillar 1 exposures as defined by the Basel Committee regulations and Pillar 2 exposures as defined in the nomenclature used by the Group.

Capital planning is based on the most recent actual and estimated financial data available at the time. These data are used to project future capital requirements, in particular by factoring in the Group's goal of maintaining a first-class credit rating to protect its origination capability, its business development targets and anticipated regulatory changes. Capital planning consists of comparing the capital ratio targets defined by the Group with future projected capital requirements, then testing their robustness in a degraded macro-economic environment.

Based on current regulations, Pillar 1 exposures are covered by regulatory capital, calculated on the basis of the methods defined in the current regulation. Pillar 2 risks addressed, are based on qualitative approaches, dedicated monitoring frameworks and, if necessary, quantitative assessments. The review of Pillar 2 risks reveals that they do not require any additional capital, mainly due to the effects of diversification, which are not completely taken into account in Pillar 1. Management of the Group's capital adequacy is therefore systematically based on regulatory requirements.

SREP or Supervisory Review Process conducted by the supervisor: this is a review of the Group's intrinsic position based on criteria set out in the CRD (strategy and quality of the overall organisation of the institution and its corporate governance, type, volume and complexity of the businesses, degree of exposure to the major types of risk, e.g. credit, concentration, market, operations, liquidity and interest-rate risk, quality of the organisation of internal control procedures, performance and profitability of current operational, level, structure and sustainability of equity), based on both quantitative and qualitative data. The regular contact maintained throughout the year between the Group and the supervisor through on-site visits, "close monitoring" interviews, quarterly presentations of operations and results by the Executive Management to the supervisor's General Secretariat, and regular short and medium-term projections of capital ratios allow the supervisor to form an opinion on the adequacy of the Group's strategy, risk management policies, organisation and governance. Upon completion of the review, the supervisor assigns a rating on a scale of one to five, and requires a minimum core-capital ratio (Tier 1) to be complied with under Pillar 2.

All the exchanges between the Group and the supervisor and the level of the prescribed minimum capital ratio remain confidential.

5.3 Risk management [Audited]

RISK MANAGEMENT ORGANISATION

ROLE 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 core businesses, business lines and territories and reports directly to Group Executive Management. The Group Compliance (GC) function monitors operational risk under the authority of GRM and reputation risk as part of its permanent control responsibilities. GRM, and GC for operational and reputation risk, perform continuous, generally ex-ante controls that are fundamentally different from the periodic, ex-post examinations of the Internal Auditors.

GENERAL RESPONSIBILITIES OF RISK MANAGEMENT

Front-line responsibility for managing risks lies with the divisions and business lines that propose the underlying transactions. GRM continuously performs a second-line control over the Group's credit, market, liquidity and insurance risks. As part of this role, it must ascertain the soundness and sustainability of the business plans and their overall alignment with the risk profile target set by Executive Management. GRM's remit includes formulating recommendations on risk policies, analysing the risk portfolio on a forward-looking basis, approving corporate loans and trading limits, guaranteeing the quality and effectiveness of monitoring procedures, and defining and/or validating risk measurement methods. GRM is also responsible for ensuring that all the risk implications of new businesses or products have been adequately evaluated.

GC has identical responsibilities as regards operational and reputation risk. It plays an important oversight and reporting role in the process of validating new products, new business activities and exceptional transactions.

RISK MANAGEMENT ORGANISATION

Approach

Whether in its advisory role in business development, in the development of methods, policies and procedures, in the decision-making process or the deployment of monitoring and control systems, GRM must have a perfect grasp of the banking business and be aware of market constraints and the complexity and urgency of transactions.

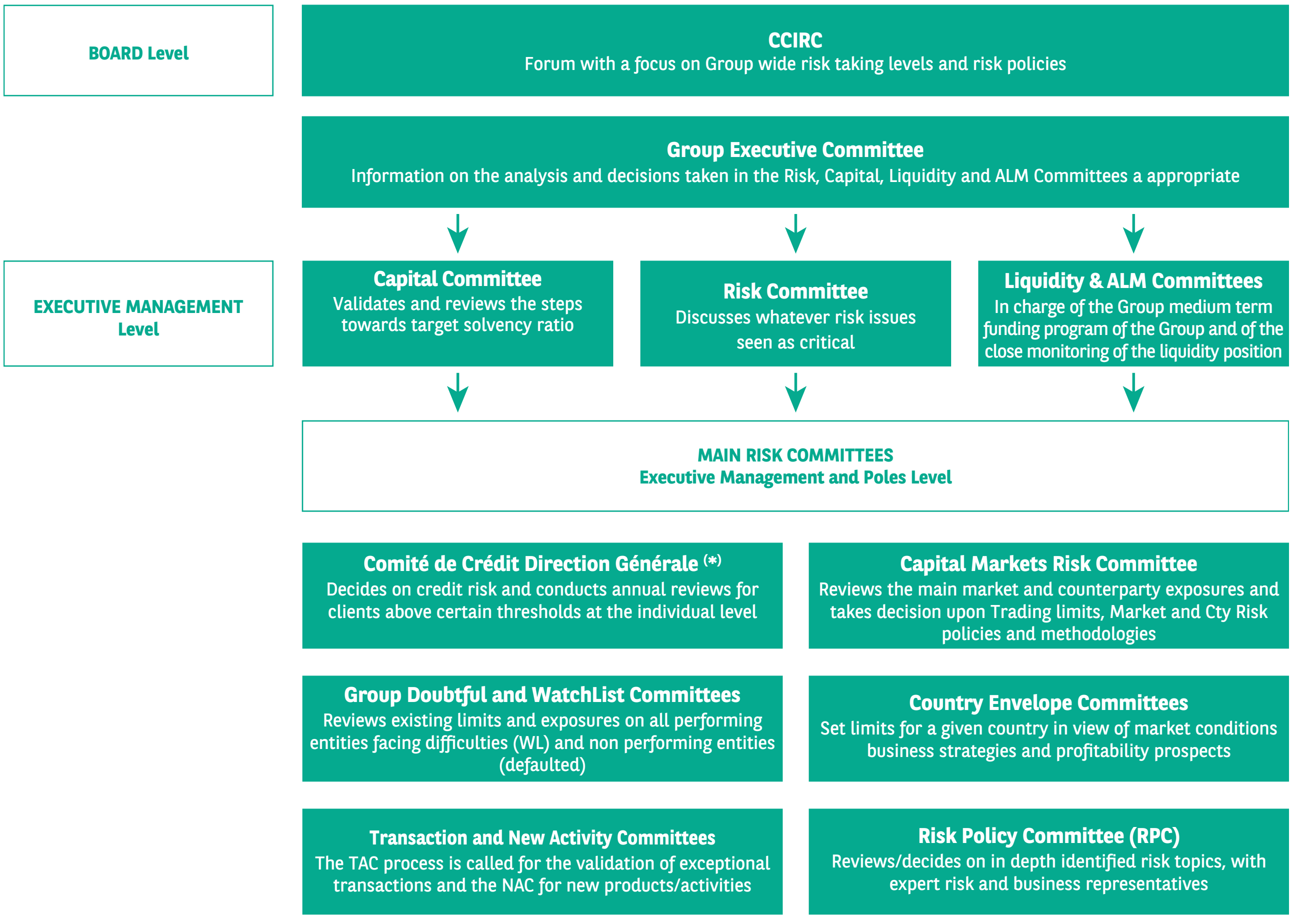
These objectives have led GRM to position its teams as close as possible to the Business lines and Countries while preserving their independence by placing them under the exclusive and direct authority of GRM and by providing impetus and leadership. It is therefore supported by teams located within the main centres of activity throughout the organisation, and who do not report to the heads of Core businesses and Business lines, nor to Head of territory. However, GRM's supervision can also be indirect, and the Risk Management function can be performed through a joint relationship between the Core businesses and GRM when the subordination relationship is not desirable in terms of effectiveness – for example, in situations where risks are diverse or very specific – and this situation is acceptable in terms of the degree of risk.

Role of the Chief Risk Officer

The Group Chief Risk Officer directly reports to the Chief Executive Officer and sits on the Executive Committee of BNP Paribas. He has line authority over all GRM employees. He can veto the risk – related decisions made by the Group, and has no connection, in terms of authority, with the Heads of Core businesses, Business lines and territories. Such a positioning serves the following purposes:

- ensuring the objectivity of risk control, by removing any involvement in commercial interests;
- making sure senior management is warned of any deterioration in risk and is rapidly provided with objective and comprehensive information on the status of risks;
- enabling the uniform dissemination, throughout the Bank, of high risk management standards and the implementation of best practices;
- ensuring the quality of risk assessment methods and procedures by calling on professional risk managers in charge of evaluating and enhancing these methods and procedures in light of the best practices implemented by international competitors.

➤ FIGURE 2: RISK COMMITTEES



(*) General Management Credit Committee.

RISK CULTURE

ONE OF THE GROUP'S CORE FOUNDING PRINCIPLES

The BNP Paribas Group has a strong risk culture.

Front-line responsibility for managing risks lies with the divisions, business lines and functions that propose the underlying transactions. They are expected to develop a sense of risk among their employees and to be fully aware of and understand both current and potential future trends in their risks.

Executive Management has chosen to include the risk culture in two of its key corporate culture documents:

- Responsibility Charter

In 2012, Executive Management drew up a formal Responsibility Charter based on four strong commitments, inspired by the Group's core values, management principles and code of conduct. One of the four commitments is "Being prepared to take risks, while ensuring close risk control".

Financing the economy, supporting projects, helping clients to manage their currency or interest rate exposure – all this means accepting a degree of risk. One of BNP Paribas' great strengths is precisely this expertise in managing risk.

The Group believes that tight risk control is its clear responsibility, not only towards its clients but also towards the financial system as a whole. The Bank's decisions on the commitments it makes are reached after a rigorous and concerted process, based on a strong shared risk culture which is present across all levels of the Group. This is true both for credit risk arising from lending activities, where loans are granted only after in-depth analysis of the borrower's position and the project to be financed, and for market risks arising from transactions with clients, which are assessed on a daily basis, tested against stress scenarios and governed by a system of limits.

As a highly diversified Group, both in terms of geography and business activity, BNP Paribas is able to balance risks and their consequences as soon as they materialise. The Group is organised and managed in such a way that any difficulties arising in one business area will not jeopardise the Bank's other business activities.

- Management Principles

One of the Group's four key management principles is «Risk-Aware Entrepreneurship», which highlights the importance of the risk culture:

Risk-aware entrepreneurship means:

- being fully accountable,
- acting interdependently and cooperatively with other entities to serve the global interest of the Group and its clients,
- being constantly aware of the risks involved in our area of responsibility,
- and empowering our people to do the same.

SPREADING THE RISK CULTURE

Strict risk management is an integral part of the Bank's makeup. A culture of risk management and control has always been one of its top priorities.

The Group is striving to spread this culture yet further given its strong growth over the past few years and the current climate of crisis. In May 2010, BNP Paribas launched the Risk Academy, a cross-functional Group initiative, to help spread and promote its risk management culture.

The Risk Academy is an open, group-wide venture, involving all business lines and functions and sponsored by the Bank's Executive Committee. Designed for the benefit of all staff and organised around a progressive, participative framework, its main aims are:

- help strengthen and spread the risk culture within the Group;
- promote training and professional development in the area of risk management;
- run the Bank's risk management communities.

The Risk Academy therefore offers the following products and services under a single umbrella:

- Core Risk Practices, the basic principles forming the underlying theme of the Risk Academy, advocating sound risk management practices;
- e-learning risk awareness module, providing an introduction to the various risks managed by the Bank;
- risk training catalogue for employees involved in risk-related activities;
- online library of documents to help share knowledge about risk management;
- interactive presentations by BNP Paribas risk's experts, implemented in main sites of the Group.

Lastly, the risk culture is also spread throughout the Group by linking compensation to performance and risk (see chapter 7, section entitled "A competitive compensation policy in line with international rules").

RISK PROFILE

DEFINITION AND OBJECTIVES

The Risk Profile policy aims to define the medium to long-term risk profile sought by BNP Paribas. It is reviewed by Executive Management and validated by the Board of Directors.

The policy embodies within a single coherent system all the risk management tools, processes principles and guidelines used broadly by the Group to guide its risk-taking, within defined limits. It therefore contributes to promoting more consistent risk practices within the Group.

The policy sets out the broad outlines of the system at Group level and is used as a basis for establishing the target Risk Profile at more granular and entity-specific levels.

PRINCIPLES

The principles of the Risk Profile aims to define the types of risk the Group is prepared to accept in its business activities. They are intended to remain stable over time.

These principles are:

- return adjusted for risk and earnings volatility;
- capital adequacy;
- financing and liquidity;
- concentrations;
- insurance activities;
- non-quantifiable risks.

These principles are completed by qualitative guidelines resulting from decisions taken by the risk strategy committee. They should be considered as an integral part of the policy:

- portfolio decisions;
- decisions regarding counterparties;
- decisions on new products or business activities;
- transversal policies

GOVERNANCE

In line with the Group's Risk Profile policy, Executive Management is responsible for the major guidelines based on three key dimensions – Risk, Capital and Liquidity – through the following committees that report to the Group's Executive Committee:

- Risk Management Committee;
- Capital Committee;
- ALM Committee;
- Liquidity Committee.

The target Risk Profile, i.e. the translation of the Risk Profile principles and guidelines into the Bank's business activities and risk-taking, is disseminated and deployed through two complementary, interconnected processes:

- strategic planning and budget process;
- risk taking process (e.g. strategic risk forums), which enables Executive Management's guidance and decisions to be relayed broadly to the relevant staff.

SUPERVISION OF RISK PROFILE INDICATORS

Executive Management translates the Risk Profile policy into a series of indicators and limits in order to compare the Group's actual Risk Profile with the target Risk Profile on a quantitative basis ("Risk Profile Indicators"). These indicators are monitored quarterly in the risk management dashboards.

RISKS CATEGORIES

The risk categories reported by BNP Paribas evolve in line with methodological developments and regulatory requirements.

All the risk categories discussed below are managed by BNP Paribas. However, no specific capital requirement is identified for reputation and strategy risk as these are risks that may lead to a change in share price which is borne directly by the shareholders and cannot be protected by the Bank's capital.

Reputation risk is thus contingent on other risks and, apart from market rumours leading to a change in share price, its impacts are included in estimated losses incurred for other risk categories.

Similarly, strategy risk arising from the strategic decisions published by the Bank, which could give rise to a change in share price, is a matter for the highest level of governance and is the shareholder's responsibility.

The implementation of regulatory definitions in accordance with the Basel Accord (International Convergence of Capital Measurement and Capital Standard), is discussed in sections 5.4 to 5.7 and 5.10 of this chapter.

CREDIT RISK

Credit risk is the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms. 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.

COUNTERPARTY RISK

Counterparty risk is the translation of the credit risk embedded in the market, investment and/or payment transactions. Those transactions include bilateral contracts (i.e. Over-The-Counter – OTC) which potentially expose the Bank to the risk of default of the counterparty faced. The amount of this risk (referred as "exposure" in the rest of the document) may vary over time in line with market parameters which impact the value of the relevant market transactions.

SECURITISATION

Securitisation means a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranched, having the following characteristics:

- there is a significant transfer of risk;
- payments made in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures;
- the subordination of tranches determines the distribution of losses during the ongoing risk transfer of the transaction or scheme.

As a consequence, any commitment (including derivatives and liquidity lines) granted to a securitisation operation must be treated as a securitisation exposure.

MARKET RISK

Market risk is the risk of incurring a loss of value due to adverse trends in market prices or parameters, whether directly observable or not.

Observable market parameters include, but are not limited to, exchange rates, interest rates, prices of securities and commodities (whether listed or obtained by reference to a similar asset), prices of derivatives, prices of other goods, and other parameters that can be directly inferred from them, such as credit spreads, volatilities and implied correlations or other similar parameters.

Non-observable factors are those based on working assumptions such as parameters contained in models or based on statistical or economic analyses, non confirmed by market information.

Liquidity is an important component of market risk. In times of limited or no liquidity, instruments or goods may not be tradable or may not be tradable at their estimated value. This may arise, for example, due to low transaction volumes, legal restrictions or a strong imbalance between demand and supply for certain assets.

The market risk related to banking activities encompasses the risk of loss on equity holdings on the one hand, and the interest rate and foreign exchange risks stemming from banking intermediation activities on the other hand. Only the equity and foreign exchange risks give rise to a weighted assets calculation under Pillar 1. The interest rate risk falls under Pillar 2.

OPERATIONAL RISK

Operational risk is the risk of incurring a loss due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Management of operational risk is based on an analysis of the "cause – event – effect" chain.

Internal processes giving rise to operational risk may involve employees and/or IT systems. External events include, but are not limited to floods, fire, earthquakes and terrorist attacks. Credit or market events such as default or fluctuations in value do not fall within the scope of operational risk.

Operational risk encompasses human resources risks, legal risks, tax risks, information system risks, misprocessing risks, risks related to published financial information and the financial implications resulting from reputation and compliance risks.

COMPLIANCE AND REPUTATION RISK

According to French regulation, compliance risk is the risk of legal, administrative or disciplinary sanctions, together with the significant financial loss that a bank may suffer as a result of its failure to comply with all the laws, regulations, codes of conduct and standards of good practice applicable to banking and financial activities (including instructions given by an executive body, particularly in application of guidelines issued by a supervisory body).

By definition, this risk is a sub-category of operational risk. However, as certain implications of compliance risk involve more than a purely financial loss and may actually damage the institution's reputation, the Bank treats compliance risk separately.

Reputation risk is the risk of damaging the trust placed in a corporation by its customers, counterparties, suppliers, employees, shareholders, supervisors and any other stakeholder whose trust is an essential condition for the corporation to carry out its day-to-day operations.

Reputation risk is primarily contingent on all the other risks borne by the Bank.

Additional information about risk definitions

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 to which banks are exposed. Significant progress has nevertheless been made in understanding the precise nature of risks and how they interact. The interaction between these risks has not yet been quantified, but is captured by global stress scenarios. The following comments review the Group's latest conceptual developments.

- **Market risk and credit/counterparty risk**

In Fixed Income trading books, credit instruments are valued on the basis of bond yields and credit spreads, which represent market parameters in the same way as interest rates or foreign 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. 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 its corollary, diversification effects, are embedded within each risk, especially for credit, market and operational risks using the correlation parameters taken into account by the corresponding risk models.

It is assessed at consolidated Group level and at financial conglomerate level.

ASSET-LIABILITY MANAGEMENT RISK

Asset-liability management risk is the risk of incurring a loss as a result of mismatches in interest rates, maturities or nature between assets and liabilities. For banking activities, asset-liability management risk arises in non-trading portfolios and primarily relates to global interest rate risk. For insurance activities, it also includes the risk of mismatches arising from changes in the value of shares and other assets (particularly property) held by the general insurance fund.

BREAKEVEN RISK

Breakeven risk is the risk of incurring an operating loss due to a change in the economic environment leading to a decline in revenue coupled with insufficient cost-elasticity.

STRATEGY RISK

Strategy risk is the risk that the Bank's share price may fall because of its strategic decisions.

LIQUIDITY AND REFINANCING RISK

Liquidity and refinancing risk is the risk of the Bank being unable to fulfil its obligations at an acceptable price in a given place and currency.

INSURANCE SUBSCRIPTION RISK

Insurance subscription risk corresponds to the risk of a financial loss caused by an adverse trend in insurance claims. Depending on the type of insurance business (life, personal risk or annuities), this risk may be statistical, macro-economic or behavioural, or may be related to public health issues or natural disasters. It is not the main risk factor arising in the life insurance business, where financial risks are predominant.

SUMMARY OF RISKS

TABLE 8: RISKS MONITORED BY THE BNP PARIBAS GROUP

Risks affecting the Group's capital adequacy	Risks affecting the Group's value (share price)	Pillar 1 – Risk covered	Pillar 1 – Measurement and management method(4)	ICAAP(5) (Pillar 2) – Risk covered	ICAAP(5) (Pillar 2) – Measurement and management method(4)	Additional risk identified by BNP Paribas
Credit risk		✓	Basel 2.5	✓	Basel 2.5	
Counterparty risk		✓	Basel 2.5	✓	Basel 2.5	
Securitization		✓	Basel 2.5	✓	Basel 2.5	
Market risk		✓	Basel 2.5	✓	Basel 2.5	
Equity risk		✓	Basel 2.5	✓	Basel 2.5	
Operational risk		✓	Basel 2.5	✓	Basel 2.5	
Concentration risk(1)				✓	Internal Model	
Asset & liability management risk(2)				✓	Internal Model	
Breakeven risk				✓	Internal Model	
	Strategy risk			✓	Procedures	
Liquidity and Refinancing risk				✓	Quantitative and qualitative rules; stress tests	
	Reputation risk			✓	Procedures	
Insurance risks(3), including insurance subscription risks					Internal Model	✓

(1) Concentration risk is managed within credit risk at BNP Paribas.
(2) Asset & liability management risk comes under what the banking supervisors call global interest rate risk.
(3) Insurance risks are not included in the scope of banking activities; insurance businesses are exposed to market risk, operational risk and insurance subscription risk.
(4) The CRD 3, transposed in French law by the Decree of the 20 February 2007 amended, implements the Basel 2.5 regulation for securitisation and market risk. Modifications introduced by CRD 3 are described in the corresponding chapters hereafter. The measurement methods for other types of risks remain unchanged.
(5) Internal Capital Adequacy Assessment Process.

STRESS TESTING

OVERALL ARCHITECTURE

To ensure dynamic risk supervision and management, the Group has implemented a comprehensive stress testing framework in line with the guidance issued by the European Banking Authority (EBA) in 2010, as described below.

Stress testing framework

Stress testing forms an integral part of the risk management system and is used in three main areas: forward-looking risk management, capital planning, and regulatory requirements, mainly through the Group's and its main entities' ICAAP:

- forward-looking risk management: the results of stress tests carried out using a top down approach are used to build the Bank's risk profile and are periodically submitted to Group Executive Management, including the Board's Internal Control, Risk Management and Compliance Committee through the quarterly Group Risk Dashboard. Additionally, ad hoc stress testing is performed, when appropriate, within Risk Policy Committees or Country Strategic Committees so as to identify and assess areas of vulnerability within the Group's portfolios;
- budgeting and capital planning: stress tests are carried out annually as part of the budget process and included in the ICAAP. They are reviewed at divisional and business line level before being consolidated at Group level to provide a synoptic view of the impact on the Bank's capital and earnings, thus following a bottom up approach;
- regulatory requirements or requests: mainly ad hoc requests from the EBA, IMF or any other supervisor[(1)].

This system has an established governance framework with responsibilities clearly divided between operational entities – to encourage operational integration and relevance – and the Group Finance, Risk Management and ALM Departments, which ensure overall coherence.

Stress testing methodologies (sensitivity analyses or analyses based on macroeconomic scenarios) are tailored to the main categories of risk and subject to independent review by GRM.

Stress testing may be done at Group, business line or portfolio level, based on one or more risk types and on a larger or smaller number of variables depending on the desired objective. Where appropriate, results of quantitative models may be adjusted on the basis of expert judgement.

The scenarios used, stress test outcomes and any recommended corrective actions (reducing exposures to a sub-segment, revising the financing or liquidity policy, etc.) are reviewed by GRM and/or Executive Management.

Since its creation, the Group's stress testing framework has evolved continuously in order to integrate the most recent developments in stress testing, whether in terms of methodologies or improved operational integration in the Group's management processes. The budget stress tests presented below are provided as an illustration.

Budget stress testing: a joint GRM, Finance and ALM approach

The purpose of stress testing in the budget process is to assess the impact of an adverse macroeconomic scenario on the Group and its activities. Stress tests are run in parallel with the annual budget process, based on the central economic scenario.

The impact of the adverse scenario is measured through:

- P&L (NBI, cost of risk, etc.);
- risk-weighted assets;
- equity;
- liquidity and funding needs.

The expected final output of the stress testing exercise is a Group stressed solvency ratio, as well as possible adjustment measures, which might be decided by businesses or at Group central level.

Several teams are involved in preparing and managing the stress tests: divisions/operational entities, business lines, in liaison with the Finance Department's unit dedicated to capital, ALM and GRM.

*(1) http://www.acp.banque-france.fr/uploads/media/201301-stress-tests-systeme-bancaire-et-organismes-assurance-en-france.pdf
http://www.imf.org/external/pubs/ft/scr/2012/cr12341.pdf*

Stress test scenario definition

To be more relevant, consistent, and to rely on more thoroughly prepared scenarii, the analyses use a small number of global scenarii considered as relevant (one central scenario and one or sometimes two alternative scenarii).

The starting point of the analysis is a "global central economic scenario", which describes the future state of the economy over a horizon of up to 2 years in addition to the current year. In 2012, a global scenario combined several consistent regional scenarii, covering the United States, France, Italy and Belgium. Each regional scenario is captured by economic or financial variables (1) plus the price of oil and the EUR/USD exchange rate, which are common to all regional scenarii. Projections are made on a quarterly basis. The Group Economic Research Department, in connection with ALM and the Equity Derivatives business line, elaborate the central scenario, on the basis of which GRM designs the stress scenario(s).

It is important to note that these economic and financial variables are also used to build the Group's budget scenario (over a 1-year horizon only). This set of variables is key to ensuring the convergence of two major processes of the Group, i.e. risk management and financial management.

The budget scenarii are validated by the General Management.

The scenarii are then used to calculate expected losses (or P&L impact in the case of market risks) over the year for all Group portfolios:

- for portfolios exposed to credit or counterparty risk and for the equity portfolio of the banking book: this calculation measures the impact of the scenario on cost of risk due to events of default or adverse equity price moves;
- for market portfolios: the changes in value and their P&L impact are calculated by simulating a one-time shock, which is consistent with the overall scenario.

The above calculations and related methodologies for stress tests on credit and market risks are coordinated centrally at Group level by GRM teams. They also involve in their implementation and design various teams of experts at Group and territory's levels.

5.4 Credit risk

EXPOSURE TO CREDIT RISK [Audited]

The following table shows all of BNP Paribas Group's financial assets, including fixed-income securities, which are exposed to credit risk. Credit risk exposure does not include collateral and other security taken by the Group in its lending business or purchases of credit protection. It is based on the carrying value of financial assets before re-evaluation recognised on the balance sheet.

(1) *The economic and financial variables are GDP and its components (consumer spending, investment, etc.), prices indices, unemployment rates, three-month interest rates, and 10-year government bond yields.*

TABLE 9: EXPOSURE TO CREDIT RISK(*) BY BASEL ASSET CLASS AND APPROACH

	31 December 2012				31 December 2011				Variation	
In millions of euros	IRBA	Standardised Approach	Total	2012 Average Exposure	IRBA	Standardised Approach	Total	2011 Average Exposure	Total	Average Exposure
Central governments and central banks	177,612	18,825	196,437	186,526	155,605	21,011	176,616	185,298	19,821	1,228
Corporates	360,242	154,986	515,228	540,804	406,617	159,762	566,379	583,601	(51,151)	(42,797)
Institutions(**)	61,814	26,765	88,579	98,092	80,575	27,031	107,606	117,463	(19,027)	(19,371)
Retail	195,891	166,865	362,756	367,990	199,570	173,654	373,224	373,769	(10,469)	(5,779)
Other non credit-obligation assets(***)	333	120,467	120,800	119,408	134	117,882	118,016	103,735	2,784	15,673
TOTAL EXPOSURE	**795,892**	**487,908**	**1,283,800**	**1,312,820**	**842,501**	**499,340**	**1,341,841**	**1,363,866**	**(58,041)**	**(51,046)**

(*) Securitization is the object of a dedicated chapter in section 5.5.

(**) Institutions asset class comprises credit institutions and investment firms, including those recognised in other countries. It also includes some exposures to regional and local authorities, public sector agencies and multilateral development banks that are not treated as central government authorities.

(***) Other non credit-obligation assets include tangible assets, payables/receivables and residual values.

In the prudential balance sheet at 31 December 2012 (section 5.2, table 3), credit risk exposures include the following amounts, net of impairment: deposits with central banks (EUR 103 billion), loans to customers (EUR 630 billion), loans to credit institutions (EUR 39 billion), available for sale assets (EUR 113 billion), held-to-maturity financial assets (EUR 0.4 billion), assets designated as at fair value through profit and loss (EUR 2 billion), remeasurement adjustment on interest-rate risk hedged portfolios (EUR 6 billion), property, plant & equipment and investment property (EUR 18 billion), accruals, prepayments and other assets (EUR 93 billion), current and deferred tax assets (EUR 9 billion) and financing and guarantee commitments given excluding repurchase agreements (EUR 305 billion).

These prudential balance sheet amounts are net of impairments. Once adjusted for impairments (+EUR 31 billion including EUR 3 billion for variable-income available for sale assets), risk exposures other than credit risk (securitisation, counterparty and market risks), revaluations and other items deducted from own funds (-EUR 65 billion), these amounts lead to a credit risk exposure of EUR 1,284 billion.

In the rest of this chapter, references to credit risk exposure do not include other non-credit obligation assets (payables and receivables, tangible assets and residual value).

TRENDS IN CREDIT RISK EXPOSURE IN 2012

The Group's gross credit risk exposure fell by EUR 58 billion in 2012 (EUR 61 billion excluding other non-credit obligation assets). The reduction mainly concerned exposure to corporates and institutions following the adjustment plan pursued by the Group from September 2011 to September 2012 to prepare for the new Basel 3 liquidity and solvency requirements.

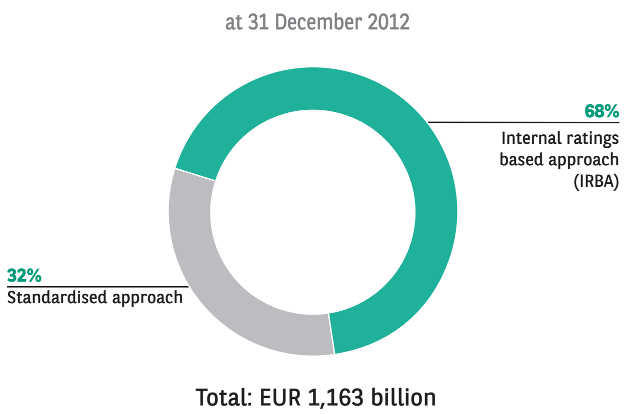
The EUR 51 billion reduction in exposure to corporates is mainly explained by the adjustment plan of CIB's Corporate Banking activities (EUR 45 billion on the whole CIB division). Exposure to retail clients decreased by EUR 10 billion, mainly in Personal Finance (EUR 9 billion). In parallel, exposure to central governments rose by EUR 20 billion due to the increase in central bank deposits offset by a decline in sovereign debt.

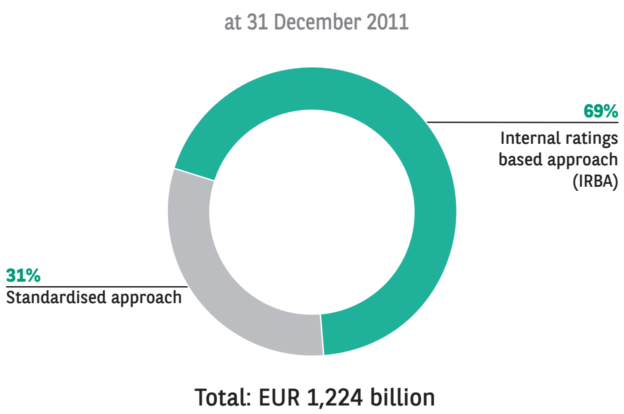
APPROACHES USED TO CALCULATE RISK-WEIGHTED ASSETS

BNP Paribas has opted for the most advanced approaches allowed under Basel II. In accordance with the EU Directive and its transposition into French law, in 2007 the French banking supervisor (Autorité de Contrôle Prudentiel) allowed the Group to use internal models to calculate capital requirements starting on 1 January 2008. The use of these methods is subject to conditions regarding progress and deployment. The Group committed itself to comply with those conditions under the supervision of the French supervisor. Prior to its acquisition, the Fortis Group had been authorised by Belgian banking and insurance supervisor, the National Bank of Belgium, to use the most advanced approach to assess its regulatory capital requirement. The internal rating policies and systems of the BNP Paribas Fortis and BGL BNP Paribas subgroups on the one hand and BNP Paribas on the other are set to converge to a single methodology used uniformly across the entire Group. The review being conducted for this purpose has shown the compatibility of the concepts developed in each of the two perimeters and allowed a harmonisation of the ratings of the key counterparties. Model convergence is nevertheless not yet fully completed. Several applications for approval of common methodologies have been submitted to the Autorité de Contrôle Prudentiel. An approach based on methods that have been approved by the French, Belgian or Luxembourg supervisors for each of the non-convergent perimeters is implemented at 31 December 2012.

For credit risk (excluding other non credit-obligation assets), the share of exposures under the IRB approach represents 68% at 31 December 2012, compared with 69% at 31 December 2011. This significant scope includes in particular Corporate and Investment Banking (CIB), French Retail Banking (FRB), a part of the BNP Paribas Personal Finance business (Cetelem), BNP Paribas Securities Services (BP2S) and the entities of the subgroups BNP Paribas Fortis and BGL BNP Paribas. BNL's transition to IRBA is currently undergoing the approval process by the Bank of Italy. However, some entities, such as BancWest, are temporarily excluded from the IRBA scope. Other smaller entities, such as the subsidiaries in emerging countries, will use the Group's advanced methods only at a later stage.

FIGURE 3: CREDIT RISK EXPOSURE BY APPROACH(*)





(*) Excluding other non credit-obligation assets and securitization.

CREDIT RISK MANAGEMENT POLICY [Audited]

GENERAL CREDIT POLICY, AND CONTROL AND PROVISIONING PROCEDURES

The Bank's lending activities are governed by the Global Credit Policy approved by the Risk Committee, chaired by the Chief Executive Officer. The 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 - CORPORATES

A system of discretionary lending limits has been established, under which all lending decisions must be approved by a formally designated member of GRM. Approvals are systematically evidenced in writing, either by means of a signed approval form or in the minutes of formal meetings of a Credit Committee. Discretionary lending limits correspond to aggregate commitments by business Group and vary according to internal credit ratings and the specific nature of the business concerned. Certain types of lending commitments, such as loans to banks, sovereign loans and loans to customers operating in certain industries are subject to specific authorisation procedures and require the sign-off of an industry expert or designated specialist. In retail banking, simplified procedures are applied, based on statistical decision-making aids.

Loan applications must comply with the Bank's Global Credit Policy and with any specific policies, and must in all cases comply with the applicable laws and regulations. In particular, before making any commitments BNP Paribas carries out an in-depth review of any known development plans of the borrower, and ensures that it has thorough knowledge of all the structural aspects of the borrower's operations and that adequate monitoring will be possible.

The Group Credit Committee, chaired by one of the Chief Operating Officers or the Head of GRM, has ultimate decision-making authority for all credit and counterparty risks.

DECISION-MAKING PROCEDURES – RETAIL

The decision-making system for Retail Banking exposures is based on a system of discretionary limits whereby the Regional Risk Officers decide jointly with the Head of the FRB branch Network (or his deputy) on all commitments to Business clients that exceed the powers of the Business Centre managers and on large retail commitments that exceed the powers of the Group FRB branch managers. They have a right of veto, subject to appeal to the next authority level up.

As regards ex post control over lending transactions, a GRM team is responsible for:

- ex-post control over transactions approved at Retail Banking level only and over compliance with procedures;
- monitoring the Branch Network's credit risk.

MONITORING AND PORTFOLIO MANAGEMENT PROCEDURES

Monitoring exposures

A comprehensive risk monitoring system is organised around Control units, which are responsible for ensuring that lending commitments comply with the loan approval decision, that credit risk reporting data are reliable and that risks accepted by the Bank are effectively monitored. Daily exception reports are produced and various forecasting tools are used to provide early warnings of potential escalations of credit risks. The various monitoring levels, which generally reflect the organisation of discretionary lending authorities, are carried out up to the Group Doubtful and WatchList Committee, under the supervision of GRM. This committee regularly examines all loans in excess of a given threshold, for which it decides on the amount of impairment losses to be recognised or reversed, based on a recommendation from the business lines, with GRM's approval. In addition, a quarterly committee reviews sensitive or non-performing loans.

Collective portfolio management and monitoring

The selection and careful evaluation of individual exposures is supported by a reporting system based on more aggregated portfolio levels in terms of division/business line, country, sector, business/product.

The collective portfolio management policy, including concentration of risk by borrower, sector and country, is based on this reporting system and Group risk committees review all reports and analyses produced.

1) For risk concentration by country, country risk limits are set at the appropriate level of delegated authority for each country. The Group, which is present in most economically active areas, in accordance with its vocation, strives to avoid excessive concentrations of risk in countries whose political and economic infrastructure is acknowledged to be weak or whose economic position has been undermined.
2) Diversification of the portfolio by counterparty is monitored on a regular basis, notably under the Group's individual risk concentration policies. The risk concentration ratio also ensures that the aggregate exposure to each beneficiary[1] does not exceed 25% of the Group's net consolidated shareholders' equity. BNP Paribas remains well below the concentration limits set out in the European Directive on Large Exposures.
3) The breakdown of exposure by business sector is also monitored carefully and regularly. It is supported by a forward-looking analysis for dynamic management of the Bank's exposure. This analysis is based on the in-depth knowledge of independent sector experts who express an opinion on trends in the sectors they follow and identify the factors underlying the risks faced by the main components. This process is adjusted by sector according to its weighting in the Group's exposure, the technical knowledge required to understand the sector, its cyclicality and degree of globalisation and the existence of any particular risk issues.

In addition, stress tests are used to identify vulnerable areas of the Group's portfolios and analyse any concentrations.

Lastly, BNP Paribas may use credit risk transfer instruments, such as securitisation programmes or credit derivatives, to hedge individual risks, reduce portfolio concentration or cap potential losses arising from crisis scenarios.

SCOPE AND NATURE OF RISK REPORTING AND MEASUREMENT SYSTEMS

All the processes and information systems used by the Credit Risk Reporting Function were submitted for review to the French banking regulator (Autorité de Contrôle Prudentiel).

For BNP Paribas Fortis and BGL BNP Paribas, following convergence work carried out between end-2010 and Autumn 2012, the entities in these sub-scopes are now included in the Group systems for producing credit risk calculations.

(1) Large Exposures are exposures that individually exceed 10% of shareholders' equity, with a disclosure threshold set by the ACP at EUR 300 million.

RATING SYSTEM

The BNP Paribas Group uses an advanced Internal Ratings-Based Approach (IRBA) to credit risk for the retail, sovereign, institutions, corporate and equity asset classes to calculate the regulatory capital requirements for Corporate and Investment Banking, French Retail Banking, part of BNP Paribas Personal Finance, BNP Paribas Fortis, BGL and BNP Paribas Securities Services (BP2S). For other businesses, the standardised approach is used to calculate regulatory capital based on external ratings. Each counterparty is rated internally by the Group using the same methods, regardless of the approach used to calculate regulatory capital requirements.

The Bank has a comprehensive internal rating system compliant with regulatory requirements regarding capital adequacy. A periodic assessment and control process has been deployed within the Bank to ensure that the system is appropriate and correctly implemented. The system was formally validated by the French banking supervisor (Autorité de Contrôle Prudentiel) in December 2007. For corporate loans, the system is based on three parameters: the counterparty's probability of default expressed via a rating, the Global Recovery Rate (or Loss Given Default), which depends on the structure of the transaction, and the Credit Conversion Factor (CCF), which estimates the off-balance sheet exposure at risk.

There are twelve counterparty ratings. Ten cover performing clients with credit assessments ranging from "excellent" to "very concerning", and two relate to clients classified as in default, as per the definition by the banking supervisor.

For Corporate counterparties, the rating parameters and GRR applicable to each exposure are reviewed at least once a year as part of the loan approval process or annual credit review, drawing on the combined expertise of business line staff and, as a second pair of eyes, the GRM representatives (who have the final say in case of disagreement). 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. For Retail counterparties, rating methods are applied automatically to determine the loan parameters.

➤ TABLE 10: INDICATIVE MAPPING OF INTERNAL COUNTERPARTY RATING WITH AGENCY RATING SCALE

	Internal BNPP Rating	LT Issuer/ Unsecured issuer rating S&P/Fitch
Investment Grade	1+	AAA
	1	AA+
	1-	AA
	2+	AA-
	2	A+/A
	2-	A-
	3+/3/3-	BBB+
	4+/4/4-	BBB
	5+/5/5-	BBB-
Non Investment Grade	6+	BB+
	6/6-	BB
	7+/7	BB-
	7-	B+
	8+/8/8-	B
	9+/9/9-	B-
	10+	CCC
	10	CC
	10-	C
Default	11	D
	12	D

The Group has developed an indicative equivalence between the Bank's intenal ratings and the long-term issuer ratings assigned by the major rating agencies. The Bank has a much broader clientele than just those counterparties rated by an external agency. An indicative equivalence is not relevant in retail banking. It is used when the internal ratings are assigned or reviewed in order to identify any differences between the Bank's assessment of a borrower's probability of default and that of one or more of the rating agencies. However, the internal ratings do not aim to reproduce or even approximate the external ratings. There are significant variances in both directions within the portfolio. Some counterparties rated 6 or 7 by BNP Paribas could be considered Investment Grade by the rating agencies.

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. The teams responsible for verifying performance are not the same as those who build the models. At BNP Paribas, a special Steering Centre has been set up for this purpose.

Loss Given Default is determined either using statistical models for books with the highest degree of granularity or using expert judgment based on indicative values, in line with a process similar to the one used to determine the counterparty rating for corporate books(1). Loss Given Default is defined as the loss that the Bank would suffer in the event of the counterparty's default in times of economic slowdown, as required by regulations.

For each transaction, it is measured using the recovery rate for a senior unsecured exposure to the counterparty concerned, adjusted for any effects related to the transaction structure (e.g. subordination) and for the effects of any risk mitigation techniques (collateral and other security). Amounts recoverable against collateral and other security are estimated each year on a conservative basis and haircuts are applied for realising security in a stressed environment.

Various Credit Conversion Factors have been modelled by the Bank where permitted (i.e. excluding high-risk transactions where the conversion factor is 100% and provided there was a detailed enough track record to be statistically exploitable), either using historical internal default data or other techniques when there is insufficient historical data. Conversion factors are used to measure the off-balance sheet exposure at risk in the event of borrower default. Unlike rating and recovery rate, this parameter is assigned automatically depending on the transaction type and is not determined by the Credit Committee.

Each of the three credit risk parameters are backtested and probability of default benchmarked annually to check the system's performance for each of the Bank's business segments. Backtesting consists of comparing estimated and actual results for each parameter. Benchmarking consists of comparing the parameters estimated internally with those of external organisations.

For the Corporate IRBA scope, all ratings, including default ratings 11 and 12, for all counterparties to which the Bank has a credit risk exposure, have been recorded in a database since 2002. Likewise, Global Recovery Rates on defaulting exposures at a given time during the period are also archived. Backtesting is performed on the basis of this information for each of the risk inputs, both globally and across the scope of each rating method. These exercises aim to measure overall performance and the performance of each rating method, and in particular, to verify the model's discriminatory power (i.e. the less well rated counterparties ought to default more often than the better rated ones) as well as the predictive, conservative nature of the inputs. For this purpose, actual Global Recovery Rates (GRR) and default rates are compared with estimated Global Recovery Rates and default rates for each rating. The "through the cycle" or "downturn" nature of the ratings and GRRs respectively are also verified.

This backtesting work revealed that actual default rates on IRBA corporate scope are significantly lower than estimated default rates across the entire cycle (average annual default rate of 1.03% between 2001 and 2011 compared with an estimated rate of 1.82%). An analysis of default rates during crisis periods shows that annual default rates are always lower than estimated rates.

Performance measurements are also carried out on sub-scopes of homogeneous asset classes. If the predictive power of a model deteriorates, it is recalibrated or redeveloped as appropriate. These changes are submitted to the regulator for approval in line with the regulations.

For benchmarking work on non-retail exposures, internal ratings are compared with the external ratings of several agencies based on the mapping between internal and external rating scales. Some 10% to 15% of the Group's corporate clients have an external rating and the benchmarking studies reveal a conservative approach to internal ratings.

Backtesting of Global Recovery Rates is based mainly on analysing recovery flows on exposures in default. When an exposure has been written off, each amount recovered is discounted back to the default date and calculated as a percentage of the exposure. When an exposure has not yet been written off, the amount of provisions taken is used as a proxy for future recoveries. The recovery rate determined in this way is then compared with the initially forecasted rate one year before default occurred. As with ratings, recovery rates are analysed on an overall basis and by rating policy and geographical area. Variances on an item by item and average basis are analysed taking into account the bimodal distribution of recovery rates. The results of these tests show that the Group's estimates are relevant in economic downturns and are conservative on an average basis. Benchmarking of recovery rates is based on data pooling initiatives in which the Group takes part.

The result of all backtesting and benchmarking work is presented annually to the Chief Risk Officer and the Bank's governing bodies. These results and ensuing discussions are used to help set priorities in terms of developing methodology and deploying tools. Backtesting is also certified internally by an independent team and the results sent to the ACP.

Internal estimates of risk parameters are used in the Bank's day-to-day management in line with regulation recommendations. Thus apart from calculating capital requirements, they are used for example when setting delegated limits, granting new loans or reviewing existing loans to measure profitability, determine collective impairment and for internal and external reporting purposes.

(1) Within the Group, the Corporate book includes institutions, corporates, specialised financing and sovereign states.

CREDIT RISK DIVERSIFICATION [Audited]

The Group's gross exposure to credit risk stands at EUR 1,163 billion at 31 December 2012, compared with EUR 1,224 billion at 31 December 2011. This portfolio, which is analysed below in terms of its diversification, comprises all exposures to credit risk shown in table "Exposure to credit risk by Basel asset class" excluding other non credit-obligation assets[(1)]. A dedicated chapter (chapter 5.5) describes banking book securitisations exposures.

No single counterparty gives rise to an excessive concentration of credit risk, due to the size of the business and the high level industrial and geographical diversification of the client base. The breakdown of credit risks by industry and by region is presented in the tables below.

GEOGRAPHIC DIVERSIFICATION

Country risk is the sum of all exposures to obligors in the country concerned. It is not the same as sovereign risk, which is the sum of all exposures to the central government and its various branches. Country risk reflects the Bank's exposure to a given economic and political environment, which are taken into consideration when assessing counterparty quality.

The geographic breakdown below is based on the country where the counterparty conducts its principal business activities, without taking into account the location of its head office. Accordingly, a French company's exposure arising from a subsidiary or branch located in the United Kingdom is classified in the United Kingdom.

➤ TABLE 11: GEOGRAPHIC BREAKDOWN OF CREDIT RISK BY COUNTERPARTY'S COUNTRY OF BUSINESS AT 31 DECEMBER 2012

	31 December 2012					
In millions of euros	Central governments and central banks	Corporates	Institutions	Retail	Total	%
Domestic markets	103,721	233,692	40,498	277,040	654,951	56%
France	*58,376*	*116,244*	*20,248*	*159,182*	*354,050*	*30%*
Belgium	*28,128*	*42,978*	*8,069*	*60,722*	*139,897*	*12%*
Luxembourg	*4,429*	*8,970*	*940*	*5,541*	*19,880*	*2%*
Italy	*12,788*	*65,500*	*11,241*	*51,595*	*141,124*	*12%*
Other Europe	26,931	110,834	17,648	45,688	201,101	17%
Africa & Mediterranean	7,931	38,006	5,964	13,054	64,955	6%
Americas	37,972	91,907	16,282	26,534	172,695	15%
Asia & Pacific	19,882	40,789	8,187	440	69,298	6%
TOTAL	**196,437**	**515,228**	**88,579**	**362,756**	**1,163,000**	**100%**

(1) *The scope covered includes loans and receivables due from customers, amounts due from credit institutions and central banks, the Group's credit accounts with other credit institutions and central banks, financing and guarantee commitments given (excluding repos) and fixed-income securities in the banking book.*

In millions of euros	31 December 2011					
	Central governments and central banks	Corporates	Institutions	Retail	Total	%
Domestic markets	**87,107**	**248,988**	**47,374**	**284,412**	**667,881**	**55%**
France	*38,190*	*118,093*	*26,972*	*166,135*	*349,390*	*29%*
Belgium	*33,270*	*51,939*	*10,979*	*60,295*	*156,483*	*12%*
Luxembourg	*2,018*	*10,420*	*1,909*	*5,523*	*19,870*	*2%*
Italy	*13,629*	*68,536*	*7,514*	*52,459*	*142,138*	*12%*
Other Europe	**27,264**	**127,488**	**19,580**	**48,157**	**222,489**	**18%**
Africa & Mediterranean	**7,853**	**41,679**	**7,331**	**12,115**	**68,978**	**5%**
Americas	**40,080**	**103,487**	**22,969**	**28,178**	**194,714**	**16%**
Asia & Pacific	**14,312**	**44,737**	**10,352**	**362**	**69,763**	**6%**
TOTAL	**176,616**	**566,379**	**107,606**	**373,224**	**1,223,825**	**100%**

The geographic breakdown of the portfolio's exposure is balanced and globally stable. The Group maintains its predominantly European dimension at 73% of total exposures (unchanged compared with 31 December 2011). In Europe, French exposures were reinforced.

INDUSTRY DIVERSIFICATION

➤ TABLE 12: BREAKDOWN OF CREDIT RISK CORPORATE ASSET CLASS BY INDUSTRY AT 31 DECEMBER 2012

In millions of euros	31 December 2012		31 December 2011	
	Exposition	%	Exposition	%
Agriculture, Food, Tobacco	25,325	5%	23,707	4%
Insurance	8,810	2%	10,374	2%
Chemicals excluding Pharmaceuticals	10,329	2%	11,271	2%
Construction	27,771	5%	30,973	6%
Retailers	23,159	5%	22,628	4%
Energy Excluding Electricity	28,920	6%	36,345	6%
Equipment excluding IT Electronic	27,532	5%	29,452	5%
Finance	37,716	7%	40,819	7%
Real estate	47,982	9%	51,274	9%
IT & electronics	11,504	2%	11,930	2%
Metal & mining	27,112	5%	29,849	5%
Wholesale & trading	53,806	11%	62,008	11%
Healthcare & Pharmaceuticals	9,191	2%	8,725	2%
B to B services	52,784	10%	57,045	10%
Communication services	11,949	2%	15,599	3%
Transportation & logistics	35,484	7%	41,909	7%
Utilities (electricity, gas, water, etc.)	30,705	6%	34,303	6%
Other	45,150	9%	48,169	9%
TOTAL	**515,228**	**100%**	**566,379**	**100%**

RISK-WEIGHTED ASSETS

TABLE N° 13: CREDIT RISK-WEIGHTED ASSETS

In millions of euros	Risk-weighted assets Credit risk		
	31 December 2012	31 December 2011	Variation
Credit risk - IRBA approach	**172,409**	**192,852**	**(20,443)**
Central governments and central banks	3,244	4,310	(1,066)
Corporates	121,986	136,889	(14,903)
Institutions	10,326	13,391	(3,065)
Retail	36,749	38,127	(1,378)
Real estate loans	*10,772*	*10,311*	*461*
Revolving exposures	*5,851*	*6,530*	*(679)*
Other exposures	*20,126*	*21,286*	*(1,160)*
Other non credit-obligation assets	104	134	(30)
Credit risk - Standardised approach	**238,742**	**253,822**	**(15,080)**
Central governments and central banks	3,742	3,458	284
Corporates	112,909	117,083	(4,174)
Institutions	8,508	7,282	1,226
Retail	80,589	82,922	(2,333)
Real estate loans	*26,276*	*26,818*	*(542)*
Revolving exposures	*3,137*	*4,295*	*(1,158)*
Other exposures	*51,176*	*51,810*	*(634)*
Other non credit-obligation assets	32,994	43,077	(10,083)
TOTAL CREDIT RISK	**411,151**	**446,674**	**(35,523)**

The change in risk-weighted assets can be broken down into the following effects:

- currency effect: contribution of changes in foreign exchange rates;
- volume effect: contribution of changes in exposures (EAD);
- parameter effect: contribution of changes in risk parameters;
- method effect: impact of the change in method of calculating capital requirement between two reporting dates (transition to advanced model or change of method at the supervisor's request);
- scope effect: impact of a change in scope of consolidation.

TABLE N°14: CREDIT RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER

In millions of euros	Risk-weighted assets Credit risk
31 DECEMBER 2011	**446,674**
Currency effect	(1,479)
Volume effect	(15,822)
Parameter effect	(336)
Scope effect	(12,154)
Method effect	(4,183)
Other	(1,549)
Total variations	***(35,523)***
31 DECEMBER 2012	**411,151**

Risk-weighted credit exposures fell by EUR -36 billion, mainly as a result of the deleveraging policy adopted by the Group ahead of the new CRD 4 regulation. Most of the EUR 16 billion negative volume effect stemmed from CIB's Corporate Banking activities, mainly due to the adjustment plan pursued during the first nine months of 2012 (EUR 3 billion of asset sales and EUR 7 billion reduction in loan at origination). The disposal of Klépierre accounted for most of the scope effect and the residual interest has been weighted as equity risk exposure. The method effect mainly stems from changes in approach used (transition to IRBA) notably following the legal merger of Banque de Bretagne with BNP Paribas SA.

CREDIT RISK: INTERNAL RATINGS BASED APPROACH (IRBA)

The internal rating system developed by the Group covers the entire Bank. The IRBA, validated in December 2007, covers the Corporate and Investment Banking (CIB) portfolio, the French Retail Banking (FRB) portfolio, BNP Paribas Securities Services (BP2S), a part of BNP Paribas Personal Finance as well as the entities of the subgroups BNP Paribas Fortis and BGL BNP Paribas.

CORPORATE MODEL [Audited]

The IRBA for the Corporate book (i.e. institutions, corporates, specialised financing and sovereigns) is based on a consistent rating procedure in which GRM has the final say regarding the rating assigned to the counterparty and the Global Recovery Rate (GRR) assigned to transactions. Credit Conversion Factors (CCF) of off-balance sheet transactions are assigned according to counterparty and transaction type.

The generic process for assigning a rating to each segment of the Corporate book is as follows:

- for corporates and structured financing, an analysis is carried out by the unit proposing a rating and a Global Recovery Rate to the Credit Committee, using the rating models and tools developed by GRM. The rating and Global Recovery Rate are validated or revised by the GRM representative during the Credit Committee meeting. The committee decides whether or not to grant or renew a loan and, if applicable, reviews the counterparty rating at least once a year;
- for banks, the analysis is carried out by analysts in the Risk Management Function. Counterparty ratings and Global Recovery Rates are determined during review committees by geographical area to ensure comparability between similar banks;
- for sovereigns, the ratings are proposed by the Economic Research Department and approved at Country Committee meetings which take place several times a year. The committee comprises members of Executive Management, the Risk Management Department and the Business Lines;
- for medium-sized companies, a score is assigned by the business line's credit analysts and GRM has the final say;
- for each of these sub-portfolios, the risk parameters are measured using a model certified and validated by the GRM teams, based mainly on an analysis of the Bank's historical data. The model is supported as far as possible by tools available through a network to ensure consistent use. However, expert judgment remains an indispensable factor. Each rating and recovery rate is subject to an opinion which may differ from the results of the model, provided it can be justified.

The method of measuring risk parameters is based on a set of common principles, and particularly the "two pairs of eyes" principle which requires at least two people, at least one of whom has no commercial involvement, to give their opinion on each counterparty rating and each transaction Global Recovery Rate.

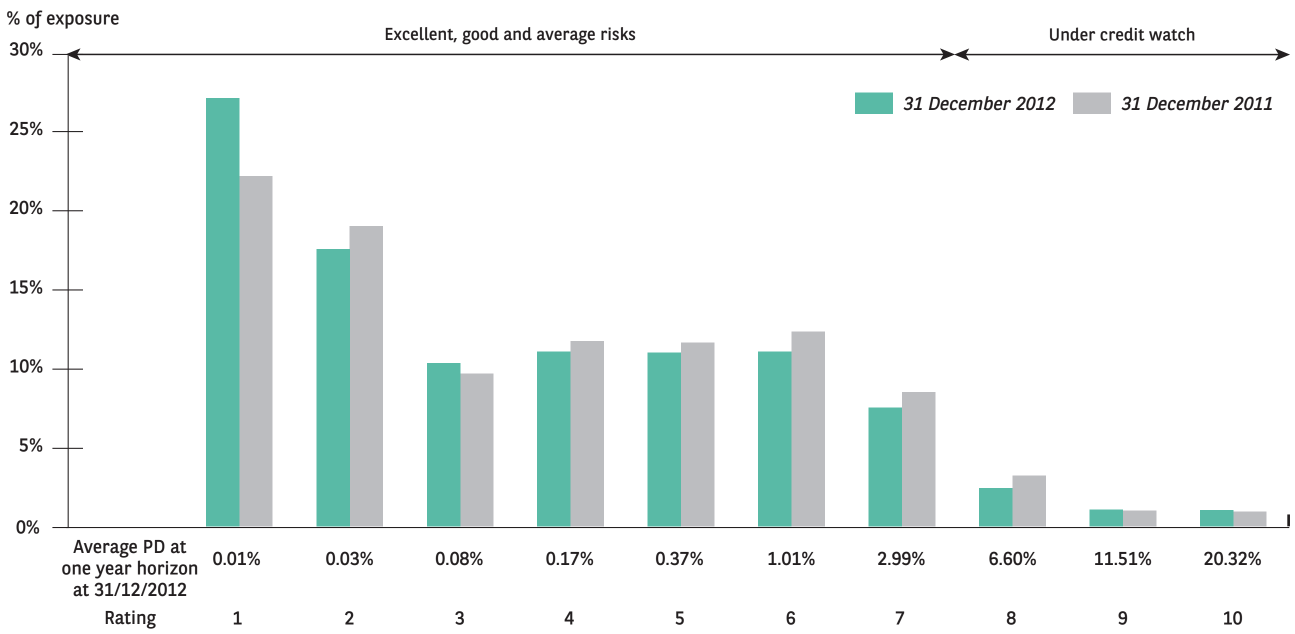
The same definition of default is used consistently throughout the Group for each asset class. For local counterparties (SMEs, local authorities), this definition may be adapted slightly to meet any specific local regulatory requirements, particularly as regards the length of past-due or the materiality threshold.

The chart below shows a breakdown by credit rating of performing loans and commitments in the Corporate book (asset classes: corporates, central governments and central banks, institutions) for all the Group's business lines, measured using the Internal Ratings-Based Approach.

This exposure represented EUR 587 billion of the gross credit risk at 31 December 2012 compared with EUR 627 billion at 31 December 2011.

The majority of commitments are towards borrowers rated as good or excellent quality, reflecting the heavy weighting of large multinational groups and financial institutions in the Bank's client base. A significant proportion of commitments to non-investment grade borrowers are highly structured or secured by high quality guarantees implying a high recovery rate in the event of default. They include export financing covered by export credit insurance written by international agencies, project finance, structured finance and transaction financing.

FIGURE 4: BREAKDOWN OF IRBA CORPORATE(*) EXPOSURES BY CREDIT RATING



(*) *The Corporate book shown in the chart above includes central governments and central banks, corporates, and institutions.*

The breakdown of Corporate exposures in the IRBA scope remained broadly steady, with the exception of exposures rated 1, due to the sharp increase in central bank deposits prompted by the global liquidity policy.

CORPORATE PORTFOLIO BY CLASS AND INTERNAL RATING

The tables below present the breakdown by internal rating of the corporate loans and commitments (asset classes: central governments and central banks, corporate and institutions) for all the Group's business lines using the advanced IRB Approach. This exposure represented EUR 600 billion of the gross credit risk at 31 December 2012, including EUR 587 billion of performing loans and 13 billion of non-performing loans, compared with EUR 643 billion at 31 December 2011, including EUR 627 billion of performing loans and 15 billion of non-performing loans, and concerns CIB and business units French Retail Banking (FRB), Belgian Retail Banking, Luxembourg Retail and Corporate Banking as well as BNP Paribas Securities Services (BP2S) within the Investment Solutions division.

The tables also give the weighted averages of the main risk parameters in the Basel framework:

- average probability of default weighted by Exposure At Default: average PD[1];
- weighted average of Credit Conversion Factor (CCF) for off-balance sheet items: average CCF[2];
- average Loss Given Default weighted by Exposure At Default: average LGD[3];

as well as the average risk weight: average RW[4] defined as the ratio between risk-weighted assets and Exposure At Default (EAD).

The column "Expected loss" presents the expected loss at a one-year horizon.

(1) Average PD: "Probability of Default" - average probability of default weighted by Exposure At Default.

(2) Average CCF: "Credit Conversion Factor" - ratio of the Exposure At Default divided by the off-balance sheet exposure.

(3) Average LGD: "Loss Given Default" - average Loss Given Default weighted by Exposure At Default.

(4) Average RW: "Risk Weight" - average risk weight.

➤ TABLE 15: BREAKDOWN OF IRBA CORPORATE EXPOSURES BY ASSET CLASS AND INTERNAL RATING

		31 December 2012									
In millions of euros	Internal rating	Average PD	Total exposure	Balance sheet exposure	Off-balance sheet exposure	Average off-balance sheet CCF	Exposure at Default (EAD)	Average LGD	Average RW	Expected Loss	Risk-weighted assets
Central governments and central banks	1	0.01%	141,432	140,884	548	75%	141,285	1%	0%	0	270
	2	0.02%	26,275	26,083	192	64%	26,206	1%	0%	0	98
	3	0.08%	2,666	2,595	71	56%	2,635	14%	11%	0	296
	4	0.21%	2,678	1,306	1,372	55%	2,061	7%	7%	0	154
	5	0.47%	1,773	1,698	75	55%	1,739	27%	48%	3	842
	6	1.17%	743	628	115	56%	690	15%	39%	1	268
	7	3.48%	897	742	155	62%	838	11%	36%	3	298
	8	6.31%	720	517	203	58%	634	9%	35%	4	225
	9	12.91%	240	164	76	53%	204	59%	282%	16	576
	10	16.80%	163	125	38	67%	150	26%	145%	7	217
	11	100.00%	23	23	0		23		2%	26	0
	12	100.00%	2	2	0		2		0%	1	0
TOTAL		**0.11%**	**177,612**	**174,767**	**2,845**	**60%**	**176,467**	**2%**	**2%**	**61**	**3,244**
Institutions	1	0.03%	5,759	4,310	1,449	93%	5,656	25%	9%	0	523
	2	0.03%	30,969	22,861	8,108	72%	28,701	15%	5%	1	1,367
	3	0.08%	8,439	6,982	1,457	75%	8,067	26%	15%	2	1,231
	4	0.14%	5,497	4,033	1,464	49%	4,745	23%	21%	2	979
	5	0.39%	5,729	3,774	1,955	54%	4,823	25%	31%	4	1,513
	6	1.05%	1,982	1,460	522	52%	1,730	40%	76%	7	1,315
	7	2.76%	839	619	220	44%	715	41%	108%	8	769
	8	7.20%	853	591	262	34%	679	36%	124%	15	840
	9	11.46%	339	156	183	28%	208	38%	171%	9	354
	10	19.75%	530	129	401	50%	330	39%	205%	26	678
	11	100.00%	709	626	83	91%	701		107%	283	754
	12	100.00%	169	169	0		169		2%	71	3
TOTAL		**1.93%**	**61,814**	**45,710**	**16,104**	**67%**	**56,524**	**21%**	**18%**	**428**	**10,326**
Corporates	1	0.03%	11,651	5,397	6,254	56%	8,903	20%	6%	1	518
	2	0.04%	45,511	9,104	36,407	60%	30,882	35%	13%	4	3,992
	3	0.08%	49,519	15,642	33,877	58%	35,145	36%	22%	10	7,789
	4	0.17%	56,592	23,682	32,910	58%	42,910	32%	29%	23	12,432
	5	0.36%	56,978	31,443	25,535	56%	45,705	29%	39%	47	17,713
	6	1.01%	62,108	38,843	23,265	56%	51,753	25%	53%	129	27,655
	7	2.98%	42,390	28,184	14,206	53%	35,681	25%	73%	265	26,202
	8	6.58%	12,575	8,958	3,617	56%	10,978	24%	89%	171	9,820
	9	11.46%	5,580	4,350	1,230	58%	5,066	26%	125%	154	6,321
	10	20.47%	5,271	4,343	928	56%	4,805	29%	156%	270	7,484
	11	100.00%	8,816	7,799	1,017	64%	8,499		23%	3,417	1,950
	12	100.00%	3,251	3,077	174	94%	3,240		3%	2,543	110
TOTAL		**5.60%**	**360,242**	**180,822**	**179,420**	**57%**	**283,567**	**29%**	**43%**	**7,034**	**121,986**
TOTAL		**3.32%**	**599,668**	**401,299**	**198,369**	**58%**	**516,558**	**19%**	**26%**	**7,523**	**135,556**

In millions of euros	Internal rating	31 December 2011 Average PD	Total exposure	Balance sheet exposure	Off-balance sheet exposure	Average off-balance sheet CCF	Exposure at Default (EAD)	Average LGD	Average RW	Expected Loss	Risk-weighted assets
Central governments and central banks	1	0.01%	115,188	109,596	5,592	75%	112,751	2%	0%	0	279
	2	0.02%	26,255	25,537	718	69%	25,914	3%	1%	0	275
	3	0.09%	1,034	1,006	28	53%	1,024	19%	16%	0	160
	4	0.20%	4,318	2,720	1,598	55%	3,601	9%	8%	1	291
	5	0.40%	1,744	1,686	58	70%	1,825	36%	59%	3	1,068
	6	0.76%	1,017	744	273	56%	899	14%	28%	1	249
	7	2.85%	1,441	973	468	57%	1,241	5%	14%	2	177
	8	6.01%	668	428	240	63%	579	15%	56%	6	325
	9	12.96%	309	231	78	55%	272	40%	195%	14	529
	10	18.22%	12	7	5	50%	8	76%	427%	1	35
	11	100.00%	3,619	3,619	0		3,618		25%	1,946	922
TOTAL		**2.48%**	**155,605**	**146,547**	**9,058**	**69%**	**151,732**	**3%**	**3%**	**1,974**	**4,310**
Institutions	1	0.03%	12,546	9,648	2,898	84%	12,112	17%	6%	1	706
	2	0.05%	38,766	28,259	10,507	75%	36,191	17%	6%	2	2,115
	3	0.12%	10,033	5,828	4,205	71%	8,736	26%	15%	2	1,278
	4	0.16%	5,202	3,324	1,878	59%	4,402	34%	26%	2	1,155
	5	0.36%	4,600	3,181	1,419	59%	3,994	33%	39%	5	1,572
	6	1.13%	3,727	2,595	1,132	58%	3,256	32%	64%	12	2,070
	7	2.58%	1,870	1,455	415	54%	1,689	26%	74%	13	1,253
	8	6.65%	1,419	999	420	51%	1,221	25%	92%	21	1,119
	9	12.23%	848	399	449	51%	632	43%	210%	33	1,328
	10	18.92%	688	89	599	62%	467	32%	167%	28	778
	11	100.00%	566	483	83	96%	565		3%	171	16
	12	100.00%	310	310	0		312		0%	289	1
TOTAL		**1.71%**	**80,575**	**56,570**	**24,005**	**71%**	**73,577**	**21%**	**18%**	**579**	**13,391**
Corporates	1	0.03%	11,083	4,627	6,456	60%	8,525	19%	6%	0	531
	2	0.03%	53,904	13,245	40,659	60%	36,967	34%	13%	5	4,660
	3	0.08%	49,455	16,007	33,448	59%	35,052	37%	23%	10	7,931
	4	0.18%	63,907	26,893	37,014	58%	47,744	32%	29%	27	13,871
	5	0.36%	66,587	33,994	32,593	59%	51,162	31%	42%	57	21,423
	6	1.11%	72,534	42,264	30,270	61%	57,971	25%	54%	165	31,209
	7	2.93%	50,028	31,077	18,951	61%	41,118	25%	73%	300	30,042
	8	6.46%	18,111	13,125	4,986	59%	15,668	22%	84%	227	13,219
	9	11.72%	4,981	3,620	1,361	57%	4,332	26%	122%	129	5,276
	10	19.37%	5,103	3,936	1,167	74%	4,608	28%	153%	250	7,034
	11	100.00%	8,052	6,852	1,200	72%	7,863		21%	2,826	1,649
	12	100.00%	2,872	2,717	155	86%	2,856		2%	2,489	44
TOTAL		**4.87%**	**406,617**	**198,357**	**208,260**	**60%**	**313,866**	**29%**	**44%**	**6,485**	**136,889**
TOTAL		**3.77%**	**642,797**	**401,474**	**241,323**	**61%**	**539,175**	**21%**	**29%**	**9,038**	**154,590**

Most of the Group's central government and central bank counterparties are of very high credit quality and based in developed countries, meaning that they have very good internal ratings and very low average Loss Given Default.

The majority of the Group's corporate commitments concerns counterparties of excellent or good quality, reflecting the large part of multinationals in BNP Paribas' customer base. Others exposures are mainly structured transactions or transactions secured by high-quality assets, reflected in their average LGD levels.

RETAIL BANKING OPERATIONS [Audited]

Retail banking operations are carried out by the BNP Paribas network of branches in France and by various subsidiaries, particularly in Italy, Belgium and Luxembourg, as well as by BNP Paribas Personal Finance.

The Standard Ratings Policy for Retail Operations (SRPRO) 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 process and its ability to adapt to changes in the credit environment;
- principles for defining homogeneous pools of credit risk exposures;
- principles relative to credit models, particularly the need to develop discriminating and understandable models, and to model or observe risk indicators downstream in order to calibrate exposures. Risk indicators must be quantified based on historical data covering a minimum period of five years, and in-depth, representative sampling. All models must be documented in detail.

The majority of FRB's retail borrowers are assigned a behavioural score which serves as a basis to determine the probability of default and, for each transaction, the Global Recovery Rate (GRR) and Exposure at Default (EAD). These parameters are calculated monthly on the basis of the latest available information. They are drilled down into different scores and made available to the Commercial function, which has no involvement in determining risk parameters. These methods are used consistently for all retail banking customers.

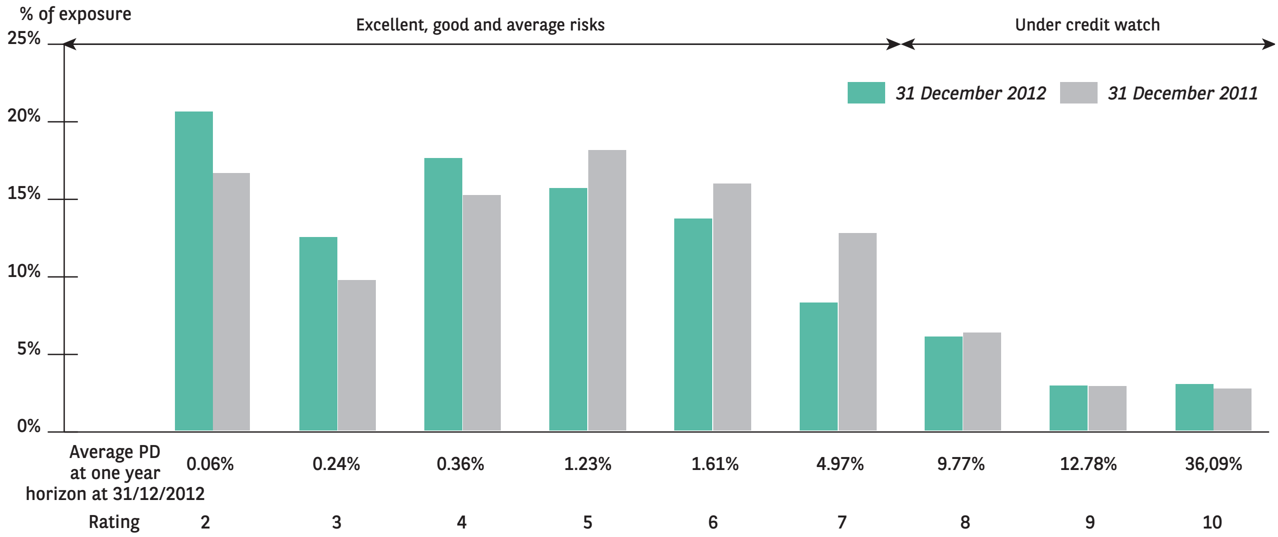
For the portion of the BNP Paribas Personal Finance book eligible for the IRBA, the risk parameters are determined by the Risk Management Department on a statistical basis according to customer type and relationship history.

Scoring techniques are used to assign retail customers to risk groups presenting the same default risk characteristics. This also applies to the other credit risk inputs: Exposure at Default (EAD) and Loss Given Default (LGD).

The chart below shows a breakdown by credit rating of performing loans and commitments in the retail book for all the Group's business lines, measured using the internal ratings based approach.

This exposure represented EUR 188 billion of the gross credit risk at 31 December 2012, lightly decreased compared with 31 December 2011 (EUR 192 billion).

FIGURE 5: BREAKDOWN OF IRBA RETAIL EXPOSURES BY CREDIT RATING



Trends in probabilities of default in the retail banking book were affected in 2012 by the implementation of a different methodology for taking account of regulatory adjustments required by the supervisor. However, these trends do not affect the book's risk-weighted assets..

RETAIL PORTFOLIO BY CLASS AND INTERNAL RATING

The following table gives the breakdown by internal rating of the retail loans and commitments for all of the Group's business lines using the advanced IRB Approach. This exposure represented EUR 196 billion at 31 December 2012, compared with EUR 200 billion at 31 December 2011, and primarily concerns French Retail Banking (FRB), Belgian Retail Banking, Luxembourg Retail and Corporate Banking and consumer loan subsidiaries of BNP Paribas Personal Finance in Western Europe.

➤ TABLE 16: BREAKDOWN OF IRBA RETAIL EXPOSURES BY ASSET CLASS AND INTERNAL RATING

		31 December 2012								
In millions of euros	Internal rating	Total exposure	Balance sheet exposure	Off-balance sheet exposure	Average off-balance sheet CCF	Exposure at Default (EAD)	Average LGD	Average RW	Expected Loss	Risk-weighted assets
Mortgages	2	29,562	28,699	863	91%	29,490	11%	2%	2	445
	3	17,620	17,219	401	96%	17,606	11%	4%	3	661
	4	20,014	19,501	513	101%	20,019	11%	6%	7	1,223
	5	14,372	13,883	489	100%	14,375	9%	15%	21	2,177
	6	8,160	7,850	310	99%	8,158	10%	19%	16	1,512
	7	4,334	4,239	95	101%	4,336	9%	33%	31	1,434
	8	2,481	2,433	48	107%	2,484	10%	42%	42	1,047
	9	1,671	1,637	34	100%	1,671	12%	61%	27	1,022
	10	1,296	1,279	17	100%	1,296	10%	47%	59	605
	11	955	950	5	99%	955		68%	50	646
	12	593	593	0		594		0%	17	0
TOTAL		**101,058**	**98,283**	**2,775**	**97%**	**100,984**	**11%**	**11%**	**275**	**10,772**
Revolving exposures	2	506	81	425	86%	2,046	52%	1%	0	29
	3	1,208	104	1,104	78%	962	49%	3%	0	26
	4	2,892	128	2,764	71%	2,086	44%	4%	1	82
	5	3,963	83	3,880	57%	2,286	50%	10%	5	225
	6	4,254	1,538	2,716	47%	2,828	44%	20%	15	580
	7	2,109	814	1,295	45%	1,403	49%	44%	21	622
	8	2,665	1,869	796	60%	2,346	45%	71%	74	1,671
	9	801	667	134	107%	709	51%	110%	43	783
	10	1,085	963	122	86%	1,068	44%	127%	140	1,361
	11	1,035	1,006	29	37%	1,119		42%	772	472
	12	493	493	0		494		0%	203	0
		21,011	**7,746**	**13,265**	**72%**	**17,347**	**47%**	**34%**	**1,274**	**5,851**
Other exposures	2	8,576	7,307	1,269	93%	8,486	27%	4%	2	351
	3	4,603	3,866	737	89%	4,524	25%	7%	3	336
	4	10,048	8,725	1,323	96%	9,998	32%	14%	9	1,410
	5	11,045	9,639	1,406	98%	11,025	28%	21%	23	2,314
	6	13,211	12,017	1,194	106%	13,290	29%	31%	51	4,153
	7	9,057	8,311	746	107%	9,115	27%	40%	90	3,661
	8	6,181	5,837	344	125%	6,268	26%	42%	110	2,661
	9	2,980	2,853	127	99%	3,019	32%	61%	119	1,850
	10	3,233	3,179	54	91%	3,275	23%	56%	261	1,824
	11	2,881	2,847	34	63%	2,920		54%	1,611	1,566
	12	2,007	2,002	5	99%	2,075		0%	781	0
TOTAL		**73,822**	**66,583**	**7,239**	**102%**	**73,995**	**28%**	**27%**	**3,060**	**20,126**
TOTAL		**195,891**	**172,611**	**23,279**	**84%**	**192,326**	**20%**	**19%**	**4,609**	**36,749**

	31 December 2011									
In millions of euros	Internal rating	Total exposure	Balance sheet exposure	Off-balance sheet exposure	Average off-balance sheet CCF	Exposure at Default (EAD)	Average LGD	Average RW	Expected Loss	Risk-weighted assets
Mortgages	2	21,961	21,178	783	90%	21,643	12%	1%	1	274
	3	13,263	12,842	421	96%	13,259	12%	3%	1	334
	4	16,946	16,431	515	97%	16,832	12%	5%	4	835
	5	15,791	15,058	733	99%	15,592	11%	11%	11	1,782
	6	13,001	12,711	290	96%	13,704	10%	21%	17	2,876
	7	5,431	5,363	68	97%	5,536	10%	30%	18	1,684
	8	1,837	1,781	56	98%	1,779	13%	50%	19	882
	9	1,238	1,219	19	99%	1,234	13%	68%	20	843
	10	892	881	11	100%	900	13%	67%	44	601
	11	161	159	2	100%	161		124%	16	200
	12	1,102	1,099	3	100%	1,096		0%	258	0
TOTAL		**91,623**	**88,722**	**2,901**	**95%**	**91,736**	**12%**	**11%**	**409**	**10,311**
Revolving exposures	2	1,611	103	1,508	47%	2,249	54%	1%	0	34
	3	1,338	99	1,238	35%	828	50%	3%	0	23
	4	2,124	150	1,974	40%	1,382	47%	5%	1	71
	5	6,012	116	5,896	41%	2,695	52%	11%	6	294
	6	3,710	549	3,161	36%	1,995	48%	20%	10	396
	7	4,838	1,831	3,008	42%	3,159	42%	39%	42	1,232
	8	2,671	1,588	1,083	47%	2,130	44%	63%	56	1,352
	9	1,141	849	292	33%	974	49%	103%	54	1,008
	10	1,480	965	514	22%	1,086	49%	141%	174	1,527
	11	1,003	962	42	8%	1,166		51%	673	593
	12	469	469	0		469		0%	302	0
TOTAL		**26,397**	**7,681**	**18,716**	**40%**	**18,135**	**48%**	**36%**	**1,318**	**6,530**
Other exposures	1	5	5	0		5	21%	10%	0	1
	2	8,301	6,924	1,377	91%	8,370	28%	3%	1	291
	3	4,035	2,923	1,112	91%	3,455	30%	7%	1	232
	4	10,057	8,542	1,515	90%	9,893	31%	13%	6	1,293
	5	12,914	10,657	2,257	97%	12,583	28%	22%	15	2,823
	6	13,831	12,364	1,467	87%	13,887	24%	27%	34	3,786
	7	14,134	12,996	1,138	93%	14,141	23%	35%	90	4,923
	8	7,613	7,136	477	89%	7,486	21%	37%	95	2,743
	9	3,087	2,935	152	89%	3,119	31%	60%	116	1,870
	10	2,796	2,717	79	98%	2,757	26%	63%	248	1,750
	11	2,772	2,737	35	100%	2,955		53%	1,569	1,574
	12	2,005	1,995	10	100%	2,063		0%	1,231	0
TOTAL		**81,550**	**71,931**	**9,619**	**92%**	**80,714**	**26%**	**26%**	**3,406**	**21,286**
TOTAL		**199,570**	**168,334**	**31,236**	**61%**	**190,586**	**21%**	**20%**	**5,133**	**38,127**

Most of the mortgage exposures concern the French Retail Banking business, Belgian Retail Banking, Luxembourg Retail Banking and BNP Paribas Personal Finance. Mortgages are issued according to strict and well-defined procedures. The low average Loss Given Default level reflects the guarantees put in place when the mortgages were granted.

Most of the revolving exposures and other exposures relate to consumer loans subsidiaries that have a wide range of customers in terms of credit quality and a lower level of guarantees.

For the scope under the IRB Approach, the Group believes that publishing a comparison between Expected Losses (EL) at one year and realised cost of risk (as requested by article 384-4 i. of the Regulation) is not relevant for the following reasons:

- risk parameters used to calculate Expected Loss (EL) at a one-year horizon according to Basel committee principles, displayed in the previous tables, are statistical estimates through the cycle;
- realised losses, on the other hand, refer to the past period, therefore at a particular point in time.

CREDIT RISK: STANDARDISED APPROACH

For exposures in the standardised approach, BNP Paribas uses the external ratings assigned by Standard & Poor's, Moody's and Fitch Ratings. These ratings are mapped into equivalent credit quality levels as required by the regulation framework in accordance with the instructions issued by the French banking supervisor (Autorité de Contrôle Prudentiel).

When there is no directly applicable external rating, the issuer's senior unsecured rating may, if available, be obtained from external databases and used for risk-weighting purposes in some cases.

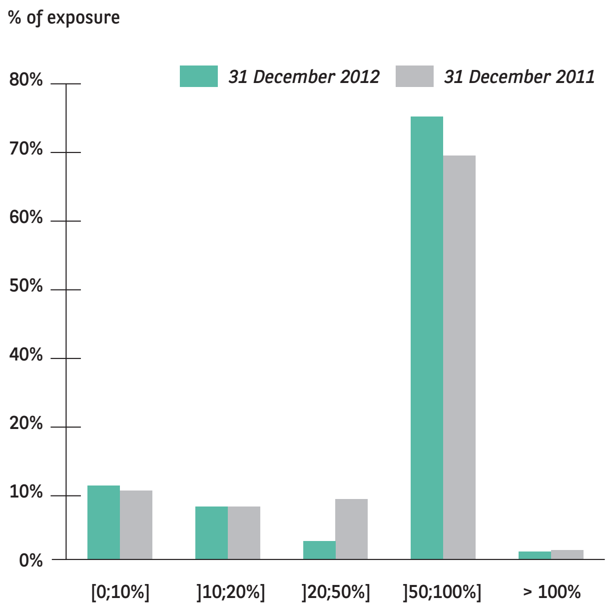
At 31 December 2012 standardised approach exposure represents 32% of the BNP Paribas Group's total gross exposures, compared with 30% at 31 December 2011. The main entities that used the standardised approach at 31 December 2012 are BNL, BancWest, BNP Paribas Personal Finance (consumer finance outside Western Europe and all mortgage lending), BNP Paribas Leasing Solutions (BPLS), TEB and others emerging country subsidiaries, private banking entities, and Banque de la Poste in Belgium.

CORPORATE PORTFOLIO [Audited]

The opposite chart shows a breakdown by credit rating of performing loans and commitments in the Corporate book (exposure classes: corporates, central governments and central banks, institutions) for all the Group's business lines, measured using the standardised approach.

This exposure represented EUR 188 billion of the gross credit risk at 31 December 2012 compared with EUR 197 billion at 31 December 2011.

FIGURE 6: BREAKDOWN OF CORPORATE(*) EXPOSURE BY WEIGHTING IN THE STANDARDISED APPROACH



(*) The Corporate book shown in the chart above includes central governments and central banks, institutions and corporates.

RETAIL PORTFOLIO [Audited]

The total exposure of retail loans and commitments for all of the Group's business lines using the standard approach represented EUR 167 billion at 31 December 2012, compared with EUR 174 billion at 31 December 2011.

TOTAL PORTFOLIO

The following table gives the breakdown by counterparty credit rating of the loans and commitments for all the Group business lines using the standardised approach. This exposure represented EUR 367 billion of the gross credit risk at 31 December 2012, compared with EUR 381 billion at 31 December 2011.

➤ TABLE 17: CREDIT RISK EXPOSURE BY CLASS AND EXTERNAL RATING IN THE STANDARDISED APPROACH

		31 December 2012			31 December 2011		
In millions of euros	External rating(*)	Gross exposure(**)	Exposure at Default (EAD)	Risk-weighted assets (RWA)	Gross exposure(**)	Exposure at Default (EAD)	Risk-weighted assets (RWA)
Central governments and central banks	AAA to AA-	11,227	11,216	13	12,533	12,503	58
	A+ to A-	746	746	38	2,707	2,675	66
	BBB+ to BBB-	1,823	1,753	508	933	919	451
	BB+ to BB-	2,628	2,626	1,133	2,591	2,587	835
	B+ to B-	898	888	888	1,221	1,206	1,206
	No external rating	1,503	1,486	1,162	1,026	1,014	842
TOTAL		**18,825**	**18,715**	**3,742**	**21,011**	**20,904**	**3,458**
Institutions	AAA to AA-	13,723	12,960	1,590	16,821	15,890	2,292
	A+ to A-	240	211	100	6,504	6,037	2,566
	BBB+ to BBB-	9,424	7,279	4,956	537	463	438
	BB+ to BB-	975	801	801	811	621	621
	B+ to B-	269	245	176	361	314	315
	CCC+ to D	6	5	8	7	6	8
	No external rating	2,128	1,996	877	1,990	1,822	1,042
TOTAL		**26,765**	**23,497**	**8,508**	**27,031**	**25,153**	**7,282**
Corporates	AAA to AA-	80	79	16	200	184	37
	A+ to A-	1,875	1,295	648	3,217	2,669	1,332
	BBB+ to BBB-	2,498	1,736	1,709	791	632	628
	BB+ to BB-	337	213	212	427	321	314
	B+ to B-	308	252	378	113	76	114
	CCC+ to D	17	14	20	1	1	1
	No external rating	149,871	113,043	109,926	155,013	118,789	114,657
TOTAL		**154,986**	**116,632**	**112,909**	**159,762**	**122,672**	**117,083**
Retail	No external rating	166,865	142,534	80,589	173,654	147,635	82,922
TOTAL		**166,865**	**142,534**	**80,589**	**173,654**	**147,635**	**82,922**
TOTAL		**367,440**	**301,378**	**205,748**	**381,458**	**316,364**	**210,745**

(*) According to Standard and Poor's.
(**) Balance sheet and off-balance sheet.

The downgrading of some eurozone countries, particularly Italy, has led to a shift from the two best categories to the third for the Institutions exposure class.

Group entities that use the standardised approach to calculate their capital requirement typically have a business model focused primarily on individuals or SMEs or are located in a region of the world with an underdeveloped credit rating system (Turkey, Ukraine, Middle East, etc.). As a result, most of corporate counterparties do not have an external rating under the standardised approach.

EXPOSURE IN DEFAULT, PROVISIONS AND COST OF RISK

TABLE 18: LOANS WITH PAST-DUE INSTALMENTS, WHETHER IMPAIRED OR NOT, AND RELATED COLLATERAL OR OTHER SECURITY

(See note 5 to the Financial Statements: Notes to the balance sheet at 31 December 2012.)

TABLE 19: EXPOSURE IN DEFAULT BY GEOGRAPHIC BREAKDOWN

		31 December 2012				
			Exposure in default(*)			
In millions of euros		Gross exposure	Standardised approach	IRBA approach	Total	Specific provisions
Domestic markets		**654,951**	**18,036**	**11,592**	**29,628**	**14,450**
	France	354,050	3,485	7,175	10,660	5,496
	Belgium	139,897	128	3,449	3,577	1,410
	Luxembourg	19,880	26	705	731	300
	Italy	141,124	14,397	263	14,660	7,244
Other Europe		**201,101**	**3,318**	**4,768**	**8,086**	**4,812**
	United Kingdom	42,706	118	1,110	1,228	694
	Netherlands	30,673	92	45	137	69
	Other West European countries	98,068	1,524	2,851	4,375	2,462
	Central Eastern Europe	29,654	1,584	762	2,346	1,587
Africa & Mediterranean		**64,955**	**1,322**	**1,879**	**3,201**	**1,872**
	Turkey	24,570	261	2	263	171
	Mediterranean	18,210	530	183	713	480
	Gulf States & Africa	22,175	531	1,694	2,225	1,221
Americas		**172,695**	**663**	**2,200**	**2,863**	**1,162**
	North America	156,193	482	1,926	2,408	843
	Latin America	16,502	181	274	455	319
Asia & Pacific		**69,298**	**110**	**495**	**605**	**242**
	Japan & Australia	22,415	2	257	259	141
	Emerging Asian countries	46,883	108	238	346	101
TOTAL		**1,163,000**	**23,449**	**20,934**	**44,383**	**22,538**

(*) Gross exposure (balance sheet and off-balance sheet) before collateral and other security.

In millions of euros		31 December 2011				
			Exposure in default(*)			
		Gross exposure	Standardised approach	IRBA approach	Total	Specific provisions
Domestic markets		**667,881**	**16,196**	**10,480**	**26,676**	**13,514**
	France	349,390	3,888	6,387	10,275	5,650
	Belgium	156,483	121	3,457	3,578	1,410
	Luxembourg	19,870	29	490	519	286
	Italy	142,138	12,158	146	12,304	6,168
Other Europe		**222,489**	**3,322**	**8,864**	**12,186**	**7,111**
	United Kingdom	40,075	78	1,352	1,430	805
	Netherlands	35,519	89	129	218	106
	Other West European countries	114,150	1,471	6,727	8,198	4,613
	Central Eastern Europe	32,745	1,684	656	2,340	1,587
Africa & Mediterranean		**68,978**	**1,388**	**1,437**	**2,825**	**1,474**
	Turkey	21,084	282	2	284	195
	Mediterranean	18,830	617	217	834	515
	Gulf States & Africa	29,064	489	1,218	1,707	764
Americas		**194,714**	**1,209**	**1,878**	**3,087**	**1,172**
	North America	172,137	1,007	1,526	2,533	789
	Latin America	22,577	202	352	554	383
Asia & Pacific		**69,763**	**93**	**272**	**365**	**141**
	Japan & Australia	19,327	2	72	74	40
	Emerging Asian countries	50,436	91	200	291	101
TOTAL		**1,223,825**	**22,208**	**22,931**	**45,139**	**23,412**

(*) Gross exposure (balance sheet and off-balance sheet) before collateral or other security.

TABLE 20: EXPOSURES IN DEFAULT, PROVISIONS, AND COST OF RISK BY BASEL ASSET CLASS

The cost of risk in the table below relates to credit risk only and does not include impairments of counterparty risk on market financial instruments. *(See note 2.f to the Financial Statements, Cost of risk.)* Elements pertaining to banking book securitisations exposures are presented in section 5.5.

In millions of euros	31 December 2012						
		Exposure in default(*)					
	Gross exposure	Standardised approach	IRBA	Total	Specific provisions	Collective provisions	Cost of risk
Central governments and central banks	196,437	27	24	51	63		
Corporates	515,228	11,621	12,068	23,689	11,963		
Institutions	88,579	367	878	1,245	618		
Retail	362,756	11,434	7,964	19,398	9,894		
TOTAL	**1,163,000**	**23,449**	**20,934**	**44,383**	**22,538**	**4,336**	**(3,895)**

In millions of euros	31 December 2011						
		Exposure in default(*)					
	Gross exposure	Standardised approach	IRBA	Total	Specific provisions	Collective provisions	Cost of risk
Central governments and central banks	176,616	79	3,619	3,698	1,972		
Corporates	566,379	10,398	10,923	21,321	10,537		
Institutions	107,606	470	876	1,346	708		
Retail	373,224	11,261	7,513	18,774	10,195		
TOTAL	**1,223,825**	**22,208**	**22,931**	**45,139**	**23,412**	**4,660**	**(6,767)**

(*) *Gross exposure (balance sheet and off-balance sheet) before collateral or other security.*

TABLE 21: UNIMPAIRED EXPOSURES WITH PAST DUE INSTALMENTS BY BASEL ASSET CLASS AND CALCULATION APPROACH

In millions of euros	31 December 2012				
	Maturities of unimpaired past-due loans(*)				
	Up to 90 days	Between 90 days and 180 days	Between 180 days and 1 year	More than 1 year	Total
Central governments and central banks	31	0	0	2	33
Corporates	5,783	59	19	46	5,907
Institutions	380	0	0	0	380
Retail	4,779	159	5	6	4,949
TOTAL STANDARDISED APPROACH	**10,973**	**218**	**24**	**54**	**11,269**
Central governments and central banks	135	5	0	2	142
Corporates	1,538	343	20	20	1,921
Institutions	59	20	0	0	79
Retail	3,109	39	1	3	3,152
TOTAL IRB APPROACH	**4,841**	**407**	**21**	**25**	**5,294**
TOTAL PRUDENTIAL SCOPE	**15,814**	**625**	**45**	**79**	**16,563**

(*) *Based on FINREP, gross exposure (balance sheet) before edlateral or other security.*

In millions of euros	31 December 2011				
	Maturities of unimpaired past-due loans(*)				
	Up to 90 days	Between 90 days and 180 days	Between 180 days and 1 year	More than 1 year	Total
Central governments and central banks	53	14	2	3	72
Corporates	5,665	307	20	6	5,998
Institutions	253	0			253
Retail	6,400	182	2	4	6,588
TOTAL STANDARDISED APPROACH	**12,371**	**503**	**24**	**13**	**12,911**
Central governments and central banks	208	163	3	13	387
Corporates	1,552	0	87	17	1,656
Institutions	133	0			133
Retail	2,780	36	5	1	2,822
TOTAL IRB APPROACH	**4,673**	**199**	**95**	**31**	**4,998**
TOTAL PRUDENTIAL SCOPE	**17,044**	**702**	**119**	**44**	**17,909**

(*) Based on FINREP, gross exposure (balance sheet) before collateral or other security.

CREDIT RISK MITIGATION TECHNIQUES

Credit risk mitigants (CRM) are taken into account according to the Basel 2 rules. In particular, their effect is assessed under conditions characteristic of an economic downturn. The CRM fall into two main categories.

Guarantees on the one hand, and collateral on the other hand.

- A guarantee (surety) is the commitment by a third party to replace the primary obligor in the event of default. By extension, credit insurance and credit derivatives (purchased protection) fall into this category;
- Collateral pledged to the Bank are used to secure timely performance of a borrower's financial obligations.

For the scope under the IRB Approach, guarantees and collaterals are taken into account, provided they are eligible, by decreasing the Loss Given Default (LGD) parameter that applies to the transactions of the banking book.

For the scope under the standardised approach, guarantees are taken into account, provided they are eligible, by applying the more favourable risk weight of the guarantor to a portion of the secured exposure adjusted for currency and maturity mismatches. Collateral is taken into account as a decrease in the exposure, after adjustment for any currency and maturity mismatches.

Guarantors are subject to the same rigorous credit risk assessment process as primary obligors.

The assessment of credit risk mitigating effect follows a methodology that is approved for each activity and is used throughout the Group. In the CIB division, risk mitigation effects take account of possible correlation between the guarantor and the borrower (for example, whether they belong to the same industry sector). Credit committees must approve the mitigation effects attributed to each loan at inception and at each subsequent annual review.

Collateral is divided into two categories: financial collateral and other collateral:

- financial collateral consists of cash amounts (including gold), equities (listed or unlisted) and bonds;
- other collateral can take the form of real estate mortgage, pledge on vessel or aircraft, pledge on stock, assignment of contracts or any other right with respect to an asset of the obligor.

To be eligible, collaterals must fulfil the following conditions:

- the value of the collateral must not be highly correlated with the risk on the obligor (in particular, shares of the obligor are not eligible);
- the pledge must be documented;
- the Bank must be able to assess the value of the collateral security under economic downturn conditions;
- the Bank must have reasonable comfort in the potential appropriation and realisation of the asset concerned.

In the CIB division, each collateral is evaluated using appropriate techniques, and the mitigating effect is evaluated individually for each case.

As part of its role of optimising credit risk management for Corporate Investment Banking (CIB), Resource & Portfolio Management sets up hedges using credit derivatives, and mainly credit default swaps (CDS).

These CDS are used as part of an active management policy, the main aim being to hedge migration and concentration risks and manage major exposures. The underlying assets are loans made to large corporates by CIB Corporate Banking, and occasionally those made by Retail Banking.

CDS hedges are treated as guarantees and fall within the IRBA approach. Provided they are eligible, they have the effect of decreasing the estimated Loss Given Default (or enhancing the Global Recovery Rate) for the underlying asset and, therefore, reducing its consumption in terms of risk-weighted assets.

In the Retail Banking business, the presence or absence of a particular type of collateral may, depending on the coverage ratio, lead to assigning the exposure to particular LGD class on a statistical basis.

Guarantees are granted by the obligor's parent company or by other entities such as financial institutions. Other examples of guarantees are credit derivatives, guarantees from public or private insurers.

A guarantee cannot be eligible to improve the risk parameters of a transaction unless the guarantor is rated better than the counterparty, and the guarantor is subject to same requirements as the primary debtor in terms of prior credit analysis.

In accordance with general rating policy, collateral and guarantees are taken into account at their economic value and are only accepted as the principal source of repayment by exception. In the context of commodities financing, for example, the repayment capacity of the obligor must be assessed on the basis of its operating cash flow.

The economic value of the collateralised assets must be assessed with great objectivity and the Bank has to document it. It may be a market value, a value appraised by an expert, a book value. The economic value is the current value at the date of appraisal and not a value on default date.

Lastly, Group procedures require a re-evaluation of collaterals at least annually for the CIB perimeter.

➤ TABLE 22: IRB APPROACH – CORPORATE PORTFOLIO

The following table gives for the Corporate portfolio the breakdown by Basel asset class of the risk mitigation resulting from collateral and guarantees relating to the portfolio of loans and credit commitments for all the Group's business lines using the advanced IRB Approach.

In millions of euros	31 December 2012				31 December 2011(*)			
		Risk mitigation				Risk mitigation		
	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collaterals	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collaterals
Central governments and central banks	177,612	4,695	240	4,935	155,605	5,427	393	5,820
Corporates	360,242	60,875	55,744	116,619	406,617	73,904	68,470	142,374
Institutions	61,814	4,021	899	4,920	80,575	6,161	3,102	9,263
TOTAL	**599,668**	**69,591**	**56,883**	**126,474**	**642,797**	**85,492**	**71,965**	**157,457**

(*) Adjusted amounts compared with pillar 3 published at 31 December 2011.

TABLE 23: STANDARDISED APPROACH – CORPORATE PORTFOLIO

The following table gives for the Corporate portfolio the breakdown by Basel asset class of the risk mitigation resulting from collateral and guarantees relating to the portfolio of loans and credit commitments for all the Group's business lines using the standardised approach.

	31 December 2012				31 December 2011			
		Risk mitigation				Risk mitigation		
In millions of euros	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collaterals	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collaterals
Central governments and central banks	18,825	0	7	7	21,011	401	7	409
Corporates	154,986	821	5,673	6,494	159,762	1,653	6,528	8,181
Institutions	26,765	4,933	8	4,942	27,031	4,816	8	4,824
TOTAL	**200,575**	**5,754**	**5,688**	**11,442**	**207,804**	**6,870**	**6,543**	**13,413**

5.5 Securitisation in the banking book

5

The BNP Paribas Group is involved in securitisation transactions as originator, sponsor and investor as defined by Basel 2.5.

The securitisation transactions described below are those defined in the CRD (Capital Requirement Directive) and described in Title V of the Decree of 20 February 2007. They are transactions in which the credit risk inherent in a pool of exposures is divided into tranches. The main features of these securitisation transactions are:

- there is a significant transfer of risk;
- payments made depend upon the performance of the underlying exposures;
- subordination of the tranches as defined by the transaction determines the distribution of losses during the risk transfer period.

As required by the CRD, assets securitised as part of proprietary securitisation transactions that meet Basel eligibility criteria, particularly in terms of significant risk transfer, are excluded from the regulatory capital calculation. Only BNP Paribas' positions in the securitisation vehicle, and any commitment subsequently granted to the securitisation vehicle, are included in the capital requirement calculation using the external ratings based approach.

Proprietary securitisation exposures that do not meet the Basel eligibility criteria remain in the portfolio to which they were initially assigned. The capital requirement is calculated as if they had not been securitised and is included in the section on credit risk.

Consequently, the securitisation transactions discussed below only cover those originated by the Group deemed to be efficient under Basel 2.5, those arranged by the Group in which it has retained positions, and those originated by other parties to which the Group has subscribed.

ACCOUNTING METHODS [Audited]

(See note 1.d to the Financial Statements – Summary of significant accounting policies applied by the Group.)

Proceeds from the sale of securitisation positions are recognised in accordance with rules for the category of origin of positions sold.

Therefore, for positions classified as loans and receivables and as available-for-sale assets, proceeds from asset sales are deducted from cost of risk in an amount equal to the net amount previously recognised. Any remaining amount is recognised as net gains on available-for-sale assets and other financial assets not stated at fair value.

For positions classified at fair value through profit or loss, proceeds from asset sales are recognised as net gains on financial instruments measured at fair value through profit or loss.

1) Securitisation positions classified as "Loans and receivables" are measured according to the amortised cost method as described in note 1.c.1 to the financial statements. The effective interest rate used to recognise interest income is measured on the basis of an expected cash flow model.

For assets that have been transferred from another accounting category (see note 1.c.6), upward revisions of recoverable estimated flows are recognised as an adjustment to the effective interest rate as of the date the estimate is changed. Downward revisions are reflected by an adjustment in the carrying value. The same applies to all revisions of recoverable estimated flows of assets not transferred from another accounting category. Impairment losses are recognised on these assets in accordance with the principles set out in note 1.c.5 concerning Loans and Receivables.

2) Securitisation positions classified on an accounting basis as available-for-sale assets are measured at their fair value (see note 1.c.3 and 1.c.10). Any changes to this amount, excluding accrued income, are presented in a specific sub-section of equity. On the sale of these securities, these unrealised gains or losses previously recognised as equity are recognised in the income statement. The same applies to impairment losses. The fair value is determined in accordance with the principles set out in note 1.c.10.

Assets pending securitisation are recognised in the "loans and receivables" category and in the prudential banking portfolio in the case of exposures resulting from the bank's balance sheet, for which the bank will be originator in the future securitisation within the meaning of Basel 2.

Meanwhile, assets pending securitisation are recognised in the "fair value through profit or loss" category and in the prudential banking portfolio in the case of exposures purchased and put into warehousing, for which the bank will be arranger in the future securitisation within the meaning of regulation.

SECURITISATION RISK MANAGEMENT [Audited]

The monitoring of the securitised assets includes Credit, Market and Liquidity Risk on the underlying assets, and Counterparty Risk on hedge counterparties of unfunded protections.

PROCEDURE FOR CREDIT RISK ON SECURITISED ASSETS

Approval of securitisation assets outside of the trading book are subject to specific Securitisation Credit Committees. For new transactions a pre-screening may be called prior to the committee in order to identify areas of further analysis to be performed. All approvals are subject to an annual review. Exposures are monitored daily against the limits set by the relevant Securitisation Credit Committees.

The performance of the underlying assets is closely monitored by region and by collateral type and securitisation positions may be added to the Watchlist and Doubtful list should the credit quality of their collateral deteriorate. Such positions are then subject to the Asset Securitisation Watchlist and Doubtful process, which requires review at least twice a year in addition to the regular Securitisation Credit Committees. The process is held quarterly for assets where BNP Paribas is investor. If a shortfall of assets relative to liabilities seems plausible under likely scenarios, then impairments are taken.

Re-securitisation originated by BNP Paribas are subject first to specific Transaction Approval Committees. The resulting assets are subsequently monitored under the Securitisation processes described above.

REPORTING

Positions are closely monitored by asset type, seniority and in terms of rating migration. The distance between the Net Book Value after provisions and the Fair Value (Level 2) is also monitored, and reported on a quarterly basis.

MARKET RISKS WITHIN THE BANKING BOOK

On fixed rate ABS positions, a macro hedge consisted of fixed/variable rate swaps was put in place to cover interest rate risk. The hedge is recorded in accordance with the rules of accounting for hedges.

LIQUIDITY RISK

The funding of securitised assets is secured by ALM Department, on the basis of their weighted average lifetime.

COUNTERPARTY RISK

Derivatives on unfunded ABS positions are captured as Derivatives Counterparty exposures to the hedge counterparties. The Counterparty risk on hedge counterparties is monitored within the regular derivative counterparty framework.

BNP PARIBAS SECURITISATION ACTIVITY [Audited]

The Group's activities in each of its roles as originator, sponsor and investor, are described below:

➤ TABLE 24: SECURITISED EXPOSURES AND SECURITISATION POSITIONS (HELD OR ACQUIRED) BY ROLE

In millions of euros	31 December 2012		31 December 2011	
BNP Paribas role	**Securitised exposures originated by BNP Paribas(*)**	**Securitisation positions held or acquired (EAD)(**)**	**Securitised exposures originated by BNP Paribas(*)**	**Securitisation positions held or acquired (EAD)(**)**
Originator	11,669	2,227	13,332	3,086
Sponsor	384	12,731	251	16,544
Investor	0	17,651	0	25,535
TOTAL	**12,053**	**32,609**	**13,583**	**45,165**

(*) *Securitised exposures originated by the Group correspond to the underlying exposures recognised on the Group's balance sheet which have been securitised.*
(**) *Securitisation positions correspond to tranches retained in securitisation transactions originated or arranged by the Group, tranches acquired by the Group in securitisation transactions arranged by other parties, and facilities granted to securitisation transactions originated by other parties.*

Securitisation positions retained or acquired by the Group has been reduced by -EUR 12.6 billion in 2012, mainly due to the exercise by issuers of early redemption options (-EUR 5.5 billion), portfolio amortisation (-EUR 2.5 billion) or end of positions (-EUR 5.8 billion).

PROPRIETARY SECURITISATION (ORIGINATOR UNDER BASEL 2.5)

Exposures retained in securitisation positions originated by BNP Paribas amounted to EUR 2.2 billion at 31 December 2012, including EUR 1.5 billion in positions in efficient securitisation vehicles and EUR 0.7 billion in the dedicated SPV, Royal Park Investment.

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. Only six transactions, representing a total securitised exposure of EUR 3.2 billion, are efficient under Basel 2.5 due to significant risk transfer, and are included in the table above. Securitisation positions retained in these transactions amounted to EUR 1.5 billion at 31 December 2012, stable compared with 31 December 2011.

In addition, when BNP Paribas acquired the Fortis Group entities, the riskiest portion of their structured asset portfolio was sold to a dedicated SPV, Royal Park Investment. Its securitised exposures at 31 December 2012 amounted to EUR 8.3 billion, versus EUR 9.1 billion at 31 December 2011. The Group retained EUR 0.7 billion in securitisation positions in the SPV at 31 December 2012 compared with EUR 1.4 billion at 31 December 2011, including EUR 0.2 billion of the equity tranche and EUR 0.5 billion of financing corresponding to a senior tranche (the super senior tranche of EUR 0.6 billion was repaid during the year).

During 2012, two securitisation transactions were carried out by BNP Paribas Personal Finance: securitised customer assets totalled EUR 1.1 billion, with EUR 0.9 billion of notes issues on the markets. These two transactions have no reducing effect on the calculation of regulatory capital because they do not give rise to any significant risk transfer. The relevant exposures are therefore included in the section on credit risk (see section 5.4).

35 transactions, totalling a securitised exposure (Group BNP Paribas' share) of EUR 60.4 billion, were outstanding at 31 December 2012. They include EUR 18.8 billion for BNP Paribas Personal Finance, EUR 0.2 billion for Leasing Solutions, EUR 5.9 billion for BNL, EUR 34.5 billion for BNP Paribas Fortis and EUR 1 billion for French Retail Banking. As these transactions are inefficient under Basel rules, the exposures are included in customer loans.

SECURITISATION AS SPONSOR ON BEHALF OF CLIENTS

CIB Fixed Income carries out securitisation programmes on behalf of its customers. Under these programmes, liquidity facilities and, where appropriate, guarantees are granted to special purpose entities. These entities over which the Group does not exercise control are not consolidated. Commitments and positions retained or acquired by BNP Paribas on securitisations as sponsor on behalf of clients, rise to EUR 12.7 billion at 31 December 2012, of which 384 million correspond to originated exposures. They are distributed such as below.

Short-term refinancing

At 31 December 2012, three non-consolidated multiseller conduits (Starbird, J Bird and Matchpoint) were managed by the Group on behalf of customers. These entities are refinanced on the local short-term commercial paper market. Liquidity facilities granted to the three conduits amounted to EUR 7.2 billion at 31 December 2012, compared to EUR 9.7 billion at 31 December 2011.

BNP Paribas Fortis has also granted liquidity facilities to the Scaldis multiseller conduit, totalling EUR 3.3 billion at 31 December 2012 compared with EUR 4.7 billion at 31 December 2011.

Medium/long-term refinancing

In Europe and Northern America, the BNP Paribas Group's structuring platform remained active in providing securitisation solutions to its clients, based on products adapted to current conditions in terms of risk and liquidity. "Technical" liquidity facilities, designed to cover maturity mismatches are also granted, where appropriate, to non consolidated funds, arranged by the Group for receiving securitised customer assets. The total of these facilities, including the few residual positions retained, amounted to EUR 1.9 billion at 31 December 2012, unchanged compared with 31 December 2011.

During 2012, BNP Paribas continued to manage CLO (Collateralized Loan Obligation) conduits for third-party investors. Securitisation positions retained amounted to EUR 24 million as at 31 December 2012, unchanged compared with 31 December 2011.

SECURITISATION AS INVESTOR

The BNP Paribas Group's securitisation business as an investor (within the meaning of the regulations) fell sharply from EUR 25.5 billion at 31 December 2011 to EUR 17.7 billion at 31 December 2012, mainly due to the exercise of calls on the BNP Paribas Fortis portfolio. This business is mainly carried out by CIB, Investment Solutions and BancWest. It also includes positions held by BNP Paribas Fortis.

CIB Fixed Income is responsible for monitoring and managing an ABS portfolio (Asset Backed Securities), which represented a total of EUR 2.7 billion at 31 December 2012 compared with EUR 2.9 billion at 31 December 2011. Fixed Income also manages liquidity facilities granted by banking syndicates to ABCP (Asset Backed Commercial Paper) conduits managed by a number of major international industrial groups that are BNP Paribas clients representing a total of EUR 0.3 billion at 31 December 2012, compared with EUR 0.6 billion at 31 December 2011.

In addition, Fixed Income also houses Negative Basis Trade (NBT) positions representing an exposure at default of EUR 4.5 billion, compared with EUR 5.2 billion at 31 December 2011.

CIB Resource & Portfolio Management (RPM) also managed securitisation programmes as an investor in 2012, The exposure of the RPM-managed portfolio has become very low following the arrival to the maturity of several programs (EUR 0.04 billion at 31 December 2012, compared with EUR 0.5 billion at 31 December 2011).

During 2012, Investment Solutions reduced securitisation exposure from EUR 1.4 billion on 31 December 2011 to EUR 1 billion on 31 December 2012 primarily thanks to the portfolio amortisation.

BancWest invests exclusively in securitisation positions in listed securities as a core component of its refinancing and own funds investment policy. At 31 December 2012, BancWest's securitisation positions amounted to EUR 0.4 billion compared with EUR 0.3 billion at 31 December 2011.

BNP Paribas Fortis' portfolio of structured loans, which was not assigned to a business line and is housed in "Corporate Center", is worth EUR 4.7 billion, compared with EUR 6.1 billion at 31 December 2011. This portfolio does not carry a guarantee by the Belgian State on the second level of losses anymore.

In addition, BNP Paribas Fortis' investments in Dutch RMBS came to EUR 3.9 billion, compared with EUR 8.1 billion at 31 December 2011, following call exercise in 2012.

SECURITISED EXPOSURES

➤ TABLE 25: SECURITISED EXPOSURES ORIGINATED BY BNP PARIBAS BY SECURITISATION TYPE

In millions of euros		Securitised exposures originated by BNP Paribas	
Securitisation type	**Calculation approach**	**31 December 2012**	**31 December 2011**
	IRBA	8,644	9,978
Traditional	Standardised	2,389	2,548
SUB-TOTAL		**11,033**	**12,526**
Synthetic	IRBA	1,020	1,057
TOTAL		**12,053**	**13,583**

➤ TABLE 26: SECURITISED EXPOSURES BY BNP PARIBAS BY SECURITISATION TYPE AND UNDERLYING ASSET CATEGORY(*)

In millions of euros	31 December 2012				
	Originator		Sponsor(***)		
	Traditional	Synthetic	Traditional	Synthetic	Total(**)
Residential mortgages	10,467		8,393	96	18,956
Commercial real-estate properties			744		744
Credit card receivables			1,125		1,125
Finance leases			3,311		3,311
Loans to corporates		1,020	4,912	4	5,936
Consumer loans			370		370
Commercial and industrial loans			2,681		2,681
Other assets	182		1,269		1,451
TOTAL	**10,649**	**1,020**	**22,805**	**100**	**34,574**

In millions of euros	31 December 2011				
	Originator		Sponsor(***)		
	Traditional	Synthetic	Traditional	Synthetic	Total(**)
Residential mortgages	11,509		12,516	15	24,040
Commercial real-estate properties			867		867
Credit card receivables			630		630
Finance leases			2,469		2,469
Loans to corporates	570	1,057	7,214	12	8,853
Consumer loans			2,449		2,449
Commercial and industrial loans			2,866		2,866
Other assets	196		711		907
TOTAL	**12,275**	**1,057**	**29,722**	**27**	**43,081**

(*) This breakdown is based on the predominant underlying asset of the securitisation.
(**) Of which EUR 4.7 billion for Scaldis multiseller conduit in BNP Paribas Fortis perimeter.
(***) Within the securitised exposures on behalf of clients, EUR 384 million corresponds to originated exposures (from BNP Paribas balance sheet) at 31 December 2012 (compared with EUR 251 million at 31 December 2011).

The securitised exposures from BNP Paribas balance sheet are essentially made up of residential mortgages.

At 31 December 2012, six securitisations were efficient from a Basel 2.5 perspective:

- four operations on residential mortgages (Vela Home 2, Vela 3, Vela Home 4 and Vela ABS) originated by BNL for a total exposure of EUR 2 billion;
- one on residential mortgages originated by UCI, a subsidiary of BNP Paribas Personal Finance, for a total exposure of EUR 0.2 billion;
- one on SME loans originated by French Retail Banking, with a guarantee from the European Investment Bank, for a total of securitised exposures of EUR 1 billion.

Furthermore, the securitisation exposures of the special purpose vehicle Royal Park Investment (RPI), EUR 8.3 billion, are essentially made up of residential mortgages as final underlying asset.

At the same date, no consumer loan securitisation transaction was efficient from a Basel 2.5 perspective. In addition, BNP Paribas did not securitised for its own account revolving exposures subject to early amortization treatment.

Two-thirds of securitised exposures are on behalf of clients, especially through multiseller conduits.

TABLE 27: ASSETS AWAITING SECURITISATION

In millions of euros	31 December 2012		31 December 2011	
Asset category	**BNP Paribas exposures awaiting securitisation**	**Exposures awaiting securitisation in warehousing**	**BNP Paribas exposures awaiting securitisation**	**Exposures awaiting securitisation in warehousing**
Residential mortgages	-	-	1,800	-
Consumer loans	600	-	5,900	-
Loans to corporates	800	-	-	-
TOTAL	**1,400**	**-**	**7,700**	**-**

SECURITISATION POSITIONS

TABLE 28: SECURITISATION POSITIONS HELD OR ACQUIRED, BY UNDERLYING ASSET CATEGORY

In millions of euros		Securitisation positions held or acquired (EAD)					
		31 December 2012			31 December 2011		
BNP Paribas role	Asset category(*)	Balance sheet	Off-balance sheet	Total	Balance sheet	Off-balance sheet	Total
Originator	Residential mortgages	1,126	47	1,173	1,828	65	1,893
	Loans to corporates	1,052		1,052	1,182	9	1,191
	Other assets	2		2	2	-	2
TOTAL ORIGINATOR		**2,180**	**47**	**2,227**	**3,012**	**74**	**3,086**
Sponsor	Residential mortgages	1,010	354	1,364	985	457	1,442
	Consumer loans	143	462	605	266	3,075	3,341
	Credit card receivables	600	518	1,118	630	-	630
	Loans to corporates	2,538	842	3,380	2,924	1,605	4,529
	Commercial and industrial loans		3,326	3,326	8	4,036	4,044
	Commercial real-estate properties	52	494	546	180	494	674
	Finance leases	813	773	1,586	864	729	1,593
	Other assets	163	643	806	114	177	291
TOTAL SPONSOR		**5,319**	**7,412**	**12,731**	**5,971**	**10,573**	**16,544**
Investor	Residential mortgages	6,645	399	7,044	12,005	373	12,378
	Consumer loans	2,752	304	3,056	3,204	707	3,910
	Credit card receivables	4		4	14	-	14
	Loans to corporates	4,696		4,696	5,846	-	5,846
	Commercial real-estate properties	2,484	43	2,527	3,014	43	3,057
	Finance leases	144		144	53	-	53
	Other assets	180		180	277	-	277
TOTAL INVESTOR		**16,905**	**746**	**17,651**	**24,412**	**1,123**	**25,535**
TOTAL		**24,404**	**8,205**	**32,609**	**33,396**	**11,769**	**45,165**

(*) Based on the predominant asset class in the asset pool of the securitisation in which the position is held. In the case of the underlying asset is a position of securitisation or of re-securitisation, CRD 3 Regulation prescribes to report the ultimate underlying asset of the program concerned.

TABLE 29: SECURITISATION POSITION, EXPOSURE IN DEFAULT AND PROVISIONS BY UNDERLYING ASSET'S COUNTRY

	31 December 2012						
		EAD in default					
In millions of euros	EAD	Standardised approach	IRB approach	Total	Specific provisions	Collective provisions	Cost of risk
Domestic markets	5,272	75	744	819	460		
France	*3,079*		*37*	*37*	*0*		
Belgium	*705*		*678*	*678*	*385*		
Italy	*1,488*	*75*	*29*	*104*	*75*		
Other European countries	13,544	26	213	239	73		
Americas	12,830	6	101	108	28		
Asia & Pacific	923				0		
Other	40	0	6	6	6		
TOTAL	**32,609**	**107**	**1,064**	**1,172**	**567**	**174**	**129**

	31 December 2011						
		EAD in default					
In millions of euros	EAD	Standardised approach	IRB approach	Total	Specific provisions	Collective provisions	Cost of risk
Domestic markets	5,848	84	751	835	451		
France	*2,523*				*0*		
Belgium	*1,570*		*719*	*719*	*385*		
Italy	*1,755*	*84*	*32*	*116*	*66*		
Other European countries	21,199	200	392	592	140		
Americas	16,825	15	335	350	80		
Asia & Pacific	1,087				0		
Other	206	0	0	0	0		
TOTAL	**45,165**	**299**	**1,478**	**1,777**	**671**	**336**	**102**

TABLE 30: BANKING BOOK SECURITISATION POSITION QUALITY

In millions of euros	Securitisation positions held or acquired (EAD)	
Tranche quality	31 December 2012	31 December 2011
Senior tranche	29,892	41,746
Mezzanine tranche	2,227	2,910
First-loss tranche	490	509
TOTAL	**32,609**	**45,165**

At 31 December 2012, 92% of the securitisation positions held or acquired by the Group were senior tranches, unchanged compared with 31 December 2011, reflecting the high quality of the Group's portfolio. The corresponding Exposures at Default (EADs) and risk weights are given in the following tables.

RISK-WEIGHTED ASSETS

Under the standardised approach, risk-weighted assets are calculated by multiplying Exposure at Default by a risk weight based on an external rating of the securitisation position, as required by article 222 of the French Decree of 20 February 2007. In a small number of cases, a look-through approach may be applied. Securitisation positions rated B+ or lower or without an external rating are given a risk weighting of 1,250%. The standardised approach is used for securitisation positions originated by BNL or UCI and for securitisation investments made by BancWest and the Investment Solutions division.

Under the IRB Approach, risk-weighted assets are calculated according to one of the following methods:

- if the securitisation position has an external rating, the Group uses an external rating-based method whereby the position's risk weight is determined directly from a correspondence table provided by the banking supervisor that matches risk weights to external ratings;
- if the securitisation position does not have an external rating, and if BNP Paribas is the originator or sponsor, the Group uses the Supervisory Formula Approach. In this approach the risk weight is calculated from a formula provided by the banking supervisor that factors in the internal credit rating of the underlying asset portfolio, as well as the structure of the transaction (most notably the amount of credit enhancement subscribed out by the Group);
- the internal ratings approach is applied for liquidity facilities in the ABCP programmes of the BNP Paribas Fortis and BGL BNP Paribas portfolios for which there are no external ratings. This approach has been approved by the BNB;
- a look-through approach may be applied to derive the risk weight in a very small number of cases.

At 31 December 2012, the IRB Approach is used for positions held by the CIB division and BNP Paribas Fortis.

For rated securitisation positions, the Group uses external ratings from the Standard & Poor's, Moody's, and Fitch rating agencies. These ratings are mapped to equivalent credit quality levels in accordance with the instructions of the French banking supervisor.

➤ TABLE 31: SECURITISATION POSITIONS AND RISK WEIGHT BY CALCULATION APPROACH

In millions of euros	31 December 2012		31 December 2011		Variation	
Calculation approach	**Securitisation positions held or acquired (EAD)**	**Risk-weighted assets**	**Securitisation positions held or acquired (EAD)**	**Risk-weighted assets**	**Securitisation positions held or acquired (EAD)**	**Risk-weighted assets**
IRBA	30,131	17,153	42,985	22,665	(12,853)	(5,512)
Standardised	2,478	1,923	2,180	1,711	298	212
TOTAL	**32,609**	**19,076**	**45,165**	**24,376**	**(12,555)**	**(5,300)**

Risk-weighted assets corresponding to securitisation positions held or acquired by the Group amounted to EUR 19.1 billion at 31 December 2012, or 3% of BNP Paribas total risk-weighted assets, compared with EUR 24.3 billion at 31 December 2011 (4% of Group total risk-weighted assets).

The decline in risk-weighted assets is due to asset sales, amortisations and redemption options exercised by issuers (-EUR 9.4 billion) offset by a downgrade of the external ratings of some positions (+EUR 4.2 billion).

TABLE 32: SECURITISATION POSITIONS BY APPROACH, CALCULATION METHOD, AND RISK WEIGHT

IRB Approach

In millions of euros	31 December 2012			
	Exposure at default		Risk-weighted assets	
Calculation method	Securitisation positions	Re-securitisation positions(*)	Securitisation positions	Re-securitisation positions(*)
7% - 10%	12,804		992	
12% - 18%	778		115	
20% - 35%	1,056	1,380	294	382
40% - 75%	509	1,528	275	651
100%	367	72	361	76
150%		0		1
225%		235		561
250%	36		23	
350%		255		947
425%	55		92	
500%		61		107
650%	42	42	100	271
750%				
850%		334		2,771
External ratings based method	**15,647**	**3,907**	**2,252**	**5,767**
1,250%	**287**	**506**	**2,468**	**3,643**
Internal Assessment Approach	**719**		**114**	
[0% - 7%]	6,192	0	411	0
[7% - 100%]	1,975	77	514	21
[100% - 350%]	10	247	26	510
[350% - 1,250%]	86	478	635	792
Supervisory Formula Approach	**8,263**	**802**	**1,586**	**1,323**
TOTAL	**24,916**	**5,215**	**6,420**	**10,733**

In millions of euros	31 December 2011			
	Exposure at default		Risk-weighted assets	
Calculation method	Securitisation positions	Re-securitisation positions(*)	Securitisation positions	Re-securitisation positions(*)
7% - 10%	18,684		1,371	
12% - 18%	864		79	
20% - 35%	2,857	336	526	60
40% - 75%	733	2,677	301	741
100%	310	78	36	82
225%		105		249
250%	262		633	
350%		257		817
425%	77		133	
650%	27	122	30	559
750%		197		1,561
850%		250		2,253
External ratings based method	**23,814**	**4,022**	**3,109**	**6,322**
1,250%	**844**	**369**	**7,609**	**1,852**
Internal Assessment Approach	**1,307**		**31**	
[0% - 7%]	7,606	0	532	0
]7% - 100%]	2,773	1,528	812	363
]100% - 350%]	14	153	27	358
]350% - 1,250%]	36	519	456	1,193
Supervisory Formula Approach	**10,429**	**2,200**	**1,827**	**1,914**
TOTAL	**36,394**	**6,591**	**12,576**	**10,088**

(*) CRD 3 definition.

Out of the EUR 20 billion of securitisation positions with an external ratings:

- 65% by EAD are rated above A+ and therefore have a risk weight of less than 10% at 31 December 2012, compared with 67% at 31 December 2011;
- the great majority (82% by EAD) are rated above BBB+ at 31 December 2012 (82% at 31 December 2011).

Standardised approach

In millions of euros	31 December 2012			
	Exposure at default		Risk-weighted assets	
Calculation method	Securitisation positions	Re-securitisation positions(*)	Securitisation positions	Re-securitisation positions(*)
20%	820		164	
40%		44		17
50%	770		354	
100%	554	11	553	11
225%		38		87
350%	22		73	
External ratings based method	**2,166**	**93**	**1,144**	**115**
1,250%	**170**		**644**	
Weighted Average method	**47**		**18**	
Look-through approach	**2**		**2**	
TOTAL	**2,385**	**93**	**1,808**	**115**

In millions of euros	31 December 2011			
	Exposure at default		Risk-weighted assets	
Calculation method	Securitisation positions	Re-securitisation positions(*)	Securitisation positions	Re-securitisation positions(*)
20%	1,421		284	
40%		2		1
50%	215		107	
100%	116	27	110	27
225%		92		45
350%	65		212	
External ratings based method	**1,817**	**121**	**713**	**73**
1,250%	**175**		**900**	
Weighted Average method	**65**		**24**	
Look-through approach	**2**		**2**	
TOTAL	**2,059**	**121**	**1,639**	**73**

(*) CRD 3 definition.

Guarantees on securitisation positions amounted to EUR 4.44 billion at 31 December 2012. The Belgian government's guarantee held by BNP Paribas Fortis on the RPI senior debt accounts for EUR 4.33 billion.

The only one re-securitisation position guaranteed is the senior debt of the Royal Park Investments portfolio held by BNP Paribas Fortis. It is ensured by the Belgian government, rated AA (Standard & Poor's).

5.6 Counterparty risk

EXPOSURE TO COUNTERPARTY RISK [Audited]

The table below shows exposure to counterparty risk (measured as exposure at the time of default) by Basel asset class on derivatives contracts and securities lending/borrowing transactions, after the impact of any netting agreements.

➤ TABLE 33: EXPOSURE AT DEFAULT TO COUNTERPARTY RISK BY BASEL ASSET CLASS OF DERIVATIVES AND SECURITIES LENDING/BORROWING INSTRUMENTS

	31 December 2012				31 December 2011				Variation	
In millions of euros	IRBA	Standardised Approach	Total	2012 Average EAD	IRBA	Standardised Approach	Total	2011 Average EAD	Total	Average EAD
Central governments and central banks	14,160	34	14,194	12,669	11,142	2	11,144	10,073	3,050	2,596
Corporates	49,531	1,808	51,339	49,574	45,324	2,484	47,808	46,288	3,531	3,286
Institutions(*)	25,078	605	25,683	31,324	35,803	1,163	36,966	37,750	(11,283)	(6,426)
Retail	-	13	13	16	-	19	19	15	(6)	
TOTAL EAD	**88,769**	**2,460**	**91,229**	**93,583**	**92,269**	**3,668**	**95,937**	**94,126**	**(4,708)**	**(544)**

(*) Institutions asset class comprises credit institutions and investment firms, including those recognised in other countries. It also includes some exposures to regional and local authorities, public sector agencies and multilateral development banks that are not treated as central government authorities.

For counterparty risk, the share of exposures under the IRB approach represents 97% at 31 December 2012, almost unchanged compared with 31 December 2011 (96%).

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 value adjustment process.

NETTING AGREEMENTS

Netting is used by the bank in order to mitigate counterparty credit risk associated with derivatives trading. The main instance where netting occurs is in case of trades termination: if the counterparty defaults, all the trades are terminated at their current market value, and all the positive and negative market values are summed to obtain a single amount (net) to be paid to or received from the counterparty. The balance ("close-out netting") may be subject to a guarantee ("collateralisation") granted as collateral: cash, securities or deposits.

The Bank also applies settlement netting in order to mitigate counterparty credit risk in case of currency-settlements. This corresponds to the netting of all payments and receipts between the bank and one counterparty in the same currency to be settled in the same day. The netting results in a single amount (for each currency) to be paid either by the Bank or by the counterparty.

Transactions affected by this are processed in accordance with bilateral or multilateral agreements respecting the general principles of the national or international framework. The main forms of bilateral agreements are those issued by Fédération Bancaire Française (FBF) and on an international basis by International Swaps and Derivatives Association ("ISDA").

COUNTERPARTY EXPOSURE VALUATION

The Exposure at Default (EAD) for counterparty risk is measured using an internal model and is subsequently incorporated into the credit risk weighting system. It is based on Monte-Carlo simulations which assess the possible exposure movements. The stochastic processes used are sensitive to parameters including volatilities, correlations, and are calibrated on historical market data. The potential future counterparty risk exposures are measured using an internal model ("ValRisk") which can simulate thousands of potential market scenarios and does the valuation of each counterparty trading portfolio at several points in the future (from 1 day to more than 30 years for the longest transactions). Value changes are calculated up to the maturity of transactions.

When performing the exposure aggregation, the system takes into account the legal contracts linked to each transaction and counterparty, such as netting and margin call agreements.

Counterparty risk exposures are characterized by high variability over time due to constant evolution of market parameters affecting the underlying transaction value. It is therefore important to monitor not only the current transaction values, but also to analyse their potential changes in the future.

For non modelised counterparty risk exposures, the Exposure at Default (EAD) is based on market price evaluation (Net Present Value + Add On).

SUPERVISION AND MONITORING OF COUNTERPARTY RISK

Future potential exposures calculated by ValRisk are compared with the limits assigned to each counterpart on a daily basis. In addition, ValRisk can simulate new transactions and measure their impact on the counterparty portfolio. It is therefore an essential tool of the risk approval process. The following Committees (sorted by ascending authority scale): Regional Credit Committee, Global Credit Committee, General Management Credit Committee, set the limits according to their delegation level.

CREDIT VALUE ADJUSTMENTS ON FINANCIAL INSTRUMENTS TRADED OVER-THE-COUNTER (OTC)

The valuation of financial OTC-trades carried out by BNP Paribas as part of its trading activities (Fixed Income, Global Equity & Commodity Derivatives) includes credit value adjustments. A "Credit Value Adjustment" (or CVA) is an adjustment of the trading portfolio valuation to take into account the counterparty risk. It reflects the expected loss in fair value on a counterparty exposure based on the potential positive value of the contract, the counterparty default probability, the credit quality migration, and the estimated recovery rate.

DYNAMIC MANAGEMENT OF COUNTERPARTY RISK

The credit value adjustment is a variable of the existing exposure movements and the credit risk level of the counterparty, which may be linked to the movements of the Credit Default Swaps (CDS) spread used in the default probability calculation.

In order to reduce the risk associated with the credit quality deterioration embedded in a financial operations portfolio, BNP Paribas may use a dynamic hedging strategy, involving the purchase of market instruments such as credit derivative instruments.

Counterparty risk exposures on derivative instruments cover all derivative portfolio exposures of BNP Paribas, all underlying and all combined poles. Fixed Income exposures represent the large majority of these exposures.

The exposure on securities financing transactions and deferred settlement transactions concern the Fixed Income business (primarily bonds), the Equity and Advisory business, primarily equity (stock lending and borrowing) and BNP Paribas Securities Services (BP2S), both bonds and equity.

EXPOSURES AT DEFAULT (EAD) BY CALCULATION APPROACH

TABLE 34: EXPOSURES AT DEFAULT (EAD) BY CALCULATION APPROACH

In millions of euros	31 December 2012						
	Internal model (EEPE)(*)			NPV(**) + Add-On			
	IRBA	Standardised	Sub-total	IRBA	Standardised	Sub-total	Total
Derivatives	69,597	29	**69,626**	0	2,355	**2,355**	**71,981**
Securities financing transactions and deferred settlement transactions	19,172	2	**19,174**	0	74	**74**	**19,248**
TOTAL	**88,769**	**31**	**88,800**	**0**	**2,429**	**2,429**	**91,229**

In millions of euros	31 December 2011						
	Internal model (EEPE)(*)			NPV(**) + Add-On			
	IRBA	Standardised	Sub-total	IRBA	Standardised	Sub-total	Total
Derivatives	65,540	8	**65,548**	12,693	3,650	**16,343**	**81,891**
Securities financing transactions and deferred settlement transactions	11,415	4	**11,419**	2,621	6	**2,627**	**14,046**
TOTAL	**76,955**	**12**	**76,967**	**15,314**	**3,656**	**18,970**	**95,937**

(*) Effective Expected Positive Exposure.
(**) Net Present Value.

The measure of the Exposure at Default (EAD) for counterparty risk is based mainly on the internal model method and takes into account directly the derivative trade guarantees for the calculation of the Effective Expected Positive Exposure (EEPE). Exposure at default (EAD) included in the internal model represents 97% of total EAD and now covers the BNP Paribas Fortis perimeter following the Belgian and French regulators (BNB and ACP) agreement to extend the BNP Paribas Valrisk model to BNP Paribas Fortis.

For the perimeter not covered by internal models (now limited mainly to subsidiaries BNL, BancWest, TEB and BGL), EAD is calculated using the market price valuation method (Net Present Value + Add-On). The decrease in EAD during 2012 is mainly related to a decrease across the BNP Paribas Fortis perimeter due to the change of model enabling EAD to be measured more accurately by taking account of collateral received (whereas previously collateral was decreasing the LGD), partially cleared by an increase across the BNP Paribas perimeter due to regulatory changes in the calculation parameters.

For exposures corresponding to credit derivative transactions, the modelling of the correlation between market data and probability of default is included in the internal model. The exposure is therefore conditional upon default, and includes wrong-way correlation risk. On a case-by-case basis, for significant transactions, a specific remodelling of the exposure in case of default is performed including the wrong-way correlation risk. Moreover, additional specific stress tests are performed to monitor transactions presenting a wrong-way correlation risk.

Collateral guarantees used in the standard method to reduce the EAD increased to EUR 837 million on 31 December 2012, compared with EUR 313 million on 31 December 2011.

Risk-weighted assets linked to counterparty credit risk are computed by multiplying the EAD by an appropriate weighting according to the approach used (standard approach or IRB Approach).

When EAD is modelled and weighted according to the IRB Approach, the LGD (Loss Given Default) is not adjusted according to the existing collateral-guarantees since they are already taken into account in the "Effective Expected Positive Exposure" computation.

RISK-WEIGHTED ASSETS

TABLE N° 35: COUNTERPARTY RISK-WEIGHTED ASSETS

In millions of euros	Risk-weighted assets Counterparty risk		
	31 December 2012	31 December 2011	Variation
Counterparty risk - IRBA	**18,633**	**20,863**	**(2,230)**
Central governments and central banks	222	180	42
Corporates	15,117	16,344	(1,227)
Institutions	3,294	4,339	(1,045)
Counterparty risk - Standardised approach	**1,900**	**2,761**	**(861)**
Central governments and central banks	27	1	26
Corporates	1,610	2,426	(816)
Institutions	254	320	(66)
Retail	9	14	(5)
Other exposures	9	14	(5)
TOTAL COUNTERPARTY RISK	**20,533**	**23,624**	**(3,091)**

The decline in counterparty risk-weighted assets was predominantly due to decreases in EEPE caused by a fall in credit spreads and the inclusion of the BNP Paribas Fortis scope in ValRisk internal model.

NOTIONAL DERIVATIVES EXPOSURE

(See note 5 to the Financial Statements: Notes to the balance sheet at 31 December 2012)

5.7 Market risk

MARKET RISK RELATED TO TRADING ACTIVITIES

INTRODUCTION [Audited]

Market risk, as defined in chapter 5.3, arises mainly from trading activities carried out by the Fixed Income and Global Equity & Commodity Derivatives teams within Corporate and Investment Banking and encompasses different risk factors defined as follows:

- interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates;
- foreign exchange risk is the risk that the value of an instrument will fluctuate due to changes in foreign exchange rates;
- equity risk arises from changes in the market prices and volatilities of equity shares and/or equity indices;
- commodities risk arises from changes in the market prices and volatilities of commodities and/or commodity indices;
- credit spread risk arises from the change in the credit quality of an issuer and is reflected in changes in the cost of purchasing protection on that issuer;
- option products carry by nature volatility and correlation risks, for which risk parameters can be derived from option market prices observed in an active market.

ORGANISATION PRINCIPLES [Audited]

Governance

The market risk management system as well as financial products pricing aims to track and control market risks whilst ensuring that the Control functions remain totally independent from the business lines.

In terms of market risk management, Risk-Investment and Markets (Risk-IM)'s responsibility is to define, monitor and analyse risk sensitivities and risk factors, and to measure and control Value at Risk (VaR), which is the global indicator of potential losses. Risk-IM ensures that all business activity complies with the limits approved by the various committees and approves new activities and major transactions, reviews and approves position valuation models and conducts a monthly review of market parameters (MAP review) in association with the Valuation and Risk Control Department (V&RC).

Market Risk monitoring and pricing is structured around several committees:

- the Capital Markets Risk Committee (CMRC) is the main committee governing the risks related to capital markets. It is responsible for addressing, in a coherent manner, the issues related to market and counterparty risk. The CMRC follows the evolution of the main exposures and stress risk and sets the high level trading limits. It meets approximately monthly and is chaired by either the Group CEO or by one of the Bank's COOs;
- the Product and Financial Control Committee (PFC) is the arbitration and pricing decision-making Committee. It meets quarterly and discusses the conclusions of the CIB Financial Control teams and their work to enhance control effectiveness and the reliability of the measurement and recognition of the results of market transactions. It is chaired by the Group Chief Financial Officer and brings together the Directors of Group Finance-Accounting, Corporate Investment Banking and Group Risk Management;
- at business unit level, the Valuation Review Committee (VRC) meets monthly to examine and approve the results of Market parameters review (MAP review) and any changes in reserves. The Valuation Review Committee also acts as the referee in any disagreements between trading and Control functions. The committee is chaired by the Senior Trader and other members include representatives from trading, GRM, Valuation and Risk Control Group, and Group Finance. Any disagreement is escalated to the PFC;
- the Valuation Methodology Committee (VMC) meets 2 to 3 times a year per business line to monitor model approvals and reviews, follow up relevant recommendations and present model governance improvements.

Risk monitoring set up and limit setting

The Group uses an integrated system called Market Risk eXplorer (MRX) to follow the trading positions on a daily basis and manage VaR calculations. MRX not only tracks the VaR, but also detailed positions and sensitivities to market parameters based on various simultaneous criteria (currency, product, counterparty). MRX is also configured to include trading limits, reserves and stress tests.

Responsibility for limit setting and monitoring is delegated at three levels, which are, in decreasing order, CMRC, Business Line and Activity (Head of a Trading Book). Limits may be changed either temporarily or permanently, in accordance with the level of delegation and the prevailing procedures. Appropriate escalation mechanisms are in place to ensure that the independent view from the Risk Function on the level of limits is heard.

Core Risk Analysis and Reporting to Executive Management

Risk-Investment and Markets reports, through various risk analysis and reports, to Executive Management and business lines Senior Management on its risk analysis work (limit, VaR monitoring, core risk analysis...). The Global Risk Analysis and Reporting team is responsible for compiling/circulating main global risk reports.

The following risk reports are generated on a regular basis:

- weekly "Main Position" reports for each business line (equity derivatives, commodities, credit, fixed income and currency derivatives), summarising all positions and highlighting items needing particular attention; these reports are mainly intended for business line managers;
- monthly local "bottom up" stress testing report for Executive Management identifying key risk concentrations around the globe;
- supporting documentation for the core capital markets risk committee comprising markets and risk event summaries, global counterparty exposure summary, VaR/Stressed VaR evolution, Stress Testing and Capital evolution summaries, market and counterparty risk backtesting);
- geographical and global risk dashboards;
- Credit Valuation Adjustment Reporting for coverage of the core CVA market and counterparty risk sensitivities.

VALUATION CONTROL [Audited]

The financial instruments that are part of the prudential Trading Book are valued and reported at market or models value through P/L, in compliance with applicable accounting standards. Such can also be the case of financial instruments classified in the banking book.

The valuation control is insured within the Charter of Responsibility on Valuation, defining how responsibilities are split as well as the creation of a dedicated Valuation and Risk Control team (V&RC) who shares the control of market parameters with Risk-IM. These policies and governance applies to all CIB Market Activities (Fixed Income, GECD, RPM) and is being extended to ALM Treasury.

In addition to the Charter of Responsibilities, the relevant valuation controls are detailed in specific policies. We detail below the main processes that form together the valuation control governance.

Transaction accounting control

This control is under the responsibility of Middle-Office within the Operations Department. However, certain complex transactions are controlled by Risk-IM.

Market Parameter review – Independent Price Verification.

Price Verification is managed and shared by Risk-IM Department and Valuation and Risk Control Department (V&RC), daily controls are performed on the most liquid parameters and a comprehensive and formal review of all the market parameters is performed at month end. The types of parameters controlled by V&RC are precisely listed, these are essentially the parameters for which an automatic control against external sources can be implemented (security prices, vanilla parameters), this may include the use of consensus price services. Risk-IM is in charge of controlling valuation methodologies as well as the most complex parameters that are very dependent on the choice of models.

The general principles of the Market parameter reviews are described in the Charter of responsibility on Valuation as well as specialised global policies such as the Global marking and Independent Price Verification Policy. The specific methodologies are described in documents known as the MAP Books organised by product lines and regularly updated. The responsibilities of Risk-IM and V&RC are defined for each point of time and the conclusions of the Market Parameter reviews are documented in the MAP review finding documents.

The outcome of the market parameter review is the estimation of valuation adjustments communicated to Middle-Office who enters it in the book of account. The results are communicated to the Trading management during the Valuation review Committees, where arbitrations can be made. The opinion of the Control functions prevails, however, significant and persistent disagreement can be escalated to the PFC.

Model Approval and Reviews

The governance of model controls is described in the valuation Methodology Control Policy. Activity specific guidelines are detailed in the model review guidelines documents for each product lines.

Front-Office quantitative analysts design and propose the methodologies used to value the product and measure the risks that are used to take trading decisions. Research team and IT are responsible for the implementation of these models in the systems.

The independent control of the valuation models is under the responsibility of Risk-IM. The main processes are:

- the approval of models, by which a formal decision to approve or reject a model is taken following any modification of the valuation methodology called a "Valuation Model Event". In any cases, the approval decisions is taken by a senior Risk-IM analyst. The review required by the approval decision can be fast track or comprehensive; in the latter case, the reasons and conditions of approval are detailed in a model approval document. If the approval requires a public discussion, a Model Approval Committee can be gathered;
- the review of models can be conducted at inception (linked to an approval) or during the life of a model (re-review); it consists of an investigation on the suitability of the model used to value certain products in the context of a certain market environment;
- the control of the use of set up of models, which is a continuous control of the correct parameterisation or configuration of the models as well as the adequacy of the mapping between products and models.

Reserve and other valuation adjustments

Risk-IM defines and calculates reserves. Reserves are market or models value accounting adjustments. They take into account the exit cost of a position (cost to sell or to hedge) as well as a risk premium that market participant would charge for positions containing non hedgeable or non diversifiable risks.

The reserves cover mainly:

- the bid-offer and liquidity spreads;
- the model or market parameters uncertainties;
- the elimination of non hedgeable risks (smoothing digital or barrier pay-offs).

A general valuation adjustment policy exists. Reserve methodologies are documented by Risk-IM for each product lines and these documentations are updated regularly. The analysis of reserve variations is reported at the monthly VRC.

Reserve methodologies are improved regularly and any change is a Valuation Model event. Reserve improvements are generally motivated by the conclusion of a model review or by the calibration to market information during the Market parameter review process.

"Day One profit or loss"

Some transactions are valued with "non observable" parameters. IAS 39 requires to differ any initial P/L for non observable transactions as the initial model value needs to be calibrated with the transaction price.

Risk-IM works with Group Finance, middle-offices, and business lines on the process of identifying and handling these profit and loss items, in order to determine whether a type of parameter or transaction is observable or not in accordance with the observability rules, in addition duly documented.

The P/L impact of the P/L deferral is calculated by the Middle-Office.

Observability rules are also used for the financial information required by the IFRS 7 reporting.

MARKET RISK EXPOSURE [Audited]

Market risk is first analysed by systematically measuring portfolio sensitivity to various market parameters; The results of these sensitivity analyses are compiled at various aggregate position levels and compared with market limits.

VaR ("Value at Risk")

VaR is calculated using an internal model. It estimates the potential loss on a trading portfolio under normal market conditions over one trading day, based on changes in the market over the previous 260 business days with a confidence level of 99%. The model has been approved by the banking supervisor and takes into account all usual risk factors (interest rates, credit spreads, exchange rates, equity prices, commodities prices, and associated volatilities), as well as the correlation between these factors in order to include the effects of diversification. It also takes into account specific credit risk.

The algorithms, methodologies and sets of indicators are reviewed and improved regularly to take into account growing market complexity and product sophistication.

Following the Belgian and French regulators (BNB and ACP) agreement, BNP Paribas internal model has been extended since the second quarter of 2011 to Fortis Bank SA/NV. VaR internal model is also used by BNL.

Historical VaR (10 days, 99%) in 2012

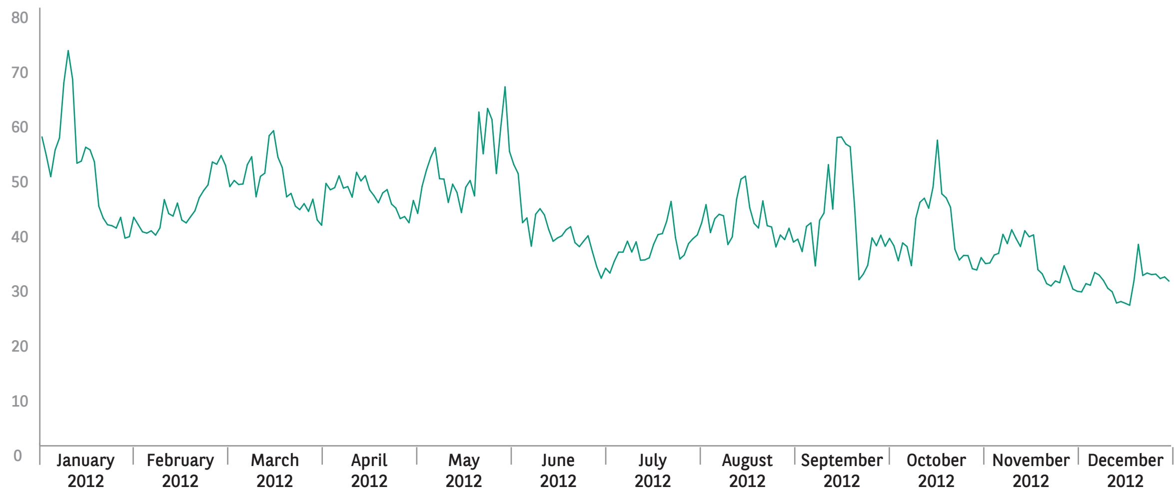
The Values at Risk (VaRs) set out below are calculated from an internal model, which uses parameters that comply with the method recommended by the Basel Committee for determining estimated value at risk ("Supplement to the Capital Accord to Incorporate Market Risks"). They are based on a ten day time horizon and a 99% confidence interval.

In 2012, total average VaR for BNP Paribas is EUR 132 million (with a minimum of EUR 81 million and a maximum of EUR 228 million), after taking into account the EUR -163 million netting effect between the different types of risks. These amounts break down as follows:

TABLE 36: VALUE AT RISK (10 DAYS – 99%): BREAKDOWN BY RISK TYPE

	Year to 31 Dec. 2012				Year to 31 Dec. 2011	
In millions of euros	Minimum	Average	Maximum	31 December 2012	Average	31 December 2011
Interest rate risk	59	101	188	76	101	81
Credit risk	42	74	120	43	118	121
Foreign exchange risk	21	44	95	34	33	44
Equity price risk	26	61	164	55	51	58
Commodity price risk	10	15	26	16	19	13
Netting Effect	*(77)*	*(163)*	*(365)*	*(128)*	*(178)*	*(148)*
TOTAL VALUE AT RISK	**81**	**132**	**228**	**95**	**144**	**169**

FIGURE 7: CHANGE IN VAR (1 DAY-99%) IN MILLIONS OF EUROS IN 2012



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

The standard VaR backtesting method makes a comparison of the daily global trading book VaR to the one-day changes of the portfolio's value. 2012 backtesting demonstrates that there were no days observed during the period where any P&L losses were greater than the VaR level.

NEW CRD 3 REQUIREMENTS

Since 31 December 2011, the European directive CRD 3 (also called "Basle 2.5"), applies and amends the Capital Requirements for market risk: Stressed VaR, Incremental Risk Charge (IRC), Comprehensive Risk Measure (CRM) and trading book securitisation.

Stressed VaR

A Stressed VaR (SVaR) is calibrated on a fixed one year period including a crisis period to keep a minimum level to the VaR. A 12 month period (31 March 2008 to 31 March 2009) has been considered as a reference period for the calibration of the Stressed VaR. This choice is subject to annual review. For the calculation of the capital requirement, this is on top of the VaR to correct the "short memory" of the VaR.

➤ TABLE 37: STRESSED VALUE AT RISK (10 DAYS – 99%)

	Year to 31 Dec. 2012				4th quarter 2011(*)	
In millions of euros	Minimum	Average	Maximum	31 December 2012	Average	31 December 2011
Stressed Value at Risk	145	201	325	220	296	267

(*) The first CRD 3 application date was 31 December 2011.

Incremental Risk Charge (IRC)

The IRC approach measures losses due to default and ratings migration at the 99.9% confidence interval over a capital horizon of one year, assuming a constant level of risk on this horizon. The approach to capture the incremental default and migration risks covers all positions subject to a capital charge for specific interest rate risk including all government bonds, but excluding securitisation positions and n-th-to-default credit derivatives.

The model is currently used in the risk management processes. This model was approved by the French banking supervisor (Autorité de Contrôle Prudentiel).

The calculation of IRC is based on the assumption of a constant level of risk over the one-year capital horizon, implying that the trading positions or sets of positions can be rebalanced during the one-year capital horizon in a manner that maintains the initial risk level, measured by the VaR or by the profile exposure by credit rating and concentration. This rebalance frequency is called the liquidity horizon.

The model is built around a rating-based simulation for each obligor, which captures both the risk of the default as well as the risk of rating migration. The dependence among obligors is based on a multi-factor asset return model. The valuation of the portfolios is performed in each simulated scenario. The model uses a constant one year liquidity horizon. It has been internally validated by an independent unit. The review considered the consistency of the proposed methodologies, the scope of the risk factors and the consistency between the calibration of model parameters and their usage in the course of simulations with a further focus on the production and on the definition of perimeter.

➤ TABLE 38: INCREMENTAL RISK CHARGE CAPITAL REQUIREMENTS

	Year to 31 Dec. 2012				4th quarter 2011(*)	
In millions of euros	Minimum	Average	Maximum	31 December 2012	Average	31 December 2011
Incremental Risk Charge	148	258	561	274	515	381

(*) The first CRD 3 application date was 31 December 2011.

Correlation portfolio (Comprehensive Risk Measure - CRM)

The corporate correlation activity is an activity that consists of trading and risk managing mainly corporate CDO, to less extent corporate CDO[2] and their hedges using single name CDS, CDS indices and index tranches. The valuation framework use both market observable prices (CDS, index and index tranche) and model prices to value the bespoke CDO which are less observable than the previously mentioned products.

This activity falls under the structured credit activity trading within BNP Paribas Fixed income.

The model used is an internally validated and market standard model that prices the value of the bespoke CDO using market CDS spread and implied correlation levels of the observed Index CDO tranches.

TABLE 39: COMPREHENSIVE RISK MEASURE CAPITAL REQUIREMENTS

In millions of euros	Year to 31 Dec. 2012			31 December 2012	4th quarter 2011(*)	31 December 2011
	Minimum	Average	Maximum		Average	
Comprehensive Risk Measure	161	238	305	161	325	290

(*) The first CRD 3 application date was 31 December 2011.

Securitisation positions in trading book outside Correlation portfolio

For the positions of securitisation treated as financial assets at fair value through profit and loss for accounting purposes, the variations of market values, except accrued interest of the fixed income securities, are stored as "net gain on financial instruments at fair value by P/L" of the profit and loss account.

ABS in the trading book are subject to limits as defined by the Debt Trading Risk Policy (DTRP). The DTRP defines a global envelope along with concentration limits. Limits are monitored daily and Trading is notified of any breaches.

For Trading Book ABS positions outside the correlation book, the standardised capital charge applies (as per the standard method for banking books). The capital requirements are hence calculated as a weighting of the Risk-Weighted Assets (RWA), which is determined based on the rating of the asset. Capital calculations are based on the second worst rating of the three rating agencies.

TABLE 40: BREAKDOWN OF TRADING BOOK SECURITISATION POSITIONS OUTSIDE CORRELATION BOOK BY ASSET TYPE

In millions of euros	Securitisation positions held or acquired (EAD)			
	31 December 2012		31 December 2011	
Asset category	Short positions	Long positions	Short positions	Long positions
Residential mortgages	-	372	-	208
Consumer loans	-	20	-	23
Credit card receivables			-	13
Loans to corporates	-	78	-	141
Commercial real-estate properties	-	1	-	5
Finance leases	-	36	-	28
Other assets	-	9	-	0
TOTAL BALANCE SHEET	**-**	**516**	**-**	**417**
Other assets	131	1	514	20
TOTAL OFF-BALANCE SHEET	**131**	**1**	**514**	**20**
TOTAL	**131**	**517**	**514**	**437**

TABLE 41: QUALITY OF TRADING BOOK SECURITISATION POSITIONS OUTSIDE CORRELATION BOOK

In millions of euros	Securitisation positions held or acquired (EAD)			
	31 December 2012		31 December 2011	
Tranche quality	Short positions	Long positions	Short positions	Long positions
Senior tranche	-	490	-	404
Mezzanine tranche		21	393	13
First-loss tranche	131	6	121	21
TOTAL	**131**	**517**	**514**	**437**

Capital requirement for market risk

The market risk calculated using the standardised approach covers the market risk of some entities of the Group that are not covered by internal models.

The standardised approach is used to calculate foreign exchange risk for banking book.

(See section 5.7: "Market risk related to banking activities".)

TABLE 42: CAPITAL REQUIREMENT FOR MARKET RISK

Calculation approach	Type of risk	31 December 2012	31 December 2011	Variation
	VaR	*435*	*659*	*(223)*
	Stressed VaR	*894*	*1,328*	*(434)*
	IRC	*274*	*515*	*(242)*
	Correlation portfolio	*208*	*325*	*(118)*
TOTAL INTERNAL MODEL		**1,811**	**2,827**	**(1,016)**
	Commodity risk	*-*	*-*	*-*
	Interest rate risk	*4*	*13*	*(8)*
	Equity position risk	*1*	*-*	*1*
	Foreign exchange risk	*207*	*178*	*29*
TOTAL STANDARDISED APPROACH		**212**	**191**	**21**
TRADING BOOK SECURITISATION POSITIONS		**21**	**62**	**(41)**
TOTAL		**2,044**	**3,080**	**(1,036)**

A reduction in market risk capital requirement of EUR 1 billion (-EUR 13 billion of RWA) between 2011 and 2012 is observed across all market risk capital measures. This reduction mainly corresponds to the active de-risking of CIB metiers over 2012 and to the decrease of sensitivities to market parameters.

TABLE 43: BREAKDOWN OF TRADING BOOK SECURITISATION POSITIONS OUTSIDE CORRELATION BOOK BY TYPE, APPROACH AND RISK WEIGHT

In millions of euros	31 December 2012								
	Securitisation positions held or acquired (EAD)						Capital requirement		
	Short positions			Long positions					
Calculation method	Securitisation	Re-securitisation	Total	Securitisation	Re-securitisation	Total	Short positions	Long positions	Total
7% - 10%	-		-	420		420	-	3	3
12% - 18%	-		-	38		38	-		
20% - 35%	-	-	-	9	18	27	-	1	1
40% - 75%	-	-	-	9	1	10	-	1	1
100%	-	-	-	1	1	2	-	0	
250%	-		-	1		1	-		
350%		-	-		4	4	-	1	1
425%	-		-	0			-		
External ratings based method	-	-	-	478	24	502	-	6	6
1,250%	-	131	131	12	3	15	16	15	15
TOTAL	**-**	**131**	**131**	**491**	**26**	**517**	**16**	**21**	**21**

In millions of euros	31 December 2011								
	Securitisation positions held or acquired (EAD)						Capital requirement		
	Short positions			Long positions					
Calculation method	Securitisation	Re-securitisation	Total	Securitisation	Re-securitisation	Total	Short positions	Long positions	Total
7% - 10%	-	-	-	399	-	399	-	3	-
12% - 18%	-	-	-	12	-	12	-		-
20% - 35%	-	-	-		-		-		-
40% - 75%	-	-	-	4	-	4	-		-
425%	-	-	-	2	-	2	-	1	-
External ratings based method	-	-	-	417	-	417	-	3	-
1,250%	-	514	514		20	21	62	21	62
TOTAL	**-**	**514**	**514**	**417**	**20**	**437**	**62**	**24**	**62**

STRESS TESTING

Market Risk stress testing framework

A range of stress tests are performed to simulate the impact of extreme market conditions on the value on the global trading books. Stress tests cover all market activities applying a range of stressed market conditions.

The fundamental approach of the current trading book stress testing framework combines "bottom up" and "top down" stress testing:

- Macro Scenarios or "top down": which comprise the evaluation of a set of macro "top down" global level stress tests. These scenarios assess the impact of severe market moves on BNPP trading positions related to large global or major regional market shock events. They can be based on historical events or forward-looking hypothetical scenarios. Scenarios include events such as an emerging markets crisis, credit crunch and a stock markets crash.

  The official macro stress tests scenarios currently comprise a range of 8 different stress tests. The results of these scenarios are reviewed at each Capital Markets Risk Committee.

  - Scenario 1: unexpected rate hike by central banks, driving short-term rates higher with a flattening of the interest rate curve.
  - Scenario 2: stock market crash, with a flight to quality leading to a drop and a steepening of the interest rate curve.

- Scenario 3: generic emerging market crisis designed to test global risk of these markets.
- Scenario 4: credit crunch, leading to a general risk aversion.
- Scenario 5: Euro crisis, progression of the current Euro Crisis with low GDP, potential threat of a country leaving the Euro and a significant weakening of the currency.
- Scenario 6: Oil shock scenario driven by severe geopolitical turmoil within the Middle East region with severe consequences on energy markets.
- Scenario 7: US crisis scenario, mostly based on a structural US crisis spreading towards close economic partners.
- Scenario 8: Risk-on scenario: rally in equity and emerging markets, low realised volatility and drop in implied volatility in all markets (effectively a return to risky assets).

- Micro Level Scenarios or "bottom up": instead of looking at the effect on the global portfolio, these types of scenarios aim to highlight risk exposures on specific trading desks, regions or risk concentrations. This "bottom-up" approach enables the use of more complex stress scenarios and hence allows the detection of areas of potential losses which may not be easily achieved under the global macro scenarios (such as complex market dislocations or idiosyncratic risk). This process facilitates the classification of risk areas into less liquid or structural exposures.

It is the analysis of the above scenarios which enables the Adverse Scenario for the trading books to be constructed. These official global stress scenarios are presented at each capital markets risk committee along with the Adverse Scenario and any bottom up stress test yielding significant results.

The results of all stress tests are reviewed regularly by Executive Management and sent to the Board of Directors. Compared with the previous year, the results of the macro tests revealed lower impacts. They simulate directional shocks which only make up a small part of an overall set of more sophisticated stress tests. It is no longer meaningful to present the results of the macro tests in isolation and they have therefore been removed from this document.

The scenarios take market liquidity into account by simulating the drying up of certain assets or product liquidity as the stress event unfolds. To understand this process, it can be simplified by considering an approach where the time horizon for the stress shock can vary between different instruments/assets (hence more advanced scenarios can take certain idiosyncratic factors into account). Moreover, it may sometimes be required to quantify the impact of a stress event occurring with re-hedging assumptions factored into part of the exposure under stress.

Stress Testing is governed by the Capital Markets Stress Testing Steering Committee (STSC). The committee meets monthly and sets the direction of all internal risk departmental stress scenario developments, infrastructure, analysis and reporting. The STSC governs all internal stress testing matters relating to both market and counterparty risk and decides upon the detailed definition of the CMRC official Stress Tests.

Whilst stress testing is the core element of the tail risk analysis of the books, it complements the analysis of the change in sensitivities of the portfolios following market movements.

MARKET RISK RELATED TO BANKING ACTIVITIES

The market risk related to banking activities encompasses the risk of loss on equity holdings on the one hand, and the interest rate and foreign exchange risks stemming from banking intermediation activities on the other hand. Only the equity and foreign exchange risks give rise to a weighted assets calculation under Pillar 1. The interest rate risk falls under Pillar 2.

Interest rate and foreign exchange risks related to banking intermediation activities and investments are managed by the ALM-Treasury Department.

At Group level, ALM-Treasury reports directly to one of the Chief Operating Officers. Group ALM-Treasury has functional authority over the ALM and Treasury staff of each subsidiary. Strategic decisions are made by the Asset and Liability Committee (ALCO), which oversees ALM-Treasury's activities. These committees have been set up at Group, division and operating entity level.

EQUITY RISK

The following table gives a breakdown of the Group's equity risk exposures by investment objective.

TABLE 44: BREAKDOWN OF RISK EXPOSURE BY INVESTMENT OBJECTIVE

	Exposure(*)	
In millions of euros	31 December 2012	31 December 2011
Strategic objective	2,891	2,068
Return on investment objective	5,249	4,798
Equity investments related to business	6,075	5,849
TOTAL	**14,215**	**12,715**

(*) *Fair value (balance sheet + off-balance sheet).*

Exposures at 31 December 2012 amounted to EUR 14.2 billion, versus EUR 12.7 billion at 31 December 2011. Off-balance sheet items amounted to EUR 4.5 billion at 31 December 2012, versus EUR 3.8 billion at 31 December 2011. Guarantees given to UCITS shareholders amounted to EUR 3.3 billion.

Exposure [Audited]

Scope

The shares held by the Group outside trading portfolios are securities conferring residual and subordinated rights on issuer's assets or income, or securities representing a similar economic nature.

They encompass:

- listed and unlisted shares, including shares in investment funds;
- embedded options of convertible bonds, redeemable or exchangeable for shares;
- equity options;
- super-subordinated securities;
- private funds commitments;
- equity holdings hedge;
- consolidated entities using the equity method.

Accounting principles and valuation methods

Accounting principles and valuation methods are set out in note 1 of the financial consolidated statement – Summary of significant accounting policies applied by the BNP Paribas Group - 1.c.9 Determination of market value.

TABLE 45: EXPOSURE(*) TO EQUITY RISK

In millions of euros	31 December 2012	31 December 2011
Internal model method	**12,385**	**11,198**
Listed equities	3,813	3,111
Other equity exposures	5,906	5,343
Private equity in diversified portfolios	2,666	2,744
Simple risk weight method	**788**	**622**
Listed equities	7	5
Other equity exposures	127	34
Private equity in diversified portfolios	654	584
Standardised approach	**1,042**	**895**
TOTAL	**14,215**	**12,715**

(*) *Fair Value.*

Growth in equity risk exposures despite asset sales was mainly due to Klépierre being accounted for by the equity method as of March 2012, coupled with an increase in unrealised gains.

Total gains and losses

Total gains and unrealised losses recorded in shareholders' equity are set out in note 5.c. of the financial consolidated statement – Available-for-sale financial assets.

Risk-weighted assets

Equity Risk Model

On the historical perimeter of BNP Paribas, the Group uses an internal model, derived from the one used for the calculation of daily Value-at-Risk of trading portfolios. However, the application of horizon parameters and confidence interval differ in accordance with article 59-1-c section ii of the Decree on 20 February 2007 of the French Ministry of Economy, Finance and Industry. This model allows estimating on this perimeter the value at risk of the Group at a 99% confidence level on a 3 months horizon.

Risk factors selected for estimating equity holdings risk depend on the level of availability and usability of securities prices data:

- listed securities whose historical prices series are long enough are directly selected as risk factors;
- for other listed securities and for unlisted securities, each investment line is attached to a systemic risk factor representative of the business sector and geographic zone where the issuer operates, plus an equity-specific risk factor;
- for equity holdings of companies operating outside the Euro zone, a risk factor corresponding to the exchange rate is added.

This model was validated by the French banking supervisory authorities in the context of approval for the calculation of capital requirements for equity risk. Temporarily, pending method convergence, the approach used for BNP Paribas Fortis's scope and BGL BNP Paribas is the one approved by the Belgian regulator, the BNB.

➤ TABLE 46: EQUITY RISK-WEIGHTED ASSETS

	Risk-weighted assets Equity risk		
In millions of euros	31 December 2012	31 December 2011	Variation
Internal model	**21,496**	**23,461**	**(1,965)**
Listed equities	*7,734*	*8,670*	*(395)*
Other equity exposures	*7,321*	*8,576*	*(1,796)*
Private equity exposures in diversified portfolios	*6,441*	*6,215*	*226*
Simple weighting method	**1,733**	**1,248**	**485**
Listed equities	*21*	*14*	*7*
Other equity exposures	*468*	*125*	*343*
Private equity exposures in diversified portfolios	*1,244*	*1,109*	*135*
Standardised approach	**1,148**	**1,066**	**82**
TOTAL EQUITY RISK	**24,377**	**25,775**	**(1,398)**

The change in risk-weighted assets in 2012 stemmed primarily from the sale of listed equity interests, while the recovery in the equity markets in the second half led furthermore to an increase in unrealised gains. The partial disposal of Klépierre led to a loss of control; the residual interest is now accounted for by the equity method, which has offset much of the positive impact of other disposals.

Foreign exchange risk

Calculation of risk-weighted assets

Foreign exchange risk relates to all transactions part of the banking book.

Group entities calculate their net position in each currency, including the euro. The net position is equal to the sum of all asset items less all liability items plus off-balance sheet items (including the net forward currency position and the net delta-based equivalent of the currency option book), less structural, non-current assets (long-term equity interests, property, plant and equipment, and intangible assets). These positions are converted into euros at the exchange rate prevailing on the reporting date and aggregated to give the Group's overall net open position in each currency. The net position in a given currency is long when assets exceed liabilities and short when liabilities exceed assets. For each Group entity, the net currency position is balanced in the relevant currency (i.e. its reporting currency) such that the sum of long positions equals the sum of short positions.

The rules for calculating the capital requirement for foreign exchange risk are as follows:

- matched positions in currencies of Member States participating in the European Monetary System are subject to a capital requirement of 1.6% of the value of the matched positions;
- CFA and CFP francs are matched with the euro, and are not subject to a capital requirement;
- positions in closely correlated currencies are subject to a capital requirement of 4% of the matched amount;
- other positions, including the balance of unmatched positions in the currencies mentioned above, are subject to a capital requirement of 8% of their amount.

Foreign exchange risk and hedging of earnings generated in foreign currencies [Audited]

The Group's exposure to operational foreign exchange risks stems from the net earnings in currencies other than the euro. The Group's policy is to hedge the variability of its earnings due to currency movements. Earnings generated locally in a currency other than the operation's functional currency are hedged locally. Net earnings generated by foreign subsidiaries and branches and positions relating to portfolio impairment are managed centrally.

Foreign exchange risk and hedging of net investments in foreign operations [Audited]

The Group's currency position on investments in foreign operations arises mainly on branch capital allocations and equity interests denominated in foreign currencies, financed by purchasing the currency in question.

The Group's policy consists in hedging portfolio exposure to liquid currencies. This policy is implemented by borrowing amounts in the same currency as the one of equity investments. Such borrowings are documented as hedges of net investments in foreign operations.

INTEREST RATE RISK [Audited]

Organisation of the Group interest risk management

Interest rate risk on the Bank's equity and investments is also managed by ALM-Treasury, in the equity and investments book. Interest rate and foreign exchange risks related to the banking intermediation activities and investments are managed by the ALM-Treasury Department.

Transactions initiated by each BNP Paribas business line are transferred to ALM-Treasury via internal contracts booked in the management accounts or via loans and borrowings. ALM-Treasury is responsible for managing the interest rate risk inherent in these transactions.

The main decisions concerning positions arising from banking intermediation activities are taken at monthly or quarterly Committee meetings for each business line. These meetings are attended by the management of the business line, ALM-Treasury, Group Development and Finance and GRM.

Measurement of interest rate risk

Interest rate positions in the banking book are measured in terms of interest rate gaps, with embedded behavioural options translated into delta equivalents. In the interest rate gaps, the maturity split is determined on the basis of the contractual terms of the transactions and historical observations of customer behaviour. For retail banking products, behavioural models are based on historical data and econometric studies. The models deal with early repayments, current accounts in credit and debit and savings accounts. Theoretical maturities of equity capital are determined according to internal assumptions.

Options-based positions are also shown in a specific indicator that reflects the convexity effects. This indicator is used for client products with underlying behavioural options, in order to fine-tune hedging strategies.

In the case of retail banking activities, structural interest rate risk is also measured on a going-concern basis, incorporating dynamic changes in balance sheet items, through an earnings sensitivity indicator. Due to the existence of partial or even zero correlations between customer interest rates and market rates, and the volume sensitivity caused by behavioural options, rotation of balance sheet items generates a structural sensitivity of revenues to interest rate changes.

The choice of indicators and risk modelling are controlled by dedicated Group Risk Management teams. The results of these controls are presented regularly to ad hoc committees and once a year to the Board of Directors.

These indicators are systematically presented to the ALM Committees, and serve as the basis for hedging decisions taking into account the nature of the risk involved.

Risk limits

For the customer banking intermediation books, overall interest-rate risk for Retail Banking entities is subject to a primary limit, based on the sensitivity of revenues to changes in nominal and real interest rates and in inflation. The limit is based on annual revenues, in order to control uncertainty about future fluctuations in revenues caused by changes in interest rates. This limit is supplemented beyond the three-year time frame 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.

For other businesses, interest-rate risk is controlled by technical interest-rate gap limits.

Sensitivity of revenues to general interest-rate risk

The sensitivity of revenues to a change in interest rates is one of the key indicators used by the Group in its analysis of overall interest-rate risk. The sensitivity of revenues is calculated across the entire banking book including the customer banking intermediation businesses, equity, excluding market activities, and for all currencies to which the Group is exposed. It relies on reasonable activity assumptions over the same horizon as the indicator.

The indicator is presented in the table below. Over a one-year horizon, the banking intermediation book's exposure to interest-rate risk is limited: an increase of 100 basis points in interest rates right across the yield curve would lead to an increase of about 0.9% in the Group's revenues, all currencies combined.

TABLE 47: SENSITIVITY OF REVENUES TO GENERAL INTEREST-RATE RISK BASED ON A 100 BASIS POINT INCREASE IN INTEREST RATES

In millions of euros	31 December 2012		
	Euros	Other currencies	Total
Sensitivity of 2012 revenues	354	10	364

In millions of euros	31 December 2011		
	Euros	Other currencies	Total
Sensitivity of 2011 revenues	224	119	343

Since the books of financial instruments resulting from the Group's banking intermediation activities are not intended to be sold, they are not managed on the basis of their value. Nonetheless, the sensitivity of the value of these books is calculated in order to measure the overall interest-rate risk over all time horizons. The sensitivity of the value to a 200 basis point increase in interest rates is 6.8% of the Group's regulatory capital, compared with the limit of 20% laid down in the Basel regulations.

HEDGING OF INTEREST RATE AND FOREIGN EXCHANGE RISKS [Audited]

Hedging relationships initiated by the Group mainly consist of interest rate or currency hedges using derivative financial instruments (swaps, options and forwards).

Depending on the hedging objective, derivative financial instruments used for hedging purposes are qualified as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Each hedging relationship is formally documented at inception. The documentation describes the hedging strategy, identifies the hedged item and the hedging instrument, and the nature of the hedged risk; and describes the methodology used to test the expected (prospective) and actual (retrospective) effectiveness of the hedge.

Interest rate risk in the banking book

The Bank's strategy for managing global interest-rate risk is based on closely monitoring the sensitivity of the Bank's earnings to changes in interest rates, factoring in all interest-rate risks. This procedure requires an extremely accurate assessment of the risks incurred so that the Bank can determine the most appropriate hedging strategy, after taking into account the effects of netting the different types of risk. These hedging strategies are defined and implemented by entity and by currency.

The hedges comprising swaps and options are typically accounted for as fair value hedges or cash flow hedges. They may also take the form of government securities and are mostly accounted in the "Available For Sale" category.

The exceptional measures introduced by the ECB in December 2011 (LTROs and sovereign debt buyback plan) had the effect of easing liquidity and credit spreads in 2012. However, the economic outlook in the euro zone remained uncertain, causing interest rates to fall to record lows. When the ECB cut its key rate in July, Eonia fell to below 10 bp, whilst long rates fell relatively regularly throughout the year. In this climate, it is important to note that European inflation remained above 2%.

- In France the deposit to loan ratio improved further in 2012 and the interest rate structure of loans changed gradually following a slowdown in mortgage origination and an increase in the maximum limit on the Livret A passbook account, which is affected by an inflation-related risk.
- The Belgian and Luxembourg branch networks have a deposit to loan ratio in excess of 100%. Their main focus in terms of interest rate risk in 2012 was therefore on hedging savings accounts, volumes of which continued to grow.

Broadly-speaking, the prolonged decline in interest rates put pressure on intermediation margins in the branch networks. This trend was reinforced by the introduction of floor rates on savings accounts due to regulatory constraints (floor inflation on Livret A passbook accounts in France) and very short-term market rates of close to 0%. Against this background, the Group adapted its hedging policy to the environment, either through swaps or options. Special attention was also paid to hedging basis risk due to index differences.

The hedges comprising derivatives and options are typically accounted for as fair value hedges or cash flow hedges. They may also take the form of government securities and are mostly accounted in the "Available For Sale" category.

Structural foreign exchange risk

Currency hedges are contracted by the ALM Department in respect of the Group's investments in foreign currencies and its future foreign currency revenues. Each hedging relationship is formally documented at inception. The documentation describes the hedging strategy, identifies the hedged item and the hedging instrument, and the nature of the hedged risk and describes the methodology used to test the expected (prospective) and actual (retrospective) effectiveness of the hedge.

A hedging relationship is applied and documented for investments in subsidiaries and branches financed by foreign currency loans so as to record movements in exchange rates symmetrically and avoid impacts on the profit and loss account. These instruments are designated as net investment hedges.

Fair value hedges are used to hedge the currency risk on equity investments in non-consolidated companies.

During 2012, no net investment hedge relationship was disqualified.

The Group hedges the variability of components of BNP Paribas' earnings, in particular the highly-probable future revenue streams (mainly interest income and fees) denominated in currencies other than the euro generated by the Group's main businesses, subsidiaries or branches.

Hedging of financial instruments recognised in the balance sheet (Fair Value Hedge)

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.

Actual effectiveness is assessed on an ex-post basis by ensuring that the monthly change in the fair value of hedged items since the start of the month does not indicate any over-hedging.

Cash Flow Hedge

In terms of interest rate risk, the Group uses derivative instruments to hedge fluctuations in income and expenses arising on floating-rate assets and liabilities. Highly probable forecast transactions are also hedged. Hedged items are split into maturity bands by currency and benchmark interest rate. After factoring in prepayment assumptions and estimated default rates, the Group uses derivatives to hedge some or all of the risk exposure generated by these floating-rate instruments.

In terms of foreign exchange risk, the Group hedges against variability in components of consolidated earnings. In particular, the Group may hedge future revenue flows (especially interest and fee/commission income) derived from operations carried out by its main subsidiaries and/or branches in a currency other than their functional currencies. As in the case of interest rate hedges, the effectiveness of these hedging relationships is documented and assessed on the basis of forecast maturity bands.

The table below concerns the scope of BNP Paribas SA's medium- and long-term transactions and shows the amount of hedged future cash flows (split by forecast date of realisation), which constitute the majority of the Group's transactions.

➤ **TABLE 48: CASH FLOWS HEDGED.**

In millions of euros	31 December 2012				31 December 2011			
Period to realisation	**Less than 1 year**	**1 to 5 year**	**More than 5 years**	**Total**	**Less than 1 year**	**1 to 5 year**	**More than 5 years**	**Total**
Hedged cash flows	309	888	546	1,743	746	1,796	1,132	3,674

In the year ended 31 December 2012, several hedges of future income representing a non-material impact on profit and loss were requalified as ineligible for hedge accounting on the grounds that the related future event would be no longer highly probable (see Financial Statement note 2.c).

5.8 Sovereign risks [Audited]

Sovereign risk is the risk of a State defaulting on its debt, i.e. a temporary or prolonged interruption of debt servicing (interests and/or principal).

The Group holds sovereign bonds as part of its liquidity management process. Liquidity management is based on holding securities eligible as collateral for refinancing by central banks and includes a substantial share of highly rated debt securities issued by governments, representing a low level of risk. Moreover, as part of its assets and liability management and structural interest-rate risk management policy, the Group also holds a portfolio of assets including sovereign debt instruments, with interest-rate characteristics that contribute to its hedging strategies. In addition, the Group is a primary dealer in sovereign debt securities in a number of countries, which leads it to take temporary long and short trading positions, some of which are hedged by derivatives.

Exposures to euro zone sovereign debt in the Group's banking book amounted to EUR 44.0 billion at 31 December 2012, before revaluation and including accrued interest. This compares to an exposure of EUR 58.1 billion at 31 December 2011 and EUR 73.9 billion at 30 June 2011, when the crisis first hit several sovereign issuers in the euro zone.

The EUR 14.2 billion decline in the book during the year was due to the exchange of securities related to the Greek debt restructuring, disposals and redemptions collected (EUR -17 billion related mostly to securities issued by Italy, France, Belgium, Germany and the Netherlands), partly offset by acquisitions (securities worth EUR 4 billion issued by France, Belgium and Italy).

Securities of non-euro zone sovereign issuers held within the banking book amounted to EUR 19.2 billion as of 31 December 2012 compared with EUR 16 billion at 31 December 2011.

TABLE 49: BANKING AND TRADING BOOKS SOVEREIGN EXPOSURES BY GEOGRAPHICAL BREAKDOWN

31 December 2012	Banking Book[(1)]			Trading Book		
	Central Governments			Central Governments		Counterparty risk[(2)]
In millions of euros	Securities	Loans	CDS	Cash[(2)]	Derivatives[(3)]	
Eurozone						
Austria	105	0	0	564	(672)	22
Belgium	16,493	340	0	(80)	917	188
Cyprus	5	0	0	0	(2)	0
Estonia	0	0	0	0	20	0
Finland	290	0	0	472	(225)	0
France	10,011	133	40	(4,539)	743	11
Germany	547	0	(50)	359	28	312
Italy	11,930	641	102	807	399	4,474
Luxembourg	46	0	0	217	0	0
Malta	0	0	0	0	0	0
Netherlands	3,195	0	0	(217)	359	(2,350)
Slovakia	30	0	0	(4)	(203)	0
Slovenia	38	0	(4)	(2)	(148)	0
Spain	459	0	0	285	(218)	8
Programme countries						
Greece[(*)]	0	5	0	9	0	189
Ireland	212	0	0	(9)	(16)	0
Portugal	590	0	0	22	(3)	0
TOTAL EUROZONE	**43,950**	**1,120**	**88**	**(2,118)**	**977**	**2,854**
Other EEA countries						
Bulgaria	2	0	0	6	(15)	0
Czech Republic	165	0	0	58	(3)	0
Denmark	0	0	0	31	(35)	0
Hungary	66	50	(8)	192	6	0
Iceland	0	0	0	0	12	0
Latvia	0	0	0	17	6	0
Liechtenstein	0	0	0	0	0	0
Lithuania	21	0	4	4	26	7
Norway	68	0	0	3	(1)	0
Poland	889	0	0	(66)	0	0
Romania	0	47	0	53	(27)	0
Sweden	0	0	0	18	15	32
United Kingdom	1,646	0	0	(950)	(69)	0
OTHER EEA COUNTRIES	**2,857**	**97**	**(4)**	**(633)**	**(84)**	**39**
TOTAL EEA 30	**46,807**	**1,217**	**85**	**(2,751)**	**893**	**2,892**
United States	5,593	371	0	6,499	(4,105)	0
Japan	6,655	0	0	173	(220)	15
Others	6,963	2,928	(4)	6,238	2,107	84
TOTAL	**66,017**	**4,515**	**80**	**10,159**	**(1,325)**	**2,992**

31 December 2011	Banking Book[1]			Trading Book		
	Central Governments			Central Governments		Counterparty risk[2]
In millions of euros	Securities	Loans	CDS	Cash[2]	Derivatives[3]	
Eurozone						
Austria	539	0	0	44	(26)	0
Belgium	17,383	1,826	0	(218)	(369)	12
Cyprus	22	0	0	31	(18)	0
Estonia	0	0	0	0	20	0
Finland	293	0	0	240	(364)	2
France	13,981	161	101	(3,375)	2,898	216
Germany	2,550	0	0	(1,230)	(29)	273
Italy	12,656	552	92	1,063	111	3,242
Luxembourg	31	147	0	0	0	0
Malta	0	0	0	0	0	0
Netherlands	7,423	1,685	0	(919)	600	11
Slovakia	29	0	0	2	(157)	0
Slovenia	41	0	0	230	(188)	0
Spain	457	349	0	58	(59)	6
Programme countries						
Greece(*)	1,041	5	0	78	13	167
Ireland	274	0	0	(10)	37	19
Portugal	1,407	0	0	(15)	62	0
TOTAL EUROZONE	**58,127**	**4,726**	**193**	**(4,021)**	**2,531**	**3,948**
Other EEA countries						
Bulgaria	0	0	0	0	0	0
Czech Republic	164	0	0	1	(5)	0
Denmark	0	0	0	(65)	(40)	0
Hungary	201	0	0	161	(9)	0
Iceland	0	0	0	0	42	0
Latvia	0	0	0	0	16	0
Liechtenstein	0	0	0	0	0	0
Lithuania	36	0	7	1	8	0
Norway	51	0	0	4	7	0
Poland	1,650	0	0	33	79	0
Romania	0	59	0	13	1	0
Sweden	0	0	0	(42)	(60)	0
United Kingdom	679	0	0	(664)	(69)	10
OTHER EEA COUNTRIES	**2,781**	**59**	**7**	**(558)**	**(30)**	**10**
TOTAL EEA 30	**60,908**	**4,784**	**200**	**(4,579)**	**2,501**	**3,958**
United States	4,782	378	0	4,226	(3,893)	9
Japan	6,035	0	0	4,530	(733)	19
Others	5,147	3,154	0	4,536	(677)	126
TOTAL	**76,872**	**8,316**	**200**	**8,713**	**(2,803)**	**4,112**

(1) Banking book are reported in accounting value before impairment for depreciation, in particular in the case of Greece.
(2) The issuer risk on trading book sovereign securities and the counterparty risk on the derivatives concluded with sovereign counterparts are reported in market value, representing the maximum loss in the case of an event of default of the sovereign (assuming zero recovery).
(3) Net Issuer Risk on Credit Derivative Products (CDS Single Name/TRS) and on Synthetic Treasury exposures through swaps (CMT). Net Issuer Risk corresponds to the maximum loss which would be incurred in the evemt of default of the sovereign (assuming zero recovery).

5.9 Liquidity and funding risk [Audited]

Liquidity and funding risk is the risk of the Group being unable to fulfil current or future foreseen or unforeseen cash or collateral requirements without affecting routine transactions or its financial position. This risk may arise as a result of total or partial lack of liquidity in certain assets or to the disappearance of certain funding sources. It may be related to the bank itself (reputation risk) or to external factors (crisis in certain markets).

Liquidity and funding risk is managed through a global liquidity policy approved by Group Executive Management. This policy is based on management principles designed to apply both in normal conditions and in a liquidity crisis. The Group's liquidity position is assessed on the basis of internal standards, warning flags and regulatory ratios.

LIQUIDITY RISK MANAGEMENT POLICY

POLICY OBJECTIVES

The objectives of the Group's liquidity management policy are to (i) secure a balanced financing mix for the Group's activities; (ii) ensure that the Group is always in a position to deliver 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) cope with any liquidity crises; and (vi) control its cost of funding.

ROLES AND RESPONSIBILITIES IN LIQUIDITY RISK MANAGEMENT

The Internal Control, Risk and Compliance Committee reports quarterly to the Board of Directors on liquidity policy principles and the Group's position.

The Group's Executive Committee sets the general liquidity risk management policy, including risk measurement principles, acceptable risk levels and internal liquidity pricing rules. Responsibility for monitoring and implementation has been delegated to the Group ALM Committee. Dashboard reports are sent to the Group's Executive Committee monthly, weekly or daily depending on the market environment.

Group ALM Committee authorises implementation of the liquidity policy proposed by ALM Treasury, which relies on the principles set by the Executive Committee. The Executive Committee is notably informed on a regular basis of liquidity risk indicators, stress tests, and the execution of funding program. It is also informed of any crisis situation, and is responsible for deciding on the allocation of crisis management roles and approving emergency plans.

After validation by Group ALM Committee, ALM-Treasury is responsible for implementing the policy throughout the Group. The business line and entity ALM Committees implement at local level the strategy approved by Group ALM Committee.

Group Risk Management (GRM) contributes to defining liquidity policy principles. It also provides second-line control by validating the models, risk indicators (including liquidity stress tests), limits and market parameters used. GRM takes part in the Group ALM Committee and the local ALM Committees.

CENTRALISED LIQUIDITY RISK MANAGEMENT

ALM-Treasury is responsible for managing liquidity for the entire Group across all maturities. In particular, it is responsible for funding and short-term issuance (certificates of deposit, commercial paper, etc.), for senior and subordinated debt issuance (MTNs, bonds, medium/long-term deposits, covered bonds, etc.), preferred share issuance, and loan securitisation programmes for the retail banking business and CIB's financing activities. ALM-Treasury is tasked with providing internal financing to the Group's core businesses, operational entities and business lines, and investing their surplus cash. It is also responsible for building up and managing liquidity reserves, which comprise assets that can be easily liquidated in the event of a liquidity squeeze.

LIQUIDITY RISK MANAGEMENT AND SUPERVISION

Internal liquidity management is underpinned by a full range of standards and indicators at various maturities. The liquidity position is measured regularly by currency and by maturity, at both Group and entity level.

Liquidity risk management and supervision is predicated on the following indicators:

- the Bank's cash balance sheet;
- wholesale funding indicators;
- liquidity reserve;
- internal liquidity pricing;
- regulatory ratios.

The main liquidity risk mitigation techniques are building up a liquidity reserve, diversifying funding sources and extending financing maturities.

PRESENTATION OF INDICATORS AND TRENDS IN 2012

CASH BALANCE SHEET

The Bank's cash balance sheet is a presentation of the balance sheet adapted to provide an analysis of the Group's liquidity.

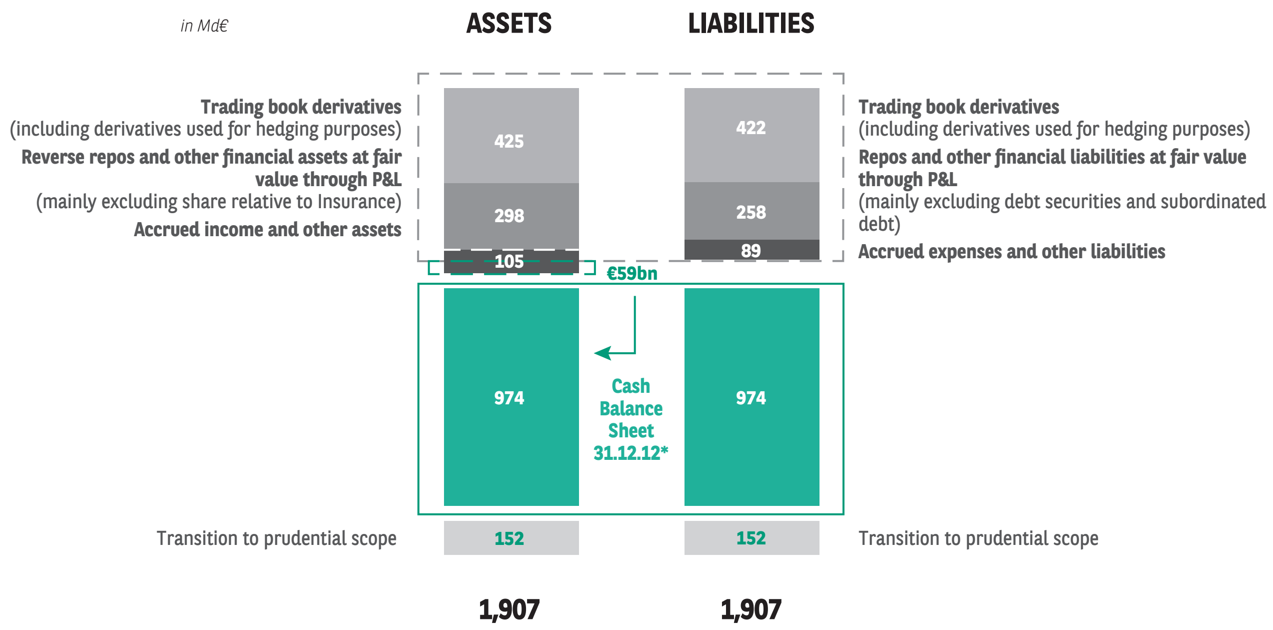
Taking the accounting balance sheet as a basis, the main following adjustments are made:

1) transition from the Group's consolidated accounting balance sheet to the Bank's prudential balance sheet, by accounting for the Group's insurance entities and efficient securitisation vehicles as associates (see table 3 section 5.2);
2) netting of derivative financial instruments accounts (including hedging instruments), repurchase agreements and other financial instruments measured through profit or loss and payables/receivables, recognised as assets under the heading "Trading assets with clients";
3) netting of some banking book repos mostly with debt securities recognised as assets under the heading "Trading assets with clients";
4) reclassification of certain balance sheet items:
   a. the Group's debt securities placed with retail clients transferred to customer deposits, (see table 50);
   b. funding arising from monetary policy allocated to short-term funding, even if duration can be higher than one year, for example LTRO deals.

The resulting cash balance sheet is shown hereafter.

The diagram below shows the adjustments to the accounting balance sheet made at 31 December 2012 to obtain the Group's cash balance sheet.

FIGURE 8: CONSOLIDATED BALANCE SHEET TO CASH BALANCE SHEET RECONCILIATION



** Excluding repurchase agreements (€12bn), mainly netted with fixed income securities on the asset side of the cash balance sheet.*

The cash balance sheet assesses the equilibrium of the balance sheet structure by measuring:

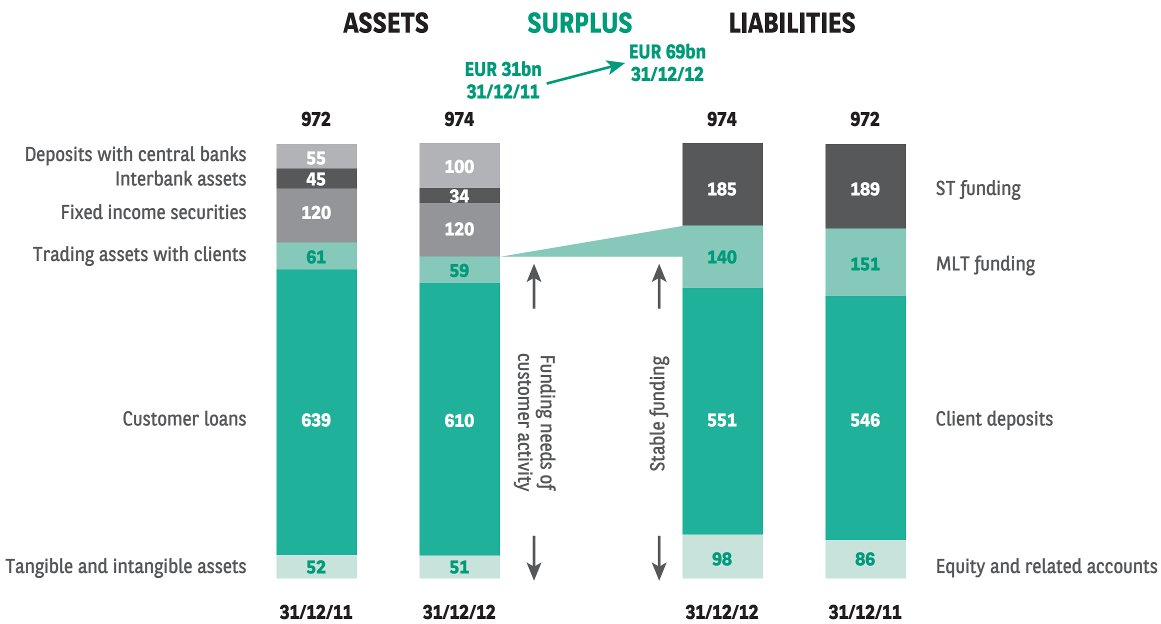
- funding needs of customer activities (customer trading book, customer loans and Group tangible and intangible assets);
- the Group's stable funding broken down into equity and related accounts, client deposits and medium/long-term wholesale funding;
- the excess reflects the Group's surplus of stable funding relative to funding needs of customer activities that can be invested in predominantly liquid assets to contribute to the Bank's liquidity reserve;
- short-term wholesale funding invested in predominantly liquid assets to contribute to the Bank's liquidity reserve.

Cash balance sheet is used as an internal management tool for the Group's business lines and/or entities.

Medium and long-term liquidity management is mainly based on the medium and long-term assets vs. liabilities mismatch analysis.

Trends in the cash balance sheet in 2012 are presented hereafter.

FIGURE 9: CASH BALANCE SHEET TREND



Trends in the Group's cash balance sheet reflect the completion of its adjustment plan ahead of the new capital and liquidity requirements.

The main changes on the asset side of the 2012 cash balance sheet were:

- the EUR 29 billion decrease in customer loans mainly due to actions taken under the adjustment plan, particularly by CIB but also by the Group's other entities;
- the increase in central bank deposits which reflects the adaptation plans completed by the business lines and the asset allocation strategy pending clarification of the liquidity classification of various asset types for regulatory liquidity ratios. A portion of interbank assets has thus been reallocated to central bank deposits.

The main changes on the liability side of the 2012 cash balance sheet were:

- MLT funding decrease by EUR 11 billion due to more maturing deals than new origination, in line with the Group's balance sheet reduction;
- the change in customer deposits due to inflows in the domestic networks;
- the increase in equity and related accounts stemming from the accumulation of Group equity and reserves, an increase in revaluation reserves and an increase in provisions for contingencies and charges.

WHOLESALE FUNDING INDICATORS

Presentation of trends in MLT funding in the Bank's cash balance sheet

MLT funding sources depend on conditions in the debt markets (trends in spreads required by the market) and are diversified by type of investor, geographical area and currency.

Funding sources are diversified through the various distribution networks, entities, currencies and collateralised or non-collateralised financing programmes.

The financing structure can also be improved by extending maturities, and targeting more stable funding sources.

TABLE 50: TRENDS IN MLT WHOLESALE FUNDING IN THE CASH BALANCE SHEET

In billions of euros	At 31 December 2011	New origination	Redemption	Buy-back	Call exercise	FX impact and other	At 31 December 2012
MLT debt securities issued	141.7	33	(28.1)	(3.3)	(4.0)	0.1	139.4
Other funding	57.3	6.3	(14.2)	(2.8)	(1.4)	2.2	47.4
TOTAL MLT FUNDING	**199.0**	**39.3**	**(42.3)**	**(6.1)**	**(5.4)**	**2.3**	**186.8**
MLT debt placed with clients	(47.6)						(46.8)
MLT funding in the cash balance sheet	151.4						140.0

Funding raised by the Group in the markets with an initial maturity of over 1 year came to EUR 39.3 billion in 2012 (EUR 47.4 billion in 2011), with an average maturity of about 5.3 years.

The amount of debt securities issued classified as MLT funding comprises debt securities measured at fair value through profit or loss, (EUR 41.6 billion) and debt securities measured at amortised cost with an initial maturity of more than one year (EUR 102.2 billion) excluding perpetual subordinated debt, as presented in note 5.i to the financial statements. In the cash balance sheet, these amounts are adjusted for the debt securities taken up by Group entities that do not belong to the Bank's prudential scope.

MLT collateralised wholesale funding

MLT collateralised wholesale funding(*) is measured by separating out assets representing securities and loans:

TABLE 51: MLT COLLATERALISED WHOLESALE FUNDING

In billions of euros	31 December 2012		31 December 2011	
	Collateral used(**)	Funding raised(***)	Collateral used(**)	Funding raised(***)
Loans and receivables	53.6	42.1	66.7	49.6
Securities	12.2	10.6	12.2	11.1
TOTAL	**65.8**	**52.7**	**79.0**	**60.7**

(*) Funding obtained from central banks is not considered as MLT wholesale funding in the internal indicators and is therefore not included in this table.
(**) Amounts gross of haircuts.
(***) Amounts net of haircuts.

MLT collateralised wholesale funding represents 28% of the total Group's MLT funding. The Bank carefully manages its proportion of secured funding and the associated overcollateralisation.

LIQUIDITY RESERVE

In addition to the structural indicators presented above, liquidity stress tests are performed regularly on short maturities, based on market factors and/or factors specific to the Group. The availability of sufficient liquidity reserves to cope with an unexpected surge in liquidity needs is regularly measured at Group and entity level.

The liquidity reserve comprises deposits with central banks, available securities and loans eligible for central bank refinancing and available securities that can be financed through repurchase agreements or immediately sold on the market.

The Bank's treasury position is adjusted by managing the liquidity reserve, which comprises deposits with central banks and highly liquid assets. One way to strengthen the liquidity reserve is to transform less liquid assets into liquid assets by securitising pools of loans (see section 5.5 on Proprietary Securitisation).

The table below shows trends in the liquidity reserve.

TABLE 52: LIQUIDITY RESERVE

In billions of euros	31 December 2012	31 December 2011
Eligible assets	**189**	**203**
Utilisations	68	98
-o/w monetary policy	*42*	*49*
-o/w repos	*22*	*44*
-o/w other	*4*	*5*
Available eligible assets	**121**	**105**
Central bank deposits	**100**	**55**
-o/w mandatory reserves	**9**	**12**
TOTAL LIQUIDITY RESERVE	**221**	**160**

The increase in available eligible securities in 2012 excluding central bank deposits is due to rationalised use of eligible assets. The Bank also significantly increased its central bank deposits during the year. The Group's liquidity surpluses have been allocated to this type of investment pending clarification on what are considered to be liquid assets for the purpose of the regulatory liquidity ratios.

INTERNAL LIQUIDITY PRICING

All of the Group's assets and liabilities are subject to internal liquidity pricing, the principles of which are decided by the Group ALM Committee and aim to take account of trends in the cost of market liquidity and the balance between assets and liabilities.

REGULATORY LIQUIDITY RATIOS

The 1-month liquidity ratio is calculated monthly for the parent company BNP Paribas SA (French operations and branches).

The average 1-month regulatory liquidity ratio for BNP Paribas SA (parent company and branches) was 163% in 2012 compared with a minimum requirement of 100%.

5.10 Operational risk

RISK REDUCTION AND HEDGING POLICY [Audited]

RISK MANAGEMENT FRAMEWORK

Regulatory framework

Operational risk management is governed by a strict regulatory framework:

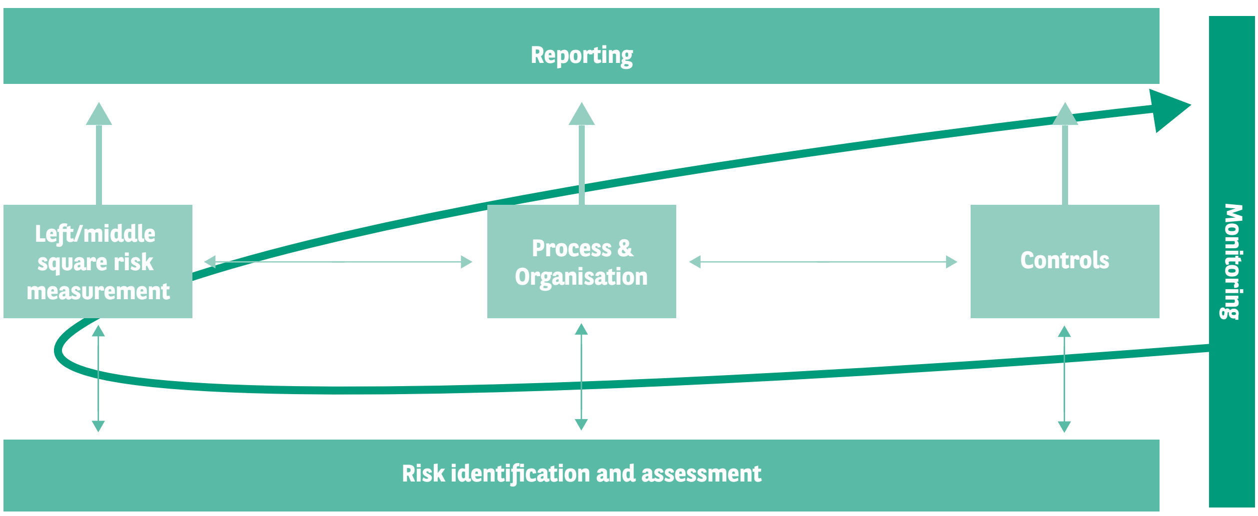
- Basel Committee Regulation, which requires the allocation of capital to operational risk;
- Regulation CRBF 97-02 as amended, which requires implementation of a risk management system covering all types of risk and an internal control system that ensures the effectiveness and quality of the Bank's internal operations, the reliability of internal and external information, the security of transactions and compliance with all laws, regulations and internal policies.

Objectives and principles

To meet this dual requirement of measuring and managing operational risk, BNP Paribas has developed a five-stage iterative risk management process:

- identifying and assessing operational risks;
- formulating, implementing and monitoring the risk mitigation system, including procedures, checks and all organisational elements designed to help to control risk, such as segregation of tasks, management of access rights, etc.;
- producing risk measures and calculating the capital charge for operational risk;
- reporting and analysing oversight information relating to the operational permanent control process;
- managing the system through a governance framework that involves members of management, preparing and monitoring action plans.

➤ FIGURE 10: EVALUATION PROCESS OF OPERATIONAL RISK



There are two key components to the system, which are structuring in scope and illustrate the complementary nature of the Group's operational risk and permanent control systems:

- calculating capital requirements for the BNP Paribas scope is based on a hybrid approach that combines an internal model for the majority of entities with the standardised or basic approach for other entities depending on their level of maturity. Under the Advanced Measurement Approach (AMA), loss distributions are modelled and calibrated using two sets of data: historical event data since 2002 for the BNP Paribas Group and the major international banks, and internally constructed potential event scenarios to take better account of the extreme risks to which the Bank is exposed. This model was approved by the French banking supervisor (Autorité de Contrôle Prudentiel) in 2008. It has been gradually extended within the Group and, particularly in 2012, to a large number of entities from the ex-Fortis scope;

- widespread use of control plans: BNP Paribas has rolled out a process of formulating "control plans", which have three objectives: harmonising practices, rationalising the system and standardising controls. This practice will also cover the Group's international operations and thereby support its structure enhancements. It is based on a risk mapping exercise carried out to identify and quantify potential risk scenarios, involving all the Group's core businesses, retail operational entities, business lines and Group functions.

Key players and governance

The BNP Paribas Group's objective is to implement a permanent control and operational risk management system organised around two types of participants:

- heads of operational entities, who are on the front line of risk management and implementation of systems to manage these risks;
- specialised teams, who are present at every level of the Group (core businesses, retail operational entities, functions, business lines) and coordinated centrally by the 2OPC team (Oversight of Operational Permanent Control), which is part of Group Compliance and a participant in the Group's risk management process. These teams are, in particular, responsible for:
  - coordinating throughout the areas within their remit the definition and implementation of the permanent control and operational risk management system, its standards and methodologies, reporting and related tools,
  - acting as a second pair of eyes that is independent of the operational managers to scrutinise operational risk factors and the functioning of the operational risk and permanent control system, and issuing warnings, where appropriate.

About 350 employees on a full-time equivalent basis are responsible for these supervisory activities.

Issues that arise in relation to permanent operational risk management and business continuity are discussed with the Group's Executive Committee on a regular basis, and periodically with the Internal Control Coordination Committee. This committee is chaired by the Internal Control Coordinator and brings together key players in the internal control process. The Group's core businesses, retail operational entities, business lines and functions tailor this governance structure to their own organisations, with the participation of Executive Management. Most other Group entities, particularly the major subsidiaries, have set up a similar structure.

Scope and nature of risk reporting and measurement

Group Executive Committees, core businesses, retail operational entities, business lines and functions are tasked with overseeing the management of operational and non-compliance risk and permanent control in the areas falling within their remit, in accordance with the Group's operational risk framework. The committees validate the quality and consistency of reporting data, examine their risk profile in light of the tolerance levels set and assess the quality of risk control procedures in light of their objectives and the risks they incur. They monitor the implementation of risk mitigation measures.

Operational risk management has developed a system of data collection of actual or potential incidents using an approach structured by operational process and entity (activities in a country and a single legal entity) focusing on the cause-and-effect chain behind events. This information is used as the basis for risk mitigation and prevention measures.

The most significant information is brought to the attention of staff at various levels of the organisation, up to and including executive and decision-making bodies, in line with a predefined information reporting process.

COMPONENTS OF OPERATIONAL RISK RELATED TO LEGAL, TAX AND INFORMATION SECURITY RISKS

Legal risk

In each country where it operates, BNP Paribas is bound by specific local regulations applicable to companies engaged in banking, insurance and financial services. The Group is notably required to respect the integrity of the markets and the primacy of clients' interests.

For many years, the Legal Department has had an overarching information sharing and internal control system designed to anticipate, detect, measure and manage legal risks. More recently, the system has been substantially revised to adapt to changes in the Group and to promote a more proactive approach by the legal officers and their teams, regardless of their business line and geographical territory. The new system is based on:

- governance bodies:
  - Executive Legal Affairs Committee, which defines and oversees compliance with the Legal Function's overall strategy,
  - Global Legal Committee, which coordinates and supervises 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,
  - Global Litigation Practice Group, which brings together legal experts from fourteen countries with a view to improving their ability to look ahead and interact in the areas of litigation, pre-litigation and regulatory;
- specific committees, including:
  - France and Europe Legislation Tracking Committees, which monitor draft legislation, and analyse, interpret and distribute throughout the Group the texts of new laws and regulations, as well as details of changes in French and European case law,

- Steering Centre for European Law, a joint French and Belgian unit responsible for all issues involving European law and competition law for the entire Group,
- Legal Internal Control Committee, whose focuses include overseeing operational risk and internal audit recommendations;

- Legal Practice Groups by business line and specific-issue working groups aimed at strengthening cooperation between specialist lawyers and proposing cross-functional legal risk management policies;
- internal procedures and databases providing a framework for (i) managing legal risk in liaison with the Compliance function for all matters which also fall under its responsibility, and (ii) overseeing the activities of the Group's legal staff and operating staff involved in legal areas. At the end of 2004, a procedures database detailing all internal procedures was set up on the Group Intranet and is available to all Group employees;
- a knowledge management system aimed at both legal and operating staff and broader training opportunities for the Group's legal community;
- internal risk reporting tools and analytical models, which are upgraded on an ongoing basis by Group Legal Department and contribute to the identifying, assessing and analysing operational risk.

In a difficult economic environment marked by increasing regulations and heavier regulatory requirements, as well as an increase in litigation, the Legal function must be able to take a global view and optimise its ability to become involved and take action.

The Legal function's new management and working methods were implemented and tested in 2012. A review is currently in progress on potential changes to its method of involvement in the litigation and regulatory fields and extending the links between the Legal functions of certain specialist business lines and foreign territories. Meanwhile, the Legal function has focused on clarifying its areas of involvement and responsibility levels and on creating new areas of cooperation with the Group's business lines. This work is facilitated by the fact that the Chief Legal Officer (or a representative) sits on both the Internal Control Coordination Committee and the Compliance Committee as a permanent member.

In addition, the Legal function, in liaison with the Purchasing function, has drawn up a pragmatic, broader legal outsourcing policy with a view to combining quality with cost control.

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. The Group Tax Department performs controls to ensure that tax risks remain at an acceptable level and are consistent with the Group's reputation and profitability objectives.

To ensure its mission, the Group Tax Department has established:

- a network of dedicated tax specialists in 16 countries completed by tax correspondents covering other countries where the Group operates;
- a qualitative data reporting system in order to manage tax risks and assess compliance with local tax laws;
- regular reporting to Group Executive Management on the use made of delegations of authority and compliance with internal standards.

The Group Tax Department co-chairs the Tax Coordination Committee with Group Finance. The committee also includes the Compliance function and may involve the core businesses when appropriate. It is responsible for analysing key tax issues for the Group. In addition, Group Finance is obliged to consult the Group Tax Department on any tax issues arising on transactions processed.

Lastly, the Group Tax Department has drawn up procedures covering all core businesses, designed to ensure that tax risks are identified, addressed and controlled appropriately.

Information security

Information, and digital data in particular, is a key commodity for banks and effective management of information security risk is vital in an era of near full-scale migration to electronic media, growing demand for swift online processing of ever more sophisticated transactions, and widespread use of the internet or multiple networks as the primary interface between a bank and its individual or institutional customers.

Information security incidents experienced by the banking and credit/payment card industries, their cost and media disclosure in various countries requires the Group to continuously strengthen its ability to anticipate, prevent, protect, detect and react in order to counter the major threats and track regulations and case law on data protection.

The Group's information security policy is set out in a corpus of reference documents geared to its various needs, both functional and technical. These documents include the general security policy; more specific policies for various issues related to information systems security; ISO 27001 requirements; practical guides to security requirements; operational procedures and all documents intended to raise the awareness of employees and users of the Group's information systems.

The security framework is drilled down to each individual business line, taking account of any regulatory requirements, the security risk exposure of the business line in question and the specific threats it faces. Each business line uses the Group's standardised approach to managing information security (the primary methodology used is ISO 27005, supported by the French EBIOS risk analysis methodology), risk assessment indicators, and monitoring action plans. This approach is supported by information security control plans designed to assess its effectiveness (deployment and quality) with regard to all the Group's key assets and to measure the level of maturity of the various structure. It forms 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 or 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.

The availability of information systems is vital to allow BNP Paribas to continue operating in a crisis or emergency. Although it is impossible to guarantee 100% availability, the Group maintains, improves and regularly verifies the information back-up capabilities and system robustness, in line with its values of operational excellence, in response to tighter regulations and extreme stress scenarios (natural disasters or other catastrophes, health pandemics, etc.). Its action in this area is consistent with the Group's general business continuity plan.

Confidentiality of customer data and transaction integrity are also areas covered by the Bank's continuous progress approach, not only to counter the threats described earlier but also to provide our customers with a service that meets their expectations.

BNP Paribas seeks to minimise information security risk and optimise resources by:

- updating the procedural framework for each business line governing day-to-day practices to take account of developments in business activities and new trends;
- raising employees' awareness of information security imperatives and training key players in the appropriate procedures and behaviours related to information system resources;
- rolling out and developing controls for BNP Paribas entities and external partners, and strengthening support actions;
- strengthening the security of IT developments, better measurement of responsiveness in terms of information security and preventing data leaks;
- monitoring incidents and developing intelligence of technological vulnerability and information systems attacks.

BNP Paribas takes a continuous progress approach to information security. Apart from investing heavily in protecting its information systems assets and information resources, the level of security must be supervised and controlled continuously. This enables the Bank to adjust its security levels to new threats caused by cyber crime. In this respect, the security model has been revised to ensure that it takes account of technological changes that have a strong impact on interactions between users (clients and employees) and their information systems. This requires Group-level action in developing tools to scale up security processes, setting up a security community and continuing the major projects forming part of the Group's information security development plan.

APPROACH AND SCOPE

The Group Compliance Department has outlined the Group's operational risk management approach, by delegation from the Risk Management Department. This approach uses an operational risk model scaled to be proportionate to the risk being incurred and aims to ensure that the vast majority of operational risks are covered.

The corresponding capital requirement is calculated for each legal entity in the BNP Paribas Group prudential scope. The amount of risk-weighted assets is calculated by multiplying the capital requirement by 12.5.

BNP Paribas uses a hybrid approach combining the Advanced Measurement Approach (AMA), standardised approach, and basic indicator approach.

For the Group, the AMA methodology has been deployed in the most significant entities of each division or Retail Banking Operational entities. This includes most of Retail Banking in France and Italy, CIB, and Investment Solutions. BNP Paribas Fortis and BGL BNP Paribas business lines, as well as a few other ex-Fortis group subsidiaries, have also been using the Group's AMA model since 2012.

ADVANCED MEASUREMENT APPROACH (AMA)

Under the Advanced Measurement Approach (AMA) for calculating capital requirements, the bank must develop an internal operational risk model based on internal loss data (historical and potential), external loss data, various scenarios analyses, environmental factors, and internal controls.

BNP Paribas' internal model meets the AMA criteria and includes the following features:

- the model uses an aggregate annual loss distribution, meaning that the frequency and severity of losses from operational risks are modelled using an actuarial approach and according to distributions calibrated with available data;
- it uses historical data as well as scenarii to calculate capital requirements, with a predominance for scenarii because they can be shaped to reflect severe risks;
- the model is faithful to its input data, so that its results can be used easily by each of the Group's business lines. Most of the assumptions are therefore included in the data themselves;
- it is prudent in its capital requirement calculations. The input data are thoroughly reviewed, and any supplemental data are added if needed to cover all relevant risks within the Group.

The AMA uses VaR (Value at Risk), or the maximum potential loss over one year, at a 99.9% confidence level to calculate regulatory capital requirements.

Capital requirements are calculated on an aggregate level using data from all Group entities that have adopted the AMA, then allocated to individual legal entities.

FIXED-PARAMETER APPROACHES

BNP Paribas uses fixed-parameter approaches (basic or standardised) to calculate the capital requirements for entities in the Group's scope of consolidation that are not integrated in the internal model.

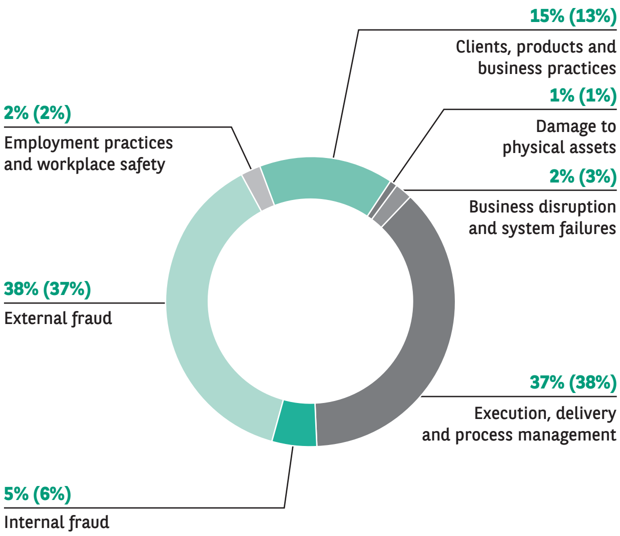
Basic indicator approach: The capital requirement is calculated by multiplying the entity's average net banking income (the exposure indicator) over the past three years by an alpha parameter set by the regulator (15% risk weight).

Standardised approach: The capital requirement is calculated by multiplying the entity's average net banking income over the past three years by a beta factor set by the regulator according to the entity's business category. Therefore in order to use the banking supervisor's beta parameters, the Group has divided all its business lines into the eight business categories, with each business line assigned to these categories, without exception nor overlap.

OPERATIONAL RISK EXPOSURE

Banking regulation divides operational loss events into seven categories: (i) internal fraud, (ii) external fraud, (iii) employment practices (such as an anomaly in the recruitment process) and workplace safety, (iv) customers, products and business practices (such as product defects, mis-selling, etc.), (v) damage to physical assets, (vi) business disruption and system failures, (vii) failures in execution, delivery and process management (data entry error, error in documentation, etc.).

FIGURE 11: OPERATIONAL LOSSES - BREAKDOWN BY EVENT TYPE (AVERAGE 2008-2012)(*)



(*) Percentages in brackets correspond to average loss by type of event for the 2008-2011 period.

External fraud and process failures, typically arising from execution or transaction processing errors, represent the two main operational loss event. Fraud of this kind, such as payment and credit fraud, is fairly common in the world of retail banking. In Corporate and Investment Banking, incidents of fraud are rarer but of larger scale.

The third biggest loss event corresponds to events associated with business practices, and the prevalence of these has been tending to stabilise over time after a phase of increase. Internal fraud accounts for about 5% of the Group's operational losses.

The remaining types of incidents account for relatively small amounts of losses.

The BNP Paribas Group pays the utmost attention to analysing its operational risk incidents in order to improve its already well-structured control system.

CAPITAL REQUIREMENT

TABLE N° 53: OPERATIONAL RISK CAPITAL REQUIREMENT

	Capital requirement Operational risk		
In millions of euros	31 December 2012	31 December 2011	Variation
Advanced Measurement Approach (AMA)	2,847	3,090	(243)
Standardised approach	761	758	3
Basic indicator approach	484	521	(37)
TOTAL OPERATIONAL RISK	**4,092**	**4,369**	**(277)**

Half of the EUR 277 million fall in the capital requirement for operational risk-weighted assets (down EUR 3.5 billion) stemmed from a method effect caused by the convergence of the Fortis scope with the Group's AMA model in the first quarter of 2012, as well as a scope effect related to the derecognition of a few legal entities, the largest one being Klépierre.

RISK REDUCTION THROUGH INSURANCE POLICIES

Risks incurred by the BNP Paribas Group may be covered by major insurers with the dual aim of protecting its balance sheet and profit and loss account. The Group's insurance policy is based on a risk identification and assessment procedure underpinned by risk mapping, detailed operating loss data and forward-looking analysis.

The Group purchases insurance from leading insurers in the market covering fraud, theft, property and casualty, business disruption, liability and other risks for which it may be held responsible.

In order to optimise costs and effectively manage its exposure, the Group self-insures some well identified risks whose impact in terms of frequency and cost is known or can be adequately estimated.

In selecting insurers, the Group pays close attention to the credit rating and claims paying ability of the companies concerned.

Detailed information on risks incurred by BNP Paribas as well as risk assessment visits, enable insurers to assess the quality of coverage and risk prevention within the Group, as well as the safeguard measures put in place and upgraded on a regular basis in light of new standards and regulations.

5.11 Compliance and reputation risk [Audited]

Effective management of compliance risk is a core component of the Bank's internal control framework and covers adherence to applicable laws, regulations, codes of conduct and standards of good practice. Compliance also involves protecting the Group's reputation as well as the reputation of its investors and customers; ensuring that members of staff act in an ethical manner and avoid conflicts of interest; protecting the interests of its customers and the integrity of the market; implementing anti-money laundering procedures, combating corruption and terrorist financing; and respecting financial embargos.

As required by French regulations, the Compliance function manages compliance risk for all of the Group's domestic and international businesses. The Compliance function reports to the Chief Executive Officer and has direct, independent access to the Board's Internal Control, Risk and Compliance Committee.

The function includes a central structure in Paris responsible for overseeing and supervising all compliance matters, and local teams within the Group's various core businesses, retail operational entities, business lines and functions acting under delegated authority from the central team. This system is reinforced continuously.

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

- general and specific procedures;
- coordination of action taken within the Group to guarantee the consistency and effectiveness of monitoring systems and tools;
- deployment of tools for detecting and preventing money laundering, terrorist financing and corruption, and detecting market abuses, etc.;
- training, both at Group level and in the divisions and business lines.

Protecting the Bank's reputation is high on the Group's agenda. It requires ongoing revisions to the risk management policy in line with developments in the external environment. The Group has strengthened its anti-money laundering, terrorist financing and corruption techniques due to the international climate, the increasing number of fraudulent practices in the market and the introduction of tighter regulations by many countries.

5.12 Insurance risks [Audited]

BNP PARIBAS CARDIF RISK MANAGEMENT SYSTEM

BNP Paribas Cardif is exposed to the following risks:

- market risk, risk of incurring a loss of value due to adverse trends in the financial markets, arises mainly from mismatches between assets and liabilities, which for the most part stem from maturity mismatches and the existence of a minimum guaranteed return for policyholders;
- underwriting risk, the risk of incurring a loss of value due to changes in benefits to be paid to policyholders, stems from statistical, macro-economic or behavioural trends as well as the occurrence of catastrophe events, that is low probability, high financial intensity events;
- credit risk, risk of incurring a loss of value due to the impact of changes in the credit quality of the business's obligors, arises on both the issuers of financial instruments in which the various BNP Paribas Cardif entities invest the premiums received from their policyholders, and on receivables representing accrued insurance business due to those entities from distributors and reinsurers;
- operational risk, risk of incurring a loss due to inadequate or failed internal processes, or due to external events.

Management of these risks done within BNP Paribas Cardif's risk profile and its risk preferences:

- insurance risks profile is defined by two indicators: (i) maximum deviation between pre-tax income and budget at the 90% quantile, and (ii) the target solvency ratio in the current regulatory environment, that is Directive 73/239/EC or Solvency I, as transposed into the French Insurance Code;
- at 31 December 2012, The Solvency I ratio stands at 115% before unrealised gains on assets and technical provisions. Including unrealised gains, the Solvency I ratio is superior to 200%. BNP Paribas

Cardif's risk preferences can be summarised in three objectives: (a) control the general fund's contribution to growth in savings products in order to limit the proportion of market risk, (b) support growth of Protection products and (c) expand in the P&C market to increase the relative proportion of underwriting risk and the diversification effect.

This risk strategy is implemented and controlled through an organisation tailored to the broad risk classes and supported by ad hoc governance structures. The main risk decision-taking or monitoring committees are:

- the Insurance Risk Management Committee covers all risks and is responsible for defining the risk policy and for overseeing the key risks. It monitors progress in BNP Paribas Cardif's transition towards the future Solvency II, alongside "Valor", the dedicated structure for this purpose set up in 2009;
- the various committees that take risk decisions are the Underwriting Committee for risks outside the limits granted to the local and regional entities, New Business Committee for new underwriting risks and underwriting risks that are not new for BNP Paribas Cardif but new for a particular entity, and New Asset Class Committee for investments in new types of asset;
- the Insurance ALM Committee covers market risks and is responsible for defining the strategic asset allocation;
- the Exposure Monitoring Committee oversees underwriting risks and the credit risk on receivables arising from insurance business;
- the Asset Credit Risk Committee monitors credit risk on issuers of financial instruments;
- the Operational Risk Committee monitors actual and potential incidents.

MARKET RISK AND CREDIT RISK

Market risk and credit risk arise mainly in the Savings business, where technical reserves represent over 95% of the insurance subsidiaries' liabilities.

Interest rate risk management for the general insurance fund and the asset diversification policy have driven investment in real estate assets, equities and fixed-income securities, including government bonds particularly in the euro zone countries. The target strategic allocation of Cardif Société Vie, the main Savings insurance subsidiary, is based mainly on fixed-income securities (80%). The proportion of equities and real estate is significant (10% each).

Market risk and credit risk fall into four categories:

INTEREST RATE RISK

Policyholder returns on non-unit-linked life insurance policies are based on either a fixed rate specified in the policy or a variable rate, with or without a minimum guaranteed return. All of these policies give rise to an interest rate and asset value risk, corresponding to the risk that the return on admissible assets (i.e. assets acquired by investing premiums) is less than the contractual return payable to policyholders. The average guaranteed return in 2012 fell to 1.41% compared with 1.47% in 2011. 97% of BNP Paribas Cardif's mathematical reserves have guaranteed minimum return commitments with a term of less than or equal to two years.

In France, to cover future potential financial losses, estimated over the lifetime of the policies, a provision for future adverse deviation (provision pour aléas financiers) is booked when total amount of technical interest plus the guaranteed return payable to policyholders through technical reserves is not covered by 80% of the return on the admissible assets. No provision for future adverse deviation was booked at 31 December 2012, 2011 or 2010 as the returns guaranteed by the insurance subsidiaries are low and the guarantees are for short periods, resulting in only limited exposure.

LIQUIDITY RISK

Liquidity risk is managed centrally by the BNP Paribas Cardif 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 strategic allocation, diversification, use of derivatives, etc.) that are required to reduce the risks arising from changes in interest rates and asset values.

CREDIT RISK

BNP Paribas Cardif has a balanced spread of bond exposure between sovereign risk and corporate risk (respectively 55% and 45% for Cardif Assurance Vie's portfolio). Euro zone portfolios focus on issuers with an average rating of better than A+.

Limits by issuer and rating type (investment grade, high-yield) are monitored regularly. Issuer credit quality is also reviewed frequently. There is little exposure (less than 8%) to sovereign risk in the peripheral euro zone countries.

➤ TABLE 54: BNP PARIBAS'S CARDIF BONDS EXPOSURES BY COUNTRY

	31 December 2012											
In millions of euros	Govies		Agencies & supra sovereign		Financial Corporate		Covered		Other Corporate		Total	
By country	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value
France	8,979	10,805	1,843	2,109	11,959	12,463	4,345	4,889	4,016	4,548	**31,141**	**34,813**
Italy	4,406	4,708	90	89	1,291	1,255	383	412	565	613	**6,734**	**7,078**
Netherlands	1,005	1,227	467	521	2,045	2,257	146	173	1,336	1,506	**4,998**	**5,683**
Spain	1,063	1,045	0	0	248	231	1,161	1,073	330	354	**2,803**	**2,703**
Germany	1,138	1,377	86	94	284	306	273	279	149	170	**1,930**	**2,226**
Austria	1,706	2,048	0	0	3	3	0	0	0	0	**1,708**	**2,051**
Belgium	2,981	3,406	30	30	60	67	0	0	175	187	**3,246**	**3,690**
United Kingdom	0	0	0	0	2,272	2,511	579	676	85	91	**2,935**	**3,278**
Ireland	429	443	0	0	532	491	233	242	331	367	**1,525**	**1,543**
United States of America	0	0	0	0	1,485	1,616	51	57	547	616	**2,083**	**2,289**
Portugal	751	650	153	153	0	0	0	0	95	74	**998**	**878**
Others	1,457	1,647	899	1,020	1,413	1,511	72	80	1,215	1,392	**5,056**	**5,649**
TOTAL	**23,914**	**27,356**	**3,568**	**4,017**	**21,592**	**22,711**	**7,243**	**7,880**	**8,843**	**9,918**	**65,159**	**71,881**

	31 December 2011											
In millions of euros	Govies		Agencies & supra sovereign		Financial Corporate		Covered		Other Corporate		Total	
By country	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value
France	10,707	11,781	1,952	2,043	9,452	8,713	4,475	4,531	3,834	4,038	**30,421**	**31,106**
Italy	3,521	3,114	0	0	1,415	1,133	167	153	288	284	**5,391**	**4,683**
Netherlands	1,017	1,184	466	495	2,053	2,038	159	177	1,407	1,524	**5,102**	**5,418**
Spain	1,545	1,499	0	0	302	270	1,271	1,047	356	343	**3,474**	**3,158**
Germany	1,482	1,790	118	130	230	238	274	286	139	151	**2,243**	**2,595**
Austria	2,058	2,221	0	0	3	3	0	0	0	0	**2,061**	**2,224**
Belgium	2,604	2,705	0	0	63	62	0	0	98	103	**2,765**	**2,870**
United Kingdom	0	0	0	0	2,219	2,120	578	590	71	77	**2,868**	**2,786**
Ireland	1,063	856	0	0	555	433	234	214	304	321	**2,155**	**1,825**
United States of America	0	0	0	0	1,686	1,560	51	51	577	633	**2,314**	**2,244**
Portugal	1,168	688	163	130	0	0	14	9	95	41	**1,440**	**868**
Others	1,503	1,458	582	629	1,463	1,391	99	105	1,232	1,296	**4,879**	**4,879**
TOTAL	**26,668**	**27,297**	**3,281**	**3,426**	**19,440**	**17,959**	**7,322**	**7,163**	**8,401**	**8,811**	**65,112**	**64,656**

TABLE 55: BNP PARIBAS'S CARDIF BONDS EXPOSURES BY EXTERNAL RATINGS

													31 December 2012
In millions of euros		Govies		Agencies & supra sovereign		Financial Corporate		Covered		Other Corporate		Total	
By external rating	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	
AAA	2,460	2,964	1,242	1,425	326	335	4,191	4,787	18	22	**8,236**	**9,532**	
AA+	10,684	12,853	1,838	2,083	5	5	273	279	12	14	**12,812**	**15,233**	
AA	0	0	30	30	0	0	903	981	941	1,112	**1,874**	**2,123**	
AA-	3,074	3,520	7	6	1,736	1,917	51	52	409	480	**5,278**	**5,976**	
A+	253	298	13	14	1,456	1,580	51	57	1,876	2,134	**3,649**	**4,082**	
A	163	179	174	194	11,542	12,171	374	403	983	1,105	**13,235**	**14,052**	
A-	539	613	0	0	1,559	1,710	375	382	1,319	1,507	**3,792**	**4,212**	
BBB+	0	0	21	22	1,119	1,185	15	14	1,499	1,659	**2,655**	**2,880**	
BBB	4,497	4,791	90	89	1,521	1,481	885	807	1,252	1,343	**8,245**	**8,512**	
BBB-	1,063	1,045	85	85	1,677	1,653	126	118	215	235	**3,166**	**3,135**	
BB+	429	443	0	0	197	209	0	0	127	132	**753**	**784**	
BB	0	0	0	0	379	405	0	0	0	0	**379**	**405**	
BB-	751	650	68	69	19	13	0	0	95	74	**932**	**806**	
B+	0	0	0	0	7	6	0	0	0	0	**7**	**6**	
CCC	0	0	0	0	32	23	0	0	0	0	**32**	**23**	
NR	0	0	0	0	18	19	0	0	96	100	**114**	**118**	
TOTAL	**23,914**	**27,356**	**3,568**	**4,017**	**21,592**	**22,711**	**7,243**	**7,880**	**8,843**	**9,918**	**65,159**	**71,881**	

													31 December 2011
In millions of euros		Govies		Agencies & supra sovereign		Financial Corporate		Covered		Other Corporate		Total	
By external rating	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	
AAA	15,598	17,353	2,940	3,114	199	198	5,007	5,111	18	21	**23,763**	**25,797**	
AA+	0	0	0	0	18	18	1,015	983	630	670	**1,664**	**1,671**	
AA	0	0	0	0	1,107	1,116	77	65	636	692	**1,820**	**1,873**	
AA-	2,702	2,819	7	5	1,111	1,007	419	386	557	617	**4,797**	**4,835**	
A+	1,952	1,899	0	0	8,314	7,830	109	82	1,482	1,596	**11,856**	**11,407**	
A	3,521	3,114	163	168	3,670	3,414	75	65	840	905	**8,269**	**7,665**	
A-	414	390	8	8	2,042	1,847	383	296	2,143	2,255	**4,990**	**4,797**	
BBB+	0	0	0	0	2,026	1,775	55	45	1,005	1,030	**3,086**	**2,850**	
BBB	0	0	0	0	343	285	97	64	755	751	**1,195**	**1,100**	
BBB-	0	0	95	69	356	295	85	65	153	140	**690**	**570**	
BB+	1,063	856	68	61	186	127	0	0	35	37	**1,352**	**1,081**	
BB	1,168	688	0	0	21	15	0	0	95	41	**1,284**	**744**	
BB-	0	0	0	0	4	4	0	0	0	0	**4**	**4**	
B-	0	0	0	0	32	14	0	0	0	0	**32**	**14**	
CC	250	178	0	0	0	0	0	0	0	0	**250**	**178**	
NR	0	0	0	0	10	14	0	0	52	57	**62**	**71**	
TOTAL	**26,668**	**27,297**	**3,281**	**3,426**	**19,440**	**17,959**	**7,322**	**7,163**	**8,401**	**8,811**	**65,112**	**64,656**	

ASSET VALUE RISK

BNP Paribas Cardif has limited exposure to the risk of a fall in asset values (fixed-income, credit, equities, real estate). The mechanism involved in insurance contracts with a participation feature consists of passing on most of the change in the value of assets held in the general euro fund to the deferred participation reserve attributable to the policyholders.

➤ TABLE 56: CARDIF ASSURANCE VIE UNREALISED GAINS AND LOSSES

In millions of euros		31 December 2012	31 December 2011
Bonds	Govies	3,442	629
	Agencies & supra sovereign	449	144
	Financial Corporate	1,119	(1,481)
	Covered	637	(159)
	Other Corporate	1,075	410
TOTAL		**6,722**	**(457)**
	Equity	210	(805)
	Real estate	675	573
	Alternatives	12	27
	Other	20	(36)
TOTAL OTHER ASSETS		**916**	**(241)**
TOTAL		**7,638**	**(698)**

INSURANCE UNDERWRITING RISK

Underwriting risk arises mainly in the Savings Business Line due to surrender risk, and the Protection business, which accounts for some 5% of the insurance subsidiaries' liabilities. The value at risk over one year at 99.5% amounted to EUR 1,325 million or 28% of BNP Paribas Cardif's total value at risk.

There are three types of underwriting risk:

SAVINGS - SURRENDER RISK

Savings contracts include a surrender clause allowing policyholders to request reimbursement of all or part of their accumulated savings. The insurer is exposed to the risk of surrender volumes being higher than the forecasts used for ALM purposes, which may force it to sell assets at a loss.

The surrender risk is limited, however, as:

- 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. Short-term (one year) liquidity analyses are also carried out, which include various surrender rate increase assumptions to ensure that the Group can withstand stress situations. In 2012 liquidity study, 60% of Cardif Société Vie's assets were liquid in the short-term, mainly comprising issuers rated AAA to A;
- in addition to the guaranteed return, policyholders are paid dividends that raise the total return 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 policyholders' surplus reserve is the mechanism in France that enables the surplus actually paid out to be pooled and spread between generations of policyholders. It is one of Cardif Société Vie's essential strengths;
- the return on financial assets is protected mainly through the use of hedging instruments.

In 2012, despite the adverse environment, BNP Paribas Cardif generated more than EUR 1,436 million of net new business on the general funds.

TABLE 57: AVERAGE LAPSE RATES FOR BNP PARIBAS CARDIF GENERAL FUNDS

2012	Annual redemption rate
France	7.50%
Italy	14.50%
Luxembourg	15.00%

SAVINGS - UNIT-LINKED CONTRACTS WITH A GUARANTEED MINIMUM BENEFIT

The unit linked liabilities are equal to the sum of the market values of the assets held in the unit-linked portfolios. The insurer's liability is therefore covered by corresponding assets. The match between unit-linked liabilities and the related assets is controlled at monthly intervals.

Certain unit-linked contracts include whole life covers 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 (renewable annually) and a maximum of EUR 765,000 per insured. In addition, the guarantee is not normally available beyond the insured's 80th birthday.

The minimum guaranteed benefit reserve is (re)assessed every quarter and takes into account the probability of death, based on a deterministic scenario, and stochastic analyses of changing financial market prices. The reserve amounted to EUR 12 million at 31 December 2012 (versus EUR 19 million at 31 December 2011).

PROTECTION

These risks result mainly from the sale of creditor insurance worldwide and other personal risk insurance (individual death and disability, extended warranty, annuity policies in France).

Creditor insurance covers death, total or partial disability, loss of employment and financial loss risks for personal loans and mortage 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. The term of these contracts is usually equal to the term of the underlying loan and the premium is either deducted once upon issuance of the policy (single premium) or deducted regularly throughout the term of the policy (regular or periodic premiums).

Other contracts are either for personal risk (death, accidental death, hospitalisation, critical illness, healthcare expenses) or property & casualty risk (accidental damage, failure or theft of consumer goods or vehicles). The individual sums insured under these contracts are generally low and the cost of claims predominantly flat rate.

Lastly, through joint ventures in France and Italy, motor contracts (material damage, civil liability) and comprehensive household contracts are also underwritten.

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 excluded or that are allowed only if certain conditions are met.

Risks underwritten must comply with delegation limits set at various local and central levels, estimated maximum acceptable losses, estimated Solvency II capital requirements 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 loan type for creditor insurance, the type of guarantee and the insured population. Each contract is priced by reference to the profitability and return-on-equity targets set by the Executive Management of BNP Paribas Cardif.

Risk exposures are monitored at quarterly intervals by BNP Paribas Cardif's Executive Committee, based on an analysis of loss ratios.

Claims experience for annuity contracts are based on mortality tables applicable under insurance regulations, adjusted in some cases by portfolio specific data which is certified by independent actuaries. Annuity risks are low.

Underwriting risks are covered by various technical reserves, including mathematical reserves in life insurance, the unearned premiums reserves generally calculated on an accruals basis, the outstanding claims reserves, determined by reference to reported claims, and the IBNR (claims incurred but not reported) reserves, determined on the basis of either observed settlements or the expected number of claims and the average cost per claim.

The level of prudence adopted for the overall assessment of claims provisions corresponds to the 90% quantile.

Appendices:

Appendix 1: Exposures based on Financial Stability Board recommendations

FUNDING THROUGH PROPRIETARY SECURITISATION

Cash securitisation as at 31 December 2012	Amount of securitised assets	Amount of notes	Securitised positions held	
In billions of euros			First losses	Others
Personal Finance	**6.0**	**5.9**	**0.2**	**1.9**
o/w Residential loans	4.6	4.6	0.2	1.6
o/w Consumer loans	1.1	1.1	0.0	0.2
o/w Lease receivables	0.3	0.2	0.0	0.1
BNL	**2.2**	**2.1**	**0.1**	**0.2**
o/w Residential loans	2.2	2.1	0.1	0.2
o/w Consumer loans	-	-	-	-
o/w Lease receivables	-	-	-	-
o/w Public sector	-	-	-	-
TOTAL	**8.2**	**8.0**	**0.3**	**2.1**

EUR 8.2 billion of loans had been refinanced through securitisation at 31 December 2012, compared to EUR 8.1 billion at 31 December 2011.

EUR 2.1 billion of securitised positions were held at the end of 2012 (excluding first loss tranches).

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

SENSITIVE LOAN PORTFOLIOS

PERSONAL LOANS

At 31 December 2012		Gross outstanding					Allowances		
			First Mortgage						
In billions of euros		Consumer	Full Doc	Alt A	Home Equity Loans	Total	Portfolio	Specific	Net exposure
US		9.8	6.8	0.2	2.6	19.4	(0.3)	(0.1)	19.1
Super Prime	FICO(*) > 730	7.5	4.3	0.1	1.8	13.7			13.7
Prime	600<FICO(*)<730	2.3	2.1	0.1	0.8	5.3			5.3
Subprime	FICO(*) < 600	0.1	0.3	0.0	0.0	0.4			0.4
UK		0.9	0.4	-	-	1.3	(0.0)	(0.1)	1.2
Spain		3.9	5.8	-	-	9.7	(0.2)	(1.1)	8.4

(*) *At origination.*

The Group's personal loan portfolio classified as sensitive was characterised at 31 December 2012 by:

- the good quality of the US portfolio, which represented net exposure of EUR 19.1, stable compared with 31 December 2011. The quality of the consumer loan portfolio remains good;
- moderate exposure to the UK market (EUR 1.3 billion);
- well-secured exposure to risks in Spain through property collateral on the mortgage portfolio and a large proportion of auto loans in the consumer loan portfolio.

COMMERCIAL REAL ESTATE

At 31 December 2012	Gross exposure					Allowances		
In billions of euros	Home Builders	Non residential developers	Property companies	Others(1)	Total	Portfolio	Specific	Net exposure
US	0.4	0.4	0.2	4.8	5.7	(0.0)	(0.0)	5.7
BancWest	0.4	0.3	-	4.8	5.5	(0.0)	(0.0)	5.5
CIB	-	0.1	0.2	-	0.2	-	-	0.2
UK	0.1	0.3	0.9	0.5	1.7	(0.0)	(0.3)	1.4
Spain	-	0.0	0.2	0.7	0.9	(0.0)	(0.0)	0.8

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

The Group's commercial real estate loan portfolio was characterised at 31 December 2012 by:

- granular, diversified exposure to the US, stable compared with 31 December 2011 (+EUR 0.1 billion), including an exposure of EUR 4.8 billion to the other sectors of commercial real estate (+EUR 0.2 billion compared with 31 December 2011) corresponding to highly granular and well diversified financing of smaller property companies on a secured basis (mainly office, retail and residential);
- exposure to the UK concentrated on large property companies and down EUR 0.5 billion compared with 31 December 2011;
- limited exposure to commercial real estate risk in Spain due in particular to the good quality of the commercial mortgage loan portfolio.

REAL-ESTATE RELATED ABS AND CDO EXPOSURES

BANKING AND TRADING BOOKS

Net exposure	31 December 2011	31 December 2012		
In billions of euros	Net exposure	Gross exposure(*)	Allowances	Net exposure
Total RMBS	**12.1**	**7.0**	**(0.1)**	**6.8**
US	0.4	0.1	(0.0)	0.0
Subprime	0.0	0.0	(0.0)	0.0
Mid-prime	0.0	0.0	-	0.0
Alt-A	0.1	-	-	-
Prime(**)	0.2	0.0	(0.0)	0.0
UK	1.3	1.1	(0.0)	1.0
Conforming	0.2	0.1	-	0.1
Non conforming	1.1	0.9	(0.0)	0.9
Spain	1.1	0.9	(0.0)	0.9
The Netherlands	8.3	4.2	(0.0)	4.2
Other countries	1.0	0.7	(0.1)	0.7
Total CMBS	**2.5**	**1.9**	**(0.0)**	**1.8**
US	1.1	0.9	(0.0)	0.9
Non US	1.4	1.0	(0.0)	0.9
Total CDOs (cash and synthetic)	**1.1**	**1.0**	**(0.0)**	**1.0**
RMBS	0.6	0.7	(0.0)	0.6
US	0.1	0.1	-	0.1
Non US	0.5	0.5	(0.0)	0.5
CMBS	0.4	0.3	(0.0)	0.3
CDO of TRUPs	0.0	0.0	-	0.0
TOTAL	**15.6**	**9.8**	**(0.2)**	**9.6**
o/w Trading Book	0.2	-	-	0.3
TOTAL SUBPRIME, ALT-A, US CMBS AND RELATED CDOs	**1.2**	**0.9**	**(0.0)**	**0.9**

(*) Entry price + accrued interests – amortisation.
(**) Excluding Government Sponsored Entity backed securities.

Real estate ABS and CDO exposure now include the ABS portion of the former BNP Paribas Fortis "IN" portfolio (EUR 1.8 billion at 31 December 2012 compared with EUR 2.9 billion at 31 December 2011) due to the early cancellation of the Belgian government's guarantee of the second loss tranche.

As at 31 December 2012, the banking book's net real estate ABS and CDO exposure decreased by EUR 6.0 billion to EUR 9.6 billion, due notably to amortisations and sales and a reduction in the Dutch RMBS portfolio following repurchases on the call date. 59% of the banking book assets are rated AA or better[1].

The assets are booked at amortised cost with the appropriate provision in case of prolonged impairment.

(1) *Based on the lowest of the S&P, Moody's & Fitch ratings.*

MONOLINE COUNTERPARTY EXPOSURE

In billions of euros	31 December 2011		31 December 2012	
	Notional	Gross counterparty exposure	Notional	Gross counterparty exposure
CDOs of US RMBS subprime	0.70	0.60	0.00	0.00
CDOs of european RMBS	0.26	0.04	0.24	0.02
CDOs of CMBS	0.71	0.22	0.67	0.19
CDOs of corporate bonds	6.40	0.16	4.40	0.04
CLOs	4.96	0.16	4.58	0.07
Non credit related	n.s	0.00	n.s	0.00
TOTAL GROSS COUNTERPARTY EXPOSURE	**N.S**	**1.18**	**N.S**	**0.33**

In billions of euros	31 December 2011	31 December 2012
Total gross counterparty exposure	**1.18**	**0.33**
Credit derivatives bought from banks or other collateralized third parties	(0.24)	(0.14)
Total unhedged gross counterparty exposure	**0.93**	**0.19**
Credit adjustments and allowances	(0.83)	(0.17)
NET COUNTERPARTY EXPOSURE	**0.10**	**0.03**

At 31 December 2012, gross exposure to counterparty risk stood at EUR 0.33 billion, down EUR 0.85 billion compared with 31 December 2011. Exposure to US RMBS CDOs was zero following commutations during the second half of 2012.

EXPOSURE TO SUPPORTED COUNTRIES

a. Banking book

➤ EXPOSURE TO GREECE

In billions of euros	Total[(a)]	Sovereign	Corporates	Other[(b)]
Exposure net of collateral and provisions	**1.0**	**0.0**	**0.7**	**0.4**

(a) *Excluding exposure to companies related to Greek interests (e.g. shipping) that are not dependent on the country's economic situation (EUR 1.6 bn).*
(b) *Including Personal Finance, Arval, Leasing Solutions, Wealth Management.*

EXPOSURE TO IRELAND

In billions of euros	Total[(a)]	Sovereign	Corporates	Other[(b)]
Exposure net of collateral and provisions	2.1	0.2	1.6	0.3

(a) *Excluding exposure to companies related to Irish interests that are not dependent on the country's position (EUR 0.1 bn) and exposure to Irish law companies that are not dependent on the country's economic position.*
(b) *Including Retail Banking, Wealth Management.*

EXPOSURE TO PORTUGAL

In billions of euros	Total[(a)]	Sovereign	Corporates	Other[(b)]
Exposure net of collateral and provisions	5.7	0.6	2.2	2.8

(a) *Excluding exposure to companies related to Portuguese interests that are not dependent on the country's economic situation (EUR 0.6 bn).*
(b) *Including Personal Finance, Arval, Leasing Solutions, Wealth Management.*

b. Trading book

	Securities			Derivatives			
In millions of euros	Long positions	Short positions	Net position	Long positions	Short positions	Net position	Total net position at 31 December 2012
Greece	30	(21)	9	0	0	0	9
Ireland	41	(51)	(9)	203	(219)	(16)	(25)
Portugal	145	(123)	22	178	(181)	(3)	18
TOTAL	**215**	**(195)**	**21**	**381**	**(400)**	**(19)**	**1**

Appendix 2: Capital requirements of significant subsidiaries

The following tables give the capital requirements of significant subsidiaries by type of risk, as contribution to the Group's total capital requirement.

BNP PARIBAS FORTIS

In millions of euros	31 December 2012		31 December 2011	
	Risk-weighted assets	Capital Requirement	Risk-weighted assets	Capital Requirement
Credit risk	**91,306**	**7,305**	**95,541**	**7,643**
Credit risk - IRB approach	**46,758**	**3,741**	**50,015**	**4,001**
Central governments and central banks	1,347	108	1,551	124
Corporates	31,223	2,498	31,980	2,558
Institutions	2,275	182	3,149	252
Retail	11,809	945	13,201	1,056
Real estate loans	*6,424*	*514*	*6,151*	*492*
Revolving exposures	*82*	*7*	*74*	*6*
Other exposures	*5,303*	*424*	*6,976*	*558*
Other non credit-obligation assets	104	8	134	11
Credit risk - Standardised approach	**44,548**	**3,564**	**45,526**	**3,642**
Central governments and central banks	1,324	106	933	75
Corporates	19,065	1,525	21,374	1,710
Institutions	2,092	167	1,507	121
Retail	15,381	1,231	14,947	1,196
Real estate loans	*1,921*	*154*	*804*	*64*
Revolving exposures	*125*	*10*	*200*	*16*
Other exposures	*13,335*	*1,067*	*13,943*	*1,115*
Other non credit-obligation assets	6,686	535	6,765	541
Securitisation positions	**4,157**	**333**	**8,633**	**691**
Securitisation positions - IRB approach	3,838	307	8,610	689
Securitisation exposures - standardised approach	319	26	23	2
Counterparty risk	**3,177**	**254**	**4,392**	**351**
Counterparty risk - IRB approach	**2,753**	**220**	**3,440**	**275**
Central governments and central banks	23	2	22	2
Corporates	2,393	191	2,045	163
Institutions	337	27	1,373	110
Counterparty risk - Standardised approach	**424**	**34**	**952**	**76**
Central governments and central banks	26	2	0	0
Corporates	239	19	837	67
Institutions	149	12	101	8
Retail	10	1	14	1
Other exposures	*10*	*1*	*14*	*1*
Equity risk	**5,106**	**409**	**4,922**	**394**
Internal model	2,238	179	2,614	209
Listed equities	*0*	*0*	*3*	*0*
Other equity exposures	*2,232*	*179*	*2,603*	*208*
Private equity exposures in diversified portfolios	*6*	*0*	*8*	*1*
Simple weighting method (other exposures)	1,733	139	1,248	100
Listed equities	*21*	*2*	*14*	*1*
Other equity exposures	*468*	*38*	*125*	*10*
Private equity exposures in diversified portfolios	*1,244*	*99*	*1,109*	*89*
Standardised approach	1,135	91	1,060	85
Market risk	**980**	**78**	**523**	**42**
Standardised approach	980	78	523	42
Operational risk	**10,866**	**869**	**12,065**	**965**
Advanced Measurement Approach (AMA)	7,040	563	8,969	717
Standardised approach	920	74	371	30
Basic indicator approach	2,906	232	2,725	218
TOTAL	**115,592**	**9,248**	**126,076**	**10,086**

BNL

In millions of euros	31 December 2012 Risk-weighted assets	31 December 2012 Capital Requirement	31 December 2011 Risk-weighted assets	31 December 2011 Capital Requirement
Credit risk	**67,151**	**5,372**	**68,034**	**5,443**
Credit risk - IRB approach	**154**	**12**	**167**	**13**
Central governments and central banks	0	0	13	1
Corporates	154	12	153	12
Credit risk - Standardised approach	**66,998**	**5,360**	**67,867**	**5,429**
Central governments and central banks	57	5	54	4
Corporates	42,540	3,403	45,999	3,680
Institutions	4,424	354	2,573	206
Retail	16,909	1,353	16,499	1,320
Real estate loans	*7,657*	*613*	*7,701*	*616*
Revolving exposures	*0*	*0*	*314*	*25*
Other exposures	*9,252*	*740*	*8,484*	*679*
Other non credit-obligation assets	3,068	245	2,743	219
Securitisation positions	**239**	**19**	**224**	**18**
Securitisation positions - standardised approach	239	19	224	18
Counterparty risk	**845**	**68**	**841**	**67**
Counterparty risk - Standardised approach	**845**	**68**	**841**	**67**
Corporates	788	63	726	58
Institutions	57	5	115	9
Equity risk	**815**	**65**	**709**	**57**
Internal model	815	65	709	57
Listed equities	*2*	*0*	*0*	*0*
Other equity exposures	*813*	*65*	*709*	*57*
Market risk	**13**	**1**	**9**	**1**
Standardised approach	13	1	9	1
Operational risk	**3,205**	**256**	**3,203**	**256**
Advanced Measurement Approach (AMA)	2,860	229	2,880	230
Standardised approach	275	22	255	20
Basic indicator approach	70	6	68	5
TOTAL	**72,268**	**5,781**	**73,020**	**5,842**

BANCWEST

In millions of euros	31 December 2012		31 December 2011	
	Risk-weighted assets	Capital Requirement	Risk-weighted assets	Capital Requirement
Credit risk	**41,925**	**3,354**	**40,724**	**3,258**
Credit risk - Standardised approach	**41,925**	**3,354**	**40,724**	**3,258**
Central governments and central banks	2	0	3	0
Corporates	26,280	2,102	24,734	1,979
Institutions	632	51	836	67
Retail	12,559	1,005	12,591	1,007
Real estate loans	*5,269*	*422*	*5,664*	*453*
Revolving exposures	*454*	*36*	*485*	*39*
Other exposures	*6,835*	*547*	*6,441*	*515*
Other non credit-obligation assets	2,453	196	2,561	205
Securitisation positions	**212**	**17**	**290**	**23**
Securitisation positions - standardised approach	212	17	290	23
Counterparty risk	**398**	**32**	**427**	**34**
Counterparty risk - Standardised approach	**398**	**32**	**427**	**34**
Corporates	398	32	427	34
Equity risk	**47**	**4**	**37**	**3**
Internal model	47	4	37	3
Listed equities	*23*	*2*	*0*	*0*
Other equity exposures	*24*	*2*	*37*	*3*
Market risk	**5**	**0**	**19**	**2**
Standardised approach	5	0	19	2
Operational risk	**3,273**	**262**	**3,114**	**249**
Standardised approach	3,273	262	3,114	249
TOTAL	**45,862**	**3,669**	**44,610**	**3,569**

BNP PARIBAS PERSONAL FINANCE

In millions of euros	31 December 2012		31 December 2011	
	Risk-weighted assets	Capital Requirement	Risk-weighted assets	Capital Requirement
Credit risk	**39,435**	**3,155**	**40,974**	**3,278**
Credit risk - IRB approach	**9,839**	**787**	**9,290**	**743**
Retail	9,839	787	9,290	743
Real estate loans	*0*	*0*	*0*	*0*
Revolving exposures	*4,738*	*379*	*4,887*	*391*
Other exposures	*5,102*	*408*	*4,403*	*352*
Credit risk - Standardised approach	**29,595**	**2,368**	**31,684**	**2,535**
Central governments and central banks	46	4	72	6
Corporates	283	23	341	27
Institutions	382	31	728	58
Retail	27,704	2,216	29,319	2,345
Real estate loans	*11,493*	*919*	*11,919*	*954*
Revolving exposures	*1,350*	*108*	*2,023*	*162*
Other exposures	*14,861*	*1,189*	*15,377*	*1,230*
Other non credit-obligation assets	1,180	94	1,224	98
Securitisation positions	**57**	**5**	**0**	**0**
Securitisation positions - standardised approach	57	5	0	0
Counterparty risk	**13**	**1**	**16**	**1**
Counterparty risk - Standardised approach	**13**	**1**	**16**	**1**
Institutions	13	1	16	1
Equity risk	**193**	**15**	**162**	**13**
Internal model	193	15	162	13
Other equity exposures	*193*	*15*	*162*	*13*
Market risk	**176**	**14**	**32**	**3**
Standardised approach	176	14	32	3
Operational risk	**4,391**	**351**	**4,534**	**363**
Advanced Measurement Approach (AMA)	1,982	159	1,804	144
Standardised approach	505	40	898	72
Basic indicator approach	1,904	152	1,832	147
TOTAL	**44,264**	**3,541**	**45,718**	**3,657**

BGL BNP PARIBAS

In millions of euros	31 December 2012	
	Risk-weighted assets	Capital Requirement
Credit risk	**24,066**	**1,925**
Credit risk - IRB approach	**5,432**	**435**
Central governments and central banks	440	35
Corporates	3,397	272
Institutions	222	18
Retail	1,300	104
Real estate loans	*596*	*48*
Revolving exposures	*0*	*0*
Other exposures	*704*	*56*
Other non credit-obligation assets	74	6
Credit risk - Standardised approach	**18,634**	**1,491**
Central governments and central banks	6	1
Corporates	9,061	725
Institutions	357	29
Retail	7,005	560
Real estate loans	*5*	*0*
Other exposures	*7,000*	*560*
Other non credit-obligation assets	2,205	176
Securitisation positions	**100**	**8**
Securitisation positions - IRB approach	38	3
Securitisation exposures - standardised approach	62	5
Counterparty risk	**99**	**8**
Counterparty risk - IRB approach		
Institutions	0	0
Counterparty risk - Standardised approach	**99**	**8**
Central governments and central banks	26	2
Corporates	2	0
Institutions	69	6
Retail	2	0
Other exposures	*2*	*0*
Equity risk	**507**	**41**
Internal model	336	27
Listed equities	*336*	*27*
Simple weighting method (other exposures)	86	7
Listed equities	*5*	*0*
Other equity exposures	*82*	*7*
Standardised approach	84	7
Market risk	**86**	**7**
Standardised approach	86	7
Operational risk	**1,362**	**109**
Advanced Measurement Approach (AMA)	1,048	84
Standardised approach	146	12
Basic indicator approach	168	13
TOTAL	**26,221**	**2,098**

6 INFORMATION ON THE PARENT COMPANY FINANCIAL STATEMENTS

6.1 BNP Paribas SA financial statements

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

In millions of euros, at 31 December	Note	2012	2011
Interest income	3.a	18,173	23,427
Interest expense	3.a	(13,561)	(16,693)
Income on equities and other variable instruments	3.b	2,779	2,626
Commission income	3.c	4,720	5,534
Commission expense	3.c	(864)	(805)
Gains (losses) on trading account securities		2,472	152
Gains (losses) on securities available for sale		1,627	(953)
Other banking income		251	246
Other banking expenses		(137)	(124)
REVENUES		**15,460**	**13,410**
Salaries and employee benefit expenses	6.a	(5,697)	(5,324)
Other administrative expenses		(3,281)	(3,466)
Depreciation, amortisation, and provisions on tangible and intangible assets		(529)	(499)
GROSS OPERATING INCOME		**5,953**	**4,121**
Cost of Risk	3.d	(500)	(1,923)
OPERATING INCOME		**5,453**	**2,198**
Net gain (loss) on disposals of long-term investments	3.e	1,581	969
Net addition to regulated provisions		51	(1)
INCOME BEFORE TAX		7,085	3,166
Corporate income tax	3.f	(1,273)	300
NET INCOME		**5,812**	**3,466**

BALANCE SHEET AT 31 DECEMBER 2012

In millions of euros, at	Note	31 December 2012	31 December 2011
Assets			
Cash and amounts due from central banks and post office banks		81,515	41,389
Treasury bills and money-market instruments	4.c	93,283	116,528
Due from credit institutions	4.a	270,480	311,868
Customer items	4.b	316,407	334,692
Bonds and other fixed-income securities	4.c	67,433	96,017
Equities and other variable-income securities	4.c	1,867	2,541
Investments in subsidiaries and equity securities held for long-term investment	4.c	4,869	4,857
Affiliates	4.c	55,157	53,698
Leasing receivables		44	66
Intangible assets	4.i	6,282	6,225
Tangible assets	4.i	2,142	2,204
Treasury shares	4.d	164	556
Other assets	4.g	200,881	247,788
Accrued income	4.h	86,789	84,779
TOTAL ASSETS		**1,187,313**	**1,303,208**
Liabilities			
Due to central banks and post office banks		594	944
Due to credit institutions	4.a	331,153	351,480
Customer items	4.b	284,801	283,328
Debt securities	4.f	145,278	144,480
Other liabilities	4.g	260,984	363,163
Accrued expenses	4.h	88,376	85,214
Provisions	4.j	3,633	3,945
Subordinated debt	4.k	13,276	16,542
TOTAL LIABILITIES		**1,128,095**	**1,249,096**
Shareholders' equity	7.b		
Share capital		2,485	2,415
Additional paid-in capital		22,924	22,225
Retained earnings		27,997	26,006
Net income		5,812	3,466
TOTAL SHAREHOLDERS' EQUITY		**59,218**	**54,112**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,187,313**	**1,303,208**

Off-balance sheet items	Note	31 December 2012	31 December 2011
Commitments given			
Financing commitments	5.a	159,363	171,712
Guarantee commitments	5.b	117,425	141,881
Commitments given on securities		326	304
Commitments received			
Financing commitments	5.a	79,267	73,720
Guarantee commitments	5.b	240,080	250,272
Commitments received on securities		370	4

Notes to the parent company financial statements

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED BY BNP PARIBAS SA

BNP Paribas SA's financial statements have been prepared in accordance with the accounting principles applied to credit institutions in France.

AMOUNTS DUE FROM CREDIT INSTITUTIONS AND CUSTOMERS

Amounts due from credit institutions include all subordinated and unsubordinated loans made in connection with banking transactions with credit institutions, with the exception of debt securities. They also include assets purchased under resale agreements, whatever the type of assets concerned, and receivables corresponding to securities sold under collateralised repurchase agreements. They are broken down between demand loans and deposits, and term loans and time deposits.

Amounts due from customers include loans to customers other than credit institutions, with the exception of loans represented by debt securities issued by customers, assets purchased under resale agreements, whatever the type of assets concerned, and receivables corresponding to securities sold under collateralised repurchase agreements. They are broken down between commercial loans, customer debit accounts, and other loans.

Amounts due from credit institutions and customers are recorded in the balance sheet at nominal value plus accrued interest not yet due.

Outstanding loans and confirmed credit facilities are classified into sound loans, including sound restructured loans, and doubtful loans. The same analysis is performed for credit risks attached to forward financial instruments whose present value represents an asset for the Group.

Credit risks on outstanding loans and confirmed credit facilities are monitored with an internal rating system based on two key parameters: the probability of default by the counterparty, expressed as a rating, and the overall recovery rate determined by reference to the type of transaction. There are 12 counterparty ratings, ten covering sound loans and two covering doubtful loans and loans classified as irrecoverable.

Doubtful loans are defined as loans where the Bank considers that there is a risk that the borrowers will be unable to honour all or part of their commitments. This is the case for all loans on which one or more instalments are more than three months overdue (six months in the case of real estate loans or loans to local governments), as well as loans for which legal procedures have been launched. When a loan is classified as doubtful, all other loans and commitments to the debtor are automatically assigned the same classification.

The Bank recognises an impairment for doubtful accounts on these loans, in an amount corresponding to the difference between the total loan value and current value of the future cash flows (from principal, interest, and any realised guarantees) that are deemed recoverable, using a discount rate equal to the original effective interest rate (for fixed-rate loans), or the most recent contractual interest rate (for floating-rate loans). The guarantees considered here include mortgages and pledges on assets, as well as credit derivatives acquired by the Bank as a protection against credit losses in the loan book.

If a loan is restructured because the borrower is facing financial difficulties, the Bank calculates a discount at the current value of the difference between the old and new repayment terms. These discounts are recognised as a deduction to assets and reversed through income on an actuarial basis over the remaining term of the loan. If any instalments on a restructured loan are not paid, the loan is permanently reclassified as irrecoverable regardless of the terms of the restructuring.

In the case of doubtful loans where the borrower has resumed making regular payments in accordance with the original repayment schedule, the loan is reclassified as sound. Doubtful loans that have been restructured are also reclassified as sound, provided that the restructuring terms are met.

Irrecoverable loans include loans to borrowers whose credit standing is such that after a reasonable time recorded in doubtful loans no reclassification as a sound loan is foreseeable, loans where an event of default has occurred, almost all restructured loans where the borrower has once again defaulted, and loans classified as doubtful for more than one year that are in default and are not secured by guarantees covering a substantial portion of the amount due.

Impairments for credit risks on assets are deducted from the carrying amount of the assets. Provisions recorded under liabilities include provisions related to off-balance sheet commitments, loss provisions relating to interests in real-estate development programmes, provisions for claims and litigation, provisions for unidentified contingencies and provisions for unforeseeable industry risks.

Additions to and recoveries of provisions and impairment, losses on irrecoverable loans, recoveries on loans covered by provisions and discounts calculated on restructured loans are recorded in the profit and loss account under "Cost of risk".

The interest received from the repayment of the carrying amount of loans that have been written-down, as well as the reversals of discounting effects and the discount on restructured loans, are recognised under "Interest income".

REGULATED SAVINGS AND LOAN CONTRACTS

Home savings accounts (Comptes Épargne Logement, or CELs) and home savings plans (Plans d'Épargne Logement, or PELs) are government regulated retail products sold in France. They combine an inseparable savings phase and a loan phase with the loan phase contingent upon the savings phase.

These products contain two types of obligations for BNP Paribas SA: 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 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).

BNP Paribas SA's future obligations with respect to 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 statistically probable outstanding loans and 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 the reinvestment rate and the fixed savings interest rate on at-risk savings outstanding for the period in question. Earnings for future periods from the loan phase are estimated as the difference between the refinancing rate and the fixed loan interest rate on at-risk outstanding loans 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 fixed rate home loans in the case of the loan phase and on products offered to retail clients 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.

When the sum of BNP Paribas SA's estimated future obligations with respect to the savings and loan phases of any generation of contracts indicates a potentially unfavourable situation for BNP Paribas SA, a provision is recognised, with no offset between generations, in the balance sheet under "Provisions". Movements in this provision are recognised as interest income in the profit and loss account.

SECURITIES

The term "securities" covers interbank market securities, Treasury bills and negotiable certificates of deposit, bonds and other "Fixed Income" securities (whether fixed- or floating-rate) and equities and other variable-income securities.

In accordance with CRC standard 2005-01, securities are classified as "Trading account securities", "Securities available for sale", "Equity securities available for sale in the medium term", "Debt securities held to maturity", "Equity securities held for long-term investment", or "Investments in subsidiaries and affiliates".

When a credit risk has occurred, Fixed Income securities held in the "Available for sale" or "Held to maturity" portfolio are classified as doubtful, based on the same criteria as those applied to doubtful loans and commitments.

When securities exposed to counterparty risk are classified as doubtful and the related provision can be separately identified, the corresponding charge is included in "Cost of risk".

Trading account securities

"Trading account securities" are securities bought or sold with the intention of selling them or repurchasing them in the near future, as well as those held as a result of market-making activities. These securities are valued individually at market value if they meet the following criteria:

- they can be traded on an active market (i.e., a market where third parties have continuous access to market prices through a securities exchange, brokers, traders, or market-makers);
- the market prices reflect actual, regularly-occurring transactions taking place under normal competition conditions.

"Trading account securities" also include securities bought or sold for specific asset-management objectives (especially in terms of sensitivity) for trading books comprised of forward financial instruments, securities, or other financial instruments taken globally.

Changes in the market value of these securities are recognised in income. "Trading account securities" cannot be reclassified into another category and must follow the valuation rules for this category until they are sold, fully redeemed, or recognised as a loss and consequently removed from the balance sheet.

In the case of exceptional circumstances necessitating a change in investment strategy, "Trading account securities" can be reclassified as "Securities available for sale" or "Debt securities held to maturity" depending on the new strategy.

If fixed income securities classified as "Trading account securities" can no longer be traded on an active market, and if the Bank has the intention and ability to hold these securities for the foreseeable future or until maturity, they can be reclassified as "Securities available for sale" or "Debt securities held to maturity".

The accounting rules for the new category would apply to reclassified securities as of the reclassification date.

If the market in which securities classified as "Trading account securities" were purchased can no longer be considered active, the securities will be valued using methods that take into account the new market conditions.

Securities available for sale

The "Securities available for sale" category includes securities not classified into one of the other categories.

Bonds and other fixed income securities are valued at the lower of cost (excluding accrued interest) or probable market prices, which is generally determined on the basis of stock market prices. Accrued interest is posted to the profit and loss account under "Interest income on bonds and other Fixed Income securities".

The difference between cost and the redemption price of fixed income securities purchased on the secondary market is recognised in income using the actuarial method. On the balance sheet, their carrying amount is amortised to their redemption value over their remaining life.

Equities are valued at the lower of cost and probable market value, which is generally determined on the basis of stock market prices, for listed equities, or BNP Paribas SA's share in net assets calculated on the basis of the most recent financial statements available, for unlisted equities. Dividends received are recognised in income under "Income on equities and other variable income instruments" on a cash basis.

The cost of securities available for sale that have been sold is determined on a first in, first out (FIFO) basis. Disposal gains or losses, and additions to and reversals of lower of cost and market provisions are reflected in the profit and loss account under "Gains (losses) on securities available for sale".

In the case of exceptional circumstances necessitating a change in investment strategy, or if the securities can no longer be traded on an active market, securities classified as "Securities available for sale" may be reclassified as "Debt securities held to maturity" and must be identified within this portfolio. These securities would then be recognised according to the method used for "Debt securities held to maturity".

Equity securities available for sale in the medium term

"Equity securities available for sale in the medium term" comprise investments made for portfolio management purposes, with the aim of realising a profit in the medium term without investing on a long-term basis in the development of the issuer's business. This category includes venture capital investments.

"Equity securities available for sale in the medium term" are recorded individually at the lower of cost and fair value. Fair value takes into account the issuer's general business outlook and the planned holding period. The fair value of listed stocks corresponds primarily to the average stock market price determined over a one-month period.

Debt securities held to maturity

Fixed Income securities with a specified maturity (mainly bonds, interbank market securities, Treasury bills, and other negotiable debt securities) are recorded under "Debt securities held to maturity" to reflect BNP Paribas SA's intention of holding them to maturity.

Bonds classified under this heading are financed by matching funds or hedged against interest-rate exposure for their remaining lives.

The difference between cost and the redemption price of these securities is recognised in income using the actuarial method. On the balance sheet, their carrying amount is amortised to their redemption value over their maturity.

Interest on debt securities held to maturity is recorded in the profit and loss account under "Interest income on bonds and other Fixed Income securities".

An impairment is recognised when a decline in the credit standing of an issuer jeopardises redemption at maturity.

If a significant portion of the "Debt securities held to maturity" is sold or reclassified into a different category, the sold or reclassified securities cannot be returned to the "Debt securities held to maturity" category at any time during the current financial period or the following two financial years. All the securities classified as "Debt securities held to maturity" would then be reclassified as "Equity securities available for sale in the medium term".

If exceptional market circumstances necessitate a change in investment strategy, and "Trading account securities" and "Securities available for sale" are reclassified as "Debt securities held to maturity", the sale of any "Debt securities held to maturity" prior to the maturity date would not invoke the reclassification clauses in the above paragraph if the sale occurred because the securities had once again become tradable on an active market.

Equity securities held for long-term investment, investments in subsidiaries and affiliates

Investments in non-consolidated undertakings include investments in affiliates in which BNP Paribas SA exercises significant influence over management and investments considered strategic to BNP Paribas SA's business development. This influence is deemed to exist when BNP Paribas SA holds an ownership interest of at least 10%.

Equity securities held for long-term investment are shares and related instruments that BNP Paribas SA intends to hold on a long-term basis in order to earn a satisfactory long-term rate of return without taking an active part in the management of the issuing company, but with the intention of promoting the development of lasting business relationships by creating special ties with the issuer.

Other participating interests consist of shares and other variable income investments in companies over which BNP Paribas SA has exclusive control (i.e., companies that could be fully incorporated into the Group).

These types of securities are recorded individually at the lower of cost and fair value. Fair value is determined on the basis of available information using a multi-criteria valuation approach, including discounted future cash flows, sum-of-the-digits and net asset value methods as well as an analysis of ratios commonly used to assess future yields and exit opportunities for each line of securities.

The fair value of listed securities is considered to be at least equal to cost if the stock market price at period-end is no more than 20% below cost and the stock market price has not been below cost for the preceding 12 consecutive months. If these conditions are not met, and if a multi-criteria valuation shows that an impairment should be recognised on the carrying amount, the fair value is considered to be equal to the stock market price. The same holds true if the stock market price is less than cost for 24 consecutive months, the closing stock market price is less than 50% of cost, or the average price over a 12-month period is more than 30% lower than cost. For simplicity, listed securities acquired for less than EUR 10 million may be valued on the basis of the average closing stock market price.

Disposals, gains and losses and provision movements are recorded in the profit and loss account under "Net gain (loss) on disposals of fixed assets".

Dividends are recorded under "Income from variable-income securities" when they have been declared by the issuers' shareholders or if the shareholders' decision is unknown, when they are received.

Treasury shares

Treasury shares held by BNP Paribas SA are classified and valued as follows:

- treasury shares purchased under a market-making agreement or acquired in connection with index arbitrage transactions are recorded under "Trading account securities" at market price;
- treasury shares held for allocation to employees are recorded under "Securities available for sale".

  Pursuant to CRC Regulation 2008-17 dated 30 December 2008, treasury shares held for allocation to employees are valued according to the procedure set forth in CRC Regulation 2008-15 concerning the recognition of stock options and share awards. Under CRC Regulation 2008-15, such treasury shares are not impaired, but a provision is recognised for these shares based on the services provided by the employees who will receive the shares. The portion of shares granted to employees of BNP Paribas SA subsidiaries is charged to the subsidiaries over the vesting period;
- treasury shares that are intended to be cancelled or that are not being held for either of the above reasons are included in long-term investments. Treasury shares intended to be cancelled are stated at cost; all others are stated at the lower of cost and fair value.

FIXED ASSETS

Buildings and equipment are stated at acquisition cost or at the adjusted value determined in accordance with France's approbation laws of 1977 and 1978. Revaluation differences on non-depreciable assets, recorded at the time of these statutory revaluations, are included in share capital.

Fixed 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 BNP Paribas SA that fulfils the criteria for capitalisation is capitalised at direct development cost, which includes external costs and staff costs directly attributable to the project.

Subsequent to initial recognition, fixed assets are measured at cost less accumulated depreciation or amortisation and any impairment losses.

Fixed 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 provisions on tangible and intangible assets".

The portion of recognised depreciation or amortisation that exceeds the economic amount or amortisation calculated on a straight-line basis is recorded in the balance sheet as a liability under "Regulatory provisions: accelerated depreciation and amortisation". BNP Paribas SA does not calculate the deferred tax effects of accelerated depreciation and amortisation.

When 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. BNP Paribas SA has adopted the component-based approach for property used in operations.

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.

Depending on its type, software is amortised over a period of no more than 8 years in relation to infrastructure developments and 3 years or 5 years in the case of software developed primarily for the purpose of providing services to customers.

Depreciable fixed 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 annually.

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 into account in the profit and loss account under "Depreciation, amortisation, and provisions on tangible 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 under "Net gain (loss) on disposals of fixed assets".

AMOUNTS DUE TO CREDIT INSTITUTIONS AND CUSTOMERS

Amounts due to credit institutions are classified into demand accounts, time deposits and borrowings. Customer deposits are classified into regulated savings accounts and other customer deposits. These sections include securities and other assets sold under repurchase agreements. Accrued interest is recorded on a separate line.

DEBT SECURITIES

Debt securities are broken down between retail certificates of deposit, interbank market securities, negotiable certificates of deposit, bonds and other debt instruments. This section does not include subordinated notes which are recorded under "Subordinated debt".

Accrued interest on debt securities is recorded on a separate line of the balance sheet and is debited to the profit and loss account.

Bond issue and redemption premiums are amortised using the yield-to-maturity method over the life of the bonds. Bond issuance costs are amortised using the straight-line method over the life of the bonds.

PROVISIONS FOR INTERNATIONAL COMMITMENTS

Provisions for international commitments are based on the evaluation of non-transfer risk related to the future solvency of each of the countries at risk and on the systemic credit risk incurred by debtors in the event of a constant and durable deterioration in the overall situation and economies of these countries. Additions and reversals of these provisions are reflected in the profit and loss account under "Cost of risk".

PROVISIONS FOR ITEMS NOT RELATED TO BANKING TRANSACTIONS

BNP Paribas SA records provisions for clearly identified contingencies and charges of uncertain timing or amount. In accordance with current regulations, these provisions for items not related to banking transactions may be recorded only if the Bank has an obligation to a third party at year-end, there is a high probability of an outflow of resources to the third party, and no equivalent economic benefits are expected in return from the third party.

COST OF RISK

The "Cost of risk" line item includes expenses arising from the identification of counterparty and credit risks, litigation, and fraud inherent to banking transactions conducted with third parties. Net movements in provisions that do not fall under the category of such risks are classified in the profit and loss account according to their type.

FORWARD FINANCIAL INSTRUMENTS

Forward financial instruments are purchased on various markets for use as specific or general hedges of assets and liabilities, or for transaction purposes.

The Bank's commitments related to these instruments are recognised off-balance sheet at nominal value. The accounting treatment of these instruments depends on the corresponding investment strategy.

Derivatives held for hedging purposes

Income and expenses related to forward derivatives held for hedging purposes and designated to one instrument or a group of homogeneous instruments are recognised in income symmetrically with the income and expenses on the underlying instrument, and under the same heading.

Income and expenses related to forward financial instruments used to hedge overall interest rate risk are recognised in income on a pro rata basis.

Derivatives held for trading purposes

Derivatives held for trading purposes can be traded on organised markets or over-the-counter.

Derivatives held within a trading book are valued at market value on the balance sheet date. The corresponding gains and losses (realised and unrealised) are recognised in income under "Gains (losses) on trading account securities".

The market value is determined from either:

- the listed price, if one is available;
- or a valuation method using recognised financial models and theories with parameters calculated from transaction prices observed on active markets, or from statistical or other quantitative methods.

In both cases, BNP Paribas SA makes conservative value adjustments to account for modelling, counterparty, and liquidity risks.

Some complex derivatives, which are typically custom-made from combined instruments and highly illiquid, are valued using models where certain parameters are not observable on an active market.

Until 31 December 2004, the Bank recognised gains from trading these complex derivatives immediately in income.

However, on 1 January 2005, the Bank began recognising these gains in income over the period during which the valuation parameters are expected to be unobservable. If, during this period, the parameters do become observable or a justifiable valuation can be obtained by comparison with recent, similar transactions on an active market, the remaining unrecognised gains are recognised directly in income.

Other derivatives transactions

Depending on the nature of the instruments, gains and losses on over-the-counter contracts representing isolated open positions are recognised in income when the contracts are settled or on a pro rata basis. A provision for unrealised losses is recognised for each group of homogeneous contracts.

CORPORATE INCOME TAX

A charge for corporate income tax is taken in the period in which the related taxable income and expenses are booked, regardless of the period in which the tax is actually paid. BNP Paribas SA recognises deferred tax for all temporary differences between the book value of assets and liabilities and their tax basis according to the liability method. Recognition of deferred tax assets depends on the probability of recovery.

EMPLOYEE PROFIT-SHARING

As required by French law, BNP Paribas SA recognises employee profit-sharing in the year in which the employee entitlement arises and reports the amount under "Salaries and employee benefit expenses" in the profit and loss account.

EMPLOYEE BENEFITS

BNP Paribas SA employees receive each of the following four types of benefits:

- termination benefits, payable primarily in the case of early termination of an employment contract;
- 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;
- 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.

Termination benefits

Termination benefits are employee benefits payable as a result of a decision by BNP Paribas SA to terminate a contract of employment before the legal retirement age or by an employee to accept voluntary redundancy in exchange for a benefit. Termination benefits due more than 12 months after the closing date are discounted.

Short-term benefits

BNP Paribas SA recognises an expense when it has used services rendered by employees in exchange for employee benefits.

Long-term benefits

Long-term benefits are benefits (other than post-employment benefits and termination benefits) which do not fall wholly due within 12 months after the end of the period in which the employee renders the associated services. The actuarial techniques used are similar to those used for defined benefit post-employment benefits, except that actuarial gains and losses are recognised immediately, as are the effects of any plan amendments.

This relates in particular to cash compensation deferred for more than 12 months, which is accrued in the financial statements for the period during which the employee provides the corresponding services. If the payment of this deferred variable compensation is subject to the employee's continued presence at the vesting date, the services are presumed to have been rendered during the vesting period and the corresponding compensation expense is recognised on a pro rata basis over that period. The expense is recognised under salaries and employee benefit expenses, with a corresponding liability in the balance sheet. It is revised to take account of any non-fulfilment of the continued presence or performance conditions and changes in the BNP Paribas share price.

If there is no continued presence condition, the expense is not deferred but recognised immediately with a corresponding liability in the balance sheet, which is then revised on each reporting date until settlement, to account for any performance conditions and changes in the BNP Paribas share price.

Post-employment benefits

The post-employment benefits provided to BNP Paribas SA employees in France include both defined-contribution plans and defined-benefit plans.

Defined contribution plans, such as Caisse Nationale d'Assurance Vieillesse and supplemental national and trade union plans that pay pensions to former BNP Paribas SA employees in France, do not give rise to an obligation for BNP Paribas SA 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 plans, such as the retirement packages paid for by BNP Paribas SA's retirement fund, give rise to an obligation for BNP Paribas SA. 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 BNP Paribas SA 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 into account 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 into 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.

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. BNP Paribas SA applies the corridor method to account for actuarial gains and losses. Under this method, BNP Paribas SA 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 10% of the present value of the gross defined-benefit obligation or 10% of the fair value of plan assets at the end of the previous period.

The effects of plan amendments on past service costs 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 benefit expenses" with respect to defined benefit plans, is comprised of the current service cost (the rights vested in each employee during the period in return for services 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.

RECOGNITION OF REVENUE AND EXPENSES

Interest and fees and commissions qualified as interest are recognised on an accrual basis and include the commissions charged by the Bank as part of an overall loan package (i.e., application fees, commitment fees, participation fees, etc.). The marginal transaction costs that the Bank must pay when granting or acquiring loans are also spread out over the effective life of the corresponding loan.

Fees and commissions not qualified as interest that relate to the provision of services are recognised when the service is performed or, for ongoing services, on a prorated basis over the length of the service agreement.

FOREIGN CURRENCY TRANSACTIONS

Foreign exchange positions are generally valued at the official year-end exchange rate. Exchange gains and losses on transactions in foreign currency carried out in the normal course of business are recognised in the profit and loss account.

Exchange differences arising from the conversion of assets held on a long-term basis, including equity securities held for long-term investment, the capital made available to branches, and other foreign equity investments denominated in foreign currencies and financed in euros, are recognised as translation adjustments for the balance sheet line items recording the assets.

Exchange differences arising from the conversion of assets held on a long-term basis, including equity securities held for long-term investment, the capital made available to branches, and other foreign equity investments, denominated and financed in foreign currencies, are recognised symmetrically as translation differences for the corresponding financing.

FOREIGN CURRENCY TRANSLATION

Monetary and non-monetary foreign currency-denominated assets and liabilities of foreign branches are translated into euros at the year-end exchange rate. Translation adjustments regarding the capital made available to BNP Paribas SA branches outside of France are included in "Accrued income" and "Accrued expenses".

Note 2. HIGHLIGHTS

During the year 2011, the three European countries, Greece, Ireland and Portugal saw a substantial deterioration in their public finances because of poor economic conditions and the financial crisis. This gradually caused investors to shun these countries' sovereign debt, which prevented them from raising the resources needed to finance their public-sector deficits.

In response, eurozone member-states devised a solidarity policy that prompted them, alongside the International Monetary Fund, to set up a support system. This resulted in several support packages, first for Greece, then for Ireland and Portugal.

In the second half of 2011 it was realised that Greece would struggle to meet the economic targets on which the 21 July plan was based, particularly in regards to the sustainability of its debt. This led to another agreement in principle regarding the basis of this plan on 26 October. The carrying value of Greek securities held was reduced by 75%, resulting in a loss for 2011, recorded under cost of risk, of EUR 1,281 million after the bonds were reclassified as debt securities held to maturity on 30 June 2011 (see note 3.d). The carrying value of Greek bonds was EUR 768 million at 31 December 2011 (see note 4.e).

On 21 February 2012 an agreement was defined and supplemented between the Greek government, private-sector investors and the Eurogroup. The agreed offer involved private-sector investors waiving 53.5% of the nominal value of their Greek bonds. In exchange they will receive the equivalent of 31.5% of the principal of the bonds held in the form of 20 new securities issued by the Greek government with maturities of 11 to 30 years and 15% of the principal of the bonds held in the form of short-term securities issued by the European Stability Fund. All of these securities, received on 12 March 2012, have been recorded as securities available for sale. In addition to the exchange, each new bond issued by Greece will be accompanied by a security linked to movements in Greece's gross domestic product over and above those expected in the plan. These securities are recorded as derivatives.

The market value of securities received in exchange for the original bonds was recognised on 12 March 2012 at 23.3% of the nominal value of the original bonds. The difference between this figure and the recorded value of the original bonds, together with the adjustment to accrued interest on the original bonds, resulted in a loss of EUR 25 million being recorded under cost of risk.

On 27 November 2012 representatives of the Eurogroup and the IMF requested that the Greek government put in place a repurchase programme for part of the debt held by private investors, with the goal of cutting the country's debt to 124% of GDP in 2020.

This operation, which ran from 3 to 11 December 2012, allowed private investors to participate in the repurchase offering, which was made at an average price of 33.5% of nominal value. Under this arrangement, BNP Paribas disposed of all the remaining securities in its portfolio, generating a capital gain of EUR 25 million.

Note 3. NOTES TO THE 2012 PROFIT AND LOSS ACCOUNT

3.a NET INTEREST INCOME

BNP Paribas SA includes in "Interest income" and "Interest expense" all income and expenses from financial instruments measured at amortised cost and from financial instruments measured at fair value that do not meet the definition of a derivative instrument. The change in fair value on financial instruments at fair value through profit or loss (excluding accrued interest) is recognised under "Gains (losses) on trading account securities".

Interest income and expense on derivatives accounted for as fair value hedges are included with the revenues generated by the hedged item.

	2012		2011	
In millions of euros	Income	Expenses	Income	Expenses
Credit institutions	**4,557**	**(4,771)**	**6,559**	**(5,665)**
Demand accounts, loans and borrowings	4,132	(4,242)	5,286	(4,491)
Securities given/received under repurchase agreements	299	(529)	1,149	(1,174)
Subordinated loans	126		124	
Customers	**8,731**	**(3,237)**	**9,757**	**(3,709)**
Demand accounts, loans, and term accounts	8,585	(2,965)	9,359	(3,119)
Securities given/received under repurchase agreements	137	(272)	369	(590)
Subordinated loans	9		29	
Finance leases	**10**	**(5)**	**15**	**(11)**
Debt securities	**571**	**(4,421)**	**1,691**	**(6,039)**
Bonds and other fixed-income securities	**4,304**		**5,405**	
Trading account securities	520		1,245	
Securities available for sale	3,655		3,976	
Debt securities held to maturity	129		184	
Macro-hedging instruments		**(1,127)**		**(1,269)**
TOTAL INTEREST INCOME AND EXPENSE	**18,173**	**(13,561)**	**23,427**	**(16,693)**

3.b INCOME ON EQUITIES AND OTHER VARIABLE INSTRUMENTS

In millions of euros	2012	2011
Securities available for sale	36	41
Investments in subsidiaries and equity securities held for long-term investment	299	248
Affiliates	2,444	2,337
TOTAL INCOME ON EQUITIES AND OTHER VARIABLE INSTRUMENTS	**2,779**	**2,626**

3.c COMMISSIONS

In millions of euros	2012		2011	
	Income	Expenses	Income	Expenses
Commissions on banking and financing transactions	**2,176**	**(606)**	**2,905**	**(613)**
Customer items	1,531	(100)	1,929	(121)
Other	645	(506)	976	(492)
Commissions on financial services	**2,544**	**(258)**	**2,629**	**(192)**
TOTAL COMMISSION INCOME AND EXPENSES	**4,720**	**(864)**	**5,534**	**(805)**

3.d COST OF RISK AND PROVISION FOR CREDIT RISKS

Cost of risk represents the net amount of impairment losses recognised with respect to credit risks inherent to BNP Paribas SA's banking intermediation activities, plus any impairment losses in the case of known counterparty risk on over-the-counter instruments.

In millions of euros	2012	2011
Net additions to or write-backs from provisions	**(414)**	**(1,864)**
Customer items and credit institutions	(459)	(391)
Off-balance sheet commitments	139	(95)
Securities	(4)	(1,347)
of which Greek sovereign debt[(1)]	*(25)*	*(1,281)*
Doubtful loans	(2)	25
Financial instruments for market activities	(88)	(56)
Irrecoverable loans not covered by provisions	**(156)**	**(107)**
Recoveries of loans written-off	**70**	**48**
TOTAL COST OF RISK	**(500)**	**(1,923)**

(1) The charge relating to Greek sovereign debt recorded in 2011 is the result of additional provisions, taking the total to 75% of the nominal value of these bonds, recorded on the date these securities were reclassified as debt securities held to maturity.

In millions of euros	2012	2011
Balance at 1 January	**10,877**	**9,217**
Net additions to or write-backs from provisions	414	1,864
Write-offs during the period covered by provisions	(2,962)	(1,324)
Effect of movements in exchange rates and other	(65)	1,120
TOTAL PROVISION FOR CREDIT RISKS	**8,264**	**10,877**

In millions of euros	2012	2011
Provisions deducted from assets	**7,504**	**10,016**
For amounts due from credit institutions (note 4.a)	299	469
For amounts due from customers (note 4.b)	6,751	6,721
For leasing transactions	7	6
For securities	298	2,322
of which Greek sovereign debt	-	*1,849*
For financial instruments for market activities	149	498
Provisions recognised as liabilities (note 4.j)	**760**	**861**
For off-balance sheet commitments	669	813
For doubtful loans	91	48
TOTAL PROVISION FOR CREDIT RISKS	**8,264**	**10,877**

3.e NET GAIN (LOSS) ON DISPOSALS OF LONG-TERM INVESTMENTS

	2012		2011	
In millions of euros	Income	Expenses	Income	Expenses
Investments in subsidiaries and equity securities held for long-term investment	**1,249**	**(114)**	**314**	**(840)**
Divestments	698	(33)	249	(72)
Provisions	551	(81)	65	(768)
Investments in affiliates	**762**	**(324)**	**1,993**	**(450)**
Divestments	644	(36)	1,768	(89)
Provisions	118	(288)	225	(361)
Operating assets	**11**	**(3)**	**13**	**(61)**
TOTAL	**2,022**	**(441)**	**2,320**	**(1,351)**
NET GAIN ON DISPOSALS OF LONG-TERM INVESTMENTS	**1,581**		**969**	

3.f CORPORATE INCOME TAX

In millions of euros	2012	2011
Current tax expense	**(453)**	**127**
Deferred tax expense	**(820)**	**173**
TOTAL CORPORATE INCOME TAX	**(1,273)**	**300**

Note 4. NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2012

4.a AMOUNTS DUE FROM AND DUE TO CREDIT INSTITUTIONS

In millions of euros, at	31 December 2012	31 December 2011
Loans and receivables	**171,447**	**215,020**
Demand accounts	6,605	15,595
Term accounts and loans	159,060	192,945
Subordinated loans	5,782	6,480
Securities received under repurchase agreements	**99,332**	**97,317**
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS BEFORE IMPAIRMENT	**270,779**	**312,337**
Of which accrued interest	*843*	*1,223*
Impairment on receivables due from credit institutions (note 3.d)	**(299)**	**(469)**
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AFTER IMPAIRMENT	**270,480**	**311,868**

In millions of euros, at	31 December 2012	31 December 2011
Deposits and borrowings	**213,597**	**238,386**
Demand deposits	11,594	15,861
Term accounts and borrowings	202,003	222,525
Securities given under repurchase agreements	**117,556**	**113,094**
TOTAL DUE TO CREDIT INSTITUTIONS	**331,153**	**351,480**
Of which accrued interest	*1,264*	*1,320*

4.b CUSTOMER ITEMS

In millions of euros, at	31 December 2012	31 December 2011
Loans and receivables	**275,381**	**299,448**
Commercial and industrial loans	2,312	1,952
Demand accounts	9,869	10,896
Short-term loans	54,745	63,600
Mortgages	71,268	72,879
Equipment loans	49,838	52,452
Export loans	15,945	17,120
Other customer loans	68,551	77,847
Subordinated loans	2,853	2,702
Securities received under repurchase agreements	**47,777**	**41,965**
TOTAL CUSTOMER ITEMS BEFORE IMPAIRMENT - ASSETS	**323,158**	**341,413**
Of which accrued interest	*639*	*748*
Of which loans eligible for refinancing by the Banque de France	*202*	*169*
Of which doubtful loans	*4,798*	*4,188*
Of which irrecoverable loans	*5,854*	*5,546*
Of which restructured loans	*47*	*28*
Impairment on receivables due from customers (note 3.d)	**(6,751)**	**(6,721)**
TOTAL CUSTOMER ITEMS NET AFTER IMPAIRMENT - ASSETS	**316,407**	**334,692**

The following table gives the loans and receivables due from customers by counterparty.

In millions of euros, at	31 December 2012			31 December 2011		
	Sound loans	Doubtful loans net of provisions	Total	Sound loans	Doubtful loans net of provisions	Total
Financial institutions	31,253	860	32,113	9,328	674	10,002
Companies	151,209	3,477	154,686	189,561	2,245	191,806
Entrepreneurs	9,513	214	9,727	16,087	656	16,743
Individuals	63,885	685	64,570	66,423	998	67,421
Other non-financial customers	7,452	82	7,534	6,742	13	6,755
TOTAL LOANS AND RECEIVABLES NET OF IMPAIRMENT	**263,312**	**5,318**	**268,630**	**288,141**	**4,586**	**292,727**

In millions of euros, at	31 December 2012	31 December 2011
Deposits	**236,745**	**230,966**
Demand deposits	74,515	71,685
Term deposits	105,924	107,882
Regulated savings accounts	56,306	51,399
Of which demand regulated savings accounts	*43,098*	*38,312*
Securities given under repurchase agreements	**48,056**	**52,362**
TOTAL CUSTOMER ITEMS - LIABILITIES	**284,801**	**283,328**
Of which accrued interest	*863*	*947*

4.c SECURITIES HELD BY BNP PARIBAS SA

In millions of euros, at	31 December 2012		31 December 2011	
	Net carrying amount	Market value	Net carrying amount	Market value
Trading account securities	61,538	61,538	79,888	79,888
Securities available for sale	31,396	31,620	35,525	36,131
Of which provisions	*(174)*		*(1,048)*	
Debt securities held to maturity	349	349	1,115	1,030
Of which provisions			*(1,849)*	
TOTAL TREASURY BILLS AND MONEY-MARKET INSTRUMENTS	**93,283**	**93,507**	**116,528**	**117,049**
Of which receivables corresponding to loaned securities	*22,803*		*25,968*	
Of which goodwill	*1,254*		*1,205*	
Trading account securities	39,240	39,240	68,210	68,210
Securities available for sale	25,468	26,111	24,108	24,906
Of which provisions	*(386)*		*(825)*	
Debt securities held to maturity	2,725	2,735	3,699	3,951
Of which provisions	*(57)*		*(113)*	
TOTAL BONDS AND OTHER FIXED-INCOME SECURITIES	**67,433**	**68,086**	**96,017**	**97,067**
Of which unlisted securities	*6,554*	*6,609*	*7,419*	*7,155*
Of which accrued interest	*969*		*1,283*	
Of which receivables corresponding to loaned securities	*10,502*		*10,226*	
Of which goodwill	*(104)*		*(130)*	
Trading account securities	228	228	611	611
Securities available for sale and equity securities available for sale in the medium term	1,639	1,799	1,930	2,243
Of which provisions	*(326)*		*(383)*	
TOTAL EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	**1,867**	**2,027**	**2,541**	**2,854**
Of which unlisted securities	*1,495*	*1,641*	*1,835*	*2,121*
Of which receivables corresponding to loaned securities	*-*		*49*	
Investments in subsidianes	4,595	5,183	4,488	5,582
Of which provisions	*(963)*		*(1,382)*	
Equity securities held for long-term investment	274	355	369	423
Of which provisions	*(121)*		*(135)*	
TOTAL INVESTMENTS IN SUBSIDIARIES AND EQUITY SECURITIES HELD FOR LONG-TERM INVESTMENT	**4,869**	**5,538**	**4,857**	**6,005**
Of which unlisted securities	*1,970*	*2,323*	*1,591*	*2,665*
Affiliates	55,157	82,201	53,698	78,407
Of which provisions	*(2,070)*		*(1,900)*	
TOTAL INVESTMENTS IN AFFILIATES	**55,157**	**82,201**	**53,698**	**78,407**

BNP Paribas SA's equity investments and affiliate interests in credit institutions totalled EUR 1,612 million and EUR 29,658 million, respectively at 31 December 2012, compared with EUR 1,915 million and EUR 27,336 million, respectively, at 31 December 2011.

4.d TREASURY SHARES

In millions of euros, at	31 December 2012		31 December 2011
	Gross value amount	Net carrying amount	Net carrying amount
Trading account securities	6	6	7
Securities available for sale	96	96	110
Investment in subsidiaries	62	62	439
TOTAL TREASURY SHARES	**164**	**164**	**556**

The fifth resolution of the Shareholders' General Meeting of 23 May 2012, which replaced the fifth resolution of the Shareholders' General Meeting of 11 May 2011, authorised BNP Paribas SA to buy back shares representing up to 10% of the Bank's issued capital at a maximum purchase price of EUR 60 per share (EUR 75 previously). The shares could be acquired for the following purposes: for subsequent cancellation in accordance with conditions set by the Shareholders' General Meeting of 23 May 2012; to fulfil the Bank's obligations relative to the issue of shares or share equivalents, for stock option plans, for share awards, or for granting or selling shares to employees under an employee profit-sharing plan, employee share ownership plan or corporate savings plan and to cover any type of share award to the employees of BNP Paribas and companies controlled exclusively by BNP Paribas within the meaning of article L.233-16 of the French Commercial Code; to be held in treasury for subsequent remittance in exchange or payment for acquisitions, mergers, spin-offs or asset transfers; within the scope of a market-making agreement compliant with the Code of Ethics recognised by the AMF; or for asset and financial management purposes.

This authorisation was granted for a period of 18 months.

At 31 December 2012, BNP Paribas SA held 994,518 treasury shares classified as "equity securities held for long-term investment" and intended to be cancelled.

As of 31 December 2012, BNP Paribas SA held 2,324,117 treasury shares classified as "securities available for sale" and intended to be used for share awards to Group employees, granted or sold as part of an employee profit-sharing plan, employee share ownership plan, or Company Savings Plan.

Under the Bank's market-making agreement with Exane BNP Paribas relating to BNP Paribas shares in the Italian market, BNP Paribas SA owned 149,832 BNP Paribas shares classified as trading account securities at 31 December 2012. This market-making agreement is consistent with the Code of Ethics recognised by the AMF.

4.e LONG-TERM INVESTMENTS

In millions of euros	Gross value					Provisions					Carrying amount	
	1 jan. 2012	Purchases	Disposals and redemptions	Transfers and other movements	31 Dec. 2012	1 jan. 2012	Additions	Write-back	Other movements	31 Dec. 2012	31 Dec. 2012	31 Dec. 2011
Debt securities held to maturity *(note 4.c)*	6,776	21	(3,696)	30	3,131	1,962	84	(1,986)	(3)	57	3,074	4,814
Investments in subsidiaries and equity securities held for long-term investment *(note 4.c)*	6,374	99	(1,179)	659	5,953	1,517	81	(514)		1,084	4,869	4,857
Affiliates *(note 4.c)*	55,599	3,726	(1,782)	(316)	57,227	1,901	288	(117)	(2)	2,070	55,157	53,698
Treasury shares *(note 4.d)*	439		(377)		62						62	439
TOTAL LONG-TERM INVESTMENTS	**69,188**	**3,846**	**(7,034)**	**373**	**66,373**	**5,380**	**453**	**(2,617)**	**(5)**	**3,211**	**63,162**	**63,808**

Under CRC Regulation 2008-17 dated 10 December 2008, financial instruments initially held for trading or available for sale can be reclassified as debt securities held to maturity.

These reclassifications are summarised in the table below:

In millions of euros	Reclassification date	Amount on the reclassification date	31 December 2012		31 December 2011	
			Carrying value	Market or model value	Carrying value	Market or model value
Sovereign bonds reclassified out of the "available for sale" portfolio						
To debt securities held to maturity (Greek sovereign bonds)	30 June 2011	2,085	0	0	768	699
Financial assets reclassified out of the trading portfolio						
To debt securities held to maturity	1 October 2008	4,404	1,044	1,004	1,322	1,266
To debt securities held to maturity	30 June 2009	2,760	1,540	1,564	1,821	1,793

The following table shows the profit and loss items related to the reclassified assets, both as they were recorded during the period and as they would have been recorded if the reclassification had not taken place.

In millions of euros	2012		2011			
	Actual	Pro forma for the period after reclassification(1)	Actual			Pro forma for the period after reclassification(1)
			Before reclassification	After reclassification	Total	
Profit and loss items (before tax)	75	106	372	(1,008)	(636)	(749)
Revenues	**79**	**131**	**372**	**215**	**587**	**532**
Of which Greek sovereign bonds	10	10	372	105	477	477
Of which other fixed-income securities	69	121		110	110	55
Gains (losses) on disposals of long-term Investments	**(25)**			**24**	**24**	
Of which other fixed-income securities	(25)			24	24	
Cost of risk	**21**	**(25)**		**(1,247)**	**(1,247)**	**(1,281)**
Of which Greek sovereign bonds	(25)	(25)		(1,281)	(1,281)	(1,281)
Of which other fixed-income securities	46			34	34	

(1) Pro forma figures show what the contribution to profit in the period would have been if the instruments concerned had not been reclassified.

4.f DEBT SECURITIES

In millions of euros, at	31 December 2012	31 December 2011
Negotiable debt securities	139,243	138,592
Bond issues	5,661	5,384
Other debt securities	374	504
TOTAL DEBT SECURITIES	**145,278**	**144,480**
Of which unamortised premiums	*928*	*1,084*

BOND ISSUES

The following table gives the contractual maturity schedule for bonds issued by BNP Paribas SA as of 31 December 2012:

In millions of euros	Outstanding 31 dec. 2012	2013	2014	2015	2016	2017	2018 to 2022	After 2022
Bond issues	5,661	909	353	2,277	808	329	851	134

4.g OTHER ASSETS AND LIABILITIES

In millions of euros, at	31 December 2012	31 December 2011
Options purchased	156,371	204,751
Settlement accounts related to securities transactions	3,402	3,402
Deferred tax assets	1,124	2,135
Miscellaneous assets	39,984	37,500
TOTAL OTHER ASSETS	**200,881**	**247,788**
Options sold	150,135	199,495
Settlement accounts related to securities transactions	2,024	2,282
Liabilities related to securities transactions	76,875	128,344
Deferred tax liabilities	47	269
Miscellaneous liabilities(1)	31,903	32,773
TOTAL OTHER LIABILITIES	**260,984**	**363,163**

(1) Accounts payable by BNP Paribas SA excluding foreign branches amounted to EUR 12.2 million at 31 December 2012 versus EUR 5.7 million at 31 December 2011. The breakdown by maturity of BNP Paribas' accounts payable excluding foreign branches shows that 94.7% were less than 60 days old.

4.h ACCRUED INCOME AND EXPENSES

In millions of euros, at	31 December 2012	31 December 2011
Remeasurement of currency instruments and derivatives	60,786	59,303
Accrued income	14,089	11,784
Collection accounts	105	473
Other accrued income	11,809	13,219
TOTAL ACCRUED INCOME	**86,789**	**84,779**
Remeasurement of currency instruments and derivatives	64,390	63,981
Accrued expenses	14,284	12,372
Collection accounts	989	801
Other accrued expenses	8,713	8,060
TOTAL ACCRUED EXPENSES	**88,376**	**85,214**

4.i OPERATING ASSETS

	31 December 2012			31 December 2011
In millions of euros, at	Gross value	Dep., amort and provisions	Carrying amount	Carrying amount
Software	2,311	(1,698)	613	597
Other intangible assets	5,705	(36)	5,669	5,628
TOTAL INTANGIBLE ASSETS	**8,016**	**(1,734)**	**6,282**	**6,225**
Land and buildings	2,423	(776)	1,647	1,625
Equipment, furniture and fixtures	2,032	(1,629)	403	472
Other property, plant, and equipment	92		92	107
TOTAL TANGIBLE ASSETS	**4,547**	**(2,405)**	**2,142**	**2,204**

4.j PROVISIONS

In millions of euros, at	31 December 2011	Additions	Reversals	Other movements	31 December 2012
Provision for employee benefit obligations	**687**	**148**	**(247)**	**(22)**	**566**
Provision for doubtful loans (note 3.d)	**48**	**11**	**(11)**	**43**	**91**
Provision for off-balance sheet commitments (note 3.d)	**813**	**168**	**(312)**	**-**	**669**
Other provisions					
■ for banking transactions	1,332	307	(559)	33	1,113
■ for non-banking transactions	1,065	308	(178)	(1)	1,194
TOTAL PROVISIONS	**3,945**	**942**	**(1,307)**	**53**	**3,633**

PROVISIONS FOR RISKS ON REGULATED SAVINGS PRODUCTS

In millions of euros, at	31 December 2012	31 December 2011
Deposits collected under home savings accounts and plans	**14,946**	**14,699**
Of which for home savings plans	12,076	11,846
Aged more than 10 years	*5,374*	*5,897*
Aged between 4 and 10 years	*4,491*	*3,290*
Aged less than 4 years	*2,211*	*2,659*
Outstanding loans granted under home savings accounts and plans	**379**	**438**
Of which for home savings plans	76	96
Provisions for home savings accounts and plans	**152**	**243**
Of which discount on home savings accounts and plans	10	10
Of which provisions for home savings accounts and plans	142	233
Of which provisions for plans aged more than 10 years	*65*	*65*
Of which provisions for plans aged between 4 and 10 years	*28*	*91*
Of which provisions for plans aged less than 4 years	*31*	*68*
Of which provisions for home savings accounts	*18*	*9*

CHANGE IN PROVISIONS FOR REGULATED SAVINGS PRODUCTS

	2012		2011	
In millions of euros	Provisions for home savings plans	Provisions for home savings accounts	Provisions for home savings plans	Provisions for home savings accounts
Total provisions at start of period	**224**	**19**	**203**	**23**
Additions to provisions during the period	-	9	21	-
Provision reversals during the period	(102)	-		(4)
Total provisions at end of period	**122**	**28**	**224**	**19**

4.k SUBORDINATED DEBT

In millions of euros, at	31 December 2012	31 December 2011
Redeemable subordinated debt	**5,166**	**7,705**
Undated subordinated debt	**8,078**	**8,765**
Undated Super Subordinated Notes	7,063	7,081
Undated Floating-Rate Subordinated Notes	790	1,454
Undated Participating Subordinated Notes	225	230
Related debt	**32**	**72**
TOTAL SUBORDINATED DEBT	**13,276**	**16,542**

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 a public tender or exchange offers, or (in the case of private placements) over the counter, subject to regulatory approval.

Debt issued by BNP Paribas SA 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 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 subject to approval by the banking supervisory authorities.

In the fourth quarter of 2011, the bank made a public offer to exchange redeemable subordinated debt, eligible for inclusion in tier 2 capital, for new senior debt. This transaction reduced outstanding redeemable subordinated debt by EUR 1,433 million.

In addition, two subordinated debt lines were redeemed early in the fourth quarter of 2011 under a call option, in accordance with the date specified in the issue notice. This transaction reduced outstanding redeemable subordinated debt by EUR 1,729 million.

In 2012, five subordinated debt lines were redeemed under a call option, in accordance with the date specified in the issue notice. These transactions were the main reason for the reduction in outstanding redeemable subordinated debt of EUR 2,451 million.

The following table gives the maturity schedule for redeemable subordinated debt as of 31 December 2012.

In millions of euros	Outstanding at 31 dec. 2012	2013	2014	2015	2016	2017	2018 to 2022	After 2022
Redeemable subordinated debt	5,166	674	363	550	286	1,963	844	486

Undated subordinated debt

Undated Super Subordinated Notes

At 31 December 2012 BNP Paribas SA had issued Undated Super Subordinated Notes representing a total amount of EUR 7,063 million. The notes pay a fixed- or floating-rate coupon and are redeemable at the end of a fixed period and thereafter at each coupon date. Some of these issues will pay a coupon indexed to Euribor or Libor if the notes are not redeemed at the end of this period.

In the fourth quarter of 2011, the following transactions were carried out in relation to these securities:

- a public offer to exchange USD 1.3 billion of notes issued in June 2005 for new non-subordinated BNP Paribas bonds paying interest at 3-month USD Libor plus 2.75%. This transaction reduced outstanding debt by USD 280 million.
- a public offer to buy EUR 750 million of notes issued in April 2006, GBP 325 million of notes issued in July 2006 and EUR 750 million of notes issued in April 2007. This transaction reduced the amounts outstanding on these notes by EUR 201 million, GBP 162 million and EUR 112 million respectively.

Fortis Banque France, which was absorbed by BNP Paribas SA on 12 May 2010, carried out a EUR 60 million issue of Undated Super Subordinated Notes in December 2007. This issue offers investors a floating rate of interest. These Undated Super Subordinated Notes were redeemed early on 23 May 2011.

The table below summarises the characteristics of these various issues:

Issue date	Currency	Amount *(in millions)*	Coupon frequency	Rate and term before 1st call date		Rate after 1st call date	31 Dec. 2012	31 Dec. 2011
June 2005	USD	1,070	Half-yearly	5.186%	10 years	USD 3-month Libor +1.680%	811	826
October 2005	EUR	1,000	Yearly	4.875%	6 years	4.875%	1,000	1,000
October 2005	USD	400	Yearly	6.25%	6 years	6.250%	303	309
April 2006	EUR	549	Yearly	4.73%	10 years	3-month Euribor +1.690%	549	549
April 2006	GBP	450	Yearly	5.945%	10 years	GBP 3-month Libor +1.130%	554	539
July 2006	EUR	150	Yearly	5.45%	20 years	3-month Euribor +1.920%	150	150
July 2006	GBP	163	Yearly	5.945%	10 years	GBP 3-month Libor +1.810%	201	195
April 2007	EUR	638	Yearly	5.019%	10 years	3-month Euribor +1.720%	638	638
June 2007	USD	600	Quarterly	6.5%	5 years	6,50%	455	463
June 2007	USD	1,100	Half-yearly	7.195%	30 years	USD 3-month Libor +1.290%	833	849
October 2007	GBP	200	Yearly	7.436%	10 years	GBP 3-month Libor +1.850%	246	239
June 2008	EUR	500	Yearly	7.781%	10 years	3-month Euribor +3.750%	500	500
September 2008	EUR	650	Yearly	8.667%	5 years	3-month Euribor +4.050%	650	650
September 2008	EUR	100	Yearly	7.57%	10 years	3-month Euribor +3.925%	100	100
December 2009	EUR	2	Quarterly	3-month Euribor +3.750%	10 years	3-month Euribor +4.750%	2	2
December 2009	EUR	17	Yearly	7.028%	10 years	3-month Euribor +4.750%	17	17
December 2009	USD	70	Quarterly	USD 3-month Libor +3.750%	10 years	USD 3-month Libor +4.750%	53	54
December 2009	USD	0.5	Yearly	7.384%	10 years	USD 3-month Libor +4.750%	1	1
UNDATED SUPER SUBORDINATED NOTES							**7,063**	**7,081**

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 Undated Super Subordinated Note equivalents 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.

Undated Floating-Rate Subordinated Notes

The Undated Floating-Rate Subordinated Notes (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.

Characteristics of Undated Floating-Rate Subordinated Notes:

Issue date	Currency	Amount *(in millions)*	Rate and term before 1st call date		Rate after 1st call date	31 Dec. 2012	31 Dec. 2011
October 1985	EUR	305	TMO -0.25%	-	-	254	254
September 1986	USD	500	6-month Libor +0.075%	-	-	207	211
January 2002	EUR	660	6.342%	10 years	3-month Euribor +2.33%	-	660
January 2003	EUR	328	5.868%	10 years	3-month Euribor +2.48%	329	329
UNDATED FLOATING-RATE SUBORDINATED NOTES						**790**	**1,454**

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 the Ordinary Shareholders' General Meeting notes that there is no income available for distribution in the twelve months preceding the interest payment date. Interest is cumulative and becomes payable in full when the bank resumes dividend payments.

Payment of interest is obligatory on the TSDIs issued in September 1986 (representing a nominal amount of USD 500 million), but the Board of Directors may postpone interest payments if the Ordinary Shareholders' General Meeting approves a decision not to pay a dividend in the twelve months preceding the interest payment date. Interest is cumulative and becomes payable in full when the bank resumes dividend payments. The bank may resume the payment of past interest even if dividend payments have not resumed.

The other TSDIs 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 agreements, after approval of the banking regulators. 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 the Ordinary Shareholders' General Meeting decides not to pay a dividend in the twelve months preceding the interest payment date.

Undated participating subordinated notes

Undated participating subordinated notes issued by BNP Paribas SA between 1984 and 1988 in a total amount of EUR 337 million are redeemable only in the event of the liquidation of BNP Paribas SA, but may be retired on the terms specified in the French act of 3 January 1983. On this basis, 32,000 such notes were redeemed and cancelled in 2012. The number of remaining notes in circulation is 1,434,092.

Note 5. FINANCING AND GUARANTEE COMMITMENTS

5.a FINANCING COMMITMENTS

In millions of euros, at	31 December 2012	31 December 2011
Credit institutions	39,213	38,024
Customers	120,150	133,688
Confirmed letters of credit	63,929	77,412
Other commitments given to customers	56,221	56,276
TOTAL FINANCING COMMITMENTS GIVEN	**159,363**	**171,712**
Credit institutions	67,426	64,726
Customers	11,841	8,994
TOTAL FINANCING COMMITMENTS RECEIVED	**79,267**	**73,720**

5.b GUARANTEE COMMITMENTS

In millions of euros, at	31 December 2012	31 December 2011
Credit institutions	32,073	33,053
Customers	85,352	108,828
TOTAL GUARANTEE COMMITMENTS GIVEN	**117,425**	**141,881**
Credit institutions	76,910	69,350
Customers	163,170	180,922
TOTAL GUARANTEE COMMITMENTS RECEIVED	**240,080**	**250,272**

5.c FINANCIAL INSTRUMENTS GIVEN AND RECEIVED AS GUARANTEES

➤ FINANCIAL INSTRUMENTS GIVEN AS COLLATERAL

In millions of euros, at	31 December 2012	31 December 2011
Financial instruments (negotiable securities and private receivables) deposited with central banks and eligible for use at any time as collateral for refinancing transactions after haircut	57,537	58,919
■ Used as collateral with central banks	21,128	34,669
■ Available for refinancing transactions	36,409	24,250
Other financial assets pledged as collateral for transactions with banks and financial customers	75,426	67,432

At 31 December 2012, the Bank had EUR 57,537 million of financial instruments (negotiable securities and private receivables) deposited or pledged with central banks for use at any time as collateral for refinancing transactions (vs. EUR 58,919 million at 31 December 2011). This amount includes EUR 43,800 million deposited with the Banque de France (vs. EUR 43,379 million at 31 December 2011) under the Banque de France's comprehensive collateral management system to cover Eurosystem monetary policy transactions and intraday loans. At 31 December 2012 the Bank had used as collateral EUR 21,128 million of the amount deposited with central banks (vs. EUR 34,669 million at 31 December 2011), including EUR 20,688 million of the amount deposited with the Banque de France (vs. EUR 29,726 million at 31 December 2011).

The other assets that the Bank has pledged as collateral with credit institutions and financial customers totalled EUR 51,540 million at 31 December 2012 (vs. EUR 46,715 million at 31 December 2011), and include financing for BNPP HL Covered Bonds, Société de Financement de l'Économie Française, and Caisse de Refinancement de l'Habitat.

➤ FINANCIAL INSTRUMENTS RECEIVED AS COLLATERAL

In millions of euros, at	31 December 2012	31 December 2011
Financial instruments received as collateral	24,338	27,321

Note 6. SALARIES AND EMPLOYEE BENEFITS

6.a SALARIES AND EMPLOYEE BENEFIT EXPENSES

In millions of euros	2012	2011
Salaries	(3,769)	(3,500)
Tax and social security charges	(1,702)	(1,635)
Employee profit-sharing and incentive plans	(226)	(189)
TOTAL SALARIES AND EMPLOYEE BENEFIT EXPENSES	**(5,697)**	**(5,324)**

The following table gives the breakdown of BNP Paribas SA's employees.

Headcount, at	31 December 2012	31 December 2011
Employees in Metropolitan France	39,736	40,258
Of which managers	*22,459*	*22,335*
Employees outside Metropolitan France	9,160	9,526
TOTAL BNP PARIBAS SA EMPLOYEES	**48,896**	**49,784**

6.b EMPLOYEE BENEFIT OBLIGATIONS

Post-employment benefits under defined contribution plans

In France, BNP Paribas SA pays contributions to various nationwide basic and top-up pension plans. BNP Paribas SA has set up a funded pension plan under a company-wide agreement. Under this plan, employees will receive an annuity upon retirement, in addition to the pension paid by nationwide plans.

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, Australia and Hong Kong). 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 2012 was EUR 249 million, compared with EUR 243 million for the year to 31 December 2011.

Post-employment benefits under defined contribution plans

Existing legacy defined-benefit plans within BNP Paribas SA are valued independently using actuarial techniques by 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 into account economic conditions specific to each country. 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 postemployment plans totalled EUR 289 million at 31 December 2012 (against EUR 447 million at 31 December 2011), comprised of EUR 208 million for French plans and EUR 81 million for other plans.

The surplus value of the Bank's obligations under the corresponding retirement plans totalled EUR 60 million at 31 December 2012, from EUR 101 million at 31 December 2011.

Pension plans and other post-employment benefits

Pension plans

In France, BNP Paribas SA pays a top-up banking industry pension arising from rights acquired to 31 December 1993 by retired employees at that date and active employees in service at that date. These residual pension obligations are covered by a provision in the BNP Paribas SA's financial statements or transferred to an insurance company.

The defined benefit plans previously granted to BNP Paribas SA executives formerly employed by BNP or Paribas have all been closed and converted into top-up type plans. The amounts allocated to the beneficiaries, subject to their still being with BNP Paribas SA at retirement, were fixed when the previous plans were closed. These pension plans have been contracted out to insurance companies. The fair value of the related plan assets on these insurance companies' balance sheets consists of 83.7% bonds, 6.8% equities, and 9.5% property assets.

In BNP Paribas SA's foreign branches, 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 predefined rate (United States). In Hong Kong, certain staff benefit from a defined contribution pension plan with a guaranteed minimum return for which the employer is responsible. This plan is closed to new entrants. As a result of this guaranteed return, this plan is classified as a defined benefit plan.

Some plans are managed by independent fund managers (United Kingdom). As of 31 December 2012, 82% of the gross obligations under these plans related to seven plans in the United Kingdom, United States and Hong Kong. The fair value of the related plan assets was split as follows: 36% equities, 52% bonds, and 12% other financial instruments.

Other post-employment benefits

BNP Paribas SA employees also receive various other contractual post-employment benefits such as bonuses payable on retirement. BNP Paribas SA' obligations for these bonuses in France are funded through a contract taken out with an insurance company independent of BNP Paribas SA.

Post-employment healthcare benefits

In France, BNP Paribas SA no longer has any obligations in relation to healthcare benefits for its retired employees.

Among BNP Paribas SA's foreign branches, there are several healthcare benefit plans for retired employees, mainly in the United States. Provisions for obligations under these plans amounted to EUR 9 million at 31 December 2012, compared to EUR 8 million at 31 December 2011.

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.

Termination benefits

BNP Paribas has implemented a number of voluntary redundancy plans for employees who meet certain eligibility criteria. The obligations to eligible active employees under such plans are provided for when the plan is the subject of an agreement or a bilateral draft agreement.

In millions of euros, at	31 December 2012	31 December 2011
Provisions for voluntary departure, early retirement plans, and headcount adaptation plan	59	107

Note 7. ADDITIONAL INFORMATION

7.a CHANGES IN SHARE CAPITAL

Resolutions of the Shareholders' General Meeting valid for 2012

The following authorisations to increase or reduce the share capital have been granted to the Board of Directors under resolutions voted in Shareholders' General Meetings and were valid during 2012:

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2012
Shareholders' General Meeting of 12 May 2010 (19th resolution)	Authorisation granted to the Board of Directors to carry out transactions reserved for members of the BNP Paribas Group's Corporate Savings Plan in the form of new share issues and/or sales of reserved shares. *Authorisation was given to increase the share capital within the limit of a maximum par value of EUR 46 million on one or more occasions by issuing ordinary shares, with waiving of pre-emptive rights for existing shareholders, reserved for members of the BNP Paribas Group Corporate Savings Plan.* *This authorisation was granted for a period of 26 months and was nullified by the 20th resolution of the Shareholders' General Meeting of 23 May 2012.*	4,289,709 new shares with a par value of EUR 2 issued on 29 June 2012
Shareholders' General Meeting of 11 May 2011 (5th resolution)	Authorisation given to the Board of Directors to set up a share buyback programme for the Company until it holds at most 10% of the shares forming the share capital. *Said acquisitions of shares at a price not exceeding EUR 75 would be intended to fulfil several objectives, notably including:* *- honouring obligations arising from the issue of share equivalents, stock option programmes, the award of free shares, the award or sale of shares to employees in connection with the employee profit-sharing scheme, employee share ownership plans or corporate savings plans;* *- cancelling shares following authorisation by the Shareholders' General Meeting of 11 May 2011;* *- covering any allocation of shares to the employees and corporate officers of BNP Paribas and companies exclusively controlled by BNP Paribas within the meaning of Article L.233-16 of the French Commercial Code;* *- for retention or remittance in exchange or payment for external growth transactions, mergers, spin-offs or asset contributions;* *- in connection with a market-making agreement complying with the Code of Ethics recognised by the Autorité des Marchés Financiers;* *- for asset and financial management purposes.* This authorisation was granted for a period of 18 months and was nullified by the 5th resolution of the Shareholders' General Meeting of 23 May 2012.	Under the market-making agreement, 586,934 shares with a par value of EUR 2 were acquired and 577,489 shares with a par value of EUR 2 were sold between 1 January and 23 May 2012
Shareholders' General Meeting of 11 May 2011 (15th resolution)	Authorisation to allot performance shares to the Group's employees and corporate officers. *The shares awarded may be existing shares or new shares to be issued and may not exceed 1.5% of BNP Paribas' share capital, i.e. less than 0.5% a year.* *This authorisation was granted for a period of 38 months.*	1,921,935 performance shares granted at the Board meeting of 6 March 2012

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2012
Shareholders' General Meeting of 11 May 2011 (16th resolution)	Authorisation to grant stock subscription or purchase options to corporate officers and certain employees. *The number of options granted may not exceed 3% of the share capital of BNP Paribas, i.e. less than 1% a year. This is a blanket limit covering both the 15th and 16th resolutions of the Shareholders' General Meeting of 11 May 2011.* *This authorisation was granted for a period of 38 months.*	This authorisation was not used during the period
Shareholders' General Meeting of 23 May 2012 (3rd resolution)	Decision to propose to shareholders a dividend payable in cash or in new shares. *Payment of the dividend in new shares had the effect of increasing the share capital by EUR 83,358,352 or 41,679,176 shares. This operation generated an additional paid-in capital of EUR 941,115,794.08.*	41,679,176 new shares with a par value of EUR 2 issued on 26 June 2012
Shareholders' General Meeting of 23 May 2012 (5th resolution)	Authorisation given to the Board of Directors to set up a share buyback programme for the Company until it holds at most 10% of the shares forming the share capital. *Said acquisitions of shares at a price not exceeding EUR 60 per share (EUR 75 previously) would be intended to fulfil several objectives, notably including:* *- honouring obligations arising from the issue of share equivalents, stock option programmes, the award of free shares, the award or sale of shares to employees in connection with the employee profit-sharing scheme, employee share ownership plans or corporate savings plans;* *- cancelling shares following authorisation by the Shareholders' General Meeting of 23 May 2012 (21st resolution);* *- covering any allocation of shares to the employees and corporate officers of BNP Paribas and companies exclusively controlled by BNP Paribas within the meaning of Article L.233-16 of the French Commercial Code;* *- for retention or remittance in exchange or payment for external growth transactions, mergers, spin-offs or asset contributions;* *- in connection with a market-making agreement complying with the Code of Ethics of the Autorité des Marchés Financiers;* *- for asset and financial management purposes.* *This authorisation was granted for a period of 18 months and replaces that given by the 5th resolution of the Shareholders' General Meeting of 11 May 2011.*	Under the market-making agreement, 1,156,315 shares with a par value of EUR 2 were acquired and 1,245,515 shares with a par value of EUR 2 were sold between 24 May and 31 December 2012
Shareholders' General Meeting of 23 May 2012 (13th resolution)	Authorisation to issue ordinary shares and share equivalents and securities granting entitlement to debt instruments, with pre-emptive rights for existing shareholders maintained. *The par value of the capital increases that may be carried out immediately and/or in the future by virtue of this authorisation may not exceed EUR 1 billion (representing 500 million shares) The par value of any debt instruments that may be issued by virtue of this authorisation may not exceed EUR 10 billion.* *This authorisation was granted for a period of 26 months and replaces that given by the 12th resolution of the Shareholders' General Meeting of 12 May 2010.*	This authorisation was not used during the period

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2012
Shareholders' General Meeting of 23 May 2012 (14th resolution)	Authorisation to issue ordinary shares and share equivalents and securities granting entitlement to debt instruments, with pre-emptive rights for existing shareholders waived and a priority subscription period granted. *The par value capital increases that may be carried out immediately and/or in the future by virtue of this authorisation may not exceed EUR 350 million (representing 175 million shares).* *The par value of any debt instruments giving access to the capital of BNP Paribas that may be issued by virtue of this authorisation may not exceed EUR 7 billion.* *This authorisation was granted for a period of 26 months and replaces that given by the 13th resolution of the Shareholders' General Meeting of 12 May 2010.*	This authorisation was not used during the period
Shareholders' General Meeting of 23 May 2012 (15th resolution)	Authorisation to issue ordinary shares and share equivalents, with pre-emptive rights for existing shareholders waived, in consideration for securities tendered to public exchange offer. *The par value of the capital increases that may be carried out on one or more occasions by virtue of this authorisation may not exceed EUR 350 million (representing 175 million shares).* *This authorisation was granted for a period of 26 months and replaces that given by the 14th resolution of the Shareholders' General Meeting of 12 May 2010.*	This authorisation was not used during the period
Shareholders' General Meeting of 23 May 2012 (16th resolution)	Authorisation to issue ordinary shares and share equivalents, with pre-emptive rights for existing shareholders waived, in consideration for securities tendered to contribution of shares up to a maximum of 10% of the capital. *The par value of the capital increases that may be carried out on one or more occasions by virtue of this authorisation may not exceed 10% of the number of shares forming the issued capital of BNP Paribas on the date of the decision by the Board of Directors.* *This authorisation was granted for a period of 26 months and replaces that given by the 15th resolution of the Shareholders' General Meeting of 12 May 2010.*	This authorisation was not used during the period
Shareholders' General Meeting of 23 May 2012 (17th resolution)	Blanket limit on authorisations to issue shares without pre-emptive rights for existing shareholders. *The maximum par value of all issues made without pre-emptive rights for existing shareholders carried out immediately and/or in the future by virtue of the authorisations granted under the 14th to 16th resolutions of the present Shareholders' General Meeting may not exceed EUR 350 million for shares and EUR 7 billion for debt instruments.*	Not applicable
Shareholders' General Meeting of 23 May 2012 (18th resolution)	Issue of shares to be paid up by capitalising income, retained earnings or additional paid-in capital. *Authorisation was given to increase the issued capital within the limit of a maximum par value of EUR 1 billion on one or more occasions, by capitalising all or part of the retained earnings, profits or additional paid-in capital, successively or simultaneously, through the issuance and award of free ordinary shares, through an increase in the par value of existing shares, or through a combination of these two methods.* *This authorisation was granted for a period of 26 months and replaces that given by the 17th resolution of the Shareholders' General Meeting of 12 May 2010.*	This authorisation was not used during the period

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2012
Shareholders' General Meeting of 23 May 2012 (19th resolution)	Blanket limit on authorisations to issue shares with or without pre-emptive rights for existing shareholders. *The maximum par value of all issues made with or without pre-emptive rights for existing shareholders by virtue of the authorisations granted under the 13th to 16th resolutions of the present Shareholders' General Meeting may not exceed EUR 1 billion for shares issued immediately and/or in the future and EUR 10 billion for debt instruments.*	Not applicable
Shareholders' General Meeting of 23 May 2012 (20th resolution)	Authorisation granted to the Board of Directors to carry out transactions reserved for members of the BNP Paribas Group's Corporate Savings Plan in the form of new share issues and/or sales of reserved shares. *Authorisation was given to increase the share capital within the limit of a maximum par value of EUR 46 million on one or more occasions by issuing ordinary shares, with pre-emptive rights for existing shareholders waived, reserved for members of the BNP Paribas Group's Corporate Savings Plan. This authorisation was granted for a period of 26 months and replaces that given by the 19th resolution of the Shareholders' General Meeting of 12 May 2010.*	This authorisation was not used during the period
Shareholders' General Meeting of 23 May 2012 (21st resolution)	Authorisation granted to the Board of Directors to reduce the share capital by cancelling shares. *Authorisation was given to cancel, on one or more occasions, through a reduction in the share capital, all or some of the shares that BNP Paribas holds and that it may come to hold, provided that the number of shares cancelled in any 24-month period does not exceed 10% of the total number of shares at the operation date. Full powers were delegated to complete the capital reduction and deduct the difference between the purchase cost of the cancelled shares and their par value from additional paid-in capital and reserves available for distribution, including from the legal reserve in respect of up to 10% of the capital cancelled. This authorisation was granted for a period of 18 months and replaces that given by the 17th resolution of the Shareholders' General Meeting of 11 May 2011.*	12,034,091 shares with a par value of EUR 2 were cancelled on 14 December 2012

SHARE CAPITAL TRANSACTIONS

Operations affecting share capital	Number of shares	Par value *(in euros)*	In euros	Date of authorisation by Shareholders' Meeting	Date of decision by Board of Directors	Date from which shares carry dividend rights
NUMBER OF SHARES OUTSTANDING AT 31 DECEMBER 2010	**1,198,660,156**	**2**	**2,397,320,312**			
Increase in share capital by exercise of stock subscription options	2,736,124	2	5,472,248	(1)	(1)	1 January 2010
Increase in share capital by exercise of stock subscription options	34,053	2	68,106	(1)	(1)	1 January 2011
Capital increase reserved for members of the Company Savings Plan	6,315,653	2	12,631,306	12 May 2010	11 May 2011	1 January 2011
NUMBER OF SHARES OUTSTANDING AT 31 DECEMBER 2011	**1,207,745,986**	**2**	**2,415,491,972**			
Increase in share capital by exercise of stock subscription options	12,694	2	25,388	(1)	(1)	1 January 2011
Increase in share capital by exercise of stock subscription options	568,487	2	1,136,974	(1)	(1)	1 January 2012
Capital increase arising on the payment of a stock dividend	41,679,176	2	83,358,352	23 May 2012	23 May 2012	1 January 2012
Capital increase reserved for members of the Company Savings Plan	4,289,709	2	8,579,418	12 May 2010	3 May 2012	1 January 2012
Capital reductions (by cancellation of shares)	(12,034,091)	2	(24,068,182)	23 May 2012	14 December 2012	-
NUMBER OF SHARES OUTSTANDING AT 31 DECEMBER 2012	**1,242,261,961**	**2**	**2,484,523,922**			

(1) Various resolutions voted in the Shareholders' General Meetings and decisions of the Board of Directors authorising the granting of stock subscription options that were exercised during the period.

7.b STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM 31 DECEMBER 2010 TO 31 DECEMBER 2012

In millions of euros	Share capital	Additional paid-in capital	Retained earnings and net income for the period	Total shareholders' equity
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2010	**2,397**	**21,850**	**28,523**	**52,770**
Dividend payout for 2010			(2,521)	(2,521)
Capital increases	18	375	2	395
Other changes			2	2
Net income for 2011			3,466	3,466
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2011	**2,415**	**22,225**	**29,472**	**54,112**
Dividend payout for 2011	83	941	(1,430)	(406)
Capital increases	11	112	7	130
Capital reductions (by cancellation of shares)	(24)	(354)		(378)
Other changes			(52)	(52)
Net income for 2012			5,812	5,812
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2012	**2,485**	**22,924**	**33,809**	**59,218**

7.c NOTIONAL AMOUNTS OF FORWARD FINANCIAL INSTRUMENTS

The notional amounts of derivative instruments are merely an indication of the volume of BNP Paribas SA's activities in financial instrument markets, and do not reflect the market risks associated with such instruments.

Trading portfolio

In millions of euros, at	31 December 2012	31 December 2011
Currency derivatives	2,249,553	2,179,487
Interest rate derivatives	42,236,269	39,870,124
Credit derivatives	1,253,646	1,749,540
Equity derivatives	2,142,608	2,331,624
Other derivatives	75,533	87,802
TOTAL FORWARD FINANCIAL INSTRUMENTS IN THE TRADING PORTFOLIO	**47,957,609**	**46,218,577**

Financial instruments traded on organised markets accounted for 58% of the Bank's derivatives transactions at 31 December 2012 (vs. 47% at 31 December 2011).

Hedging strategy

The total notional amount of derivatives used for hedging purposes stood at EUR 695,910 million at 31 December 2012, compared with EUR 695,497 million at 31 December 2011.

Derivatives used for hedging purposes are primarily contracted on over the-counter markets.

Market value

The market value of the Bank's negative net position on firm transactions was approximately EUR 6,000 million at 31 December 2012, compared with a negative net position of EUR 4,950 million at 31 December 2011. The market value of the Bank's net long position on options was approximately EUR 6,450 million at 31 December 2012, compared with EUR 5,000 million at 31 December 2011.

7.d SEGMENT INFORMATION

The following table gives a regional breakdown of BNP Paribas SA's interbank transactions and customer items recognised on the balance sheet.

In millions of euros, at	Interbank transactions		Customer and leasing transactions		Total by region	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011
France	311,341	326,517	228,943	227,635	540,284	554,152
Other countries in the European Economic Area	81,430	90,321	46,456	55,584	127,886	145,905
Countries in the Americas and Asia	51,251	51,548	38,801	48,165	90,052	99,713
Other countries	1,256	1,399	2,251	3,374	3,507	4,773
TOTAL USES OF FUNDS	**445,278**	**469,785**	**316,451**	**334,758**	**761,729**	**804,543**
France	265,497	290,993	179,838	189,058	445,335	480,051
Other countries in the European Economic Area	37,959	33,902	62,323	61,044	100,282	94,946
Countries in the Americas and Asia	26,432	25,017	37,471	28,327	63,903	53,344
Other countries	1,859	2,512	5,169	4,899	7,028	7,411
TOTAL SOURCES OF FUNDS	**331,747**	**352,424**	**284,801**	**283,328**	**616,548**	**635,752**

90% of BNP Paribas SA's revenues in 2012 came from counterparties in the European Economic Area (86% in 2011).

7.e SCHEDULE OF SOURCES AND USES OF FUNDS

In millions of euros	Demand and overnight transactions	Term remaining					
		Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Of which provisions	Total
Uses of funds							
Cash and amounts due from central banks and post office banks	80,674	841	-	-	-		**81,515**
Treasury bills and money-market instruments	179	21,614	12,212	22,261	37,017	(174)	**93,283**
Due from credit institutions	12,409	144,314	30,482	49,051	34,224	(299)	**270,480**
Customer and leasing transactions	19,292	93,174	39,001	86,413	78,571	(6,758)	**316,451**
Bonds and other fixed-income securities	1,241	8,205	10,792	24,476	22,719	(442)	**67,433**
Sources of funds							
Amounts due to credit institutions, central banks, and post office banks	42,872	172,812	27,566	69,245	19,252		**331,747**
Customer items	60,465	170,957	21,890	24,497	6,992		**284,801**
Debt securities other than bonds and other debt securities (note 4.f)	668	36,624	39,972	42,722	25,292		**145,278**

7.f UNCOOPERATIVE STATES AND TERRITORIES

Authorisation from the Group's Compliance Department must be obtained through a special procedure before BNP Paribas SA or Group subsidiaries that report to BNP Paribas SA can set up a site in a state considered "uncooperative" as defined by article 238-0 A of the French General Tax Code. In accordance with BNP Paribas' "best interests" principle, and to ensure that the Group's internal control mechanisms are applied consistently, these sites are subject to the Group's regulations on risk management, money laundering, corruption, financial embargoes, and terrorism financing.

Company name	Ownership interest (%)	Legal form	Type of license	Business activity
Brunei				
BNP Paribas Asset Management (B) SDN BHD	90.55	SDN BHD (Private Limited Company)	Investment Advisor License	Asset management
Philippines				
BNP Paribas - Manila branch	100.00	Branch	Offshore banking license	Commercial bank

6.2 Appropriation of income for the year ended 31 December 2012

The Board of Directors will propose the followings income and dividend distribution for the 2012 financial year at the Annual General Meeting of 15 May 2013.

In millions of euros	
Net income	5,812
Unappropriated retained earnings	18,783
TOTAL INCOME TO BE APPROPRIATED	**24,595**
Dividend	1,863
Retained earnings	22,732
TOTAL APPROPRIATED INCOME	**24,595**

The total proposed dividend to be paid to BNP Paribas Shareholders is EUR 1,863 million, which corresponds to EUR 1.50 per share (with a par value of EUR 2.00) based on the number of shares in issue at 31 January 2013.

6.3 BNP Paribas SA five-year financial summary

	2008	2009	2010	2011	2012
Share capital at year-end					
■ Share capital *(in euros)*	1,824,192,214	2,370,563,528	2,397,320,312	2,415,491,972	2,484,523,922
■ Number of common shares in issue	912,096,107	1,185,281,764	1,198,660,156	1,207,745,986	1,242,261,961
■ Number of convertible bonds in issue	Nil	Nil	Nil	Nil	Nil
Results of operations for the year *(in millions of euros)*					
■ Total revenues, excluding VAT	48,642	33,104	28,426	31,033	30,015
■ Earnings before taxes, depreciation, amortisation and impairment	3,400	7,581	7,193	7,366	6,349
■ Income tax expense	1,201	(540)	(118)	300	(1,273)
■ Earnings after taxes, depreciation, amortisation and impairment	715	4,009	3,465	3,466	5,812
■ Total dividend payout[(1)]	912	1,778	2,518	1,449	1,863
Earnings per share					
■ Earnings after taxes, but before depreciation, amortisation, and provisions	5.04	5.94	5.90	6.35	4.09
■ Earnings after taxes, depreciation, amortisation and impairment	0.78	3.38	2.89	2.87	4.68
■ Dividend per share[(1)]	1.00	1.50	2.10	1.20	1.50
Employee data					
■ Number of employees at year-end	47,443	46,801	49,671	49,784	48,896
■ Total payroll expense (in millions of euros)	3,112	3,812	3,977	3,829	3,915
■ Total social security and employee benefit charges (In millions of euros)	1,053	1,750	1,141	1,212	1,488

(1) Subject to the approval from the Annual General Meeting of 15 May 2013.

6.4 Subsidiaries and associated companies of BNP Paribas SA at 31 December 2012

Name	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	Interest held by BNP Paribas SA
		In millions of the currency unit			in %
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 PARTICIPATION 5	EUR	170	15	(3)	100.00%
ANTIN PARTICIPATION 8	EUR	62	(9)	4	100.00%
AUSTIN FINANCE	EUR	799	181	40	92.00%
BANCA NAZIONALE DEL LAVORO SPA	EUR	2,077	3,132	355	100.00%
BANCO BNP PARIBAS BRASIL SA	BRL	584	668	219	84.10%
BANCWEST CORPORATION	USD	1	10,609	269	99.00%
BNL INTERNATIONAL INVESTMENT SA	EUR	110	314	-	100.00%
BNP INTERCONTINENTALE	EUR	31	4	-	100.00%
BNP PARIBAS BDDI PARTICIPATIONS	EUR	46	54	33	100.00%
BNP PARIBAS CANADA	CAD	533	341	49	100.00%
BNP PARIBAS CAPITAL (ASIA PACIFIC) LTD	HKD	672	(312)	309	100.00%
BNP PARIBAS CARDIF	EUR	150	3,949	421	100.00%
BNP PARIBAS CHINA LTD	USD	653	254	47	100.00%
BNP PARIBAS COLOMBIA CORPORACION FINANCIERA S.A.	COP	103,721	(7,297)	(2,959)	94.00%
BNP PARIBAS COMMODITY FUTURES LTD	USD	75	146	70	100.00%
BNP PARIBAS DÉVELOPPEMENT SA	EUR	115	383	23	100.00%
BNP PARIBAS EL DJAZAIR	DZD	10,000	7,892	2,002	84.17%
BNP PARIBAS EQUITIES FRANCE	EUR	6	21	3	99.96%
BNP PARIBAS ESPANA SA	EUR	52	28	(5)	99.62%
BNP PARIBAS FACTOR	EUR	3	30	16	100.00%
BNP PARIBAS FACTOR PORTUGAL	EUR	13	70	6	64.26%
BNP PARIBAS HOME LOAN SFH	EUR	285	3	1	100.00%
BNP PARIBAS INDIA HOLDING PRIVATE LTD	INR	2,608	18	76	100.00%
BNP PARIBAS INVESTMENT PARTNERS	EUR	23	2,500	292	66.67%
BNP PARIBAS IRELAND	EUR	902	428	(10)	100.00%
BNP PARIBAS LEASE GROUP LEASING SOLUTIONS SPA	EUR	189	93	(9)	73.83%
BNP PARIBAS MALAYSIA BERHAD	MYR	442	(21)	(12)	100.00%
BNP PARIBAS PERSONAL FINANCE	EUR	453	3,784	383	98.94%
BNP PARIBAS REAL ESTATE	EUR	373	179	55	100.00%
BNP PARIBAS RÉUNION	EUR	25	25	6	100.00%
BNP PARIBAS SAE	EGP	1,700	178	271	95.19%
BNP PARIBAS SB RE	EUR	450	52	14	100.00%
BNP PARIBAS SECURITIES (JAPAN) LTD	JPY	201,050	(7,905)	(2,883)	100.00%
BNP PARIBAS SECURITIES ASIA LTD	HKD	2,429	304	(521)	100.00%

Name	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	Interest held by BNP Paribas SA
		In millions of the currency unit			in %
BNP PARIBAS SECURITIES JAPAN LTD.	JPY	30,800	4	11	100.00%
BNP PARIBAS SECURITIES KOREA COMPANY LTD	KRW	250,000	1,005	6,007	100.00%
BNP PARIBAS SECURITIES SERVICES - BP2S	EUR	165	494	169	94.44%
BNP PARIBAS SUISSE SA	CHF	320	3,497	355	99.99%
BNP PARIBAS UK HOLDINGS LTD	GBP	1,227	20	35	100.00%
BNP PARIBAS VPG MASTER LLC	USD	34	(12)	6	100.00%
BNP PARIBAS WEALTH MANAGEMENT	EUR	103	189	4	100.00%
BNP PARIBAS YATIRIMLAR HOLDING ANONIM SIRKETI	TRY	1,023	(2)	3	100.00%
BNP PARIBAS ZAO	RUB	5,798	1,358	739	100.00%
BNP PUK HOLDING LTD	GBP	257	15	11	100.00%
COBEMA	EUR	439	1,798	40	99.20%
COMPAGNIE D'INVESTISSEMENTS DE PARIS - C.I.P.	EUR	395	245	-	100.00%
COMPAGNIE FINANCIERE OTTOMANE SA	EUR	9	277	8	96.85%
CORTAL CONSORS	EUR	58	286	(5)	94.22%
FIDEX HOLDINGS LTD*	EUR	300	(2)	3	100.00%
FINANCIERE BNP PARIBAS	EUR	227	163	5	100.00%
FINANCIERE DES ITALIENS SAS	EUR	412	30	(19)	100.00%
FINANCIERE DU MARCHÉ ST HONORE	EUR	42	36	8	100.00%
FORTIS BANQUE SA	EUR	9,375	7,312	1,038	74.93%
GESTION ET LOCATION HOLDING	EUR	266	902	337	99.24%
GREAT CENTRAL RAILWAY LAND	EUR	-	-	39	100.00%
GRENACHE & CIE SNC	EUR	912	(54)	43	69.52%
HAREWOOD HELENA 1 LTD*	USD	60	13	1	100.00%
HAREWOOD HOLDINGS LTD	GBP	100	13	42	100.00%
INTERNATIONAL FACTORS ITALIA IFITALIA	HKD	56	373	34	99.57%
NATIOCREDIBAIL	EUR	32	31	2	100.00%
OMNIUM DE GESTION ET DE DÉVELOPPEMENT IMMOBILIER	EUR	459	54	498	100.00%
OPTICHAMPS	EUR	411	31	(3)	100.00%
PARIBAS NORTH AMERICA INC.	USD	1,282	91	158	100.00%
PARILEASE SAS	EUR	54	269	(8)	100.00%
PARTICIPATIONS OPERA	EUR	410	33	(16)	100.00%
PETITS CHAMPS PARTICIPACOES E SERVICOS SA	BRL	112	(55)	11	100.00%
PT BANK BNP PARIBAS INDONESIA	IDR	726,320	404,497	54,867	99.00%
ROYALE NEUVE I	GBP	-	492	20	100.00%
SAGIP	EUR	218	1,048	31	100.00%
SOCIETE MARLOISE DE PARTICIPATIONS	EUR	920	-	-	100.00%
SOCIETE ORBAISIENNE DE PARTICIPATIONS	EUR	311	(403)	7	100.00%
TAITBOUT PARTICIPATION 3 SNC	EUR	792	38	117	100.00%
UCB ENTREPRISES	EUR	97	100	1	100.00%
UKRSIBBANK	UAH	1,774	1,041	(903)	100.00%
WA PEI FINANCE COMPANY LTD	HKD	341	6	-	100.00%

Name	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	Interest held by BNP Paribas SA
		In millions of the currency unit			in %
2. Associated companies (10% to 50%-owned)					
BANQUE DE NANKIN	CNY	2,969	17,868	4,020	14.74%
BGL BNP PARIBAS	EUR	713	4,832	305	15.96%
BNP PARIBAS LEASING SOLUTIONS	EUR	1,820	867	56	50.00%
CREDIT LOGEMENT(*)	EUR	1	-	-	16.50%
CRH - CAISSE DE REFINANCEMENT DE L'HABITAT(*)	EUR	300	-	1	10.00%
GEOJIT BNP PARIBAS FINANCIAL SERVICES LTD	INR	228	3,396	380	33.58%
KLÉPIERRE	EUR	279	6,714	(55)	10.81%
PARGESA HOLDING SA(*)	CHF	1,699	569	242	11.33%
VERNER INVESTISSEMENTS	EUR	15	329	35	50.00%

(*) Figures at 31 December 2011.

in millions of euros	Subsidiaries		Associated companies	
	French	Foreign	French	Foreign
II - General information about all subsidiaries and associated companies				
Book value of shares				
Gross value	21,723	35,504	1,967	3,591
Net value	21,047	34,110	1,433	3,162
Loans and advances given by BNP Paribas SA	129,522	13,034	1,175	1,509
Guarantees and endorsements given by BNP Paribas SA	35,854	17,055	28	26
Dividends received	1,876	569	129	162

6.5 Details of equity interests acquired by BNP Paribas SA in 2012 whose value exceeds 5% of the share capital of a French company

Change in interest to more than 5% of the capital		
Nil		
Change in interest to more than 10% of the capital		
Listed	KLÉPIERRE	SA
Not listed	SAS GEXBAN	SAS
Change in interest to more than 20% of the capital		
Nil		
Change in interest to more than 33.33% of the capital		
Nil		
Change in interest to more than 66.66% of the capital		
Not listed	LAFFITTE PARTICIPATION 28	SAS
Not listed	LAFFITTE PARTICIPATION 29	SAS
Not listed	LAFFITTE PARTICIPATION 30	SAS
Not listed	LAFFITTE PARTICIPATION 31	SAS
Not listed	LAFFITTE PARTICIPATION 32	SAS
Not listed	LAIROISE DE PARTICIPATIONS	SA
Not listed	MARLOISE DE PARTICIPATIONS	SASU
Not listed	NATIO ENERGIE	SA
Not listed	NATIOCREDIBAIL	SA
Not listed	PETALE PARTICIPATION 8	SAS

6.6 Statutory Auditors' report on the financial statements

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

For the year ended 31 December 2012

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 modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

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

BNP Paribas

16, boulevard des Italiens

75009 Paris

To the Shareholders,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2012, on:

- the audit of the accompanying financial statements of BNP Paribas;
- the justification of our assessments;
- the specific verifications and information required by law.

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

I – Opinion on the financial statements

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

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 December 2012 and of the results of its operations for the year then ended in accordance with French accounting principles.

II – Justification of our assessments

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

Impairment provisions for credit and counterparty risk

BNP Paribas records impairment provisions to cover the credit and counterparty risk inherent to its business as described in notes 1, 3.d, 4.a, 4.b, 4.c, and 4.e to the financial statements. We examined the control procedures applicable to identifying risk exposure, monitoring credit and counterparty risk, defining impairment testing methods and determining individual and portfolio-based impairment losses.

Measurement of financial instruments

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 identifying inactive markets, verifying these models and determining the inputs used.

Measurement of investments in non-consolidated undertakings and equity securities held for long-term investment

Investments in non-consolidated undertakings and equity securities held for long-term investment are measured at value in use based on a multi-criteria approach as described in notes 1 and 4.e to the financial statements. As part of our assessment of these estimates, we examined the assumptions underlying the determination of value in use for the main portfolio lines.

Provisions for employee benefits

BNP Paribas raises provisions to cover its employee benefit obligations, as described in notes 1, 4.j and 6.b to the financial statements. We examined the method adopted to measure these obligations, as well as the main assumptions and inputs used.

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

III – Specific verifications and information

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

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

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code relating to remuneration and benefits received by corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Courbevoie, 8 March 2013

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
Damien Leurent	Etienne Boris	Hervé Hélias

7 A RESPONSIBLE BANK: INFORMATION ON BNP PARIBAS' ECONOMIC, SOCIAL, CIVIC AND ENVIRONMENTAL RESPONSIBILITY

7.1 BNP Paribas' approach as a responsible bank

In 2012, BNP Paribas drew up a Responsibility Charter, signed by the Chairman and the CEO. This document reviews the commitments BNP Paribas must keep to earn the trust of its customers and sets out how the Group sees its economic, social, civic and environmental responsibility. It has been distributed to all Group employees and many of our customers.

BNP PARIBAS' CHARTER: OUR MISSION, OUR RESPONSIBILITY

The BNP Paribas group is the product of successive bank mergers which first began to make their mark on European economic history back in the nineteenth century. Driven by a strong tradition of service provided to individual people and businesses alike, and deeply rooted in our various countries of origin, BNP Paribas is at the same time the bank for a changing world. BNP Paribas' number one asset is the confidence that our clients place in us, which has been built up over time. We, as management, lead and steer the Group in accordance with the basic commitments that are essential if we are to deserve that trust and confidence.

REMAINING TRUE TO OUR PRIMARY MISSION: LONG-TERM SERVICE TO OUR CLIENTS

BNP Paribas' primary vocation is to serve our clients, creating long-term relationships and helping them to fulfil their plans and projects. On the one hand, we are there to help ordinary people manage their finances and savings on a day-to-day basis and on the other we are the banking partner of choice for many companies of all sizes, and for institutional clients.

BNP Paribas is active in three major areas of banking and our people in these three areas work together on a daily basis with one major goal in mind: the success of our clients.

Retail Banking, which represents over 50% of the Group's business, provides banking services close to the customer, via multichannel networks–comprising physical branches, Internet and Mobile banking – which are strongly rooted in the local markets, with staff who possess in-depth knowledge of the local culture and the local economy. BNP Paribas' Retail Banking division channels all funds deposited by customers into its lending activities, providing loans and credit lines to people, companies, non-profit bodies and other borrowers. The Group also provides a range of specialised retail banking services designed to serve the needs of commerce and industry, such as consumer credit, office and equipment leasing and fleet lease services.

Corporate & Investment Banking (CIB), which accounts for around 1/3 of Group turnover, does business all over the world. BNP Paribas CIB aims to be a long-term strategic partner to its clients, who range from major corporations to small or medium-sized businesses and include insurance companies, governments, banks and investment companies. Our CIB division works with clients both in the daily management of their finances and cash flow and on their longer-term strategy and development plans. CIB meets their financing needs – including via the capital markets – and their capital investment and risk management requirements, in addition to providing advisory services.

Investment Solutions, which is present in 60 countries, consists of a range of complementary business lines including insurance, wealth management, real estate services and technical services for investors.

The Investment Solutions division develops innovative products and services for clients of the other Group businesses but also possesses its own distribution channels.

In order to be able to carry out these various missions in a context of sharply rising regulatory capital requirements, BNP Paribas doubled its capital base between 2009 and 2012. While fulfilling our duty to deliver regular returns to our shareholders, the Bank nevertheless retains and reinvests the major part of its profits each year so as to strengthen an already solid financial position and increase our capacity to meet customer demand for credit.

BEING PREPARED TO TAKE RISKS, WHILE ENSURING CLOSE RISK CONTROL

Financing the economy, supporting projects, helping clients to manage their currency or interest rate exposure - all this means accepting a degree of risk. One of BNP Paribas' great strengths is precisely this expertise in managing risk. The Group believes that tight risk control is its clear responsibility, whether in relation to its clients or to the financial system as a whole. The Bank's decisions on the commitments it makes are reached after a rigorous and concerted process, based on a strong shared risk culture which is present across all levels of the Group. This is true both for risks linked to lending activities, where loans are granted only after in-depth analysis of the borrower's situation and the project to be financed, and for market risks arising from transactions with clients, which are assessed on a daily basis, tested against stress scenarios and subject to a scale of limits.

As a strongly diversified Group, both in terms of geography and businesses, BNP Paribas is able to balance risks and outcomes as soon as they materialise. The Group is organised and managed in such a way that any difficulties arising in one business area will not jeopardise the Bank's other business activities.

FOLLOWING A STRICT BUSINESS ETHIC

At BNP Paribas, loyalty to our clients is a fundamental principle. Each and every one of the Group's employees strives wholeheartedly to help our clients achieve success, taking care of their interests while protecting those of the Bank. Savings, loans, insurance, payment systems - whatever the product, no BNP Paribas staff member would ever offer a customer a product knowing that the transaction would not be in his/her true interests.

BNP Paribas will 'go the extra mile', taking a supportive attitude to clients if they should ever get into difficulties and looking to the future beyond the current crisis. The Group plays a strong role in the economies of a number of countries and sees itself as having a special role in our 'domestic' markets - France, Belgium, Italy and Luxembourg.

The Group measures Customer Satisfaction across all business lines and we regularly adjust our Quality policy to ensure that our ratings remain high in this area. Nevertheless, as the saying goes: "to err is human". A bank is composed of men and women who strive to do their jobs as well as possible but who may of course sometimes make mistakes. When this happens, BNP Paribas is prepared to admit its errors and seeks to remedy any unfavourable consequences for the client.

BNP Paribas' business ethic is also demonstrated in our unwillingness to work with any client or organisation that is involved in fraud, corruption or illicit dealings. Accordingly, BNP Paribas has withdrawn from all locations designated as tax havens by the OECD.

BEING A RESPONSIBLE BANK

In all the regions where the Group does business, it is closely involved in the local community of which it is a part. First of all the Bank lives up to its economic responsibilities as outlined above, working to finance clients' projects. In addition, BNP Paribas recognises that it has responsibilities in three other areas:

- Employer responsibility: this means treating the Group's 190,000 employees in a fair and loyal manner and engaging in serious and meaningful dialogue with staff union representatives. BNP Paribas recruits and trains some tens of thousands of new staff each year, several thousand of these in France. The Group has made a strong conscious decision to foster diversity in all its forms, including setting precise objectives for promoting women. BNP Paribas' employment policy includes prioritising internal job mobility and training. We recognise that we have a particular responsibility in our four 'domestic' markets, where our size and range of activities and our innovative labour relations policies have always enabled us to avoid any forced redundancies.
- Civic responsibility: helping to combat social exclusion and promoting education and culture. The Group has a strong stake in society, through initiatives and projects which take its banking role one step further for the good of society: special assistance for underprivileged neighbourhoods and marginalised areas, microcredit, support for charitable organisations and social economy enterprises. Our civic engagement is also manifested in the corporate philanthropy work done by the BNP Paribas Foundation, whose charity initiatives include educational, cultural and public health projects. An overall annual budget higher than EUR 25 million is devoted to these activities, half of this to social projects and education.
- Environmental responsibility: BNP Paribas takes great care over the environmental impact resulting from its banking activities all over the world. The Group has drawn up and implemented detailed policies relating both to its day-to-day functioning and to sensitive fields of industry, and supports environmental initiatives through the BNP Paribas Foundation.

Motivated by the values of commitment, ambition, creativity and responsiveness, managed in accordance with a clear set of management principles – Client Focus, Risk-Aware Entrepreneurship, People Care and Lead by Example – and inspired to the highest business ethic by the Group's code of conduct, BNP Paribas people strive each day to ensure successful outcomes for all those who place their trust in the Bank and for the good of society. We are proud to be a responsible bank and we take great pride in our profession. That's our vision for the bank.

Baudouin Prot Chairman	Jean-Laurent Bonnafé Director and Chief Executive Officer

OUR STRATEGIC VISION

Since 2012, BNP Paribas's responsibility policy has been built on 4 pillars, with 12 commitments. The Group's good governance practices, which guarantee the long-term interests of the business, represent the foundations of this structure.

All the Group's business lines, networks, subsidiaries and countries apply this policy, using the same structure, while adapting it to their specific characteristics.

BNP PARIBAS'S COMMITMENTS AS A RESPONSIBLE BANK

A RESPONSIBLE BANK
4 PILLARS AND 12 COMMITMENTS

OUR 4 PILLARS

OUR ECONOMIC responsibility	OUR SOCIAL responsibility	OUR CIVIC responsibility	OUR ENVIRONMENTAL responsibility
Financing the economy in an ethical manner	Pursuing a committed and fair human resources policy	Combating exclusion, promoting education and culture	Combating climate change

OUR 12 COMMITMENTS

1 LONG-TERM FINANCING FOR THE ECONOMY	4 RECRUITMENT AND TRAINING	7 HELP COMBAT EXCLUSION AND SUPPORT SOCIAL ENTREPRENEURSHIP	10 FINANCING POLICY COMMITTMENTS IN SENSITIVE SECTORS
2 BUSINESS ETHICS	5 DIVERSITY	8 CORPORATE PHILANTHROPY POLICY FOCUSED ON EDUCATION, HEALTH, CULTURE AND SOLIDARITY	11 THE REDUCTION IN ENVIRONMENTAL FOOTPRINT LINKED TO OUR OWN OPERATIONS
3 A RANGE OF RESPONSIBLE PRODUCTS	6 SOLIDARITY-BASED EMPLOYMENT MANAGEMENT	9 COMPLIANCE WITH THE UN GUIDING PRINCIPLES CONCERNING HUMAN RIGHTS	12 SUPPORT FOR RESEARCH AIMED AT COMBATING CLIMATE CHANGE

OUR GOVERNANCE

Governance that supports the long-term strategy of the BNP Paribas Group

Best practice in governance
A clear separation of powers between the Chairman of the Board of Directors and the Chief Executive Officer
An independent and representative Board of Directors
An Audit Committee with a majority of independent members
Voting rights that guarantee protection of the interests of all shareholders

A stable executive team that guarantees long-term deployment of strategic objectives

A compensation policy that integrates the long-term interests of BNP Paribas Group

BNP PARIBAS' PUBLIC POSITIONS

BNP Paribas' approach to corporate social responsibility (CSR) is framed by the fundamental and sector-specific public positions it has adopted. With a presence in 78 countries, BNP Paribas carries out its operations in full respect of universal rights and principles, as a contributor to or active member of:

- the United Nations Global Compact ("Advanced" level); BNP Paribas is a committee member of the Global Compact France;
- the UN Women's Empowerment Principles;
- the UNEP Finance Initiative;
- the Carbon Disclosure Project;
- the Roundtable on Sustainable Palm Oil (RSPO);
- Business for Human Rights (Entreprise pour les Droits de l'Homme, EDH);
- Businesses for the Environment (Entreprises pour l'Environnement, EpE);
- Sida-Entreprises (an association for combating AIDS).

The Group participates actively in designing solutions and implementing long-term practices specific to the finance sector within the framework of:

- the Equator Principles;
- the Principles for Responsible Investment;
- the Institutional Investors Group on Climate Change;
- the Climate Principles.

Finally, the Group has also sought to formalise its voluntary commitments in several areas:

- a Responsibility Charter, formalising its commitments, so as to earn the trust of its customers, drawn up in 2012 and distributed to all the Group's employees and many of its customers;
- a commitment to the environment;
- a commitment to human rights (BNP Paribas human rights declaration), a new commitment signed by general management in 2012;
- a policy of combating corruption;
- a Charter for Responsible Representation with respect to public authorities, drawn up in 2012, formalising the transparency of the business ethics rules that the Group and its employees must adhere to when performing representation activities; BNP Paribas is the first European bank to have adopted an internal charter for its lobbying practices;
- the BNP Paribas suppliers' CSR Charter, published in 2012;
- financing and investment policies for palm oil, defence, nuclear energy, paper pulp and coal-fired power.

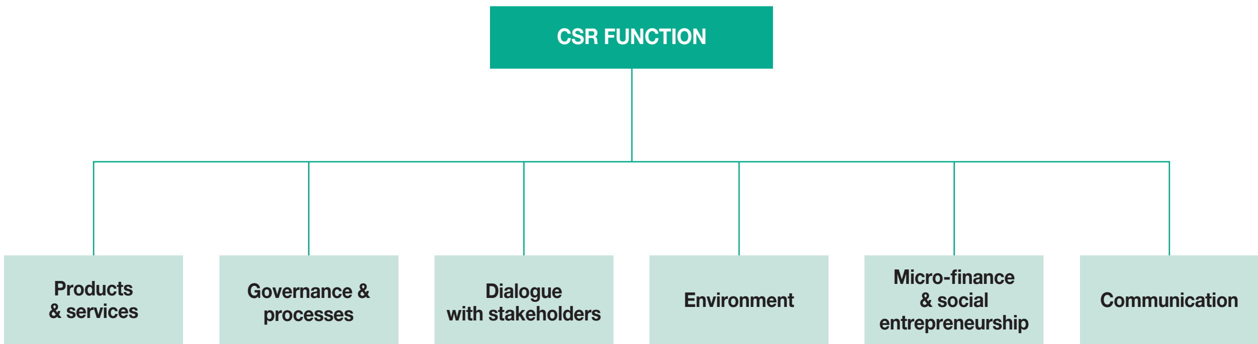
PROGRESS ACKNOWLEDGED BY EXTRA-FINANCIAL RATING AGENCIES

BNP Paribas has very high rankings in the authoritative CSR indexes:

- BNP Paribas is ranked no. 1 in the banking sector for CSR in the Vigeo World 120 Index. Taking all sectors together, BNP Paribas is ranked 4th in France, 11th in Europe and 12th globally in terms of CSR commitment.
- BNP Paribas is the only French bank included in the Dow Jones Sustainability Indexes.
- The Group's carbon reporting was rated 86/100 by the Carbon Disclosure Project in 2012.
- BNP Paribas is also included in other benchmark indexes such as the Ethibel Sustainability Index (Excellence Global And Excellence Europe), Aspi, the FTSE4GOOD Index Series and the Stoxx Global ESG Leaders Index.

CSR TAKEN TO HIGHEST LEVEL IN ORGANISATION

In 2012, CSR became a Group Function, reporting to one of the Group's Chief Operating Officers. The assignments and responsibilities of the CSR Function, a 13-strong team based at the Group's headquarters, are clearly defined in a directive from general management. They break down as follows:



A network of 130 CSR managers has been set up across the Group's divisions, business lines, networks, functions and subsidiaries in order to facilitate implementation of the CSR policy in all the activities and countries where the Group has a presence. At each entity, the CSR manager is a member of the corresponding Executive Committee in order to ensure that CSR is integrated into the entity's strategy. The Group's 130 CSR managers first met together in late 2012, for a seminar devoted to training and the exchange of best practice.

DIALOGUE WITH STAKEHOLDERS

BNP Paribas' CSR approach takes account of all its stakeholders and the Group's strategy is developed in such a way as to be receptive to their expectations:

- **Employees'** views on the environmental and social responsibility of their company are assessed each year in the Group's internal survey (173,835 employees surveyed in 2012, with a 71% response rate). In 2012, 72% of employees surveyed had a favourable view of the way their company exercises its responsibility; this rate has been growing steadily since 2009.
- BNP Paribas encourages its **suppliers** to share its conception of environmental and social responsibility. In particular, suppliers are asked to answer a questionnaire in order to evaluate their own social and environmental performance. At the end of 2012, more than 700 analyses of supplier CSR performance had been conducted during calls for tender issued by the central team of the Group Procurement department via its e-sourcing platform.
- BNP Paribas meets **SRI investors** several times a year (29 meetings in 2012), to present the Group's CSR strategy, and it regularly updates extra-financial analysts on latest developments.
- BNP Paribas maintains a dialogue with numerous **NGOs** throughout the world. In 2012, there were 10 meetings between the head-office CSR team and NGOs. More than 30 dialogue subjects were on the agenda in 2012, in areas such as the environmental impact of financing provided by the Group, the financing and investment policies published and applied by BNP Paribas, human rights, and BNP Paribas' position on low-tax countries.

> During 2012, 6 referrals were made to the BNP Paribas internal mediator for supplier relations.

7.2 Economic responsibility: financing the economy in an ethical manner

BNP Paribas's primary mission is to meet its customers' needs, in particular by financing the projects of individuals and businesses, who drive economic development and job creation. With its leading positions in financial services in the 78 countries where it operates, the Group's financing capacity and the way it conducts its business have a direct impact on the local economies. Aware of this economic responsibility, BNP Paribas bases its actions on these three commitments:

- Commitment 1: long-term financing for the economy;
- Commitment 2: business ethics;
- Commitment 3: a range of responsible products and services.

LONG-TERM FINANCING FOR THE ECONOMY

BNP Paribas' mission is to provide financing for all activities that help foster economic and social development at global level. Its diversified economic model, which is both value-creative and resilient to periods of crisis, enables it to meet the financing needs of companies, institutions and individuals.

ONE OF THE MOST SOLID BANKS IN EUROPE, ANTICIPATING NEW REGULATION

In order to be able to provide financing to the real economy over the long term, it is paramount that BNP Paribas can ensure its economic stability, whatever the financial context.

One of the best capitalised large international banks

At the end of 2012, BNP Paribas was one of the first large banks to achieve the ratio imposed by the new measures taken in 2010 and required to be met by 2019 under Basel III. The minimum level of equity that banks will have to maintain has been increased. BNP Paribas achieved its target for strengthening its solvency ratio (common equity Tier one) one quarter ahead of schedule, reaching 9.9% at 31 December 2012.

The Group thus strengthened its equity and hence its solidity and lending capacity.

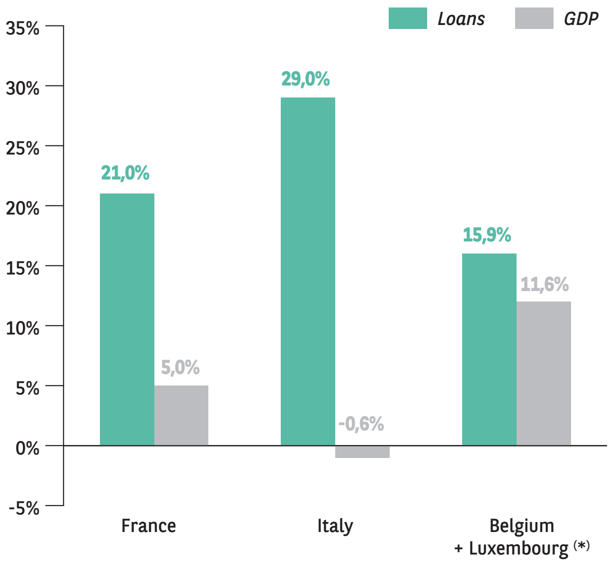
Profits benefiting the economy

More than two-thirds of profits were reinvested in the company, in order to pursue the Group's development and support its customers. By consolidating its equity, the Bank is also directly boosting its ability to extend loans, and thus its investments in the real economy.

SIGNIFICANT GROWTH IN PERSONAL AND CORPORATE LOANS

For five years, BNP Paribas has been able to increase its lending to its customers, despite the adverse economic conditions. The total amount of loans extended to businesses and individuals has thus increased regularly within the Group's four **domestic markets**, in a proportion well above the level of economic growth recorded in these countries.

INCREASE OF OUTSTANDING CORPORATE AND PERSONAL LOANS BETWEEN END-2008 AND END-2012 *VS* GDP (BY VALUE) OVER THE SAME PERIOD



(*) For Belgium and Luxembourg, the comparison is between end-2012 and end-2009.
GDP trends shown in this chart are based on data available at http://epp.eurostat.ec.europa.eu/

Between end-2011 and end-2012, outstanding personal loans in these four countries increased by 1.5%.

The Bank's mission is to support the development of businesses, particularly SMEs, by providing them with financial resources (via debt and the capital markets) and strategic advice:

- **In France**, there has been a particular focus on **SMEs and small businesses clients**. With six commitments made in early 2012 to support them, a **total of EUR 5 billion worth of new loans** was granted. The objective is to finance 40,000 projects between 1 July 2012 and 30 June 2013. By end-2012, 27,000 projects had been financed, reaching a total amount of EUR 3.2 billion. 60 Small Business Centres (vs 46 in 2011) allow business leaders' professional and personal needs to be met in the same office.
- **In Luxembourg**, a strong signal was sent to **SMEs** by the creation of a **one-billion-euro credit line** earmarked for investment activities and projects as well as to help with starting up businesses.

- **In Belgium**, the main objective for 2012 was to support the development of SMEs. For example, BNP Paribas Fortis helped pipes manufacturer Icarius to buy out its company from a Norwegian investment fund. The deal, hailed by the local authorities, enabled the company to secure 80 local jobs and relaunch its international development plans.
- **Outside Europe**, the Group was particularly active in supporting business with loans, notably in the **United States**, where **Bank of the West** is a leading lender to American farmers: in 2012 it was ranked No. 2 domestic lender to this sector by the American Bankers Association, with around USD 3.2 billion (EUR 2.47 billion) of agricultural loans at end-2011.

NUMEROUS INITIATIVES TO SUPPORT ECONOMIC GROWTH

In addition to its lending and advisory activities, BNP Paribas supports economic development through a wide offering of products and services, tailored to meet the specific needs of various types of customers and countries.

Access to capital markets

Companies – both medium-sized and large – are not only asking for loans but are also increasingly looking for capital market financing solutions. BNP Paribas helps them to enter these markets.

In 2012, **16 companies** made their first steps into market-sourced financing, with support from the Group's experts throughout Europe. This brings the total amount of capital raised by the 52 new entrants advised since 2010 to EUR 25 billion.

Mutual funds

At the same time, in order to support actively the long-term development of French companies, several innovative funds were created in 2012:

- **BNP Paribas Cardif** and three other leading life insurers set up a **Strategic Equity Fund** in October, to make long-term investments in the capital of French companies. This innovative fund allows to channel funds that had hitherto been locked up in other vehicles into the economy and into companies. The investments made and the commitment to remain invested in SBF 250 or CAC 40 companies for at least five years will help the strategic development of these businesses.
- With the same aim of supporting businesses and increasingly channelling French savers' assets into their financing, BNP Paribas launched the "**BNP Paribas France Crédit**" mutual fund. Its aim is to invest assets gathered by the Group's insurance subsidiary into a fund managed by its asset management subsidiary. These fund inflows enable the Group to finance loans arranged by CIB for medium-sized businesses. BNP Paribas Cardif's fund inflow target of EUR 250 million over three years will be gradually achieved in the form of successive selections of investment opportunities.

Tailored advice and support

Women entrepreneurs

BNP Paribas encourages entrepreneurs, and in particular women, in their plans for setting up and developing innovative businesses.

- **In France**, while the **female participation rate is among the highest** in Europe and one in five women are considering starting a business (APCE survey 2012), only 32% actually take the plunge (compared with 48% in the United States).

  To boost this rate, BNP Paribas signed a partnership agreement with **Paris Pionnières**, a support organisation for women with plans to set up a business in the area of innovative services for individuals and companies. From the creation of their plan until their third year of operation, women business creators are supported and encouraged, notably via the "Paris Pionnières Trophy".

Outside France

BNP Paribas set up many actions to promote entrepreneurship in countries where it operates.

- **In Tunisia**: the **UBCI** has launched its "Business Academy", a meeting and training centre for business executives. Several subjects have been covered since its launch in Tunis in September 2012, including SME financing and competitiveness factors in the market. Given the wealth of experience shared during the workshops and participant satisfaction levels, the UBCI plans to repeat the event, offering periodic sessions in different regions of the country.

In addition to actions implemented in each country, BNP Paribas encourages **businesses and SMEs to develop internationally** by offering them transnational services.

- In 2012, 3,500 clients used the banking continuity services offered across Europe from a single entry point.

  With "**One Bank for Corporates in Europe and Beyond**", they can now use a network of 150 business centres and 1,900 advisors specifically dedicated to businesses in 18 countries. This unrivalled pan-European offering, designed to facilitate growth across the continent, met a real expectation, as the objective set upon launch in 2010 had been to support 3,000 businesses.

Innovation

- **In France**, BNP Paribas reaffirmed its commitment to entrepreneurs by planning for the establishment of 10 innovation centres by June 2013, whose aim will be to facilitate the development of innovative businesses. Three were already set up in 2012, in Toulouse, Grenoble and Paris.

BUSINESS ETHICS

Being strongly committed to the long-term financing of the economy in order to support growth and create jobs, BNP Paribas ensures that its actions respect business ethics.

The protection of retail customers' interests is a priority. There has been a host of initiatives to meet their requests for information and transparency and to improve their understanding of banking products and services. In the marketing phase, the relationship is managed responsibly and mechanisms for listening to and monitoring customers are reinforced.

Moreover, as a leading financial player, BNP Paribas has a direct influence on the economy. Controlling the possible social and environmental impacts of its financing and investments is therefore a matter of constant concern for the Group. Voluntary codes, policies and measures have been established to manage its activities in certain sensitive sectors.

Finally, BNP Paribas has a highly successful anti-corruption mechanism and establishes its offices, not on tax considerations, but in order to best serve its customers around the world.

In 2012, the measures already initiated were consolidated, extended or improved.

IMPROVE PRODUCTS AND SERVICES TRANSPARENCY AND STRENGTHEN CUSTOMER INTERESTS PROTECTION

Customer satisfaction: the absolute priority

The Group's determination to improve customer satisfaction and protect customer interests has led it to reinforce its dialogue and monitoring systems and to implement strict commercial rules.

In France

- In October 2012, Raphaèle Leroy was appointed Head of Relations with consumers and the associations that represent them. Ongoing improvement of customer service is at the heart of this new role, created by Marie-Claire Capobianco, Head of French Retail Banking and a member of the BNP Paribas' Executive Committee, to whom Raphaèle Leroy reports. Ms Capobianco commented: "Listening, understanding, sharing our customers' expectations with consumer associations and maintaining a concerted approach to the improvement of service quality over the long term: these are the objectives that Raphaèle Leroy will help to achieve. With her 20 experience in the field, she knows how to listen to customers and integrate their expectations so as to improve their satisfaction".
- Remuneration of in-branch advisors has been modified so that it is the same irrespective of which product they recommend within a "family of needs". For example, within the "long-term savings family", the BNP Paribas advisor will receive the same commission for a home ownership savings scheme as for a life insurance policy. It is therefore in the advisor's interest to recommend the most suitable product, according to the risks or term required. In addition, a significant part of the commission is not paid until the customer starts to use the product, i.e. several months after it is taken out. In this way, BNP Paribas ensures that the product supplied does indeed meet its customer's need.
- Before launching the "New Generation Revolving Loan" offering, which will gradually replace the existing revolving loan offering, **Cetelem** commissioned Vigeo, Europe's leading extra-financial auditors, to check the responsible and transparent nature of its new product and its marketing approach. In the product design stage, Vigeo delivered a provisional certification of the product's responsible nature: transparent information, consultancy during the marketing and loan-granting phases, verification of customer solvency, respect of customer interests throughout the term of the contract, allowance for the social impact of consumer credit. The second phase of the audit, scheduled for March 2013, will consist in auditing the marketing of the product by customer advisors within four customer relations centres thereafter, Vigeo will be in a position to provide a final certification.

Cetelem's new revolving loan offering:

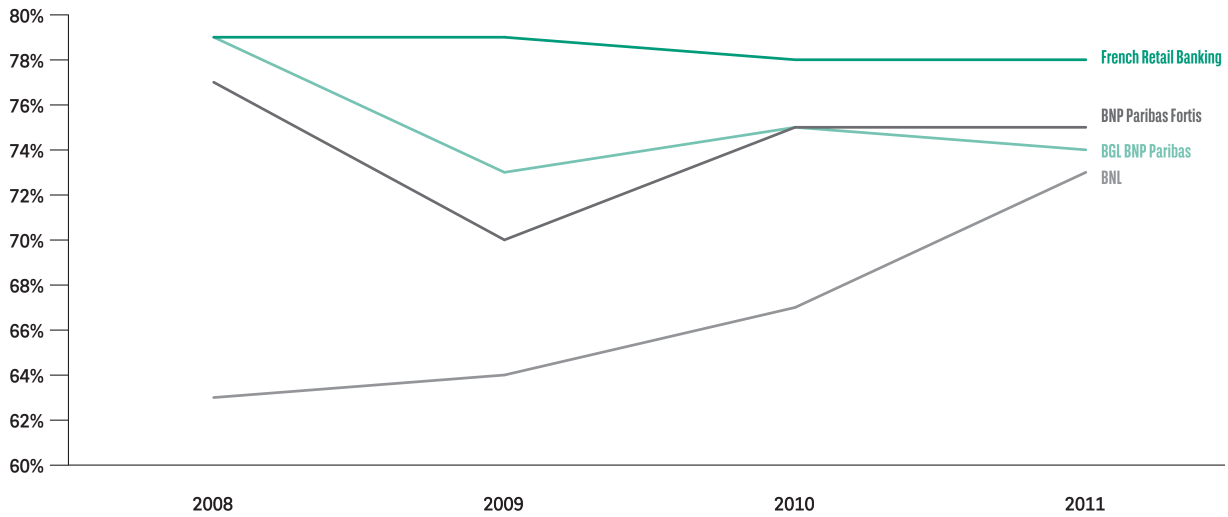
- An offering that meets customers' expectations for a flexible, transparent and responsive product that helps them manage their cash flow.
- Going beyond the Lagarde law: the New Generation revolving Loan will enable customers to choose from among six repayment options (with different terms and associated rates); they thus decide on the repayment period and have transparency over pricing and costs; they have full control over their loan and can easily change their repayment arrangements online or by phone; they can also receive a text alert if the monthly payment exceeds a set limit.
- A website, *jegeremesfinsdemois.com*, has been designed to help consumers understand how to manage their budget and find the necessary resources.

In Switzerland

BNP Paribas' Responsibility Charter has been integrated into its key commercial documents, notably products brochures and pricing information, as well as investment proposals that are sent to customers.

These mechanisms have helped improve customer satisfaction, which has increased in all domestic markets.

➤ CUSTOMER SATISFACTION TREND



First satisfaction survey of customers in debt recovery

The challenge in maintaining customer loyalty and satisfaction, particularly when they encounter problems – either temporary or on a regular basis – is a key point for Cetelem. Therefore a survey was set up to measure and monitor performance and set quantifiable improvement targets. It was conducted by Ipsos in May 2012 among Cetelem customers in France who had experienced the processing of a missed payment in the preceding three months. 451 customers were interviewed. The sample was representative of Cetelem customers in amicable recovery phase between the second and the seventh missed payment. The main conclusions of the survey show that 69% of customers were satisfied overall and 67% appreciated the proposed solution.

Greater transparency in the Bank's offering

Since 2011, the retail bank has aimed multiple actions at customers to help them realise their plans, while prioritising the protection of their interests.

This is reflected in dialogue mechanisms and education workshops set up to improve the transparency of the bank's offering and customer understanding of banking products.

In France "Straight Talk" ("Parlons vrai")

This initiative, launched in 2011 in order to respond to the many questions from individual customers and their need for transparency and simplicity, led to the establishment of a two-part dialogue mechanism consisting of:

- **a permanent website**, www.parlonsvrai.bnpparibas.net, which has attracted 200,000 visitors since it was launched at the end of 2011, with more than 900 questions submitted;
- **"Straight Talk" ("Parlons vrai ") workshops**. These direct meetings with retail bank employees are intended to address customers' concrete financial concerns. In 2012, 11,500 people attended 1,200 workshops initiated throughout the year, culminating in the holding of more than 1,000 workshops throughout France in a nationwide event on 18 October. These free and uniquely informative sessions addressed all the main financial issues, such as: "online shopping", "the main savings vehicles", "buy or rent" and "students – a user's guide". All materials were developed in collaboration with the independent association, "La finance pour tous", which specialises in educating the public on banking matters.

In Italy

Along the same lines, **BNL gave a voice to its clients in a campaign** covered in the press, on television and online in October 2012. A website was created for corporate clients to submit their questions and suggestions.

At the same time, to meet the demand for information, the "EduCare" programme, which aims to further the "**financial education of individuals and companies**", took on a new dimension in 2012 by moving out of the traditional setting of the branches.

In Turkey

TEB responded to suppliers' and clients' need for information in the areas of CSR and the sustainable use of resources. A conference was held where experts shared their knowledge of CSR, climate change and energy efficiency.

In India

A **programme** was set up **to raise young people's awareness** of stockmarket investments. By explaining how investments work, the aim is to inform them of the risks and rewards attached to the choices they make.

CONTROL THE IMPACT OF FINANCIAL PRODUCTS AND SERVICES ON SOCIETY

BNP Paribas extends financing to sensitive industries and operates in countries whose legal and governance environments have not all reached the same level of maturity. The Group thus faces a wide variety of ethical challenges that require increased vigilance when making financing and investment decisions.

Defence, a particularly sensitive sector

The BNP Paribas Group has a responsible financing and investment policy for the defence sector. This policy, published in 2010, strictly rules out certain types of weapons (controversial weapons) in certain geographical regions (areas affected by armed conflict, or the violation of children's rights) of the bank's financing and investment universe.

Under the "defence" policy, 148 sensitive transactions required a specific review by the Group's CSR correspondents in 2012.

Clear position on essential agricultural commodities

BNP Paribas is aware of the critical impact of higher prices for essential agricultural commodities on the diet of most fragile populations. In July 2011, the Group made a formal public commitment not to sell derivative products to external operators whose objectives are solely financial, i.e. not related to the need to protect a physical activity from price fluctuations. Similarly, the Group undertakes to offer its clients only investment products designed for the medium and long term, and to limit its exposure to essential agricultural commodities.

At end-2012, assets invested in food commodities on behalf of third parties amounted to EUR 411 million, or 0.08% of total Group assets under management.

Having closed two ETFs (exchanged-traded funds) mainly exposed to essential commodities in 2011, BNP Paribas continued its inventory work and closed a further ETF in 2012, while deciding to suspend marketing of a fourth fund.

In addition, BNP Paribas decided to extend the application of its precautionary principle by suspending the marketing of the only medium/long-term fund in its range that still has majority exposure to agriculture.

BNP Paribas won the Commodity Business Award in the Corporate Social Responsibility category in 2012.

This prize acknowledges excellence in the commodities industry and rewards companies that have a significant impact on sector practices in terms of social responsibility. BNP Paribas' success reflects the Group's vigilance, particularly with regard to food commodities.

Integration of ESG criteria into lending policies

The ability to detect and integrate extra-financial risks in its lending is of major concern to the group.

To this end, in 2012, Group Risk Management started to progressively include environmental, social and governance (ESG) issues in its credit rating policies, which define the main characteristics of the counterparties and transactions acceptable to BNP Paribas.

The first steps concerned rating policies for the shipping, large corporations and insurance sectors.

ESG criteria were also introduced into lending policies for leveraged buyout and real estate activities.

Successful anti-corruption mechanism; policy for locating Group offices dictated by objective of optimising customer service

Combating corruption

Between September 2011 and August 2012, Group employees attended more than 138,000 training events on combating money laundering, terrorism, financial embargos and corruption, with a distinction made between:

- **combating external corruption**: this topic is integrated into the training modules on combating money laundering and the financing of terrorism. It is aimed at finding out about clients and intermediaries at the beginning of the business relationship, and monitoring their transactions, etc. Since July 2010, staff whose work is directly exposed to this risk (61,253 employees, i.e. around one-third of Group headcount) must attend a specific internal training every year.
- **combating internal corruption**: in November 2012, a new Group training module on combating corruption was made available to all staff. It highlights key definitions, gives practical examples and presents BNP Paribas' Control Mechanism in an awareness module.

The location of BNP Paribas' offices is driven, not by tax considerations, but by the objective of serving customers around the world

BNP Paribas has a presence around the globe, close to its customers, notably in its four major domestic European markets, France, Belgium, Luxembourg and Italy, and in the wider world, where it serves local retail and corporate customers particularly in North America, Turkey and Africa.

Its other international activities are conducted from the main financial centres of Europe, London, Asia (Hong Kong, Singapore, Tokyo) and New York.

1. BNP Paribas is one of France's biggest tax payers.

BNP Paribas is one of the biggest tax payers in France. For 2012, the total amount of taxes and duties paid in France reached EUR 1.9 billion.

2. BNP Paribas has no presence in any tax haven on the OECD's list.

BNP Paribas was the first French bank to undertake, in 2009, to end all activities in countries on the OECD's "grey" list. As part of this process, in 2009, BNP Paribas sold its commercial banking subsidiary in Panama to a large Canadian bank, which continued to operate it in that market.

3. BNP Paribas cannot seriously be criticised for its presence in a number of OECD and EU countries, nor can this be linked to tax incentives.

There are studies that refer to lists of unofficial "tax havens" and give statistics on operations in tax havens that do not correspond to any operational reality: these lists include in the category of tax havens countries that belong to the Group's domestic markets, such as Belgium, where the Group has more than 18,000 employees, a network of 938 branches, 3.6 million retail and SME customers, and 13,100 corporate clients.

As regards non-OECD countries that could be considered to operate favourable tax regimes, BNP Paribas has started to reduce its presence there.

A RANGE OF RESPONSIBLE PRODUCTS

Around the world, investors are becoming more attentive to the exposure of their investments and want to invest in responsible products.

To respond to this development, BNP Paribas markets an array of responsible investments for retail customers and institutional investors.

In 2012, BNP Paribas extended its range of responsible products and services. The Group continued the process of incorporating environmental, social and governance (ESG) criteria, aiming to exclude from its investments businesses whose practices do not conform with its responsible investment criteria.

At the same time, the Group filled out its range of products aimed at the more vulnerable and underbanked populations.

INTEGRATE ESG CRITERIA INTO CREDIT AND SAVINGS PRODUCTS

A signatory to the UN Principles for Responsible Investment (UN PRI), **BNP Paribas Investment Partners**, the Group's dedicated asset management business line, applies ESG criteria to all its collective investment funds and institutional mandates. These criteria are analysed, as a complement to financial analysis, according to a formal framework based on the UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption. The principles are complemented by rules for investing in controversial sectors or products.

As a result of this approach, the Group excludes businesses that do not conform with these criteria. BNP Paribas Investment Partners has also initiated a dialogue with several companies to encourage them to develop better practices.

In addition, the asset management business line aims to increase the long-term value of its investments by helping companies to develop good practice in terms of governance, social and environmental responsibilities.

In 2012, BNP Paribas Investment Partners systematically exercised its shareholder voting rights, participating at around 1,200 Annual General Meetings and voting on more than 14,000 draft resolutions, whereby in around 20% of cases it abstained, opposed or voted no.

BNP Paribas Cardif, the Group's life and non-life insurance subsidiary, also took a key step in its ESG development by creating a composite indicator enabling it to monitor the proportion of investments in its main euro fund (EUR 88 billion at 31 December 2012) screened through an ESG filter at the time of selection, since 1 July 2008. This indicator rose from 24% at 31 December 2010 to 40% at 31 December 2012:

> 40% of the main euro fund run by BNP Paribas Cardif (1.7 million customers) was screened through an ESG filter.

Design and promote socially responsible investment (SRI) funds to benefit both from financial and environmental and social performances

BNP Paribas continues to develop and promote its range of SRI products. These products are a response to demand from customers wanting to invest in businesses and sectors at the forefront of sustainable development, thereby make their savings more meaningful.

BNP Paribas' expertise is based on two complementary approaches: one is focused on committed issuers ("best-in-class"); while the second, thematic, targets activities, products and services related to environmental protection and/or social wellbeing.

22 SRI funds awarded in 2012

22 SRI labels were awarded to funds managed by BNP Paribas Investment Partners in 2012.

- 11 SRI funds received a Novethic label in 2012, including 9 awarded with a special "ESG indicators" mention for the quality of communication on social and environmental impacts;
- 3 funds were awarded the EnvironmentLuxFlag label for their close involvement in the environment sector and their high level of investor transparency;
- 3 funds received the Finansol label for their investments in the social business and microfinance;
- 5 were awarded the CIES (Comité Intersyndical de l'Épargne Salariale) label dedicated to employee savings plans.

These labels support BNP Paribas in its long-term commitment to develop and promote its range of SRI products.

➤ BNP PARIBAS SRI FUNDS APPROVED IN 2012

Name of fund	Labels				
	Novethic label (awarded every September)		Luxflag label (awarded every December)	Finansol	CIES
	With ESG indicators	Without ESG indicators			
BNP Paribas Etheis	X				
Parvest Sustainable Equity Europe	X				
MAIF Investissement Responsable Europe	X				
BNP Paribas Euro Valeurs Durables	X				
BNP Paribas Développement Humain					
BNP Paribas L1 Green Tigers					
AGIPI Monde Durable					
BNP Paribas L1 Sustainable Bond Euro	X				
BNP Paribas Obli Etheis	X			X	
BNP Paribas Obli Etat	X				
Parvest Sustainable Bond Euro Corporate	X				
BNP Paribas Mois		X			
BNP Paribas Money Prime Euro SRI		X			
BNP Paribas Aqua			X		
Parvest Environmental Opportunities			X		
Parvest Global Environment			X		
SICAV Retraite	X (Retraite Horizon)				
Multipar Funds				X (2 fonds)	X (5 fonds)

Thanks to the in-depth work performed by the Group's teams to promote the social and environmental dimensions of the SRI funds, their outstanding amount grew up very significantly in 2012.

EUR 20 billion in SRI assets managed by BNP Paribas investment partners at 31 December 2012

In 2012, growth in SRI assets (+33.8%) largely exceeded growth in total assets[1] (+0.5%).

For example, the **BNP Paribas Aqua** fund, created in 2008 and invested in international companies involved in the water business, made a spectacular breakthrough with retail customers in 2012, bringing its outstanding amount to around EUR 100 million at 31/12/2012.

BNP Paribas Wealth Management, the Group's private bank, has reached the **one billion euro mark** in terms of assets managed for clients in socially responsible investment funds.

Similarly, the **retail bank** continues to promote SRI via funds distributed in the branches:

- BNP Paribas Développement Humain invests in European companies whose products and services help meet basic human needs (quality food in sufficient quantity at moderate cost, access to basic services, education) and address the challenges of the modern world (e.g. ageing population, new generation medicines);
- BNP Paribas Obli Ethéis invests in high-quality ("investment grade") bonds from issuers in the euro zone or markets of the euro zone. The SRI approach adopted aims to favour best ESG practice by issuers, as assessed by the Group's SRI Research Team. A maximum of 10% of the portfolio is devoted to investments in microfinance and the social business, which aim at granting loans to micro-entrepreneurs.

In a similar approach, **Global Equities & Commodity Derivatives** set up **four new indices** in 2012 to offer tailor-made solutions to their clients. Three of them are a response to the increasing interest in environmental issues: one offers access to waste management, the second to businesses whose products and services optimise energy consumption and the third to companies involved in the development of the renewable energy sector in a context of rising energy costs, particularly from fossil fuels. The fourth index offers access to 15 large European companies recognised as CSR pioneers by Vigeo and Forum Ethibel.

Decision-making tools provided to customers

In order to inform its customers about its wide range of savings products and to boost the social impact of these products, BNP Paribas developed several tools in 2012:

- Clients of either **Cortal Consors France**, an online brokerage or Wealth management can refer to a new label called the "**Révélateur ISR**" **(SRI revealer)**, created in 2012. This clarifies the nature of ESG funds and enables clients to gauge the SRI intensity of a fund.
- At **Cortal Consors Germany**, clients wanting to combine profitability with responsibility can refer to the "SRI FundsFinder", an online tool enabling users to exclude specific sectors or criteria.
- From the environmental angle, clients of **Cortal Consors France** can refer to the "**green rating**" which measures carbon emissions by companies in which the funds are invested. From the social angle, the "**employment rating**", launched in 2011, measures the number of jobs created or lost during the year by companies in which 475 European equity funds are invested.
- **BNP Paribas Securities Services** now gives fund managers the possibility of conducting extra-financial reporting on their SRI funds.

Finally, raising the general public's awareness of responsible investment remains a key objective, and the Group addresses this each year with a flagship event, the **SRI week**.

During this week, the **practical SRI guide** for retail customers is widely distributed. First published in 2010 and updated each year, the guide answers the general public's main questions and thus helps improve perceptions of the SRI approach. In 2012, 3,000 copies were distributed in private banking centres in France and the guide has been made available on the Bank's website.

PRODUCTS WITH A POSITIVE IMPACT ON SOCIETY

In a continuation of initiatives launched in 2011, BNP Paribas has deployed innovative products and services especially designed for vulnerable customers or those with particular needs. The Group also pursued its philanthropic advisory activity aimed at directing its customers towards investments of high added value.

- In 2011, **Cetelem** made the innovative move of offering **personal loans to young people working on fixed-term contracts**. Facilitating their entry into working life and integrating their precarious situation, this offer makes credit accessible to contract workers who previously had little or no access to it. It offers them solutions to start their working life and finance their projects, from buying a car, to carrying out building work, to furnishing a home. The term, interest rate and repayment schedules for these loans are tailored to the customer's budget.

  In 2012, BNP Paribas Personal Finance provided EUR 44 million worth of loans to 7,003 customers working on fixed-term contracts.

(1) Which include assets under management and assets advised to external clients.

- **BNP Paribas Cardif** France has adopted a proactive approach to improve access to insurance for people facing a serious health risk. This approach incorporates several parameters, notably medical progress, improved medical monitoring and competitive positioning with the aim of refining the pricing applied to an identified pathology. In 2008, efforts were focused on asthma, in 2009 on paraplegia and in 2010/2011 on heart disease and tetraplegia. Pricings for the last two pathologies were established at the end of December 2011, and were applied from the start of 2012. **During 2012, BNP Paribas Cardif has been analysing further pathologies and should complete this work during 2013**.

In emerging countries, the Group has finalised solutions adapted to the needs of local populations.

In many countries (North Africa, Sub-Saharan Africa, etc), levels of access to banking services remain very low, which is holding back local economies. Teams from the **International Retail Banking (IRB)** division have therefore been developing simplified forms of access to banking services, at prices well below those charged for the usual entry-level packages.

- The Group's BICIs (international banks of commerce and industry) launched the "**Pack Trankil**", for persons on low incomes in Senegal, Côte d'Ivoire, Mali and Burkina Faso, in a joint advertising campaign. The pack offers customers a bank account, a withdrawal card, a text service allowing for secure, remote monitoring of their account and advisory services at the customer relations centre – all for EUR 1.5 a month. In 2012, 36,057 accounts were opened.
- In a similar move in **Morocco**, the "**Pack Mertah**", launched in 2011, offers a bank account, a withdrawal card, a savings account, a text alert system and an overdraft facility. 2,048 retail customers benefited from this product in 2012.

Finally, as part of its advisory services, the Group is mobilising its expertise to encourage some of its clients to carry out operations with a positive impact on society. In particular:

- **BNP Paribas Wealth Management** was named "no. 1 global private bank in philanthropic services" by *The Banker* and *Professional Wealth Management* (Financial Times Group). The jury of eight sector experts from the United States, Europe and Asia, assessed not just the success of the strategies implemented but also the bank's ability to adapt its offering and the quality of its client relations. This award is recognition of the quality of the philanthropic service offering developed by the Group's private bank over the years.

7.3 Social responsibility: pursuing a committed and fair human resources policy

The Group is committed to acting fairly towards its staff and maintaining a high-quality dialogue with them. Each year, BNP Paribas recruits and trains up to several thousand new staff worldwide, notably in France. It has made a strong conscious decision to foster diversity in all its forms, including setting precise objectives for promoting women. BNP Paribas' employment policy includes prioritising internal job mobility and training. The Group is committed, within its four domestic markets where the size and range of its activities permit, to avoid compulsory redundancies through responsible labour relations policies. As part of its social responsibility efforts, BNP Paribas has adopted the following commitments:

- Commitment 4: Recruitment and training;
- Commitment 5: Diversity;
- Commitment 6: Solidarity-based employment management.

THE GROUP'S CORE VALUES AND MANAGEMENT PRINCIPLES

BNP Paribas' core values, adopted in 2000, express a desire to rally strong employees support around the Group's strategic mission. They are intended to bring together men and women from diverse backgrounds, giving them a strong sense of belonging to the Group. They are action-focused, as regards both individual and collective behaviour.

Responsiveness – Speed in the assessment of new situations and developments, identifying opportunities and risks; efficiency in decision making and in action.

Creativity – Encouraging initiatives and new ideas; rewarding their originators.

Commitment – Commitment to the service of clients and collective accomplishment; exemplary behaviour.

Ambition – Aspiration for challenge and leadership; desire to obtain team success in a competition where the referee is the client.

Four management principles are used to strengthen cohesion and the sense of belonging among staff. They do this by clarifying management practices within the Group, which has undergone major changes in the last few years, due to external growth, internationalisation of its workforce and the impact of the financial and economic crisis.

Client Focus – To inspire our people to focus in an innovative way on the client first, as the interest of the client is always at the centre of our action.

Risk-Aware Entrepreneurship – To undertake initiatives for development and efficiency while being accountable, acting in an interdependent and cooperative way with the other entities to serve the global interest of the Group and its clients, being continuously vigilant of the risks related to our area of responsibility, and to empower our people to do the same.

People Care – To care for our people, by showing them respect, promoting equal opportunities, acknowledging performance and developing their talents and skills.

Lead by Example – To set an example through our own behaviour and ethics by respecting the regulations and the compliance rules, and behaving in a socially responsible way; applying ourselves these management principles, as we expect our teams to do so.

LISTENING TO EMPLOYEES THROUGH THE GLOBAL PEOPLE SURVEY: 84% OF STAFF PROUD TO BELONG TO THE GROUP

This annual survey attracted a record rate of 71% participants out of the 173,835 employees surveyed (+7 points) with 68 questions asked in 21 languages across 69 countries. The results showed that the proportion of staff who are proud to belong to the Group remains unchanged at 84%, despite the crisis. Employee confidence in the Group's management rose by 2 points to 72%, and 64% believe that management decisions are consistent with BNP Paribas' values (+2 points).

The survey also showed a significant improvement in employees' perception of local management, with 66% saying that local management provides regular feedback (+3 points), 77% that it helps to resolve staff problems (+1 point) and 70% that it sets a good example (+2 points). The overall score for the Group's management principles rose by 2 points to 69%. Two open questions – "What would you mainly change in your company and how?" and "What do you like most about your company?" – generated 95,000 comments, showing a high level of staff engagement in this exercise.

RECRUITMENT AND TRAINING

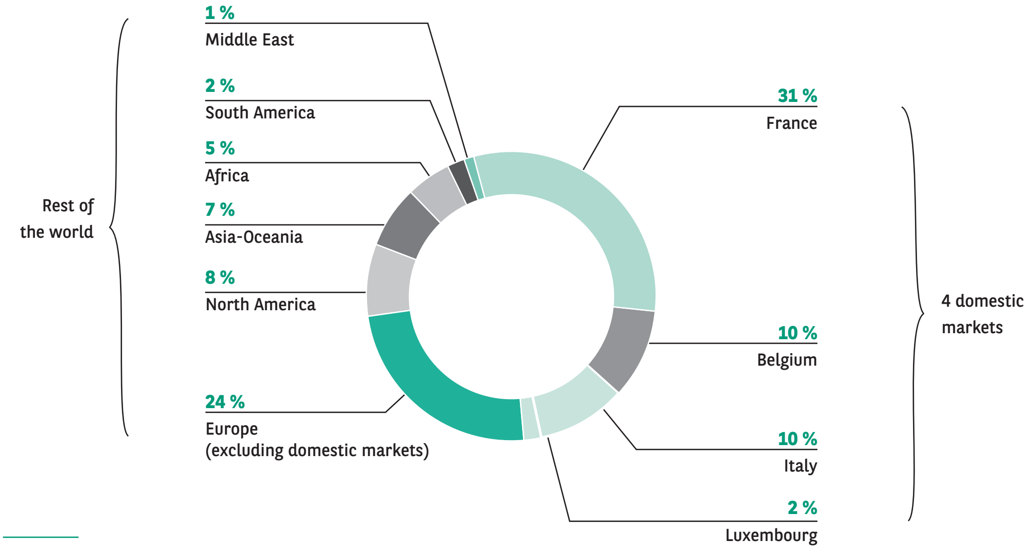
With 18,737 staff recruited, including more than 1,900 in France, the commitment to hiring more than 15,000 new staff in 2012 was comfortably met.

WORKFORCE EVOLUTION

At end-2012, the workforce managed by the Group totalled 188,551 FTE (full-time equivalent - financial headcount of 173,808 FTE[(1)]; this was lower than the 2011 level (198,423 FTE) as a result of two large transactions, i.e. the transfer of Personal Finance Russia to Sberbank and the disposal of Klépierre, which reduced headcount by 4,760. At end-2010, the workforce managed by the Group totalled 196,279 FTE.

In 2012, the Group's workforce featured 163 nationalities across 78 countries, and the breakdown by geographic area was relatively stable compared with 2011. The proportion of employees working in the four domestic markets (France, Belgium, Italy and Luxembourg) rose slightly to 53%.

➤ BREAKDOWN BY GEOGRAPHIC AREA

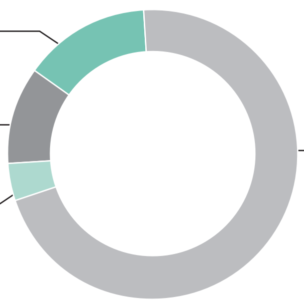


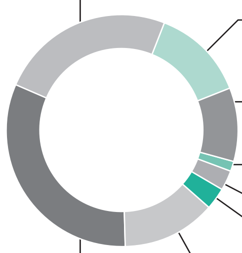
(1) FTE staff weighted according to the employer's consolidation method.

WORKFORCE EVOLUTION IN THE LAST TEN YEARS

	2002	2007	2012		
France	52,586	62,844	58,544	4 domestic markets 99,296	Europe 145,249
Italy	2,319	19,901	18,583		
Belgium	464	829	18,184		
Luxembourg	966	1,422	3,984		
Europe (excluding domestic markets)	14,761	41,558	45,954		
North America	9,925	15,046	14,913		Rest of the world 43,302
Asia-Pacific	3,639	9,409	14,128		
Africa	5,052	6,692	8,597		
Latin America	1,022	3,287	3,589		
Middle East	700	1,700	2,074		
TOTAL	**87,685**	**162,687**	**188,551**		

TOTAL WORKFORCE BY BUSINESS LINE





RECRUITMENT

Despite a difficult environment, BNP Paribas continues to recruit and remains a popular employer.

With 18,737 staff recruited worldwide in 2012, BNP Paribas comfortably met its commitment to hiring 15,000 new staff. With almost 60% of the new recruits in Europe, including 10% in France, BNP Paribas bolstered its European banking business. Nevertheless, the countries recruiting the most were, in decreasing order, the United States, Turkey, India, France, Russia, Ukraine and Belgium. External recruitment therefore remains high, even though internal mobility is the priority.

Despite a deterioration in the banking sector image, BNP Paribas remains the most attractive bank for student applicants and has maintained its position in the various employer rankings within its domestic markets. The Group ranks:

- 6th in France (Universum university survey);
- 7th in Belgium (TNS survey);
- 7th in Italy (Cesop Communication among young graduates).

Partnership policy with schools and universities: prioritising on job training for young people in the four domestic markets

The Group invests heavily in young people. It is developing its relationships with universities and schools to improve awareness of all its available careers, and to foster the professional integration of young people.

In **France**, the Group hired 1,574 people on work-study programmes in 2012 (+11.6%), taking the total to 2,339 at end-2012. These young people following diploma and masters' courses receive training in their future occupation and gain the necessary experience to ensure that they are fully prepared to work once they graduate. Thanks to this training, the Group has a pool of talented, young graduates with knowledge of its businesses and culture, with potentials assessed over a long period. Work-study programmes not only help to promote social mobility and professional integration for participants, but also enable them to receive a salary during their studies. **In 2012, the Group hired on permanent contract 52% of the eligible applicants on work-study programmes. To reach young people through a comprehensive presence on digital media**, the Group launched in France its Facebook and Pinterest pages in summer 2012. Its Twitter account is ranked as the 5th most influential HR account by Althéa.

BNP Paribas Fortis continued its dynamic and creative approach to attracting candidates by launching two new features on its Facebook page: the "Social Scan" application, which takes a light-hearted look at how our Facebook friends perceive the Group, and a web series entitled "*sh*t applicants say*", which parodies job interviews in an intentionally exaggerated way. These two features are very popular, and their popularity stretched far beyond Belgium.

The Group formed a global partnership with Bocconi University in Milan, the main aim of which is to recruit interns into the Group's various businesses several times per year. In Italy, the Group again held its "BNL recruiting Day" and "OrientaMente" events, which enable BNL to receive thousands of CVs from students wanting to take part in recruitment and coaching sessions. These initiatives illustrate the Group's desire to work closely with young people, and to use their language and technology, with the aim of arousing their interest, finding promising young talent and offering them jobs.

Recruitment and dismissals (Group scope)

➤ CHANGES IN HEADCOUNT: NEW HIRES BY TYPE OF CONTRACT*

	Men	Women	Total
New hires on permanent contracts	7,988	9,579	17,567
Fixed-term contracts converted into permanent contracts	504	666	1,170
TOTAL	**8,492**	**10,245**	**18,737**
%	45.3%	54.7%	
o/w in Domestic markets	40.2%	59.7%	11,143
o/w in France	44.5%	55.4%	1,927

(*) Physical headcount.

➤ CHANGES IN HEADCOUNT: REASONS FOR EMPLOYEE DEPARTURES

	Men	Women	Total
Retirement/early retirement	1,333	821	2,154
Resignation	5,479	7,056	12,535
Dismissal*	1,847	1,870	3,717
Mutually agreed departures	157	138	295
Assisted departure plans	366	268	634
Other terminations of permanent contracts	1,794	2,797	4,591
TOTAL	**10,976**	**12,950**	**23,926**

(*) In France, the grounds for the 390 dismissals were professional failings, unsuitability and misconduct.

Working conditions

TYPE OF CONTRACT*

	Men	Women	Total	%
Number of permanent contracts	89,627	93,207	182,834	97%
Number of fixed-term contracts	2,278	3,439	5,717	3%
TOTAL	**91,808**	**96,548**	**188,551**	**100%**

(*) Full-Time Equivalent.

PART-TIME*

	Men	Women	Total	%
Number of part-time employees	1,733	13,258	14,991	100%
Part-time employees working 80% or more	1,100	8,921	10,021	66.8%
% of part-time employees	2.4%	17.6%		10.2%
% of part-time employees by gender	11.6%	88.4%		100%

(*) Physical headcount taking into account 76% of Group headcount.

Absenteeism

The Group's absenteeism rate[1], based on 21 countries representing 69% of the Group workforce, was 2.6% in 2012, in addition to an absenteeism rate of 2.8% for maternity/paternity leave. In the domestic markets, the rate was 3.5% in France plus 2.2% for maternity/paternity leave (3.5% and 2.1% in 2011); 2.5% in Italy plus 1.6% for maternity/paternity leave (2.6% and 2.2% in 2011); 2.7% in Belgium plus 0.5% for maternity/paternity leave (3.6% and 0.8% in 2011) and 2.5% in Luxembourg plus 1.2% for maternity/paternity leave (4% and 2.8% in 2011).

TRAINING POLICIES: A SHARED CULTURE

The corporate culture within a large group strengthens the sense of belonging and increases employee loyalty. Training is used to spread this corporate culture throughout the Group, and it has developed cross-discipline training tools in its various geographical regions.

Forging and strengthening the Group's corporate culture

The BNP Paribas Campus[2]

The Group training centre, in the magnificent setting of Louveciennes near Paris, focuses on building skills and providing a forum for sharing ideas and nurturing the corporate culture. The centre caters to employees from all businesses, countries and backgrounds. In 2012, almost 30,000 people attended the centre to take part in integration seminars, business-specific courses, cross-discipline training programmes and major Group events.

Group Academies

To strengthen the corporate culture and managerial performance, BNP Paribas has set up two academies: the Risk Academy and the Management Academy.

Risk Academy: after setting up a governance structure involving a steering committee made of business-line representatives, the Risk Academy continued to grow in 2012 by disseminating fundamental risk management practices. In addition, it introduced the Risk Essentials programme, created new e-learning modules and organised conferences. These resources are intended to be used in the various business lines, and to be extended in line with identified requirements.

Management Academy: this academy has a similar structure and approach, and is aimed at Senior Managers, who are key players of the Group's managerial culture. The academy objectives are to:

- reinforce the sense of belonging to the Group;
- disseminate strategy and ways of responding to the environment;
- encourage managerial development in connection with the four Management Principles.

The Management Academy is intended to be extended to the whole Group, and supports business lines in defining and implementing initiatives specific to managers within their scope, including through shared resources. The Academies are supported by an Intranet portal, conferences and training resources.

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(1) Absenteeism includes illnesses, accidents, occupational illnesses and other authorised paid leave.

(2) Information about the Campus is available in French, English, Italian and Dutch at http://www.campus-louveciennes.bnpparibas.com.

Sustained efforts in skills development and integration

Training for professional efficiency

Economic conditions remain difficult for the banking industry, and the Group continues to adjust through the dedicated efforts of all staff. Each employee must help the Group meet the five identified challenges (image, commercial, managerial, regulatory and value-creation). The Group relies on the commitment of each employee to promote skills development and a Training Charter has been developed to support this. The charter sets out the roles and responsibilities of the various participants, explains the tools available to staff and reiterates the objectives of training:

- valuing and retaining employees;
- conveying the corporate culture and strategic vision of the Group;
- enhancing employees' performance levels;
- developing employees' employability and mobility within the Group.

Managerial training is particularly important and offered at Group level and in various countries - including Belgium, Italy, Turkey and the USA - as part of courses involving several learning modules.

The Group is committed to developing a balanced range of teaching methods for all its training efforts, while favouring seminars, which provide the opportunity for experimentation and interaction. It provides staff with various teaching resources, using a "blended learning" approach that combines various types of distance learning with classroom teaching.

The e-learning programme now features 1,825 new modules, taking the total to 2,718 (1,073 in 2011). They are available in five languages and to all employees. 62% of users have completed more than one module, and 9% have completed ten or more.

➤ E-LEARNING (GROUP SCOPE)

	2011	2012	
		Men: 50.5%	Women: 49.5%
Number of employees	37,185	66,241	
Number of modules completed	81,588	238,962	

➤ TRAINING: TOTAL NUMBER OF HOURS AND EMPLOYEES (GROUP SCOPE*)

	2012
Total number of employees trained	136,918
Total number of training hours	4,208,901

(*) Physical headcount taking into account 77% of Group headcount.

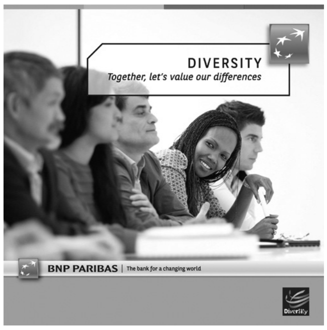
Retaining and motivating employees in the long-term

The Group pays special attention to integrating new employees. Integration methods enable new recruits to familiarise themselves with BNP Paribas and see how their occupation fits within the Group's overall activity. The Group's integration efforts ensure to be consistent with the initiatives adopted by the regions and business lines. They are supported by a dedicated Intranet site in four languages.

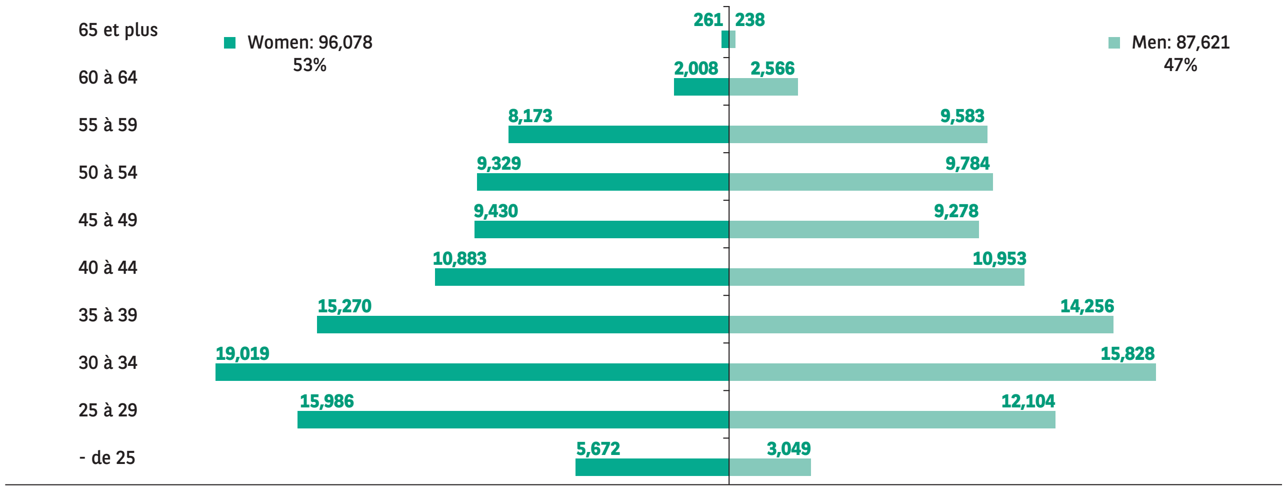
DIVERSITY

WITHIN THE GROUP

Another way to make BNP Paribas staff proud to belong to the Group is by showing its commitment to promoting diversity. BNP Paribas' diversity policy is based on one key principle: valuing each individual and respecting all differences through Group and local diversity initiatives. To achieve this objective, the Group must prevent risks and combat discrimination, while respecting each country's laws and cultures. As part of the Group commitment, communicated to all staff in 2007, discrimination was defined as one of 30 major operational risks.



➤ BREAKDOWN OF THE GROUP WORKFORCE BY AGE AND GENDER*



* *Physical headcount taking into account 95% of Group headcount.*

The average age of Group employees is 40.1 years and their length of service is 11.8 years.

The Group's age structure remains balanced overall. The younger age groups are predominant in most of the Group's divisions, while Group's retail banking operations in Western Europe are predominantly comprised of older employees. This diversity requires specific policies to be defined locally depending on the issues.

Diversity in executive bodies

Board of Directors

At 31 December 2012, women made up 35.7% of the 14 members of the Board of Directors elected by shareholders. The Board also has two Directors elected by employees, one of whom is a woman.

Executive Committee

In 2012, one woman - Marie-Claire Capobianco - and three non-French people sat on the Executive Committee, and so non-French people made up 16.7% of the committee.

The Group's 100 top executive managers (known as the "G100" group) now include people from eight nationalities, 11 women and 23 non-French people. They work in 14 different countries.

Women and international representation in Senior Management(1)

At end-2012, the target of having women make up 20% of the Group's Senior Managers was reached.

Given that gender diversity enhances corporate effectiveness, Baudouin Prot made a commitment in 2009 that at least 20% of the Group's Senior Managers would be women by the end of 2012, as opposed to 16% in 2009. The target was reached, and **Executive Management has just set a new target of 25% women Senior Managers by end-2014.**

The composition of Senior Management reflects the Group's increasingly international dimension with 52 nationalities represented in 59 countries and 38% of Senior Managers being non-French.

(1) The Group's Senior Management consists of staff occupying the 2,200 positions regarded by Executive Committees in all business lines / operating entities / Group functions as having the greatest impact in strategic, commercial, functional and expertise terms.

Anti-discrimination policy and measures to promote gender equality: Group-level initiatives

A diversity governance organisation has been set up, involving 26 Diversity Officers in charge of deploying the diversity policy in each of the Group's business areas and countries worldwide. A Group Diversity Committee was set up in October 2012 and will meet twice a year. It will co-ordinate working parties dealing with cross-discipline matters such as equal opportunities. A diversity brochure has been sent out to staff, setting out the Group's diversity policy. The Diversit-e-News newsletter also presents the best practices implemented within the Group and is published twice a year.

The **results of the Global People Survey** show an ongoing improvement in employees' perception of the Group's diversity initiatives: 62% had a positive perception in 2012, an increase of 7 points over the past four years.

CIB has adopted various diversity initiatives, including the creation of a "Global Diversity Leadership Council" (GDLC), which aims to ensure that diversity is properly taken into account in human resources strategy and within business lines. In addition, the Women's Leadership Initiative (WLI) is a one-year programme intended to increase the number of women in executive positions. It has three aspects: raising women's profile with management, giving them more opportunities to progress, and developing their ambition as a way of driving their careers forward. 28 high-potential women have been selected to take part in this new initiative. CIB has also introduced an equal opportunities training module entitled "Managing for equal opportunities". The aim is to raise managers' awareness of the Group's anti-discrimination policy, risks arising from discrimination in the workplace and stereotypes that can lead to discriminatory practices within teams.

BNP Paribas Real Estate has launched an international programme entitled "Women in Leadership" - involving four conferences on gender diversity aimed at exploring stereotypes, and a specific training course for 40 European women identified as having potential in BNP Paribas Real Estate.

BNP Paribas Personal Finance is the first French company to obtain accreditation for the first Gender Equality European Standard, awarded by Bureau Veritas in three countries (France, Italy and Spain).

Staff can take part in a number of training sessions and awareness-raising initiatives dealing with **diversity**, which cover 12-17 countries depending on the theme (combating discrimination and stereotypes, equal treatment, gender equality), with some being reserved for managers. These initiatives are sometimes formalised in collective agreements, which cover 5-12 countries depending on the theme (equal treatment, combating discrimination, gender equality, age diversity).

Networking

The BNP Paribas MixCity association has been a big success, with 700 members in France, almost 1000 in Belgium (17% male) and around 200 in Italy. New women's networks have been set up in several countries (Luxembourg, Italy, Hong Kong and Singapore) alongside those that already existed in Bahrain, London and New York. In addition, there are increasingly strong links between these networks. 11 countries now have women's or equal opportunities networks, five have networks based on ethnic origin, three based on age diversity and two based on sexual orientation.

As regard the job retention of senior employees, we note that the departure age of older employees slightly increases in the four domestic markets.

➤ AVERAGE DEPARTURE AGE OF EMPLOYEES AGED 55 OR OVER IN THE FOUR DOMESTIC MARKETS

	2010	2011	2012
France	60.02	60.04	60.50
Belgium	59.35	58.41	59.72
Italy	58.84	59.52	60.13
Luxembourg	58.85	58.45	58.70
TOTAL	**59.7**	**59.4**	**60.2**

Measures taken to promote the employment and integration of disabled people

In nine countries, covering 48% of Group staff, collective agreements in favour of disabled people were signed. The Group has more than 2,600 disabled employees in 2012 across 17 countries, and it recruited more than 100 disabled people in seven countries during the year. Outside Europe, in countries where the Group has more than 500 employees, only Japan and Brazil report disabled employees among their staff.

NUMBER OF DISABLED EMPLOYEES IN THE FOUR DOMESTIC MARKETS

	2010	2011	2012
France (of which BNP Paribas SA)	1,057 (893)	1,144 (983)	1,248 (1,088)
BNP Paribas Fortis in Belgium	n/a*	59	68
Italy (of which BNL)	n/a	532	635 (513)
Luxembourg (of which BGL BNP Paribas)	n/a	35	36 (27)

(*) n/a: not available.

LOCAL INITIATIVES

France

The aim of having women make up 46% of BNP Paribas SA's managers by the end of 2012 was almost attained. The proportion was 45.8% versus 45% in 2011 and 44% in 2010, whereas the target for the profession as a whole was 40%. **In France, women make up 45% of managers and 30% of executives.**

BNP Paribas has renewed its "**Label Diversité**" accreditation in France, for a four-year period starting in July 2012. A new subsidiary, BNP Paribas Personal Investors, joined the Group in 2012. A "serious game" on the theme of diversity was distributed among French Retail Banking's 2,300 branch managers, in order to promote "the BNP Paribas spirit of diversity". As part of the Group's parenthood policy, several Group entities (Group HR, Investment Partners and CIB Structured Finance) organised "family at work days". Almost 450 children accompanied their parents to work, discovering their parents' workplace and taking part in educational play activities. These events follow on from parenthood initiatives adopted by several Group entities in France and abroad and involving the children of employees.

BNP Paribas SA has signed an agreement to promote the employment of **older adults**. The agreement's main aim is to offer two ways for older people to work part-time with supplemented incomes, in order to manage the transition between work and retirement by reducing working hours towards the end of their careers.

BNP Paribas SA's second four-year **disability** agreement covering the period from 2012 to 2015 yielded good results in 2012, with 46 disabled people recruited in pursuit of the four-year target of 200 (170 between 2008 and 2011). Support was also provided to 228 employees with disabilities in 2012 to enable them to stay at work (138 in 2011). This is a vital part of the Group's policy; the number of support arrangements rose by 53% in 2012 and has risen ten-fold since 2008. BNP Paribas SA now employs 1,088 disabled people, and the number has been rising constantly since 2007 (983 in 2011). Disabled people now make up 3% of this company's workforce (2.8% in 2011). The Disability Initiative team organises training for HR staff and managers on an ongoing basis, and now also for buyers and teams in charge of real-estate projects, to support employees with disabilities. The team also makes various efforts to raise awareness among all employees.

BNP Paribas is strengthening its policy to support the employment **of disabled people, both directly and indirectly** via specialist companies. This is an important social responsibility issue. The number of disabled beneficiary units (calculated on the basis of each employee's situation) is 1,259.14 and the number of additional units resulting from work outsourced to disability-oriented social enterprises and support-through-work organisations was 25.6, making a total of 1,284.74 units versus 1,166 in 2011.

In addition to renewing its "Label Diversité" accreditation and its Professional Gender Equality Label accreditation for the second time, **BNP Paribas Personal Finance** focused on disabilities in 2012 after signing its first agreement in 2011: 14 disabled people were recruited, 60 disabled employees were kept at work and 300 managers attended awareness-raising sessions. A third Diversity Day was held to change employees' perception of disabilities through workshops led by specialists and, for the second consecutive year, the business won the "Trophée de la Diversité" in the Communication category for its disability information and training campaign.

Belgium

BNP Paribas Fortis is the first and only bank in Belgium to have received Label Diversité accreditation in the Brussels region. This accreditation is valid for two years and recognises the efforts made by BNP Paribas Fortis in the last two years to combat all forms of discrimination. BNP Paribas Fortis carried out a diversity audit to show the impact of the policy it adopted in 2009: 100 branches have been upgraded to include disabled access, 80 disadvantaged young people were given summer jobs (40 in 2011) and women appointed as branch managers reached 48% in 2012, versus 51% in 2011. In 2012, diversity became one of the six long-term objectives in BNP Paribas Fortis' compensation model. BNP Paribas Fortis continued to roll out its mandatory anti-discrimination e-learning course, and 3,700 managers and HR staff have taken the course by end-2012, equal to 90% of the target audience. It also launched a diversity e-learning course, taken by almost 14,000 staff (80% of the target audience).

Italy

As well as setting up its women's network, BNL initiated its "Moms@ worK" project, which supports women returning from maternity leave and provides training to managers and members of an equal opportunities committee. It also started a competency-based mobility project, which aims to help disabled people gain promotion. BNP Paribas Leasing Solutions organised an interactive conference attended by more than 100 employees, who discussed themes relating to balancing professional and personal life.

Luxembourg

BGL BNP Paribas' management and staff representatives signed an industry charter in support of diversity and equal opportunities. A "Luxembourg 2012-2015 Diversity Plan", defining three priority areas (gender, age and customer diversity) was validated by BGL BNP Paribas' Board of Directors. A Diversity Officer was appointed covering all entities, along with a Luxembourg diversity committee. In July 2012, BGL BNP Paribas obtained "positive action" authorisation from Luxembourg's equal opportunities ministry for its 34-point plan in favour of gender equality, and the Territory Chief Executive and the CEOs of all entities signed a letter sent to all 4,000 employees in Luxembourg, to make them aware and inform them of the Luxembourg Diversity Plan.

United Kingdom

After Baudouin Prot signed the Women's Empowerment Principles (WEP) in March 2011, BNP Paribas became a partner of the WEP in the UK and organised its first Diversity Week, aimed at strengthening BNP Paribas' commitment as a responsible bank and promoting staff awareness and support for diversity issues. The London diversity team was nominated in the "Diversity Team of the Year" category in the European Diversity Awards. LGBT[1] networks in London and New York joined forces and now bear the same name of Pride. They have seen rapid growth, and have organised numerous events. They now plan to expand in Asia.

In the USA

BNP Paribas CIB was named "Best Place to Work for LGBT[1] Equality" by Human Rights Campaign.

In the Gulf region

CIB MEA launched an Office Training Incubator in October 2012. This professional training programme will help 15 disabled people to acquire theoretical and practical skills that will help them advance their careers. The aim is to break down barriers and provide equal opportunities to people with disabilities.

PROMOTING AND COMPLYING WITH THE FUNDAMENTAL CONVENTIONS OF THE INTERNATIONAL LABOR ORGANISATION

- relating to freedom of association and the right to collective bargaining;
- the elimination of discrimination in respect of employment and occupation;
- the elimination of forced or compulsory labour; and
- the abolition of child labour.

Observance of the United Nations Global Compact

With a presence spanning 78 countries, BNP Paribas operates in a variety of political and regulatory environments. This means that the Group must take particular care to ensure compliance with the principles of the United Nations Global Compact, of which BNP Paribas is an "Advanced" member, as well as being a member of the Global Compact steering committee in France. BNP Paribas carries out annual reviews of countries that are high-risk in terms of human rights[2]. In 2012, BNP Paribas operated in eight high-risk countries, accounting for 4.8% of its total workforce, and in 24 countries that are cause for concern, accounting for 16.2% of its total workforce. Both of these figures are lower than they were in 2011 (6% and 17% respectively). In the riskiest countries, where regulations tend to be less stringent, local human resources departments and managers apply Group rules to all employee management procedures to guarantee compliance with the Global Compact. The CSR team within the Group's Human Resources department initiated an audit to assess the situation facing Group employees. An initial pilot was completed in Brazil in late 2012, and the project is to be developed in 2013.

BNP Paribas is also a founder member of the Entreprises pour les Droits de l'Homme (EDH) association alongside seven other large French corporations. The association aims to improve companies' understanding in terms of respecting fundamental human rights, and to promote this approach among other companies. Human rights training is provided to managers and HR staff.

Among 81% of the Group's global workforce, five employees in three countries were identified as being less than 18 years old, but more than 16 years old.

(1) *Lesbian, Gay, Bisexual and Transsexual.*

(2) *Source: Maplecroft, which identifies 30 high-risk countries and 65 countries that are cause for concern.*

SOLIDARITY-BASED EMPLOYMENT MANAGEMENT

Extensive training and internal mobility have enabled the Group to avoid compulsory layoffs in domestic markets thanks to a responsible and nourished social dialogue.

QUALITY EMPLOYEE-MANAGEMENT DIALOGUE

Employee relations, the organisation of employee-management dialogue, procedures for reporting, consulting and negotiating with staff, and collective agreements

As part of new French regulatory requirements (established by the "Grenelle II" regulations), the Group has strengthened its system for collecting non financial data, particularly regarding employee-management dialogue, diversity, training and health and safety at work, in 25 countries where the Group has more than 500 employees, covering 83% of the global workforce.

There are staff representatives and/or union representatives in 27 countries (including members of the European Works Council), covering more than 84% of the Group workforce. More than 600 "official" meetings (excluding France and the European Works Council) have been organised between these representatives and management. This resulted in 148 collective agreements in 11 countries (including France) in the following areas (in decreasing order in terms of the number of agreements): compensation and employee benefits, employment, disabilities, health and safety at work, diversity (equal treatment, combating discrimination, gender equality, age diversity) and in some cases harassment and remote working. Agreements on compensation and employee benefits were signed in ten countries covering 57% of the workforce, and agreements on employment, aside from the European agreement, in nine countries covering 55% of the workforce. Outside Europe, collective agreements were signed in Morocco, Singapore and Brazil. Algeria, Australia, India and Ukraine also have staff and/or union representatives.

➤ **NUMBER OF COLLECTIVE AGREEMENTS SIGNED IN THE FOUR DOMESTIC MARKETS**

	2011	2012
France (of which BNP Paribas SA)	73 (6)	69 (8)
Belgium (of which BNP Paribas Fortis)	15 (14)	12 (10)
Italy (of which BNL)	56 (25)	51 (30)
Luxembourg (industry agreement)	1	1

EMPLOYMENT MANAGEMENT

First pan-European employment agreement

In Europe, employee-management dialogue in 2012 involved the presentation and discussion - both locally in the countries concerned and continent-wide via the European Works Council - of various adaptation plans for the CIB, Investment Partners, Leasing Solutions and Personal Finance businesses. Discussions were transparent and constructive, and the arrangements adopted for the adaptation plans complied with both legislation in force and BNP Paribas's commitment to socially responsible restructuring.

This BNP Paribas commitment was strengthened by the signature in July 2012 of the first transnational employee-relations agreement in the Group's history, between Executive Management, the European Works Council and European union federations UNI and FECEC. The agreement defines the common rules and approaches applicable to Group entities in the 20 countries that make up the European Works Council:

- the approach and resources adopted to anticipate change, by preparing employees for future developments and enabling them to envisage solutions to their particular situations;
- support for employees as part of entities' transformation programmes where they have an impact on employment.

In particular, as regards providing information about changes, the agreement invites local management teams to go beyond statutory and regulatory obligations and "give regular information to staff representatives as part of local bodies or discussion forums or, if none exist, directly to staff." The agreement adds that "in countries where there is no specific legislation or statutory representation for employees, the signatories express their interest in the formation of a forum for discussion and consultation between management and staff on employment-related issues".

In the event of a major organisational change with significant consequences on employment, management is committed to avoiding collective redundancies and to prioritising alternative measures, i.e. the non-renewal of temporary contracts, staff transfers as provided for in the agreement, early retirement and voluntary redundancies.

This text is the first part of a European employee relations charter "which is intended to expand over time to cover other themes". Accordingly, in April 2012, the Hungarian business decided to set up a works council.

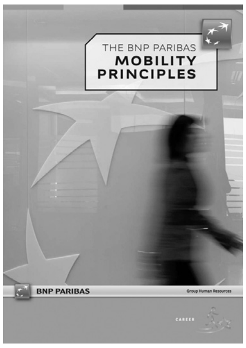
CSR presentation to the Central Works Council and European Works Council

BNP Paribas' Central Works Council and European Works Council spent a half-day session considering and discussing CSR matters. The European Works Council was joined by local managers and CSR ratings agency Vigeo, which presented its ratings methodology, particularly as regards HR policies. After this meeting, the European Works Council decided to set up a working party to give greater definition to its CSR specifications.

ACTIVE MOBILITY POLICY

The Group seeks to promote mobility between the Group's various business lines and entities

To promote internal mobility and provide an effective response to the needs of business lines and the expectations of employees in terms of career development, the Group adopted ten mobility principles in late 2012. These principles were validated by the Executive Committee and apply to the whole Group. In particular, when filling vacancies, priority will be given to internal candidates before people are recruited externally.



BNP Paribas stepped up efforts to develop tools, IT resources and practices in support of mobility. In particular, this includes e-jobs, an internal, international mobility resource that was deployed in ten new countries and entities in 2012. As a result, 74% of Group staff in 30 countries now have access to the job opportunities listed on this resource. In 2012, 3,641 job opportunities were advertised worldwide, 2,228 were filled (71% by internal candidates) and 13,124 applications were received. E-jobs attracted more than 776,700 employee connections in 2012, averaging 60,000 per month.

A white paper summarising innovative and/or effective mobility practices adopted by various countries and entities was published, to promote the sharing of best practice and inspire all Group entities in all countries to meet their mobility challenges in a practical, effective and rapid manner.

A Group behavioural skills catalogue listing 34 common behavioural skills within the Group was created, and was integrated within various HR management tools, including e-jobs. In HR management, the use of a common vocabulary regarding skills is facilitating mobility within the Group.

CAREER MANAGEMENT

Leveraging talent through targeted policies

Career management forms part of the policy defined by the Group's Human Resources Department and is based on a general principle of decentralisation. Each employee is followed by a local career manager, and particular attention is paid to two specific categories of employee, i.e. Senior Management and High Potential employees, who represent the Group's future.

The hard work that has been done since the integration of BNP Paribas Fortis continued in 2012, including the November launch of a new IT system supporting career management activities. The system takes an open, collaborative approach, and in years to come will support the development of more flexible and effective HR practices, promoting genuine partnerships between managers, employees and HR.

News from the Talent Development Program (TDP)

The Talent Development Program, which covers more than 2,500 high-potential staff of around 70 nationalities, continued its geographical expansion in 2012. It is now operational in more than 60 countries. As well as an annual talent identification process at the start of the year, a Talent Review Exercise has been adopted for previously identified employees. This exercise reviews all HR initiatives that have taken place under the TDP. The Group's three training programmes in 2012 were attended by:

- 100 experienced high-potential staff under the Leadership for Development programme, which aims to promote leadership qualities and develop entrepreneurship while improving managerial effectiveness and performance;
- 179 staff under the Go to Lead programme, which aims to foster co-operation in a multi-profession and multi-cultural environment;
- 67 junior high-potential staff under the Share to Lead programme, which aims to give staff a better understanding of teamwork issues and identify their potential for improvement.

The 2012 TDP Follow-up report highlighted the substantial increase in initiatives at all levels (Group business lines, divisions and functions). These include mentoring, special training courses, events and meetings with top management, specific assignments and the development of local succession plans. The greater number of these initiatives enabled the Group to cover more than half of its high-potential staff.

A COMPETITIVE COMPENSATION AND EMPLOYEE BENEFITS POLICY, REFLECTING A RESPONSIBLE APPROACH TO A LONG-TERM EMPLOYMENT RELATIONSHIP

Compensation

Work performed, skills, involvement in assigned tasks and responsibility are compensated through a fixed salary which depends on employees' experience and market practices for each business. Variable compensation levels are determined by individual and collective performance over the year, based on the objectives set. Variable compensation takes different forms in the various business lines.

More generally, the Group's compensation policy is founded upon principles of fairness and transparency, which are supported by a single worldwide compensation review process and a rigorous delegation system. These form part of Group directives and a stronger governance set-up, including the Compliance, Risk and Finance Committee, Executive Management and the involvement of the Board of Directors' Compensation Committee.

The method used to determine individual variable compensation includes a quantitative and qualitative review of each employee's performance relative to the objectives set. This includes an assessment of each employee's behaviour with respect to the Group's values, ethics, team spirit and procedures, and their contribution to controlling risks, including operational risk.

In 2012, the Group's personnel costs totalled more than EUR 15 billion, similar to the 2011 figure (see note 7 "Salaries and employee benefits" in chapter 4). In France, average gross annual compensation was EUR 51,477 (fixed and variable), as opposed to EUR 51,075 in 2011.

Compensation policy compliant with regulations

Under CRD III(1) and French executive order 97-02, the Group's compensation policy has been updated to ensure consistency between the behaviour of employees whose professional activities are likely to have a material impact on the Bank's risk profile and the Group's long-term objectives, in particular with regard to risks.

In accordance with this policy, a substantial portion of variable compensation is deferred over three years, with payment subject to conditions at the end of each year, and failure to meet these conditions may lead to the partial or total loss of the given year's amount. Variable compensation is also partly indexed to BNP Paribas' share price, in order to align the interests of beneficiaries with those of shareholders.

For employees concerned, more than 45% of variable compensation for 2011 was deferred beyond 2012, and almost 50% was indexed to the BNP Paribas share price. Disclosures relating to members of the Executive Management team and individuals whose professional activities have a material impact on the Bank's risk profile (information required to be made public by article 43-1 of French regulation 97-02) will be available on the BNP Paribas website (http://invest.bnpparibas.com/en), before the Annual General Meeting on 15 May 2013.

A range of benefits reflecting the Bank's responsible approach to its employees

Protection benefits

In addition to benefits paid in accordance with legislation and company agreements, and depending on local practices and customs in the various countries in which the Group operates, it may grant additional benefits to its staff and their families, covering healthcare costs and providing a high level of protection. These benefits, which the Group's employees in France have enjoyed for many years, have been gradually extended outside France. **More than three quarters of employees working for entities/subsidiaries outside France with over 150 employees have medical cover**, and over half are covered in the event of short-term disability. The Group also offers flexible benefits, enabling employees to select from a range of benefits on offer.

Pension and savings plans

In many countries, employees are covered by defined-contribution pension plans. Through these plans, they build savings throughout their career and the resulting capital is used to supplement any pension paid by mandatory local systems when they retire (see note 7 to the financial statements "Salaries and employee benefits"). Outside France, more than 75% of Group entities with over 150 employees offer such plans.

In France, the Group supports its employees' savings efforts through an employee savings plan and a retirement savings plan. In 2012, employer contributions to these savings plans totalled around EUR 51 million, including EUR 14 million for the retirement savings plan. Most employees are also covered by funded pension plans that supplement pensions paid by national systems.

Employee share ownership

As in previous years, BNP Paribas carried out a capital increase reserved for employees in 2012. Of the 169,000 employees eligible, more than 46,000 across 68 countries bought the shares, i.e. 27% of those eligible.

More than 5,000 key Group employees were awarded performance shares under plans lasting three to five years. The vesting of some or all of these shares is subject to performance conditions. **In early 2013, management decided not to allot stock options or bonus shares, and instead to set up a medium-term incentive plan including CSR criteria for the same set of employees.**

At end-2012, the percentage of Group capital held directly or indirectly by Group employees was 6% (6.2% in 2011).

(1) European Capital Requirements Directive.

Employee profit-sharing plans

In some countries, plans intended to give staff an interest in collective performance are in place.

In France, in respect of 2012 performance, EUR 138 million and around EUR 145 million will be paid to 68,000 eligible Group staff under the profit-sharing and incentive plans, compared with EUR 128 million and EUR 204 million to 69,000 staff for 2011.

In Belgium, a "collective" portion of BNP Paribas Fortis' variable compensation depends on attaining sustainable development objectives such as customer satisfaction, diversity, wellbeing at work, awareness of risk and compliance issues, and reducing the negative impact of banking activities on the environment. Objectives were attained in 2012 and EUR 19.5 million was paid to more than 18,000 employees.

In Italy, BNL paid around EUR 35 million in 2012 to 14,000 employees under the collective variable compensation plan.

In Luxembourg, local legislation makes no provision for incentive plans. In 2012, however, BGL BNP Paribas paid its non-executive employees incentive bonuses totalling more than EUR 2.8 million. As regards environmental performance, BGL BNP Paribas won the Green Fleet Award for its efforts to reduce the carbon footprint of its company cars.

PROTECTING EMPLOYEES' HEALTH

Health and safety at work and the results of health and safety agreements with unions and staff representatives

Employees are covered by protection plans offered by the Group in 23 countries where the Group has more than 500 employees, representing 76% of Group headcount. Eight countries have signed collective agreements regarding health and safety at work, covering 45% of Group headcount, while 22 countries make training and awareness-raising efforts in this area. 16 countries have initiatives to combat work-related stress, covering 63% of Group headcount, and 11 countries covering 56% of Group headcount have adopted other initiatives, most of which are accessible to all staff.

Frequency and severity of accidents at work and occupational illnesses

In the 23 countries that reported accident at work data in 2012, covering 76% of Group headcount, 1,860 accidents at work occurred in 14 countries, including one fatal accident. This equates to an accident frequency rate[1] of 4.17 and an injury severity rate that is not material. In the domestic markets, there were 563 accidents at work in France, giving a frequency rate of 3.2 (583 and 3.2 in 2011); 381 accidents in Belgium giving a frequency rate of 7.9; 279 in Italy giving a frequency rate of 5.6; and 84 in Luxembourg. No cases of significant occupational illnesses were identified.

France

Harassment and violence at work

All employees were informed through EchoNet of the 2011 agreement entitled *"Harcèlement et violence au travail - BNP Paribas s'engage"* ("Harassment and violence at work - BNP Paribas' commitment"). In addition, SOS International provides psychological support to victims of aggression, and handled 26 new cases in 2012 (15 in 2011).

Prevention of occupational risks

The "working conditions, health and support" team continued its work to update the single occupational risk assessment document, which identifies risks relating to the Group's businesses. It also took part in working parties seeking to make work less arduous under the supervision of the French Banking Federation, and identified "arduous" activities within the Group. It also took part in a programme to address work-related stress.

Appropriate measures are taken to prevent occupational risks: information, training, ergonomics and warnings. In the Paris region, the Group continues to provide care for employees who are the victims of violence, and this is an integral part of an agreement with the Paris emergency response service. This beneficial effect of this initiative can be seen in the reduction in both the number and length of absences in the wake of attacks, and in requests for job transfers after an attack.

Public health issues

In its efforts to promote the health of employees, the Occupational Health Department is continuing its illness prevention efforts. These include screening for cardiovascular risks, colorectal cancer screening by Hémocult for all staff over 50, and cardiovascular illness prevention days dealing with stress, musculoskeletal disorders, addiction etc. at various sites including a "wellbeing at work week". The department also holds blood donor sessions, supports staff who are at risk or have become unfit for work, holds annual medical check-ups for staff over 55, publishes a quarterly "Health and wellbeing" newsletter that provides advice on preventing illness and information on diet and the environment, and provides first-aid training, with 245 staff taking initial training courses and 229 taking refresher courses in 2012.

Prevention of work-related stress

In 2012, almost 12,000 staff at BNP Paribas SA and its subsidiaries took part in tests carried out by OMSAD (a medical observatory to monitor stress, anxiety and depression). A consultation service was set up in 2010, and dealt with 94 staff in 2012, providing 167 consultations (unchanged relative to 2011). E-learning modules have been introduced to raise managers' awareness of work-related stress. In French Retail Banking, an experimental CARE programme to support employees experiencing difficulties has been introduced in the regions in collaboration with Capital Santé. After the announcement of a workforce adjustment plan, 35 Investment Partners staff received support from Préventis psychologists through 54 consultations. The consultation service provided training to the medical team on the theme of "talking to an employee in difficulty". With its 34 social workers, the social assistance department supports the wellbeing of all employees.

(1) The frequency rate is the number of work related accidents per 1m hours and the severity rate (0.06) is the number of days lost per 1,000 hours worked.

Belgium

The themes of health, safety and environmental risks are covered every month in Health, Safety and Environment Committee meetings. Serious matters are also discussed every half-year, and more often if necessary, with HR managers and Executive Management. Medical supervision was provided to 8,250 staff in 2012 (5,200 periodic examinations, 1,000 preventative examinations, 760 examinations for new recruits and 640 stand-alone consultations). Support was provided to 850 staff with long-term illnesses (lasting more than a month). Awareness-raising efforts were made regarding diabetes, obesity, stress at work, circulatory risks and cancer. In terms of work-related stress, preparatory work was done to train managers through e-learning and workshops, and the risk of stress arising from major reorganisations was analysed. Many individuals received advice regarding ergonomics, and a brochure dealing with the prevention and effective management of absenteeism was published. The social workers dealt with 800 cases.

Italy

Medical monitoring is compulsory for certain categories of staff - such as those who work in front of a screen for more than 20 hours a week, staff exposed to noise, staff who work at night and staff with certain physical conditions – and is available on request. In 2012, 1,572 staff were monitored, of whom 36 had requested monitoring. As well as the medical team, an external expert supports staff in the event of a hold-up or attempted robbery. This expert was called upon 10 times in support of 42 people in 2012. Stress risk assessments are compulsory. BNL has set up a specific process involving two stages: an "objective" training stage involving around 600 managers and a "subjective" awareness-raising stage involving around 4,400 staff, equal to 38% of BNL's workforce. Staff received 6,500 hours of training on health and safety at work in 2012.

Securities Services and the Milan branch offered staff a joint stress management programme, in conjunction with an external consultant. 70% of staff completed a questionnaire, the results of which were compared with Italian and European benchmarks and presented to managers and employees of the two entities. Stress-management techniques were suggested to all staff and training was provided to managers to help them deal with difficult situations. These successful initiatives will be repeated.

Luxembourg

Wellbeing at work and the health of employees are priority objectives. Employees are offered a full medical check-up every five years from the age of 40, an annual flu vaccination programme is organised, and eye tests are offered every three years. Health conferences are organised on themes such as burn-out and work-related stress. A dedicated HR team, working with occupational health organisation ASTF, supports staff with long-term illnesses and provides assistance with professional and personal difficulties.

7.4 "Civic" responsibility: helping to combat social exclusion and promoting education and culture

BNP Paribas plays a committed role in society: it adds its support to many initiatives to combat social exclusion and nurture education and culture.

In its civic responsibility, the Group uses all the tools at its disposal, as a banker, employer and philanthropist, to foster the sustainable and harmonious development of society.

These actions are in keeping with its three commitments:

- Commitment 7: Help combat exclusion and support social entrepreneurship;
- Commitment 8: Corporate philanthropy policy focused on education, health, culture and solidarity;
- Commitment 9: Compliance with UN guiding principles concerning human rights.

COMBATING EXCLUSION AND SUPPORTING SOCIAL ENTREPRENEURSHIP

BNP Paribas has for many years been committed to combating social exclusion in general and financial exclusion, in particular, as this acts as a major brake on development. The Group works in close partnership with local players:

- in France, particularly in underprivileged urban areas via *Projet Banlieues*;
- in the wider world, by participating actively in the development of social entrepreneurship, efforts to reduce excessive debt and the financial education of the public at large.

"PROJET BANLIEUES": STRONG COMMITMENT TO SUPPORT SENSITIVE URBAN AREAS IN FRANCE

Being closely involved with individuals and businesses in the large conurbations, BNP Paribas has over the past 15 years channelled a significant part of its job creation to districts where they are based: for example, the Group has become the leading private-sector employer in Seine-Saint-Denis.

At the same time, in its *Projet Banlieues*, BNP Paribas supports associations, educational institutions, solidarity investment funds and others working to create economic and social levers in the suburbs, particularly the underprivileged urban zones. Launched in 2006 by the BNP Paribas Foundation, in coordination with the French banking network, *Projet Banlieues* focuses on three areas of action: business start-ups and integration into the labour market; education; and local initiatives. Continued in 2012, this project currently has an annual budget of EUR 4.5 million.

Business start-ups and integration into the labour market

The *Projet Banlieues* mechanism for fostering job creation involves providing support to four leading players:

- Adie (*Association pour le droit à l'initiative économique*), whose partner BNP Paribas has been since 1993, helps those excluded from the banking system and the unemployed to set up their own businesses. In 2012, the BNP Paribas Foundation provided EUR 1.1 million for Adie. The Group has become the association's primary partner, having contributed more than EUR 6.5 million in subsidies since 2006, with a total of EUR 5 million of credit lines at end-2012. Since 2006, Adie has opened 13 new microcredit branches in France. Around 5,500 microloans have thus been provided, allowing more than 3,500 businesses to be set up at the locations involved, representing more than 4,500 additional new jobs. Alongside this, BNP Paribas has taken several other actions to support Adie, such as the programme "Engagés ensemble pour l'emploi" (jointly committed to jobs) set up with the BNP Paribas branch network in France, or the volunteer association for BNP Paribas and Cetelem employees and pensioners.

- The *Initiative France* network finances and fosters the creation and turnaround of businesses in France, and whose innovative business start-up platforms are now supported by BNP Paribas and its Foundation.
- *PlaNet Finance France*, and its "*Entreprendre en Banlieue*" programme, finances the PlaNet ADAM associations (*Associations de Détection et d'Accompagnement des Microentrepreneurs*). The BNP Paribas Foundation supports three of these associations, in Bobigny (93), Vaulx-en-Velin (69) and Saint-Quentin (02). *Financités* is a solidarity-based venture capital company which makes social investments to support entrepreneurs in underserved urban districts; BNP Paribas has contributed EUR 1 million in equity financing.
- BNP Paribas also supports Business Angels des Cités, with a contribution of EUR 1 million. This socially responsible investment fund invests in companies that create jobs in economically underprivileged urban districts and/or whose manager is an entrepreneur who has long been based in one of these districts.

> 2012 also saw the joint signature of the "**Business & Territory Charter**" by BNP Paribas Securities Services and the Town of Pantin, in Seine-Saint-Denis. This agreement gives a contractual footing to the three-year commitments made by BNP Paribas Securities Services to reinforce its involvement in the Commune of Pantin via a variety of initiatives for jobs, training, outsourcing, etc.

Supporting education

BNP Paribas believes that education and the sharing of knowledge are factors in greater equality of opportunity. The BNP Paribas Foundation, which has been supporting key players in education for around twenty years, has constantly stepped up its commitment, notably with the 2010 launch of *Odyssée Jeunes*, an innovative programme that helps to finance school trips. The project has a budget of EUR 6 million over five years and is run in partnership with the Seine-Saint-Denis departmental authorities.

In addition, the BNP Paribas Foundation wished, on the twentieth anniversary of Afev (*Association de la Fondation étudiante pour la ville*[(1)]), to mark its longstanding commitment to this association, which it has supported since 1994 (more than EUR 1 million contributed in 18 years). A reportage by photographer Peter Marlowe, of the Magnum agency, showing volunteer students paired with school children, led to a major travelling exhibition, "*Regard sur les 20 ans de l'Afev*", which visited 31 towns in France.

> In the 2011-2012 academic year, close to **7,300** young people aged **5 to 18 years** benefited from two hours a week one-to-one educational support in France, thanks to Afev.
>
> **19,000** pupils from **125** educational establishments went on school trips to **22** countries, with their travel costs cut by more than **50%**.

BNP Paribas also stepped up its efforts on behalf of schools in underprivileged urban areas, to which the apprenticeship tax is paid. Thus, more than EUR 4 million was paid to around 100 institutions throughout France in five years.

Finally, BNP Paribas is a loyal and involved partner to six IEPs (*Instituts d'Etudes Politiques – Lille, Aix, Lyon, Rennes, Strasbourg, Toulouse*). Each year, it helps 1,200 pupils from deprived areas to prepare for the common entrance exam for these *grandes écoles* and pays EUR 60,000 a year to the IEPs via its retail banks in France.

Supporting local initiatives

BNP Paribas' corporate philanthropy is centred on local contacts and exchange, as reflected in the "local initiatives" part of *Projet Banlieues*, which has supported more than 270 local associations since 2006, via the Group's Foundation, branch network and employees.

All projects supported are driven by non-profit associations and aim to improve the circumstances of the underprivileged via education, professional training and cooperation. Actions supported fit into the daily life of the area and address well identified issues specific to that area and linked to the environment or the local population.

(1) Since it was set up in 1992, Afev has been providing individual support to young people from less advantaged districts. Throughout the school year, volunteer students spend two hours a week helping children and young people (aged 5 to 18) who are having difficulty with their education.

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COMBATING POVERTY AND EXCLUSION

Microfinance and support for social entrepreneurship

Longstanding support for social and solidarity-based economy

The social and solidarity-based economy may be represented by three concentric circles of unequal size.

The first circle represents microfinance and microcredit.

The second represents the highly diverse world of social entrepreneurship.

The third and largest stands for the associative and cooperative sectors and the public sector agencies.

BNP Paribas is very active in the social and solidarity-based economy in general. With specific monitoring and a particular offering, the Group enjoys a leadership position in financing for associations, with a market share of 12% in France, 27% in Belgium, 50% in Luxembourg and 60% in Italy.

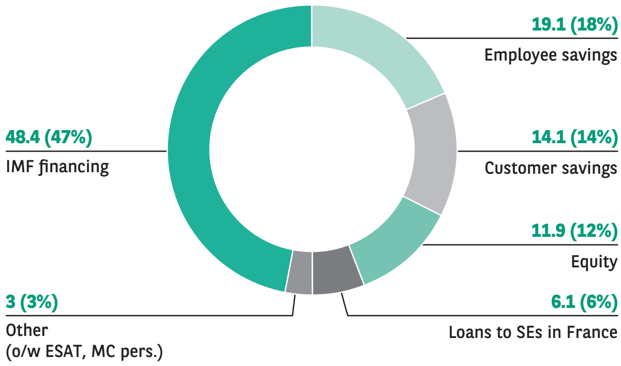
BNP Paribas plans to step up its involvement in social entrepreneurship and microfinance.

In 2012, the Group's support for these last two sectors amounted to more than EUR 100 million, including:

- **EUR 76.5 million to support microfinance in 19 countries**, including 14 emerging countries;
- **EUR 26.1 million to support social entrepreneurship in France**.

➤ SUPPORT AMOUNTING TO MORE THAN EUR 100 MILLION VIA VARIOUS LEVERS

in millions of euros / % of total



"*Les Audacieux*" exhibition: 36 micro-entrepreneur stories

BNP Paribas initiated and organised an exhibition entitled "*Les Audacieux*", highlighting 36 men and women who have been supported by Adie, France's pioneering microcredit association, and who were photographed by the Magnum Photos agency. The Group's ambition is to promote entrepreneurs who lack access to bank credit and are realising their plans by means of microcredit, and to salute their boldness, courage and determination. This scenographic installation, designed for public spaces, will travel to several French cities, including Lille, Lyon, Nantes, Bordeaux, Marseille and Metz. The first stop on the tour was Paris, from 25 October to 18 November 2012, during the Mois de la Photo (Photography Month).

Events

- **During the 2012 Solidarity Finance Week**, BNP Paribas Epargne Retraite Entreprise organised the first Solidarity Meeting to give those working to foster social entrepreneurship an opportunity to get to know one another.
- For the third consecutive year, BGL BNP Paribas sponsored the European Microfinance Week, an annual event organised by the European Microfinance Platform, which was held from 14 to 16 November 2012, and welcomed more than 450 people from 43 countries. The guest of honour was Muhammad Yunus, Chairman of the Yunus Centre and winner of the 2006 Nobel Peace Prize.

Ambitious growth target

The Group's strategy in support of microfinance and social entrepreneurship was reviewed in 2012.

An ambitious growth target was set, with a minimum annual growth in commitments of 10% projected by 2015.

A series of levers will be used to reach this target:

- **Employee savings**: since the laws on employee savings of 2001 and 2008, French companies have been obliged to offer their employees at least one social mutual fund in their employee savings schemes. This favourable legislative climate should help BNP Paribas increase its support for these funds, of which at least 5% is invested in solidarity companies.
- A response to the specific needs of social enterprises in the Group's domestic markets (France, Italy, Belgium and Luxembourg), particularly as regards financing.
- **Investment in the equity** of social enterprises or social entrepreneurship funds.
- **The Bank's customers' investments in solidarity products** represent another important source of support for social entrepreneurship. Clients of BNP Paribas' Private Bank are offered the chance to invest in the PhiTrust fund, which in turn invests in social companies.

> Via PhiTrust Partenaires, BNP Paribas has supported the social enterprise Ecodair. This company, 80% of whose employees are mentally disabled, recycles and repairs used computer equipment in order to sell it on at low prices.
>
> PhiTrust Partenaires helped Ecodair to grow by offering it financial support (investment in equity and bonds) and advice on organisational and governance matters.
>
> The results are very encouraging: around 150 handicapped workers have been reintegrated and more than 12,000 computers a year are repaired and resold at low prices to disadvantaged sections of the population.

- Finally, BNP Paribas has undertaken to triple the volume of **outsourcing** agreements it concludes with **companies in the "protected" and "adapted" sectors** ("ESAT" and "EA" companies, specifically created to employ disabled people) by 2015.

Support for vulnerable customers

BNP Paribas also works to combat exclusion from banking services, by supporting customers made vulnerable by handicap or financial circumstance.

Branch accessibility for the greatest number

Combating exclusion also means providing access to banking services for all. The Group supports handicapped persons by a deliberate policy of branch accessibility.

- In Belgium, the Braille League designated BNP Paribas Fortis et Fintro as the first Belgian bank to have cash dispensers with vocal prompts to guide the unsighted and enable them to carry out banking transactions: 850 such machines are now available throughout Belgium.
- Following the branch refurbishment of late 2012, **the machines situated in the self-service area** of more than 75% of BNP Paribas' 2,200 branches in France are accessible to persons of reduced mobility.

A tailored offer for customers in financial difficulty

The whole Group is committed to developing responsible credit and determined to enable the greatest number to have access to credit, while striving to combat excessive debt. The Bank supports its customers at key moments of their life, but also in difficult periods resulting from changed circumstances, unexpected expenses, health problems or difficulties managing a budget.

Cetelem has set up a specific operational mechanism for detecting customers who are up to date with their loans, but might find themselves in difficulties. It is a preventative approach. The customers concerned are identified, either by an innovative proactive analytical method that selects potentially vulnerable customers each month and sends them a letter inviting them to contact us, or following a move initiated by our customers (letter). A dedicated team, separate from the sales teams, offers an in-depth exploratory interview to discuss the financial health of the household. If customers prove to be in a vulnerable situation, the aim is to make them aware of more structural difficulties (outgoings exceeding available budget, monthly repayments too high after loss of income, etc) and to convince them to take action. Cetelem can offer customers an internal solution (repayment holiday, loan restructuring to balance budget, etc) and, in more delicate situations, refer them to its partner, the CRESUS Association, with which it has jointly developed a specific support programme.

For customers diagnosed as being in difficulty, all commercial solicitation is suspended and they are offered a budget management education programme.

In 2012, BNP Paribas' **French Retail Banking** activity finalised its system for supporting customers facing, or likely to face, difficult circumstances. More than 400 experts at 8 commercial negotiation regional branches (ARNCs – *Agences régionales de négociation commerciale*) throughout France are now wholly dedicated to the needs and expectations of these customers. Together, they find sustainable and appropriate solutions that are tailored to individual situations and prioritise customer interests. As early as one month after being taken on by an ARNC, two out of three customers are back in a "normal" situation. In addition, since January 2011, BNP Paribas has decided to offer the GPA Alternative Payment Range (*Gamme de Paiement Alternatif*) free of charge in order to support customers going through difficult times.

Improving financial education for consumers

Financial education has demonstrated its effectiveness in combating excessive debt and encouraging economic growth. In 2012, BNP Paribas employees again committed themselves strongly to this cause by helping to design educational content and tools, or by training the public.

In 2012, more than 91,000 people had access to these programmes, not just in the domestic markets, but also in Germany, Spain, the Netherlands, the United States, India and Singapore.

In some countries, given the priorities, financial education is focused on sections of the population considered to be susceptible, such as the young or vulnerable people:

- **In the Netherlands, BNP Paribas Cardif** has developed the LEF (Life and Finance) project for the young; this financial education platform was followed by 2,500 people in 2012.
- **In Luxembourg**, 860 pupils from 27 schools took part in the Startin' Finance programme in the 2011-2012 academic year. This took the form of guided visits, presentations on business lines (marketing, money markets, human resources, etc), interactive workshops and participation in lessons.
- **In France**, the Cetelem Foundation for budget education continued with its mission to develop and promote budget education, in an extension of BNP Paribas Personal Finance's activities and its commitment to responsible credit. To this end, the Cetelem Foundation has developed training tools for trainers at associations and institutions working alongside it in budget education. It also offers them pedagogical and financial support in implementing programmes. In 2012, more than 6,300 young people (school pupils, young people seeking to join the world of work, apprentices) and adults in difficulty in France were able to benefit from this training, thanks to the work of the Cetelem Foundation and its partners.
- **In Turkey**, the retail bank launched the **TEB Family Academy** in October, with the aim of helping households to manage their budgets by offering financial education courses at its branches. Participants can learn how to use a credit card, borrow wisely, manage their expenditure and save effectively. In 2012, 939 such events were held, with 18,000 people attending. For 2013, TEB is aiming to educate 100,000 people via this initiative.

In other countries, where financial education has long been anchored in local practice, it is aimed at all sections of the public.

- **In Italy**, Findomestic rolled out its consumer finance and insurance education programme, which it had launched in 2011 on the Per-Corsi website. 402 people benefited from the programme in 2012.
- In addition, following an agreement between **BNL** and Feltrinelli, the Italian bookseller and publisher, evening training sessions are now being held in bookshops. 35,000 consumers have attended the 2,000 events organised for them since 2009. Businesses have not been left out, with around forty conferences held throughout the year, with 30 to 40 companies attending each one.
- **In the United States, Bank of the West** has set up a number of education programmes for all ages. In 2012, 450 employee volunteers trained 12,000 people via associations, notably working through:
  - Operation HOPE, which runs a financial education programme in San Francisco Bay, California, Portland, Oregon, and Denver, Colorado;
  - The BOOF (Banking on Our Future) programme also gave employee volunteers the chance to introduce 1,250 young people aged 9 to 18 to basic financial mechanisms in 2012. A financial education book, "The Three Cups", aims to raise children's awareness of the value of money in the later elementary grades;
  - In the elementary grades, a play called «Made about money» continues to tour, with the support of the bank. It was seen by nearly 9,000 school children in 24 schools in 2012. This amusing and educational show raises issues of budgeting, saving and borrowing.

CORPORATE PHILANTHROPY POLICY FOCUSED ON EDUCATION, HEALTH, CULTURE AND SOLIDARITY

BNP Paribas takes very practical steps to ensure that performance can coexist with social responsibility – not just in the daily work of its business lines, but also via its corporate philanthropy actions, which involve increasing numbers of employees and countries where the Group operates.

CORPORATE PHILANTHROPY: A STRUCTURED AND INCLUSIVE POLICY

The Group's commitment to education, culture, solidarity, health and the environment is not new: it has been driven for around 30 years by the BNP Paribas Foundation. A longstanding player in corporate philanthropy in France, the Foundation's mission is to:

- design and direct the Group's corporate philanthropy policy;
- act as a monitor, advisor and regulator of the philanthropic actions implemented within the Group's other Foundations, as well as its divisions, business lines and countries;
- ensure the consistency of internal and external information on philanthropic actions undertaken within the Group.

The BNP Paribas Foundation operates under the aegis of the Fondation de France and is run by an Executive Committee chaired by Michel Pébereau. The committee's composition – including qualified persons as well as divisional, business-line and country heads – means that it represents a global view of corporate philanthropy within the Group. The qualified persons are Jean-Laurent Casanova (health), Pascal Dreyer (solidarity), Dominique Ferriot (heritage), Guy Darmet (performing arts) and Philippe Gillet (environment and climate change research).

Networking reinforced

The corporate philanthropy projects run within BNP Paribas are based on the shared values of diversity, risk-taking and innovation, as well as the capacity to support and promote projects over the long term.

At the present time, 14 foundations and funds are active within the Group, alongside the BNP Paribas Foundation, whose actions are reinforced by numerous initiatives developed internally by various BNP Paribas entities in France and aboard.

In 2012, two new Funds joined the Corporate Philanthropy network:

- The BNP Paribas - Banque de Bretagne endowment fund which, via its "Projet Solidarité", aims to support charity projects in education, social integration and job market inclusion, for young people at risk of exclusion;
- The Rescue & Recover fund, which pools the actions of BNP Paribas and its employees in the event of humanitarian disasters or during so-called "forgotten" emergencies.

Around the world

2,044 corporate philanthropy projects with a budget of EUR 38.15 million in 2012, including:

- EUR 14.36 million for solidarity (37.63%);
- EUR 10.29 million for education (26.98%);
- EUR 8.91 million for culture (23.37%);
- EUR 3.37 million for health (8.83%);
- EUR 1.22 million for the environment (3.19%).

Solidarity: combating exclusion

A large section of humanity is still today excluded from wellbeing by poverty, discrimination, disease or lack of education. BNP Paribas has taken a number of initiatives to reduce the many inequalities that still divide the world. BNP Paribas' solidarity actions operate on four levels: developing the social and solidarity economy, encouraging local initiatives, supporting efforts to combat vulnerability, and helping Group employees involved in voluntary work.

In 2012, the BNP Paribas Foundation decided to provide support for the **Restos du Cœur charity in France**, paying for one million meals for people below the poverty line and who cannot afford a balanced diet. This action is being extended by the installation of an information system for the charity's reception centres.

Bank of the West, BNP Paribas' subsidiary in the United States, has been recognised by the *San Francisco Business Times* as a key player in corporate philanthropy. The bank has distinguished itself not just by its contributions to the Californian region, but also by the roughly USD 6 million (EUR 4.7 million) it has given in sponsorship to the 19 states where it operates. In July 2012, Bank of the West came no. 2 in *American Banker*'s ranking of US banks on reputation, mainly because of its civic commitment.

Education: promoting equal opportunity

Supporting young people through their education, preparing them for adult life, helping them to master economic and financial issues, giving them opportunities to study at the best universities: BNP Paribas and its employees have decided to commit to various educational programmes, with the aim of supporting innovative initiatives in order to transmit knowledge to those who need it most.

Autonomy, empowerment, self-confidence: qualities like these can be acquired by practising an art form and can help young people to find their place in society, to develop and to succeed. Thanks to the **Smart Start** programme, launched in 2012, with projects supported in eight European countries, more than 800 children in situations of social exclusion, and coming from underprivileged backgrounds or suffering from a handicap, have been able to benefit from a course enabling them to discover and practise a performing art. The project partners are the National Music School (Bulgaria), the Associazione MUS-E Roma Onlus (Italy), the Orquestra Geração (Portugal), the Fundación Voluntarios por Madrid (Spain), the Muscular Dystrophy Association Hellas (Greece), the Fundatia Parada (Romania), Helium Arts (Ireland), Westminster City Council and PhotoView (UK).

Healthcare: funding research and providing support for patients

BNP Paribas' commitment to healthcare and medical research benefits people around the globe, including both research scientists and patients. It is deployed through the Group's foundations, but also via its subsidiaries and business lines in the many countries where it operates.

Recognised throughout the world for its research and preventative work on infectious diseases, the **Institut Pasteur** has developed an international network and collaborates with laboratories in a large number of countries. This global network means that high-level research can now be carried out on the main infectious diseases. Important work is being done notably on a combined vaccine against measles and HIV (France), on hepatitis C (Japan, Spain), malaria (Brazil), resistance to antibiotics (Portugal) and dengue fever (Hong Kong). For the last five years, **BNP Paribas Corporate & Investment Banking (CIB)** has been supporting these programmes in partnership with the Institut Pasteur and its network, currently in 15 counties. Donations made to date amount to more than EUR 2 million.

With BNP Paribas' operations in five countries of sub-Saharan Africa, the BNP Paribas Foundation set up an **anti-malaria plan** in 2012, focused on Burkina Faso, Côte d'Ivoire, Guinea, Mali and Senegal, involving the distribution of impregnated mosquito nets, together with support and information for the populations concerned. This two-year commitment (2012 and 2013) involves EUR 200,000 of financing and the distribution of more than 25,000 impregnated nets. The leading cause of mortality in most African countries, malaria is responsible for more than one million deaths a year, of which more than 80% in sub-Saharan Africa; it particularly affects children of up to five years and pregnant women.

Culture: preserving cultural heritage and sponsoring creativity and the performing arts

The need for support in preservation, creation and dissemination is infinite in the cultural arena, given its importance for our society in terms of human, social and economic development. This is why BNP Paribas has decided to support the creation and preservation of heritage and is involved in numerous initiatives in the countries where it operates.

Supporting dance

True to its commitment to contemporary dance and the new circus arts, BNP Paribas and its Foundation have, since 2012, been supporting choreographer **Sidi Larbi Cherkaoui** and circus artists **Yoann Bourgeois** and **Phia Ménard** in their creative projects. 2012 was also the start date for a completely new partnership with the **Montpellier Dance Festival in France**, now one of Europe's key choreography events; this commitment takes the form of support for artist residences. In addition, the Foundation is renewing its support for the Kadmos network which, coordinated by the Avignon Festival in France, facilitates the circulation of works and artists in the Mediterranean.

Committing to musicians

The attention that BNP Paribas has given to jazz for more than 15 years is spreading beyond our borders: the BNP Paribas Foundation has committed for the second year running to the **North Sea Jazz Festival** in Rotterdam, the Netherlands, by supporting the educational side of this event, and the Paul Ackett Award, which is given to a young talent in contemporary jazz. The second largest event of its kind in the world, the North Sea Jazz Festival also benefits from the support of BNP Paribas in the Netherlands.

BNP Paribas supporting art and design

BNL has partnered **Palaexpo**, the entity responsible for organising major exhibitions for the city of Rome. **Three major exhibitions are being held during cultural events in Rome from September 2012 to March 2013**. BNL is linking up with Palaexpo as the main sponsor, offering its support to the exhibitions "Vermeer, the golden century of Dutch painting", "Robert Doisneau, Paris liberated", and "The silk road, ancient pathways between East and West".

In 2012, HEAD-Geneva (the Geneva University of Art and Design) and BNP Paribas Foundation Switzerland joined forces to set up the **NEW HEADS-BNP Paribas Foundation Art Awards** intended to support young artists graduating from HEAD-Geneva, who are among the most promising of their generation. For the first edition, HEAD-Geneva and the BNP Paribas Foundation Switzerland asked Giovanni Carmine, Commissioner of Exhibitions and current Director of the Kunsthalle St.Gallen, to select a dozen artists from HEAD-Geneva Visual Arts MA students and to design an exhibition, held in September 2012 at LiveInYourHead, HEAD-Geneva's Curatorial Institute.

As part of its "**BNP Paribas pour l'Art**" programme launched in 1994, the BNP Paribas Foundation is stepping up its involvement with major international museums. Thanks to its support, the National Gallery of Victoria in Melbourne, the Art Gallery of Ontario in Toronto and the Museu Nacional d'Art de Catalunya in Barcelona were able to present restorations of three masterpieces in 2012: *The crossing of the Red Sea* by Nicolas Poussin, *Jar of Apricots* by Jean-Baptiste Chardin and *The conversion of Saint Paul* by Juan Bautista Maíno.

Finally, the BNP Paribas Foundation also supports several climate research programmes, described in the section "Our environmental responsibility".

EMPLOYEE ENGAGEMENT IN CORPORATE PHILANTHROPY WORK

According to three surveys[1] conducted in 2011 and 2012, 88% of company employees endorse the voluntary activities initiated by their employer, 80% are prepared to get involved and 30% declare themselves to be volunteers.

BNP Paribas staff lead the way among employees wanting commitment from their company, and help with participating in charity work themselves. The BNP Paribas Foundation facilitates their personal initiatives and the Group offers them numerous opportunities to get involved.

The BNP Paribas Foundation encourages the commitment of Group employees who donate their time and energy to solidarity associations through the "**Coup de pouce**" programme, which is run in several of the countries where the Group operates. Belgium, Spain, Italy, Luxembourg, Switzerland, Morocco and Portugal have all launched their own philanthropy programmes. In 2012, 235 projects were supported throughout the world, involving a total of EUR 737,953. In France, the Foundation appeals for candidates each year and lends its support to new projects, around 50 on average. This programme, which celebrates its tenth anniversary in 2013, has distributed more than EUR 1 million to around 500 charity projects in France since it was set up.

Skills-based volunteering

Two associations offer ways for Group staff and pensioners to donate their skills:

- **MicroFinance Sans Frontières (MFSF)**, which provides technical assistance to several microfinance institutions around the world;
- **Bénévolat de Compétences et Solidarité (BCS)**, which, through a network of 650 volunteers in France, supports actions of an educational, social and economic nature.

In 2012, a total of **36,800 hours** of voluntary work were coordinated by MFSF and BCS.

(1) Benchmark Fondations IMS – December 2011; Survey DDB& Opinion Way – March 2011; Survey IMS & Le bénévolat & Vous – May 2012.

In addition, initiatives are proliferating in the Group's subsidiaries, business lines and countries, encouraged by communication campaigns or by the creation of tools for matching assignment supply with employee demand. Several countries (e.g. the UK and Luxembourg) also went a step further in 2012, by setting up partial remuneration systems for the time spent on such activities, so that their employees can also take part during working hours.

- **Several platforms** were set up in 2012 to facilitate the establishment of relations between volunteer candidates and charities in the **UK and Luxembourg** under the name "Click'ONG". These sites can be used to identify skills, to locate volunteer candidates in the short term and to centralise the assignments or needs of the charities or NGOs.
- **In the UK**, BNP Paribas Securities Services has partnered numerous charities working for the environment, the homeless, underprivileged children and social housing. 143 volunteers have participated, providing the equivalent of six months' work.
- **In Luxembourg**, 56 volunteers have become involved with charities and NGOs as part of the Bank's programme of lending out its skills.
- **In Portugal, BNP Paribas Securities Services** has launched the "Together CSR" programme which includes awareness-raising activities and the formation of an internal pool of volunteers ready to help charities in the areas of health, wellbeing, the environment and education.
- **In the US**, 1,500 Bank of the West employees devoted 33,000 hours to charity work. They gave lessons in financial awareness, built or repaired houses, helped under-qualified unemployed workers to re-enter the job market, supported micro-entrepreneurs and collected funds for health-focused programmes.

Employee engagement in humanitarian emergencies

2012 was also characterised by the joint commitment of Group employees to humanitarian aid, including:

- urgent mobilisation in the wake of Hurricane Sandy, which swept through New York City in the autumn of 2012;
- for the longer term, the creation of an innovative Rescue and Recover Fund.

One million dollars for Sandy

The destruction wrought by Hurricane Sandy on the eastern seaboard of the United States in the autumn of 2012 triggered a solidarity response within the Group. A donation programme was quickly set up, with USD 1 million made available, part of which was used to match employee donations.

"Rescue & Recover endowment fund"

For several years, BNP Paribas employees have been mobilising to help victims of humanitarian disasters, from the tsunami in Japan to the earthquakes in Haiti and Italy.

BNP Paribas therefore decided at the end of 2012 to launch the state-approved "Rescue & Recover" endowment fund to pool the generosity of employees wishing to express their solidarity with victims of humanitarian emergencies, whether this involves providing a rapid response to a catastrophe or giving long-term support to NGOs dealing with "forgotten" crises.

Unique mechanism

Permanently open to all BNP Paribas employees around the world, the state-approved fund, which is chaired by Baudouin Prot, Chairman of BNP Paribas' Board of Directors, is a pioneering solidarity tool.

Each employee donation is matched by BNP Paribas and paid to the three NGOs partnered by the fund: CARE, the French Red Cross and Doctors Without Borders (*Médecins Sans Frontières*).

Two experienced figures in the emergency relief world

Launched in late 2012, the fund includes on its board two qualified people who contribute their expertise on subjects relating to emergency aid and shed light on the relevance of the projects to be financed.

- A graduate of ENA, Harvard and HEC, **Sylvie Lemmet** is a specialist in setting up sustainable development projects and a member of the Court of Auditors. She was formerly Finance Director at Doctors Without Borders (*Médecins Sans Frontières*).
- A Professor in Emergency and Humanitarian Medicine, **Marc Sabbe** is also a physicist at University Hospitals Leuven. In the 1990s, he founded the European Society for Emergency Medicine and remains its honorary secretary.

Promising launch without media exposure

In a few weeks, the fund has been able to collect donations from employees in 17 of the countries where BNP Paribas operates. The average donation, at more than EUR 90, reflects employees' commitment to the projects proposed in the area of maternal and paediatric health:

- prevention and treatment of the main childhood diseases in Mali by Doctors Without Borders (Médecins Sans Frontières);
- action by CARE to tackle malnutrition in Niger;
- work by the Red Cross to facilitate access to healthcare in the Central African Republic.

RESPECTING THE UN GUIDING PRINCIPLES ON HUMAN RIGHTS

In 2012, Jean-Laurent Bonnafé, Director and CEO, and François Villeroy de Galhau, COO in charge of BNP Paribas' Social and Environmental Responsibility, signed the Statement of BNP Paribas on Human Rights, in which the Group commits to ensuring human rights are respected within its sphere of influence: employees, suppliers, customers and communities.

EMPLOYEES

BNP Paribas promotes and respects the dignity and rights of its employees by applying a committed and responsible human resources policy. Its employees must also exercise and respect human rights standards in their professional activities. To ensure these standards are respected, BNP Paribas has drawn up a Code of Conduct that applies to all its employees.

In line with these steps, the Group's Human Resources Department has also launched an audit of employee situations around the world. The aim is to identify the strengths and weaknesses of the entities in the regions where the Group operates. Brazil, which was selected as a pilot country, will act as a laboratory for the creation of a self assessment tool focusing on freedom of association and collective negotiation, non-discrimination and health & safety at work. Once validated, this tool will be rolled out within the Group.

SUPPLIERS AND SUBCONTRACTORS

Respecting human rights standards is part of the commitments expected of suppliers and subcontractors under the Group's Charter of Social and Environmental Responsibility with its suppliers.

In 2012, 700 quantified analyses of suppliers' CSR performance were carried out, including a section on their adherence to human rights.

CUSTOMERS

BNP Paribas expects its customers and clients to manage their own professional activities in accordance with human rights standards. In more sensitive sectors, BNP Paribas develops specific social and environmental policies that include human rights criteria. In addition, as a signatory to the "Equator Principles", BNP Paribas adheres to a set of standards – including various human rights aspects – when evaluating and managing social and environmental risks in project finance.

BNP Paribas is therefore highly vigilant when it comes to managing its indirect risks. For example, it recently decided to suspend any type of financing of cotton from a Central Asia country, on the grounds that the country in question used forced child labour during the harvest season. The Group made this decision after a process of dialogue and thorough investigation. BNP Paribas is currently waiting for information demonstrating a clear improvement in the situation and remains in contact with the various parties monitoring it, so that if appropriate it may subsequently reconsider its decision.

COMMUNITIES

BNP Paribas promotes the highest standards of professional conduct, including in terms of actions aimed at preventing corruption and money laundering (cf Economic responsibility - Business ethics). BNP Paribas believes that sustainable economic development encourages wider access to fundamental rights. By emphasising the improvement of financial inclusion in the communities in which it operates, BNP Paribas clearly demonstrates its determination to contribute to such development.

The extra-financial rating agency Vigeo ranked the Group as one of the 30 most advanced companies in the area of human rights, in a survey conducted in 2012 on the human rights behaviour of around 1,500 listed companies in North America, Asia and Europe between 2009 and 2012.

7.5 Environmental responsibility: combating climate change

In its environmental policy, formalised in its 2011 "Commitment to the environment", BNP Paribas decided that climate change should be the priority focus of its efforts. Climate change represents a real challenge because it may alter the environment radically in the relatively near future, with potential lasting impacts on the social and economic structure of the world's communities.

All around the globe, the Group thus strives to limit any environmental impacts that might flow from its banking activities and from the direct consequences of its own operations. In synergy with this approach, the BNP Paribas Foundation supports scientific research about climate change.

BNP Paribas is therefore taking concrete action to respect its three commitments:

- commitment 10: define financing policy commitments in sensitive sectors;
- commitment 11: reduce environmental footprint linked to our own operations;
- commitment 12: support research aimed at combating climate change.

FINANCING POLICY COMMITMENTS IN SENSITIVE SECTORS

Supporting corporations as well as individuals, the Group seeks to finance responsible projects that favour the protection of the environment. BNP Paribas thus manages its financing and investments in sensitive sectors using selection criteria, carefully chosen with the help of independent experts. The Group is also developing a range of products and services to help its customers – both corporate and retail – in their efforts to produce green energy or to optimise their consumption of natural resources.

THE GROUP'S ACTIONS TO SUPPORT BUSINESSES

Upholding the Equator Principles on project financing

The Equator Principles are an initiative backed by 79 financial institutions around the world. Under this reference framework, financing for projects amounting to over USD 10 million undergoes detailed analysis based notably on the World Bank's environmental and social standards and directives.

In 2012, BNP Paribas joined the Equator Principles steering committee for a three-year period, alongside 13 other financial institutions.

In 2012, BNP Paribas reviewed 13 transactions in accordance with the Equator Principles, compared with 30 in 2011. This reduction was a direct consequence of a slowdown in specific project financing activities in the wake of regulatory tightening.

	2011	2012
Number of transactions reviewed during the year	30	13
Number of A-grade transactions during the year	5	2
Number of B-grade transactions during the year	20	10
Number of C-grade transactions during the year	5	1

Category A: projects with potentially significant environmental or social impacts; mitigating and remedial measures need to be implemented;

Category B: projects with limited or moderate environmental or social impacts;

Category C: projects with minimal or zero environmental or social impacts.

Financing and investment policies in sectors with major environmental impacts

Four historic sector policies implemented

Since 2010, the BNP Paribas Group has published policies for four sectors particularly sensitive on environmental issues: palm oil, paper pulp, nuclear power and coal-fired electricity generation. The policies set mandatory requirements and evaluation criteria for the Group's financing and investment in these sectors. The introduction of these criteria helps to pinpoint all the risks related to certain transactions, ensuring that only responsible projects are selected. These policies apply to all Group businesses, entities and subsidiaries around the world. They are published and are available on BNP Paribas' website.

Two new sector policies in 2012

BNP Paribas decided to set out its responsible commitments with regard to two new sectors: non-conventional oil production from oil sands, and mining.

Training in the implementation of sector policies

The sector policies concern all the Group's employees. Since their publications in 2010 and 2011, they have been the subject of several training campaigns for concerned employees in various countries (risk management, compliance, CSR managers, client relationship managers): more than 1,500 employees were trained in 2012 to identify and process sensitive transactions in these sectors. To meet this growing demand for training in all regions of the world, the Group developed an expert e-learning training course on sector policies, which is available to all employees. Containing a wealth of information, it helps users to understand the issues in sensitive sectors, to identify BNP Paribas' response and to know where to obtain information within the Group. Available in seven languages (French, English, Italian, Dutch, Turkish, Polish and Ukrainian), the modules are also accessible to visually impaired people or people with reduced mobility.

Impact of sector policies

Coal-fired power

In order to obtain financing from the BNP Paribas Group, electric power plants must meet minimum energy efficiency criteria.

New power plants that are exclusively coal-fired must employ supercritical technology with a net energy efficiency of at least 43% for projects in high-income countries and at least 38% in other countries. For other projects, the Group will finance only those that have a CO_2 intensity of below 550 CO_2/kWh for high-income countries and 660 CO_2/kWh for other countries.

For old coal-fired power plants, the Group will finance upgrading projects only if the power plant conforms with the IFC Environmental, Health and Safety Guidelines Directives for thermal power plants and if the resulting net energy efficiency is 1) at least equal to that required for a new coal-fired power plant and 2) increased by at least 10% compared with the initial level.

Since its coal policy came into force in September 2011, the Group has refused to participate in the financing of around ten power plants, representing **annual CO_2 emissions of more than 80 million tonnes**, mainly because of the application of the policy's energy efficiency criteria.

Nuclear power

The nuclear sector policy mainly addresses questions of security, safety and protection of people and the environment. It consists of mandatory criteria relating to the host country, the track-record of industrial companies working on the project and the technological characteristics of the power station itself.

To confirm that a nuclear power station project conforms to its policy, BNP Paribas can rely on on-site audits by independent experts who are in charge of obtaining as detailed and reliable as possible information on the project. The Group asks the client to publish the main conclusions of such expert reports. By comparing their conclusions with the criteria in its policy, the Group can then decide whether to participate in the project. The decision-making process is justified and completely transparent.

Under this policy, **BNP Paribas has not provided financing for any nuclear power plant since 2006**.

The nuclear policy is being reviewed on the basis of stress tests conducted in various countries, drawing on the lessons of the Fukushima accident.

Palm oil and paper pulp

These two policies contain precise environmental criteria. Project financing in these sectors is, for example, dependent on the following requirements:

- not convert UNESCO World heritage sites or sites in the Ramsar List of Wetlands of International Importance into plantations;
- not transform high conservation value forests (HCVFs) into plantations;
- establish a no-burn policy;
- establish precise and strict peatland management procedures to be drawn up before exploiting any new plantation.

For the palm oil sector, BNP Paribas, a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2011, encourages industrial companies to join this initiative (or equivalent). Under the sector policy, producers must undertake to achieve RSPO certification before 2015, while processors, traders and refiners must set up policies that require their suppliers either 1) to be RSPO-certified by 2015 or 2) to establish the traceability of their oil supply sources.

The Group regularly enters into dialogue with its clients to encourage them to commit to improving their environmental performance. This constructive approach, based on a precise study of their practices and action plans, is producing promising results. BNP Paribas has successfully concluded several deals in Asia with new clients active in palm oil production, while guaranteeing the sustainability of these new clients' activities.

Since March 2011, BNP Paribas has visited and maintained a dialogue with eight companies in Southeast Asia, who represent around **18% of the world's palm oil production and more than 15% of its plantations.**

The Group's financing and investment policy for the paper pulp sector is based on the FSC (Forest Stewardship Council) and PEFC (Program for Endorsement of Forest Certification Schemes) standards that certify the sustainable management of forests whose timber is used to produce paper. BNP Paribas encourages producers and traders to adopt these standards.

In application of its paper pulp policy, in September 2011 the Group placed on its watch list a major paper pulp producer that was failing to adhere to the criteria of the sector policy. This company was ultimately **removed from the Group's financing and investment universe** in 2012, because it did not take convincing steps to fall in line with BNP Paribas' sector policy.

A list of excluded goods and activities

As a complement to its sector policies, BNP Paribas has decided not to become involved in financing, investments or deals carrying the highest risks of impacting on the health and safety of populations, protected species or the environment at large. This includes the production, trade or use of drift nets over 2.5 km long, the production of asbestos fibres, the production of or trade in products containing PCBs (polychlorinated biphenyls) and the trading of any animal or plant species or products regulated by the CITES (Convention on International Trade in Endangered Species of Wild Fauna or Flora) not authorised by a CITES permit.

Financing renewable energies and green infrastructures

With total credit authorisations of around **EUR 7 billion** at 30 June 2012, of which 2 billion for project financing, BNP Paribas provides significant support to the renewable energy sector.

The Group provided financing or advice for more than 71 projects around the world, with a total installed capacity of more than 9,476MW at end-2012, equivalent to the annual consumption of 10 million French households.

In 2012, in order to improve its methodology for measuring its financing in the renewable energy sector and thus assess more precisely its contribution to energy transition, the Group launched a reporting programme on its exposure to this sector.

Apart from the size of the Group's involvement, the two other main points to emerge from this assessment are the large share of clients established in the Group's domestic markets (France, Italy, Belgium and Luxembourg) and in southern Europe, and the predominance of the wind, hydraulic and solar sectors.

In order to accelerate opportunities for growth while boosting flexibility and independence, the BNP Paribas Clean Energy Partners fund was spun off from the BNP Paribas management company and combined with Glennmont Partners.

Glennmont Partners is one of Europe's largest renewable energy investment funds, with assets under management of around EUR 440 million. Since it was established in 2008, it has invested more than EUR 1 billion in a dozen clean energy infrastructure projects such as windfarms and hydro-electric power plants.

BNP Paribas will remain an investor in the fund and will continue to support the new company's activities under a distribution agreement. It will house the Glennmont Partners management company on its premises and will play a key role in raising assets for the company's second fund.

Some projects in the renewable energy sector in 2012:

UK: Lincs

BNP Paribas acted as Mandated Lead Arranger for a 270MW offshore windfarm.

Belgium: Northwind

In 2014, a giant windfarm with 72 turbines and total production capacity of 216MW will provide a significant share of Belgium's green energy production (230,000 households will be supplied, cutting Belgium's CO_2 emissions by 235,000 tonnes a year).

BNP Paribas is participating in this project in various roles, notably as financial advisor for the sponsors and Mandated Lead Arranger for the commercial term loan.

Latin America: Oaxaca II & IV

BNP Paribas acted as Joint Bookrunner for a USD 300 million bond to finance the Oaxaca II & IV projects in Mexico (two independent wind projects, with a production capacity of 102MW each). This was the first wind project in Latin America to be financed via the capital markets.

North America: Capricorn Ridge and Desert Sunlight

BNP Paribas supported two projects in North America:

- the Capricorn Ridge wind project being developed by NextEra Energy Resources, the largest producer of wind and solar power, with a capacity of 662.5MW.
- Sumitomo's Desert Sunlight project in California, one of the largest photovoltaic solar plants ever built in the United Sates, with a capacity of 550MW.

THE GROUP'S ACTIONS IN SUPPORT OF RETAIL CUSTOMERS

Through its various business lines, consumer credit, vehicle long-term leasing, real-estate development & management, BNP Paribas offers products and services to retail customers wishing to reduce their impact on the environment.

- **Domofinance**, a joint venture between EDF and BNP Paribas Personal Finance, specialising in financing for energy consumption management, has seen an increase in business, with more than 52,000 projects financed in 2012 alone. During this last year, industrial manufacturers of equipment used to reduce household consumption agreed to improve loan offers with Domofinance, which helped maintain sales levels while enabling end customers to benefit from highly advantageous loans. Similarly, in response to market demand, in 2012 Domofinance designed an offer intended to help carry out energy renovation work in collective housing, particularly co-owned property. By allowing a syndicate of co-owners, i.e. a legal entity, to borrow on behalf of co-owners who agreed, Domofinance is now meeting energy renovation needs for all types of housing, both individual and jointly owned. Since the structure was set up, more than 330,000 projects have received tailored financing, allowing for energy savings in 2012 at a level equivalent to the annual consumption of around 30,000 households.
- **Arval**, a BNP Paribas subsidiary specialised in long-term leasing of multibrand vehicles, has developed innovative solutions to help its customers reduce their environmental impact.
  - Arval experts offer their customers vehicles best suited to their needs, thanks to their knowledge of the latest innovations in engine efficiency and alternative fuel. As a result of their advice, vehicle CO_2 emissions are cut by around 5 tonnes per vehicle during the duration of the contract.
  - An eco-driving training programme teaches drivers how to use their vehicles more efficiently. Initially, increased awareness of best practice enables drivers to cut their consumption by around 5% (e.g. driving with tyres inflated at only 60% of the recommended level causes over-consumption of 1 litre per 100); subsequently, the training aims to bring about a real change in behaviour, and to cut fuel consumption and CO_2 emissions by 8% to 14%.
  - Arval also made road safety a key part of its corporate responsibility by developing dedicated training on this subject in 2012.
  - Finally, thanks to the company's AutoPartage offer, Arval customers can rationalise their travelling costs while reducing their environmental footprint.
- **BNP Paribas real estate** confirmed its commitment to sustainable development in its various activities in 2012.
  - In property development, all new projects are carried out according to the strictest environmental standards, with their quality officially certified by independent organisations:
    - in the service sector, all office buildings are certified "HQE" (high environmental quality), with a performance level rated "excellent" or even "exceptional", as in the case of the Citylights renovation project for the Pont de Sèvres towers in Boulogne-Billancourt. Several projects have received double or even triple certification, HQE-BREEAM-DGNB for example, to reflect various international standards;
    - in the residential segment, all housing is labelled "BBC" (low-consumption building), and is mostly also certified "Habitat et Environnement" by Cerqual;
  - An Eco-suppliers charter has been set up in order to select the best products and best practice on sustainable development criteria.
  - In Investment Management, an energy audit programme has been launched for all buildings becoming vacant, in order to build up a programme of improvement works. Several renovation projects have obtained or are committed to the BBC renovation label, or the new NF certification, "Bâtiment Tertiaire HQE Rénovation".
  - BNP Paribas Real Estate was awarded the "Prix de l'Excellence" by Certivéa in 2012, for the first project to be certified "HQE Rénovation" in France (Vélizy Green, owned by the real estate investment trust, Investipierre).
  - In Property Management, the final touches were put to E@sytech, a new real estate data reporting tool, allowing for better monitoring and optimisation of energy consumption. The interactive portal is accessible to all players involved in managing a building: notably, owners, users and service providers.

> In its 2012 survey of building eco-performance reporting, Novethic ranked BNP Paribas Real Estate no. 6 in the property development sector.

LIMITING THE ENVIRONMENTAL FOOTPRINT OF OUR OWN OPERATIONS

ASSESSING THE IMPACTS AND COMMITTING THE GROUP TO PRECISE TARGETS

One of the commitments made by BNP Paribas in its CSR strategy is to reduce its direct environmental footprint.

This concerns mainly the greenhouse gases (GHGs) generated by building energy consumption and employee business travel, responsible paper consumption, and waste management (notably for obsolete IT equipment).

In order to monitor the successful implementation of measures in these three areas, the CSR function is monitoring an environmental reporting system with the help of more than 150 employees in 17 countries, representing 83.7% of the full-time equivalent staff (FTEs) managed by the Group at 31 December 2012. Around forty indicators are reported in this campaign: kWh, m^3 of gas, km travelled, litres of water, tonnes of paper, tonnes of waste, etc. By extrapolating for the 16.3% not covered, the results are used to calculate the environmental data mentioned in this section for the whole Group.

In 2012, more than 20,000 Group employees worked in an entity or territory where the environmental management system is covered by ISO 14 001 certification.

In the three main areas (GHGs, paper and waste), the Group has drawn up internal policies and quantified objectives for 2015:

- cut GHG emissions per employee by 10% compared with 2012;
- cut paper consumption per employee by 15% compared with 2012;
- increase the share of responsibly sourced paper (produced from recycling or sustainably managed forests) to 60% of the total amount consumed internally;
- increase the share of internal waste paper collected for recycling to 55%;
- process obsolete IT equipment according to a rigorous policy for controlling the associated environmental and social risks.

Employees are kept informed of the Group's environmental policies through a range of channels: dedicated Intranet pages, distribution of internal policies (such as the paper policy – "consume less, consumer better, sort more" – or the obsolete IT equipment end of life management policy) and guides to ecobehaviour distributed in certain countries and businesses.

The amount of provisions and guarantees covering environmental risks is USD 3.4 million. The provision is for private litigation and is not intended to cover penalties for non-compliance with regulations.

The nature of its activities means that the Group is not a significant source of noise pollution or any other specific form of pollution.

CUT GREENHOUSE GAS EMISSIONS BY 10% PER EMPLOYEE IN 2015

Greenhouse gas emissions are measured by converting the energy consumed in buildings (heating, air conditioning, lighting, IT power supply) and in employee business travel (air, rail, road) into tonnes of CO_2 equivalent (t CO_2-e, including all six greenhouse gases covered by the Kyoto protocol). On this basis, the Group's emissions in 2012 amounted to 605,644 t CO_2-e (i.e. 3.21 t CO_2-e per FTE, vs 3.39 in 2011), breaking down into 75.7% buildings and 24.3% business travel.

The quality of BNP Paribas' environmental reporting was rated 86/100 by the Carbon Disclosure Project in 2012 (compared with 79/100 in 2011), making the Group a sector leader in this area.

The Group has undertaken to cut its CO_2-e/FTE ratio by 10% in 2015 compared with 2012, in a three-pronged approach: building energy efficiency, reduced consumption by IT equipment (including data centres) and optimisation of business travel.

The Group's energy consumption amounted to 1,751GWh in 2012, vs 1,950GWh in 2011. Compared with the square metreage of its buildings (offices, branches, data centres, etc), this was 227kWh/m² as against 233kWh/m² in 2011. A range of initiatives is being deployed to drive down these consumption levels. In Belgium, the Group aims to cut consumption by 13% between 2010 and 2015. In France, energy management modules are being deployed in all FRB branches, which, moreover, are ISO 14001 certified. Wherever possible in the Group, heating and lighting systems within buildings are upgraded with the latest technology: in Japan, air-conditioning only kicks in at 28 °C in certain buildings; in Morocco, remote switching devices have reduced consumption by 15% in the branches and 25% at the Head Office.

Renewable energy represented 10.6% of this consumption vs 9.3% in 2011. It is sourced either by buying renewable energy certificates, or from the direct consumption of renewable energy produced in the Group's buildings (photovoltaic installations on the roofs of branches of First Hawaiian Bank, BNL in Italy; biomass boiler at a site in France, etc).

Business travel, the other recorded source of GHG emissions, totalled 871 million km in 2012 by Group employees (of which 62.6% by air, 11.9% by train, 25.5% by car), i.e. 4,618 km per FTE (vs 4,979 km per FTE in 2011). A range of efforts is being deployed to reduce this travel, notably substitution tools such as webconferencing, videoconferencing and telepresence systems.

Adaptation to climate change is a subject addressed by the Group, notably in its Business Continuity Plan, which covers the management of extreme climate-related events and their consequences for the Group's sensitive infrastructure, especially its data centres. It is also addressed in scientific research, for which the Group provides EUR 3 million in financing through its "Climate Initiative" philanthropy programme and which, among other subjects, is focused on climate predictabilityover the next ten to thirty years: these correspond to the life span of many types of infrastructure, such as power plants, civil engineering and water purification systems, whose successful adaptation to potential climate change must therefore be thought through. The scientific research also relates to the anticipation of certain impacts from increased GHG emissions, such as ocean acidification and its consequences for fish resources. The "Climate philantropy" section of this chapter gives more details on these projects.

CONSUMING LESS PAPER AND USING RESPONSIBLY SOURCED PAPER

In accordance with its Paper Policy, which was adopted in 2011 (see http://www.bnpparibas.com/en/responsible-bank/csr/environmental-issues/direct-impacts), the Group cut its paper consumption to 33,756 tonnes in 2012 (compared with 37,739 tonnes in 2011), i.e. 179kg/FTE compared with 190kg/FTE in 2011. Reduced usage is often achieved, as is the case at BNP Paribas in the United States, TEB in Turkey, Arval and Cardif in Paris, by replacing individual equipment with shared equipment, whereby users must go to the printer to confirm print instructions sent from their workstation; this avoids documents being sent to print but never collected.

The rate of responsibly sourced paper (i.e. more than 50% recycled, or labelled PEFC or FSC) increased from 39.1% to 43.5% between 2011 and 2012. More widely, eco-designed office supplies are preferred in calls for tender, and represented 14.9% of total office supply purchases in 2012 (compared with 10.2% in 2011).

REDUCING WASTE, AND RECYCLING IT WHERE POSSIBLE, PARTICULARLY PAPER AND OBSOLETE IT EQUIPMENT

In 2012, the Group generated 37,841 tonnes of waste, i.e. 201kg per FTE. Of this, 38% was subsequently recycled.

Most of this waste is paper; the Group has undertaken to collect 35% of paper for recycling in 2013, and 55% in 2015.

In addition, the Group developed a policy for dealing with its obsolete computer equipment (PC, servers, screens, etc.) in 2011. Breaking down into three options (donation, resale or dismantling), this policy aims to extend the equipment's useful life wherever possible, while ensuring traceability. Dismantling is only considered as a last resort, while striving to ensure that dismantlers maximise the recycling rate, in strict adherence to the environmental standards in force.

COMBATING LOSS OF BIODIVERSITY AND CONTROLLING WATER CONSUMPTION

BNP Paribas helps combat the loss of biodiversity in two ways:

- First, it is working to boost the ordinary biodiversity of the 23-hectare Domaine des Voisins park in Louveciennes, France, which it owns and which in 2012 was the subject of a biodiversity action plan: gradual elimination of chemicals/fertilizer products, "moving garden" approach, wildflower meadows, responsible mowing, control of invasive species, maintenance of nesting boxes, etc.
- Second, the Group is focusing on paper purchases; by preferring to use responsibly sourced paper (made from pulp that comes from recycled paper or from sustainably managed forests – PEFC or FSC ecolabels), BNP Paribas helps to protect forest ecosystems, the biodiversity they nurture and the services they provide.

Controlling impacts on ecosystems also involves focusing on water consumption, which was 26.6 m^3 per FTE in 2012, compared with 34.2 m^3 in 2011. Reducing this consumption, particularly in countries where water resources are limited, is achieved by setting up meters to detect leaks, equipment to optimise flows in sanitary facilities and good management practice in corporate catering.

SUPPORTING RESEARCH TO COMBAT CLIMATE CHANGE

The BNP Paribas Group strives not just to monitor the potential impact of its own activities, but also to support efforts to protect the environment.

In 2012, the **BNP Paribas Foundation**, in close collaboration with the CSR function, continued to work on the **Climate Initiative**, the philanthropy programme that it launched in 2011 to support fundamental research into climate change.

With a budget of EUR 3 million over three years, this programme is supporting five research projects by internationally renowned laboratories. These will increase our understanding of how the climate system operates and allow for sophisticated predictions of the possible consequences:

- "**eFOCE**". Ocean acidification, caused by absorption into seawater of one quarter of the CO_2 emitted, affects marine flora and fauna. The aim of eFOCE is verify hypotheses advanced about the biological processes involved in this phenomenon via long-term studies conducted in the natural environment; as overall conclusions cannot be derived from laboratory-based research on isolated cases.
- Financing provided by BNP Paribas has enabled researchers to create an innovative mechanism adapted to the complex manipulation of water acidity in the natural environment. A container has been designed to collect the flora and fauna to be studied; it is left open so as not to trap them inside. Controlled by sensors, it is subjected to a constant flow of water containing CO_2 in the proportion expected to be present at the end of the century.
- Algae damaged by acidification were studied at the end of 2012. In 2013, attention will turn to an important Mediterranean plant that, on the contrary, is capable of utilising CO_2.
- "**Access to climate archives**". At the end of the first quarter of 2013, with the help of the Foundation, the meteorological data collected in France between 1855 and 1960, i.e. 100 years of records, will be made fully available to the scientific community under a project run by Météo France and the French National Archives. The previously unusable 6,300 boxes of archives, which have gradually been cleaned and decontaminated from abestos, are starting to yield their secrets.

  They represent a valuable resource for researchers, because going back in time helps to consolidate our understanding of climate and refine our forecasts for the impact of human activity. Making use of all the existing resources is therefore essential for anticipating trends. The archives will also be used as educational material and will be the subject of a major exhibition in 2015.
- **"Subglacior"**. The aim of this project is to carry out the first-ever analysis of the earth's atmosphere of more than one million years ago, a period of major climate change that has never yet been explored. Analysing the air trapped in polar ice and establishing a link between its CO_2 content and the climate change of the period should enable researchers to improve their assessment of the sensitivity of the climate to the increased CO_2 stemming from human activity today. A revolutionary probe has been designed, containing a laser that instantaneously analyses the ice *in situ*. Transmitting data to the surface in real time, it can achieve much more in a single austral summer than analysis of ice cores dating back no more than 800,000 years extracted in a series of campaigns. BNP Paribas' support was decisive for launching a prototype and working on a drilling technique; it also acted as an impetus for winning significant funding from the European Research Council (ERC) as well as help from the Agence Nationale de la Recherche (ANR). The project can thus be seen through to conclusion, with a campaign of measurements scheduled for 2016-2017.
- **"PRECLIDE"**. Predicting climate change over the next ten to thirty years: this is the objective of this project, which should yield projections on a human timescale that more closely address the concerns of decision-makers and citizens. In order to initialise their climate models, researchers use both oceanographic measurements and atmospheric parameters. They then calculate retrospective forecasts, which they compare with actual data in order to refine their models.

  During this first phase of the project, support provided by BNP Paribas made it possible to link up Météo France's atmospheric model with the Nemo oceanic model designed by the Centre National de la Recherche Scientifique (CNRS). Forecasts were drawn up for each five-year period based on the data available since 1960. The first results, currently being processed, confirm that forecasts for ten-year periods are possible. From 2014, once the model has been improved by further simulations, forecasts will be issued each year in order to raise awareness of the major climate challenges of the future.
- **"Global Carbon Atlas"**. The aim is to create an interactive map of places of CO_2 emission and absorption and of flows of greenhouse gases around the planet. These are being researched locally, but knowledge of their distribution and fluctuation remains scant; by contrast, this project provides an overall synthetic view.

  Financing provided by the BNP Paribas Foundation paid for the recruitment of a scientist who catalogued, collated and standardised all the international data during the fourth quarter of 2012. In 2013, the Foundation's help will enable an IT specialist to translate the data into maps, with explanatory texts, so that citizens, decision-makers and politicians can assimilate them.

At local level, BNP Paribas is also supporting other research programmes, including the following:

- **In Asia, GECD** employees are working with the Asia Investor Group on Climate Change (AIGCC) and universities in order to analyse the potential financial impacts of climate change on businesses in the Pearl River Delta. This region, which is particularly vulnerable to environmental risks, is economically essential, as it generates one-third of China's exports.
- **In Bulgaria**, the BNP Paribas Foundation Bulgaria is financing four wind generators for a Bulgarian Antarctic base dedicated to climate change research.

7.6 Table for cross-referencing the list of social, environmental and community information required under article 225 of the Grenelle II Act

Information required under article 225 of the French Grenelle II Act, Article R.225-105-1 of the commercial code, Decree n° 2012-557 of 24 April 2012	Corresponding page
1) SOCIAL INFORMATION	
a) Employment	
■ total headcount and breakdown by gender, age and geographical area	390-391, 395
■ recruitment and redundancies	391-392
■ compensation and its evolution	401-402
b) Organisation of work	
■ organisation of working hours	393
■ absenteeism	393
c) Employee relations:	
■ employee-management dialogue, including procedures for informing staff, as well as consulting and negotiating with staff	399-400
■ collective agreements	399
d) Health and safety	
■ health and safety conditions at work	402-403
■ agreements with unions and staff representatives regarding health and safety at work	402
■ frequency and severity of accidents at work and occupational illnesses	402
e) Training	
■ training policies	393-394
■ total hours of training	394
f) Equal treatment	
■ measures to promote gender equality	395-398
■ measures to promote the employment and integration of disabled people	396-398
■ anti-discrimination policy	395-398
g) Promoting and complying with the fundamental conventions of the ILO relating to	
■ freedom of association and the right to collective bargaining	398-399
■ the elimination of discrimination in respect of employment and occupation	391-392, 394-398
■ the elimination of forced or compulsory labour	398
■ the effective abolition of child labour	398

Information required under article 225 of the French Grenelle II Act, Article R.225-105-1 of the commercial code, Decree n° 2012-557 of 24 April 2012	Corresponding page
2 ENVIRONMENTAL INFORMATION:	
a) General policy on environmental issues	
■ organising the company so as to take account of environmental issues and, where necessary, evaluation or certification procedures in the environmental area	376-377, 414, 418
■ employee training and information on environmental protection	415 (indirect impacts), 418 (direct impacts)
■ resources devoted to the prevention of environmental risks and pollution	414-416 (indirect impacts), 418-419 (direct impacts)
■ the amount of provisions and guarantees for environmental risks, provided such information is not of a nature that could cause serious harm to the company in an ongoing dispute	418
b) Pollution and waste management	
■ measures for preventing, reducing or repairing discharges into the air, water or soil with a serious impact on the environment	414-416 (indirect impacts), 418-419 (direct impacts)
■ measures for preventing, recycling or eliminating waste	419 (direct impacts)
■ factoring in noise pollution and any other form of pollution specific to an activity	Non relevant cf. page 418
c) Sustainable use of resources	
■ water consumption and supply in accordance with local constraints	414 (indirect impacts), 419 (direct impacts)
■ consumption of raw materials and measures taken to improve the efficiency of their use	419 (direct impacts)
■ consumption of energy, measures taken to improve energy efficiency and use of renewable energy	414-417 (indirect impacts), 418-419 (direct impacts)
■ land usage	414-415 (indirect impacts)
d) Climate change	
■ greenhouse gas emissions	414-417 (indirect impacts), 418-419 (direct impacts), 420 (philantropy)
■ adaptation to the consequences of climate change	419 (direct impacts), 420 (philantropy)
e) Protection of biodiversity	
■ measures taken to preserve or develop biodiversity	414-416 (indirect impacts), 419 (direct impacts)
3 INFORMATION ON COMMUNITY COMMITMENTS IN FAVOUR OF SUSTAINABLE DEVELOPMENT:	
a) Territorial, economic and social impact of the company's activity	
■ in terms of employment and regional development	380-382, 389, 391-392, 404-408
■ on local populations	380-382, 389, 404-408
b) Group relations with persons or organisations with interests in the companies' activities, notably associations working on social inclusion, educational institutions, environmental and consumer associations, and local residents	
■ conditions for dialogue with these persons or organisations	379-380
■ partnership or philantropy actions	409-412, 420
c) Outsourcing and suppliers	
■ inclusion of social and environmental issues in procurement policy	379-380, 413
■ importance of outsourcing and consideration of their social and environmental responsibility when dealing with suppliers and subcontractors	379-380, 413
d) Fair commercial practice	
■ actions taken to prevent corruption	377, 379, 386
■ measures taken to foster consumers' health and safety	407, 416
e) Other action taken, under this point 3, to foster human rights	413

7.7 Statement of completeness and limited assurance report by one of the Statutory Auditors on procedures for the preparation of labour, environmental and social information

This is a free translation into English of the statement of completeness and limited assurance report by one of the Statutory Auditors on procedures for the preparation of labour, environmental and social information 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.

BNP Paribas

3, rue d'Antin

75009 Paris

Further to your request and in our capacity as Statutory Auditor of BNP Paribas SA (hereinafter "the Company"), we have prepared this statement of completeness on the consolidated labour, environmental and social information presented in the management report prepared for the year ended 31 December 2012 in accordance with the provisions of article L.225-102-1 of the French Commercial Code (Code de commerce) as well as our limited assurance report on the procedures for the preparation of this information.

RESPONSIBILITY OF MANAGEMENT

It is the responsibility of the Board of Directors of the Company to prepare a management report which includes the consolidated labour, environmental and social information provided for by article R.225-105-1 of the French Commercial Code (hereinafter, "the Information"), compiled in accordance with the guidelines used (hereinafter "the Guidelines") by the Company and available on request from the Company's Corporate Social Responsibility Department.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the French code of ethics for chartered accountants and the provisions of article L.822-11 of the French Commercial Code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the codes of ethics, professional standards and applicable legal and regulatory texts.

RESPONSIBILITY OF THE STATUTORY AUDITOR

On the basis of our work, it is our responsibility to:

- certify that the required Information is presented in the management report or, in the event that any Information is not presented, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code and French Decree no. 2012-557 of 24 April 2012 (the "Statement of completeness");
- form a limited assurance conclusion on the fact that the procedures for the preparation of the Information are free of material irregularities with respect to the Guidelines (the "Limited assurance report").

We were assisted in our work by our specialists in corporate social responsibility.

I. STATEMENT OF COMPLETENESS

We performed our work in accordance with the professional standards applicable in France. This work included:

- comparing the Information presented in the management report with the list provided for by article R.225-105-1 of the French Commercial Code;
- verifying that the Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.233-1 and the companies it controls as defined by article L.233-3 of the French Commercial Code;
- for any consolidated Information that was not disclosed, verifying that the explanations provided complied with the provisions of French Decree no. 2012-557 of 24 April 2012.

Based on our work, we certify that the required Information is presented in the management report.

II. LIMITED ASSURANCE REPORT

Nature and scope of our work

We performed our procedures in accordance with ISAE 3000 (International Standard on Assurance Engagements of the International Federation of Accountants) and in accordance with professional standards applicable in France. We performed the procedures described below to obtain limited assurance that the procedures for the preparation of the Information are free of material irregularities with respect to the Guidelines. A higher level of assurance would have required us to carry out a more extensive verification.

We carried out the following procedures:

- we assessed the appropriateness of the Guidelines with respect to their relevance, completeness, neutrality, comprehensibility and reliability with due consideration, when appropriate, for industry best practices;
- we verified the implementation within the BNP Paribas Group of collection, compilation, processing and control processes to complete and harmonise the Information. We familiarised ourselves with the internal control and risk management procedures for these processes;
- with regard to the registered office and entities selected based on their business, contribution to the consolidated indicators, location and risk profile:
  - we conducted interviews with the personnel responsible for labour and environmental reporting in order to verify that the procedures have been properly understood and correctly applied;
  - we examined the collection processes using sampling techniques. We performed tests of details, using sampling techniques, on a few of the most import indicators as regards the labour and environmental consequences related to the Group's business and characteristics as well as its social commitments;
- with regard to the registered office, we performed consistency checks, using sampling techniques, in order to verify that the figures had been correctly centralised and consolidated;
- with regard to the selected entities, we performed tests of details, using sampling techniques, in order to verify the calculations made and reconcile the data with the supporting documents;

  the selected entities were:
  - BNP Paribas SA (France),
  - BNP Paribas Fortis (Brussels, Belgium),
  - Bank of the West (San Francisco, United States),
  - TEB (Istanbul, Turkey);
- we also assessed the pertinence of the explanations given for any information not disclosed.

Conclusion

Based on our work, no material irregularities came to light that are likely to jeopardise the procedures for the preparation of the Information with respect to the Company's Guidelines.

Neuilly-sur-Seine, 8 March 2013

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Étienne Boris	Sylvain Lambert
Partner	Partner in charge of the Sustainable Development Department

8 GENERAL INFORMATION

8.1 Documents on display

This document is available on the BNP Paribas website, www.invest.bnpparibas.com, and the Autorité des Marchés Financiers (AMF) website, www.amf-france.org.

Any person wishing to receive additional information about the BNP Paribas Group can request documents, without commitment, as follows:

- By writing to:

  BNP Paribas - Group Finance

  Investor Relations and Financial Information

  3, rue d'Antin – CAA01B1

  75002 Paris

  France

- By calling: +33 1 40 14 63 58

BNP Paribas' regulatory information (in French) can be viewed at: http://invest.bnpparibas.com/fr/pid757/information-r-eglement-ee.html

8.2 Material contracts

To date, BNP Paribas has not entered into any material contracts – other than those entered into during the normal course of business – that create an obligation or commitment for the entire Group.

8.3 Dependence on external parties

In April 2004, BNP Paribas SA began outsourcing IT Infrastructure Management Services to the "BNP Paribas Partners for Innovation" (BP²I) joint venture set up with IBM France at the end of 2003. BP²I provides IT Infrastructure Management Services for BNP Paribas SA and several BNP Paribas subsidiaries in France (including BNP Paribas Personal Finance, BP2S, and BNP Paribas Cardif), Switzerland, and Italy. In mid-December 2011 BNP Paribas renewed its agreement with IBM France for a period lasting until end-2017. At the end of 2012, the parties entered into an agreement to gradually extend this arrangement to BNP Paribas Fortis as from 2013.

BP²I is 50/50-owned by BNP Paribas and IBM France; IBM France is responsible for daily operations, with a strong commitment of BNP Paribas as a significant shareholder. Half of BP²I's staff are BNP Paribas employees and BNP Paribas owns the offices and data processing centres used by BP²I. BP²I's corporate governance system provides BNP Paribas with a contractual right of oversight and BNP Paribas may insource BP²I if necessary.

ISFS, a fully-owned IBM subsidiary, handles IT Infrastructure Management for BNP Paribas Luxembourg.

BancWest's data processing operations are outsourced to Fidelity Information Services. Cofinoga France's data processing is outsourced to SDDC, a fully-owned IBM subsidiary.

8.4 Significant changes

There have been no significant changes in the Group's financial or business situation since the end of the last financial year for which audited financial statements were published, and most notably since the date of the Statutory Auditor's report on the consolidated financial statements (8 March 2013).

8.5 Investments

The following table lists the Group's investments since 1 January 2010 that are individually valued at over EUR 500 million and are considered material at a Group level:

Country	Announcement date	Transaction	Transaction amount	Comments
Italy	22 June 2011	Purchase of Intesa Sanpaolo group's remaining 25% stake in Findomestic	EUR 629m (for the 25% stake)	This purchase makes BNP Paribas Personal Finance the full owner of Findomestic

8.6 Founding documents and Articles of association

BNP Paribas' Articles of association are available on the Group's website, www.invest.bnpparibas.com, and can be obtained from the address given in section 8.1.

Below are the full Articles of association as of 9 January 2013.

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*) governing banking sector institutions.

The Company was founded pursuant to a decree dated 26 May 1966. Its legal life has been extended to 99 years with effect 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 in Paris (9th arrondissement), at 16, Boulevard des Italiens (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 Etablissements 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 - SHARES

Article 4

The share capital of BNP PARIBAS shall stand at 2,484,523,922 euros divided into 1,242,261,961 fully paid-up shares with a nominal value of 2 euros each.

Article 5

The fully paid-up shares shall be held in registered or bearer form at the shareholder's discretion, subject to the French laws and regulations in force.

The shares 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 less than 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 the 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 the other 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.

Upon proposal from 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 in the best interests of the Company. Board meetings shall be convened by the Chairman. Where requested by at least one-third of the Directors, the Chairman may convene a Board meeting with respect to a specific agenda, even if the last Board meeting was held less than two months before. The Chief Executive Officer (CEO) may also request that the Chairman convenes a Board meeting to discuss a specific 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 communicated by any means, including verbally.

The Board of Directors may meet and hold valid decisions at any time, even if no notice of meeting has been communicated, 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 such purpose or, failing this, by the oldest Director present.

Any Director may attend a Board meeting and take part in its deliberations by videoconference (visioconférence) or all telecommunications 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 General 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 permanent 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 Board of Directors' deliberations shall be recorded in minutes entered 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 excerpts 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' attendance 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 all of the documents and information required to fulfil its duties from the Chairman or the Chief Executive Officer.

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.

Upon proposal from 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 General 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 organise 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 General 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 to dissociate the functions of Chairman and Chief Executive Officer, the Chairman shall be deemed to have automatically resigned at the close of the General 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 General 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 General 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 General 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

Upon proposal from the Chief Executive Officer, the Board of Directors may, within the limits of French law, appoint one or more individuals, called Chief Operating Officers (COOs), 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.

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 General 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

Upon proposal from 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

General Shareholders' Meetings shall be composed of all shareholders.

General Shareholders' Meetings shall be called and held subject to compliance with the provisions of the French Commercial Code (*Code de Commerce*).

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 General Shareholders' Meeting, either in person, by returning a postal vote or by designating a proxy.

Share ownership is evidenced by an entry either in the 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 des Annonces Légales Obligatoires – BALO*).

At all General Shareholders' Meetings, the voting right attached to the shares bearing beneficial rights shall be exercised by the beneficial owner.

If the Board of Directors so decides at the time that the General Shareholders' Meeting is called, the public broadcasting of the entire General Shareholders' Meeting by videoconference (*visioconference*) or all telecommunications and remote transmission means, including Internet, shall be authorised. Where applicable, this decision shall be communicated in the notice of meeting published in the French legal announcements journal (*Bulletin des Annonces Légales Obligatoires – BALO*).

Any shareholder may also, if the Board of Directors so decides at the time of issuing the notice of General Shareholders' Meeting, take part in the vote by videoconference (*visioconference*) or all telecommunications and remote transmission means, including Internet, subject to compliance with the conditions set out in applicable legislation at the time of its use. If an electronic voting form is used, the shareholder's signature may be in the form of a secure digital signature or a reliable identification process safeguarding the link with the document to which it is attached and may consist, in particular, of a user identifier and a password. Where applicable, this decision shall be communicated in the notice of meeting published in the French legal announcements journal (*Bulletin des 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 General 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 January 1st and end on December 31.

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 for the year is composed of income for the year minus costs, depreciation, amortizations and impairment.

The distributable profit is made up of the year's profit, minus previous losses as well as the sums to be allocated to the reserves in accordance with French law, plus the profit carried forward.

The General Shareholders' Meeting is entitled to levy all sums from the distributable profit to allocate them to all optional, ordinary or extraordinary reserves or to carry them forward.

The General Shareholders' Meeting may also decide to distribute sums levied from the reserves at its disposal.

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 General Shareholders' Meeting may offer to the shareholders 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 General 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.

8.7 Statutory Auditors' special report on related party agreements and commitments

Annual General Meeting for the approval of the financial statements for the year ended 31 December 2012

This is a free translation into English of the Statutory Auditors' special report on related party agreements and commitments 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.

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

BNP Paribas

16 boulevard des Italiens

75009 Paris

To the Shareholders,

In our capacity as Statutory Auditors of BNP Paribas, we hereby report to you on related party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of article R.225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

Agreements and commitments authorised during the year

In accordance with article L.225-40 of the French Commercial Code, we were informed of the following agreement authorised by the Board of Directors.

- Agreement between BNP Paribas and Jean-Laurent Bonnafé regarding the termination of Jean-Laurent Bonnafé's employment contract (authorised by the Board of Directors on 14 December 2012)

Director concerned:

Jean-Laurent Bonnafé, Director

Chief Executive Officer of BNP Paribas

Jean-Laurent Bonnafé entered into an agreement on 25 January 2013 providing for the termination of his employment contract.

In the event of termination of Jean-Laurent Bonnafé's duties as Chief Executive Officer, this agreement provides for the following provisions:

1. Jean-Laurent Bonnafé will receive no termination benefits:

- in the event of serious misconduct or wilful misconduct,
- in the event the performance conditions listed in paragraph 2 are not met, or
- in the event he decides to voluntarily leave his position as Chief Executive Officer.

2. If the termination of Jean-Laurent Bonnafé's duties occur under conditions not listed in paragraph 1, he will receive a conditional indemnity calculated as follows:

(a) if, during at least two of the last three years preceding the termination of his duties as Chief Executive Officer, Jean-Laurent Bonnafé has fulfilled at least 80% of the quantitative objectives set by the Board of Directors to determine his variable compensation, the reference for the calculation of his indemnity will be equal to two years of his last fixed salary and target variable compensation prior to termination;

(b) in the event the success rate specified in paragraph 2(a) is not met but the Company reports a positive net income attributable to equity holders for two of the last three years preceding the termination of his duties, Jean-Laurent Bonnafé will receive an indemnity equal to two years of his compensation for 2011.

3. In the event of the termination of Jean-Laurent Bonnafé's duties during the year preceding the date on which he will have the possibility to retire, the indemnity due:

- will be limited to half the indemnity specified above, and
- will be subject to the same conditions.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

Agreements and commitments approved in previous years which were implemented during the year

Pursuant to article R.225-30 of the French Commercial Code, we were informed that the following agreements and commitment, approved in previous years by the Annual General Meeting, were implemented during the year.

- Agreement setting out relations with AXA (approved by the meeting of the Board of Directors on 30 July 2010)

Director concerned:

Michel Pébereau, Director of AXA

Honorary Chairman – Director of BNP Paribas

At its meeting on 30 July 2010, the Board of Directors of BNP Paribas authorised the signing of an agreement (referred to herein as "the Agreement") between AXA and BNP Paribas. The nature, purpose and main terms and conditions of the Agreement are described below.

The Agreement entered into on 5 August 2010 between AXA (acting on its own behalf and on behalf of the AXA group) and BNP Paribas (acting on its own behalf and on behalf of the BNP Paribas Group) came into force at the date of its signature and replaced as of that date the previous agreement entered into on 15 December 2005 which was previously disclosed to the shareholders.

The Agreement provides for a mutual obligation to inform the other party in the event of a change in the cross-holdings between the groups.

Under the Agreement, each party also has a call option on the other's shareholding, exercisable in the event of a hostile takeover of either party. In the event of a hostile takeover of BNP Paribas by a third party, the AXA group will have the option to buy back all or a portion of the interest still held by the BNP Paribas Group in AXA at the date on which the call option is exercised.

Similarly, in the event of a hostile takeover of AXA by a third party, the BNP Paribas Group will have an identical call option on the interest held by the AXA group in BNP Paribas.

The Agreement is entered into for an initial term of three years as from its entry in force on 5 August 2010. It is automatically renewable for consecutive periods of one year, unless express notice of termination is given by one of the parties at least three months in advance of its expiry date.

The Agreement was announced by the French financial markets authority (Autorité des marchés financiers – AMF) on 9 August 2010.

- Agreement between BNP Paribas and Baudouin Prot regarding the termination of Baudouin Prot's employment contract (authorised by the Board of Directors on 3 May 2011)

Director concerned:

Baudouin Prot, Director

Chairman of the Board of Directors of BNP Paribas

In compliance with the AFEP-MEDEF Corporate Governance Code, BNP Paribas and Baudouin Prot entered into an agreement on 6 May 2011 providing for the termination of his employment contract.

This termination will lead to the loss of his entitlement to any retirement bonus payable pursuant to the company-wide agreements in force. Under the terms of this agreement, and provided that Baudouin Prot leaves BNP Paribas for retirement, BNP Paribas undertakes to pay Baudouin Prot compensation of EUR 150,000 on the date of his departure. This amount corresponds to the retirement bonus that he would have received under the aforementioned agreements if he had been an employee of BNP Paribas until retirement.

- Commitment between BNP Paribas and Michel Pébereau regarding the means made available to him as newly appointed Honorary Chairman (authorised by the Board of Directors on 1 December 2011)

Director concerned:

Michel Pébereau, Director

Honorary Chairman – Director of BNP Paribas

At its meeting on 1 December 2011, the Board of Directors of BNP Paribas authorised the Company to provide Michel Pébereau, as Honorary Chairman, with an office, a chauffeured car, and the secretarial resources necessary for the duties that he will perform at the request of Executive Management and in the interests of BNP Paribas Group.

Neuilly-sur-Seine and Courbevoie, 8 March 2013

The Statutory Auditors

Deloitte & Associés	**PricewaterhouseCoopers Audit**	**Mazars**
Damien Leurent	Etienne Boris	Hervé Hélias

9 STATUTORY AUDITORS

9.1 Statutory Auditors

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

- Deloitte & Associés was re-appointed as Statutory Auditor at the Annual General Meeting of 23 May 2012 for a six-year period expiring at the close of the Annual General Meeting called in 2018 to approve the financial statements for the year ending 31 December 2017. The firm was first appointed at the Annual General Meeting of 23 May 2006.

  Deloitte & Associés is represented by Damien Leurent.

Deputy:

Société BEAS, 195, avenue Charles de Gaulle, Neuilly-sur-Seine (92), France, SIREN No. 315 172 445, Nanterre trade and companies register.

- PricewaterhouseCoopers audit was re-appointed as Statutory Auditor at the Annual General Meeting of 23 May 2012 for a six-year period expiring at the close of the Annual General Meeting called in 2018 to approve the financial statements for the year ending 31 December 2017. The firm was first appointed at the Annual General Meeting of 26 May 1994.

  PricewaterhouseCoopers Audit is represented by Etienne Boris.

Deputy:

Anik Chaumartin, 63, rue de Villiers, Neuilly-sur-Seine (92), France.

- Mazars was re-appointed as Statutory Auditor at the Annual General Meeting of 23 May 2012 for a six-year period expiring at the close of the Annual General Meeting called in 2018 to approve the financial statements for the year ending 31 December 2017. The firm was first appointed at the Annual General Meeting of 23 May 2000.

Mazars is represented by Hervé Hélias.

Deputy:

Michel Barbet-Massin, 61, rue Henri Regnault, Courbevoie (92), France.

Deloitte & Associés, PricewaterhouseCoopers, and Mazars are registered as Statutory Auditors with the Versailles Regional Association of Statutory Auditors, under the authority of the French National Accounting Oversight Board (*Haut Conseil du Commissariat aux comptes*).

10 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

10.1 Person responsible for the Registration document and the annual financial report

Jean-Laurent BONNAFÉ, 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 all the undertakings in the consolidation taken as a whole, and that the information provided in the management report (whose contents are listed in the Table of Concordance on page 443) 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, 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.

The Statutory Auditors' report on the financial statements for the year ended 31 December 2010 presented in the Registration document filed with the AMF under visa no. D11-0116 is given on pages 335-336 and contains an observation.

Paris, 8 March 2013

Chief Executive Officer

Jean-Laurent BONNAFÉ

11 TABLE OF CONCORDANCE

In order to assist readers of the Registration document, the following table of concordance cross-references the main headings required by Annex 1 of European Commission Regulation (EC) No. 809/2004 pursuant to the "Prospectus" directive.

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11.	**Research and development, patents, and licences**	**n/a**
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14.	**Administrative, management, and supervisory bodies, and senior management**	
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16.	**Board practices**	
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19.	**Related party transactions**	**197-208 ; 433-435**
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In order to assist readers of the annual financial report, the following table cross-references the information required by article L.451-1-2 of the French Monetary and Financial Code.

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■ Information about items that could affect a public offer, as required by article L.225-100-3 of the French Commercial Code	n/a
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■ Parent company financial statements	333-367
■ Statutory Auditors' report on the financial statements	373-374
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■ Statutory Auditors' report on the consolidated financial statements	214-215

Pursuant to article 28 of European Commission Regulation (EC) no. 809/2004 on prospectuses, the following items are incorporated by reference:

- the consolidated financial statements for the year ended 31 December 2011 and the Statutory Auditors' report on the consolidated financial statements for the same period, presented respectively on pages 99–205 and 206-207 of Registration document no. D12-0145 filed with the AMF on 9 March 2012;
- the consolidated financial statements for the year ended 31 December 2010 and the Statutory Auditors' report on the consolidated financial statements for the same period, presented respectively on pages 101–253 and 254-255 of Registration document no. D11-0116 filed with the AMF on 11 March 2011.

The chapters of Registration documents nos. D12-0145 and D11-0116 not referred to above are either not significant for investors or are covered in another section of this Registration document.

Designed & published by Labrador +33 (0)1 53 06 30 80

HEAD OFFICE

16, boulevard des Italiens - 75009 Paris (France)
Tel: +33 (0)1 40 14 45 46

Paris trade and company register - RCS Paris 662 042 449
Société Anonyme (Public Limited Company)
with capital of EUR 2,484,523,922

SHAREHOLDERS' RELATIONS

Tel: +33 (0)1 42 98 21 61 / +33 (0)1 40 14 63 58

www.bnpparibas.com

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