2013 REGISTRATION DOCUMENT AND ANNUAL FINANCIAL REPORT

BNP PARIBAS | The bank for a changing world

BNP PARIBAS

2013 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 7 March 2014, 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 455.

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 BNP PARIBAS GROUP PRESENTATION

1

1.1 Group presentation

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

It is present in 75 countries and has almost 185,000 employees, including over 141,000 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

	2009	2010	2011	2012	2013
Revenues *(in millions of euros)*	40,191	43,880	42,384	39,072	38,822
Gross operating income *(in millions of euros)*	16,851	17,363	16,268	12,529	12,684
Net income Group share *(in millions of euros)*	5,832	7,843	6,050	6,564	4,832
Earnings per share *(in euros)*(*)	5.20	6.33	4.82	5.17	3.69
Return on equity(**)	10.8%	12.3%	8.8%	8.9%	6.1%

(*) Restated to account for the capital increase with 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

	31/12/2008	31/12/2009	31/12/2010	31/12/2011	31/12/2012	31/12/2013
Market capitalisation *(in billions of euros)*	27.6	66.2	57.1	36.7	53.4	70.5

Source: Bloomberg.

LONG-TERM AND SHORT-TERM CREDIT RATINGS

	Long-term/short-term credit ratings at 8 March 2013	Long-term/short-term credit ratings at 7 March 2014	Outlook	Date of last review
Standard & Poor's	A+/A-1	A+/A-1	Negative	20 June 2013
Fitch	A+/F1+	A+/F1	Stable	17 July 2013
Moody's	A2/Prime-1	A2/Prime-1	Stable	21 June 2013

BNP's long-term ratings have not changed since 8 March 2013, date of the publication of the 2012 Registration document. On 17 July 2013, Fitch downgraded the short-term rating of BNP Paribas from "F1+" to "F1", following the downgrade of the French Government's long-term rating from "AAA/Negative" to "AA+/Stable" on 12 July 2013.

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. The 1990s were marked by a change in the level of profitability of the Bank, which had the highest return on equity of any major French institution in 1998. This period was marked by the launch of new banking products and services, the development of activities on the financial markets, expansion in France and at the international level, and preparation for the advent of the euro.

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.

The new Group derived its strength from the two major financial and banking lines from which it descends. It set for itself a twofold ambition: to grow in the service of its shareholders, customers and employees and build the bank of tomorrow by becoming a leading player on a global scale.

2006: Acquisition of BNL in Italy

BNP Paribas acquired BNL, Italy's 6th-largest bank. This acquisition transformed BNP Paribas, giving it a second domestic market in Europe: in Italy as in France, all of the Group's businesses can rely on a national banking network for the deployment of its activities.

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

Retail Banking has 6,800 branches in 40 countries and employs 131,000 people, 71% of the Group's total workforce. It serves over 27 million individual customers, 1 million professionals, small businesses and corporates[1], and over 12 million active customers at Personal Finance. In 2013 more than half of BNP Paribas revenues from the operating divisions were generated by Retail Banking.

These activities are grouped into Domestic Markets, International Retail Banking (IRB) and Personal Finance (PF).

DOMESTIC MARKETS

Domestic Markets includes BNP Paribas' retail banking networks in France (FRB), Italy (BNL bc), Belgium (BRB, branded as BNP Paribas Fortis) and Luxembourg (LRB branded as BGL BNP Paribas) as well as three specialist business lines: Arval (long-term corporate vehicle leasing with services included), BNP Paribas Leasing Solutions and BNP Paribas Personal Investors (online savings and brokerage).

Cash Management and Factoring round out the services provided to corporate clients under the One Bank for Corporates in Europe and Beyond concept, in synergy with CIB's Corporate Banking segment. Wealth Management develops its private banking model in the domestic markets.

Six cross-functional units – Distribution Markets and Solutions (DMS), Retail Banking Operations (RBO), Retail Banking Information Systems (RBIS), Hello bank! Global Development, Human Resources and Communications – support the development of the retail networks. Their role is to pool expertise and encourage innovation, help promote a common vision of the business, maximise resource sharing and industrialisation.

2013 saw the launch of the Group's new European digital bank: Hello bank!. Conceived for smartphones and tablets it is now operational in the retail banking networks in France, Italy, Belgiumg and also in Germany via Cortal Consors.

Domestic Markets operates in 26 countries, employs 72,000 people, 62,500 working in the four domestic networks, and has 4,000 branches. It serves more than 14 million individual customers, including 280,000 private banking customers and 1 million professionals, small businesses and corporates[1].

Domestic Markets plays a strategic role in the Group: it contributes a broad base of deposits and off-balance sheet savings and is paving the way for transformation of the Retail Banking business in its operating environment, organisation and methods of consumption. Domestic Markets also supports the integration of digital banking into all BNP Paribas offers and services in all its markets.

Through Domestic Markets, BNP Paribas is the leading private bank in France and Belgium, no. 1 in cash management in France[2] and Italy[2] and European leader in equipment financing as measured by new contracts.

FRENCH RETAIL BANKING (FRB)

French Retail Banking (FRB) employs 30,500 people, working to support all its customers with their plans and projects. They offer a wide range of products and services to 6.9 million individual customers, 782,400 professionals and VSEs, 33,400[3] corporates (SMEs, mid-sized and large corporates) and 72,500[3] associations, ranging from simple current accounts to cutting edge structures for corporate financing and asset management.

During 2013, FRB acquired more than 400,800 new customers. FRB continues to invest in its branch network, which forms part of a much broader multi-channel structure, with a view to providing its customers with an ever closer service. The network is organised by client category:

- 2,139 branches and 5,823 ATMs operating under the BNP Paribas and BNP Paribas – Banque de Bretagne brands. FRB has embarked on a programme to transform and modernise its network entitled *Préférence Client* with a two-fold ambition: to enrich the relationship with customers and create the branches of tomorrow;
- 217 Wealth Management centres, making BNP Paribas the no. 1 private bank in France (based on assets under management)[4];
- 62 SME Centres which help small businesses and SMEs manage their wealth planning and company life-cycle;
- 12 Innovation Hubs to support and finance the development of innovative SMEs[5] by drawing on specific local expertise;
- 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);

(1) Including VSE, SME, mid-sized and large corporates, local authorities and associations.

(2) Source: Euromoney 2013.

(3) Shown by business grouping in accordance with the Law on the Modernisation of the Economy.

(4) Source: Décideurs Stratégie Finances Droit 2013.

(5) BNP Paribas defines innovative SMEs not just as companies that develop innovative products but also those that innovate in their processes, manufacturing techniques, marketing methods or organisation.

- specialist subsidiaries including factoring company BNP Paribas Factor, BNP Paribas Développement, a private equity provider, and Protection 24, a remote surveillance firm;
- lastly, 52 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 2.6 million customers;
- three customer relationship centres in Paris, Lille and Orléans, which handle requests received by e-mail, telephone, chat or instant messaging, and two specialist contact centres *Net Crédit* and *Net Épargne;*
- the NET Agence online bank, offering all the services and products of a large online bank with a dedicated adviser.

This service was voted customer service of the year for 2013[1]. Finally, FRB has a prominent presence on social networks including Facebook, Twitter and Foursquare.

BNL BANCA COMMERCIALE

BNL bc is Italy's 6th largest bank in terms of total assets and loans[2] to customers. It provides a comprehensive range of banking, financial and insurance products and services to meet the needs of its diversified customer base consisting of:

- around 2.3 million[3] individual and 32,400[3] private banking customers (number of households);
- 119, 300[3] small business clients;
- around 21,000[3] medium and large companies, including Large Relationships consisting of around 444 groups and 1,530 operating companies;
- 16,000[3] local authorities and non-profit organisations.

BNL bc has a strong position in lending, especially residential mortgages (market share of around 7%[4]), and a deposit base (market share of 3.7%[4] current accounts of households) that far exceeds its network presence (2.9%[4] in terms of branch numbers).

BNL bc is also well established in the markets for large corporates (around 4%[4] in terms of loans) and local authorities (1.2%[5]) with recognised expertise in cross-border payments, project finance, structured finance and factoring via its specialist subsidiary Ifitalia (ranked no. 3 in Italy)[6].

BNL bc can call on a multi-channel retail system, organised by region (direzioni territoriali) and with one structure for retail banking and wealth management and a separate structure for corporate banking:

- around 890 branches;
- 37 Private Banking centres;
- 51 Small Business Centres;
- 20 branches dealing with SMEs, large corporates, local authorities and public sector organisations;
- 5 Trade Centres in Italy for its customers' cross-border activities;
- 5 Italian Desks to assist Italian companies abroad and multinational companies with direct investments in Italy.

The multi-channel offering is completed by some 2,003 ATMs and 46,800 POS terminals as well as mobile banking services for customers.

BELGIAN RETAIL BANKING (BRB)

Retail & Private Banking (RPB)

BNP Paribas Fortis is no. 1 in individual, corporate and small business banking in Belgium, with 3.6 million customers and high-ranking positions in most banking products[7]. RPB serves its customers and finances the economy through several networks integrated into a multichannel retail strategy:

- the network comprises 908 branches, of which 260 are independent, supported by 660 POSs through its partnership with Bpost Bank and 306 franchises operating under the Fintro[8] brand. Since 1 January 2013, the 908 branches have been organised as 163 branch groups reporting to 29 head offices;
- RPB's Customer Relationship Management (CRM) platform manages a network of 4,093 ATMs and online and mobile banking services via the Easy banking app (1.25 million users);
- a Customer Contact Centre is also available 83 hours a week and handles up to 15,000 calls daily.

RPB is also 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. Customers are served through 37 Private Banking centres and two Wealth Management centres.

(1) Source: Cabinet Viséo Conseil.

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

(3) Active clients.

(4) Source: Bank of Italy.

(5) 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.

(6) Source: Assifact, ranking by revenue.

(7) Source: Benchmarking Monitor December 2012 and Strategic Monitor Professionals 2013.

(8) In October 2013, Fintro had 308 branches, more than 1,000 employees and EUR 9.72 billion in assets under management (not including insurance) for 278,000 active customers.

Corporate & Public Bank Belgium (CPBB)

CPBB offers a comprehensive range of financial services to corporates, public entities and local authorities. With more than 650 corporate clients and 11,000 midcap clients, it is the market leader(1) in both categories and a challenger in public banking with 650 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.

LUXEMBOURG RETAIL BANKING (LRB)

BGL BNP Paribas, through LRB, provides a broad range of financial products and services to personal, small business and corporate clients through a network of 40 branches and its departments dedicated to corporate clients. BGL BNP Paribas is the 2nd-largest retail bank in Luxembourg in terms of individual banking, with a total of 217,811 customers representing a market share of 16%(2). It is the leading commercial bank with 34,774 corporate clients, representing a market share of 35%(3).

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

ARVAL

Specialist in multi-brand long-term vehicle leasing, Arval offers its corporate customers tailored solutions that optimise their employees' mobility and outsource the risks associated with fleet management. Expert advice and service quality are delivered by more than 4,000 employees and partners in 25 countries. Arval is also supported by strategic partnerships in 14 countries. It benefits from the infrastructure and network of the BNP Paribas Group. At end-December 2013, Arval's leased fleet was virtually unchanged on end-2012 at 685,000 vehicles. As well as being a leading player in the European long-term leasing sector, Arval is market leader in long-term multi-brand leasing in France(4) and Italy(5), and no. 2 in Poland(6).

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 ensure the best possible quality of customer service, BNP Paribas Leasing Solutions is organised by market specialities with dedicated sales teams for each:

- Equipment & Logistics Solutions for professional rolling equipment: agricultural machinery, construction and public works equipment, light commercial and commercial vehicles;
- Technology Solutions for office software, IT and telecom equipment;
- Bank Leasing Services, offering leasing products and services to customers of BNP Paribas branches.

For the fourth consecutive year, BNP Paribas Leasing Solutions is, with Arval, the European market leader in equipment financing based on new contracts(7), underlining its contribution to financing the real economy.

BNP Paribas Leasing Solutions arranged more than 281,070 financing deals in 2013. Its total outstandings under management exceed EUR 18.0 billion(8).

BNP PARIBAS PERSONAL INVESTORS

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

- Cortal Consors, the European specialist in online savings and brokerage provides online trading services and personal investment advice via the internet, telephone and face-to-face, to over one million customers in Germany, France and Spain. Its broad range of products and services includes short-term investment solutions, mutual funds and life insurance. In Germany, Cortal Consors was the launch platform for Hello bank!, BNP Paribas' online bank;
- B*capital, an investment company, offers 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 holds a majority stake 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;
- TEB Investment in Turkey provides brokerage services online and via a network of 33 branches;

(1) Source: TNS survey in 2013.

(2) ILres annual Individuals survey, October 2013.

(3) ILres biennal Companies survey, October 2012.

(4) Source: Syndicat National des Loueurs de Voitures Longue Durée, France 3rd quarter 2013.

(5) Source: FISE ANIASA (Federazione Imprese di Servizi – Associazione Nazionale Industria dell'Autonoleggio e Servizi Automobilistici), Italy, 3rd quarter 2013.

(6) Source: PZWLP Q3 2013.

(7) Source: Leaseurope 2012 league tables published in August 2013.

(8) Amounts after servicing transfer, including associates.

- In Luxembourg and Singapore, BNP Paribas Personal Investors offers its active customers a wide range of services with a personalised approach and advice.

At 31 December 2013, BNP Paribas Personal[(1)] Investors had 1.6 million customers and EUR 38.8 billion in assets under management, of which 38% was invested in equity assets, 32% in savings products or mutual funds and 30% in cash. BNP Paribas Personal Investors employs 2,202 staff.

INTERNATIONAL RETAIL BANKING (IRB)

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

IRB is gradually rolling out BNP Paribas' integrated model of Retail Banking, so local customers can access the multiple fields of expertise that form the core strength of the Group (dynamic customer segmentation, cash management, trade finance, multi-channel distribution, specialised financing, private banking, mobile banking, etc.).

Three business lines are present in the IRB countries:

- Retail Banking, serving close to 13 million customers[(2)] through a multi-channel distribution network (including 2,800 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 countries where the Group is active through a network of 84 Business Centres, 19 Trade Centres and 14 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.

Since 2006, BancWest has been growing organically, strengthening its infrastructure and, more recently, developing its commercial set up, particularly in Corporate Banking, Wealth Management and Consumer Finance.

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 several specialised lending activities, such as marine, recreational vehicles, church lending, SME and agribusiness.

With a local market share of more than 42% in bank deposits[(3)], First Hawaiian Bank is Hawaii's leading bank, offering banking services to a local clientele of private individuals and corporates.

BancWest currently serves some 3.5 million customers. In total, it has 11,929 employees, close to 675 branches, and total assets of over USD 80 billion at 31 December 2013. It ranks as the 7th[(3)] largest commercial bank in the western United States in terms of deposits.

Europe-Mediterranean

Europe-Mediterranean operates a network of 2,205[(4)] 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.

On 9 June 2013, BNP Paribas SA completed the sale of its entire stake in BNP Paribas Egypt SAE (BNP Paribas Egypt) to Emirates NBD, following the agreement in principal signed in December 2012.

In December 2013, BNP Paribas announced it had agreed to acquire 98.5% of BGZ bank, Rabobank's Polish subsidiary. With a network of 398 branches (on top of 44 Business Centres and seven corporate centres) and a presence in digital services, BGZ complements BNP Paribas Polska. The acquisition, for around EUR 1 billion, has yet to receive regulatory approval.

PERSONAL FINANCE

BNP Paribas Personal Finance, European no. 1 in personal loans[(5)]

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[(6)] employees in around 20 countries, BNP Paribas Personal Finance ranks as the leading player in France and in Europe[(5)].

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 PF Inside. BNP Paribas Personal Finance offers insurance products tailored to local needs and practices in each of the around 20 countries where it operates. In Bulgaria, France, Germany and Italy Personal Finance's lending and insurance offer has been complemented with savings products.

It is also developing an active strategy of partnerships with retail chains, automobile makers and dealers, 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

(1) Including 34% of Geojit BNP Paribas.

(2) Total customers excluding Asia. The number of customers from Asian associates is close to 4 million.

(3) Source: SNL Financial, 30 June 2013.

(4) Including branches in Asia, Guinea and Gabon, consolidated under the equity method.

(5) Source: Annual Reports of companies specialised in consumer credit.

(6) Excluding LaSer staff.

the activity and commercial strategy of its partners. It is also a leading player in responsible lending and financial literacy.

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 2013, it had granted 488 micro-loans totalling EUR 1,066,182.

INVESTMENT SOLUTIONS

Investment Solutions combines BNP Paribas' activities related to the collection, management, development, protection and administration of customer savings and assets.

Investment Solutions offers a broad range of products and services around the world, designed to meet all the requirements of individual, corporate and institutional investors.

Investment Solutions provides its customers with a unified business model founded on the complementarity of its areas of expertise, the sharing of a comprehensive vision and the constant objective of increasing the value of customers' assets and investments.

Investment Solutions regroups five business lines with complementary expertise:

- insurance – BNP Paribas Cardif (7,755 employees, 37 countries, EUR 178 billion assets under management);
- securities services – BNP Paribas Securities Services (8,165 employees, 32 countries, EUR 6,064 billion assets under custody, EUR 1,085 billion assets under management);
- private banking – BNP Paribas Wealth Management (6,025 employees, 27 countries, EUR 280 billion assets under management);
- asset management – BNP Paribas Investment Partners (3,230 employees, 35 countries, EUR 370 billion assets under management);
- real estate services – BNP Paribas Real Estate (3,250 employees, 40 countries, EUR 18 billion assets under management).

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 and Luxembourg) and in Switzerland and the United Kingdom. Germany is also a key market for Investment Solutions: BNP Paribas Real Estate further built up its presence there in 2013 by acquiring two companies in property management and investment management; BNP Paribas Securities Services acquired Commerzbank's depositary business. In addition, Investment Solutions is actively working to further its international development, in particular 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.

In 2013, 16% of revenues from the operating divisions came from Investment Solutions. It is active in 68 countries and employs 26,160[1] people.

BNP PARIBAS CARDIF

BNP Paribas Cardif insures people, their families and their property. It is active in 37 countries with 90 million customers and has 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 especially through multi-fund life insurance contracts, guaranteed capital products and unit-linked funds.

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

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

- the Retail Banking channel, which sells insurance products through the BNP Paribas retail branch networks in France, Italy, Belgium, Luxembourg, Poland, Turkey and the Ukraine;
- the Partnerships channel, which distributes insurance products through leading partners worldwide, including banks, financial institutions, consumer finance companies, credit subsidiaries of car manufacturers and major retail groups;

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

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- the Digital & Brokers channel, which encompasses BNP Paribas Cardif's digital capability, essential to its partners' distribution strategy and its brokerage capability (Belgium, Luxembourg, the Netherlands and the United Kingdom). More than half of its business is conducted internationally.

On the basis of its 2012 results, BNP Paribas Cardif has been ranked by Argus as holding the 11th position in Europe in life insurance protection(1).

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

BNP PARIBAS SECURITIES SERVICES

BNP Paribas Securities Services is one of the major global players in securities services(2). In 2013, assets under custody increased by +9.8% over 2012 reaching EUR 6,064 billion primarily due to the award of significant new mandates such as the one with Caisse des Dépôts. Assets under management also increased by +7.5% reaching EUR 1,085 billion. The number of funds increased 1.3% to 7,067. Amidst the recovery in the financial markets, the number of transactions increased by 16.4% to 53 million. Moreover, the business reinforced its leading position in Germany following the acquisition of Commerzbank's depositary business in October 2013.

In 2013, BNP Paribas Securities received praise and recognition from its industry and was named the best custodian in France (*Custody Risk*) and best custodian of the year (*Custody Risk*, *Funds Europe* and *European Pension Awards* 2013).

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

- investment banks, broker-dealers, banks and market infrastructures (sell-side operators) 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;
- institutional investors – asset managers, alternative fund managers, sovereign wealth funds, insurance companies, pension funds, fund distributors and promoters (buy-side operators) – have access to a wide range of services: global custody, custodian 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) have access to a wide range of fiduciary management services: securitisation and structured finance services, debt agency services, issuer advisory, stock plan and employee shareholding management, shareholder services and management of shareholders' meetings;
- market and financing services are offered to all customers: 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, catering to a portfolio of wealthy individuals, shareholder families and entrepreneurs who wish to have a comprehensive service to satisfy all of their wealth management and financial needs. This comprehensive 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, artwork, real estate or 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 international 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.

As a world renowned private bank with EUR 280 billion of assets under management in 2013 and over 6,000 professionals practising in nearly 30 countries, BNP Paribas Wealth Management has been ranked as "Best Private Bank in Europe"(3), as well as no. 1 in France(4) and in Belgium(4), "Best foreign Private Bank in Hong Kong"(5) and the third best private bank in Asia(6). It has received other notable distinctions such as no. 1 in Philanthropy Services(4), in Socially Responsible Investing(4) and "Best Private Bank for Alternative Investments"(7).

These numerous awards attest to BNP Paribas Wealth Management's strategic positioning as a responsible, innovative bank, committed to delivering superior customer service.

BNP PARIBAS INVESTMENT PARTNERS

BNP Paribas Investment Partners (BNPP IP) is the dedicated asset management business line of the BNP Paribas Group and offers a comprehensive range of asset management services to both private and institutional investors worldwide.

(1) Source: Argus de l'assurance 2012 Special Accounts, December 2013 issue.

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

(3) Source: Private Banker International 2013.

(4) Source: Professional Wealth Management and The Banker 2013.

(5) Source: Private Banker International 2013 Greater China Awards.

(6) Asiamoney 2013.

(7) Asian Private Banker 2012.

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As a "multi-local" asset manager, BNPP IP has three business lines:

- an Institutional line, offering investors European and global customised management solutions;
- Distribution, offering individual and private bank customers both within and outside of the BNP Paribas Group a wide range of products and comprehensive savings solutions adapted to their needs; and
- Asia-Pacific & Emerging Markets, providing customers in these areas with a global expertise while at the same time taking into account local requirements and factors.

BNPP IP operates in 35 countries and has around 3,200 employees including nearly 700 investment professionals specialised in a specific asset class or product. Close to 600 customer relationship managers provide assistance to institutional customers and retailers throughout 70 countries including the four main domestic markets (Belgium, France, Italy and Luxembourg).

With total assets under management of EUR 370[1] billion, BNP Paribas Investment Partners is the sixth largest asset management firm in Europe[2].

BNP PARIBAS REAL ESTATE

BNP Paribas Real Estate ranks as continental Europe's no. 1 provider of real estate services to corporates[3] and as one of France's leading players in residential property[4].

The client is the focus of its business strategy. 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 backed by its staff of 3,250 and through its comprehensive range of services:

- Property development – no. 1 in commercial property in France[4];
- Advisory (Transaction, Consulting, Valuation) – no. 1 in France[5] and Germany[5];
- Property Management – no. 1 in France[6] and Belgium[7];
- Investment Management – no. 1 in Italy[5] and no. 3 in France[5].

This comprehensive offering covers all types of property products: offices, warehouses, retail outlets, hotels, housing, accommodation services, etc.

In commercial real estate, BNP Paribas Real Estate serves customers in 40 countries through its direct offices (15 European countries and three platforms in Hong Kong, Singapore, and Dubai) and its alliances with local partners (22 countries).

In residential property, BNP Paribas Real Estate is for the most part active in France (the Paris region and a few other metropolitan areas) and is developing its activity as well in Rome and Milan.

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 customers with corporate banking, advisory and capital markets services. In 2013, 22% of the BNP Paribas' revenues from operating divisions were generated by BNP Paribas CIB.

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.

After making changes beginning in 2012 particularly with respect to the regulatory environment, BNP Paribas CIB confirmed its position in 2013 as a major industry player through its diversified product offering and its geographic coverage throughout the world.

The teams at BNP Paribas CIB are more committed than ever to serving their clients by offering them the Bank's comprehensive range of solutions.

CORPORATE BANKING

Corporate Banking encompasses all of the financing products and services for corporate customers from transaction banking (cash management, international trade finance and liquidity management) to financing solutions: vanilla lending and specialised financing (aircraft, shipping, real estate, export, leveraged financing, project, corporate acquisition financing and media telecom). These services include a corporate deposit product line.

(1) Including assets under advisory for external customers and distributed assets.

(2) Source: internal study based on published information by the Group and its competitors.

(3) Source: Property Week, June 2013.

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

(5) Source: Euromoney, 2013.

(6) Source: Lettre M2.

(7) Source: Expertise News, November 2013.

The goal is to always provide the best service to clients through its local geographic reach and a comprehensive product offering.

In Europe, Corporate Banking Europe 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. It has a team of 1,400 people serving 3,000 clients across 18 countries through 29 Business Centres and three specialist platforms (Brussels, Paris and Geneva), an unrivalled geographic reach and local presence in Europe.

Corporate Banking Americas serves a broad spectrum of clients throughout North and Latin America offering a full range of financing services. It has 300 experts working from its hubs located in New York and São Paulo which are connected to seven other offices across the region.

In Asia Pacific, BNP Paribas offers a wide range of financing and transaction banking products in 12 countries (backed by its 26 Trade Centres) making it one of the best positioned international banks in the region.

Thanks to its comprehensive approach striking the right balance between a local and global vision for its clients' benefit, Corporate Banking can offer solutions aligned with clients' needs.

Global Trade and Transaction Banking (GTTB) is a new business line created in October 2013 to monitor globally all of the trade finance activities. With 550 employees, it covers three entities:

- Global Trade Solutions (GTS) develops solutions for importers and exporters to optimise, secure and finance their international trade transactions (supply chain, short- and medium-term financing, standard trade finance, etc.). With a competence centre based in Europe, it manages a network of more than 100 Trade Centres across 60 countries worldwide;
- Energy & Commodity Finance offers specialised financing services to players in the energy and commodities market across the entire value chain. It offers a wide range of finance products covering clients' short-, medium- and long-term needs from extraction of raw materials to distribution as well as pricing; and
- Correspondent Banking provides international payment and financial intermediary services to banks in trade finance.

BNP Paribas reaffirmed its unrivalled position in the trade finance market in 2013 and remains a world-class European leader:

2013 awards

- EMEA Loan House of the Year (*IFR*, December 2013);
- Best Bank for Cash Management in Europe (*TMI*, November 2013);
- Best Project Finance House in Western Europe (*Euromoney*, July 2013);
- Aircraft leasing innovator of the year (*Global Transportation Finance*, November 2013);
- Best Global Corporate Bank 2013 (*Global Finance*, August 2013);
- No. 1 Global Power & Renewables Financial Advisor (*Infrastructure Journal*, FY 2013);
- Best Bank for Trade Finance – Europe (*TMI,* 2013);
- Best Trade Bank in Oil and Energy (*TFR,* 2013);
- Best Trade Finance Bank in France and Belgium (*Global Finance*, 2013).

2013 rankings

- No. 1 Bookrunner and MLA in EMEA Syndicated Loans by volume and number of deals (*Thomson Reuters, Dealogic,* FY 2013);
- No. 2 Bookrunner and no. 1 Mandated Lead Arranger in EMEA in Acquisition/Demerger Finance by volume (*Dealogic,* FY 2013);
- No. 1 Bookrunner and Mandated Lead Arranger for Media & Telecom in EMEA by volume *(Dealogic,* FY 2013);
- No. 4 Cash Management Bank Globally (*Euromoney*, November 2013);
- No. 2 Mandated Lead Arranger of Syndicated Trade Finance Loans (*Dealogic,* FY 2013).

FIXED INCOME

Fixed Income comprises 2,300 staff spanning four global business lines: Primary Markets, G10 Rates, Credit and FX & Local Markets. It is headquartered in London, with eight further principal trading hubs in Paris, Brussels, Luxembourg, Singapore, Hong Kong, Tokyo, New York and São Paulo, with additional offices in all regions.

Fixed Income's extensive product and service offering ranges from origination and syndication to sales and trading, including significant capabilities in structuring, research and electronic platform. Its network of professionals provide financing, liability management and investment solutions to a diversified client base that includes asset managers, insurance companies, pension funds, banks, corporates, governments and supranational organisations.

Fixed Income is an important participant in the debt capital markets – acting as bookrunner on bond issuance and providing hedging solutions for public sector, financial institution and corporate issuers – and offers its institutional client base investment solutions across its product lines.

2013 rankings

- No. 1 Bookrunner for euro bond issues; No. 8 Bookrunner for international bond issues in all currencies (*Thomson Reuters*, FY 2013);
- No. 6 All Rates (*Total Derivatives Dealer Rankings*, 2013);
- No. 1 Inflation Swaps (*Risk Institutional Investor Rankings,* 2013);
- No. 2 FX in the Eurozone Overall (*FX Week Best Bank Awards*, 2013);
- No. 2 CDS Indices & Tranches Europe (*Risk Institutional Investor Rankings*, 2013).

2013 awards

- Best Bank in Western Europe (*Euromoney Awards*, 2013);
- European Investment-Grade Corporate Bond House of the Year (*IFR*, December 2013);

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- Structured Products House of the Year (*Structured Products Europe Awards*, 2013);
- Credit Derivatives House of the Year (*Derivatives Week Awards*, 2013);
- Interest Rate Derivatives House of the Year (*Asia Risk Awards*, 2013);
- Best Bank in France (*Euromoney Awards*, 2013).

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 1,300 front-office professionals operating in three major regions (Europe, Americas and Asia-Pacific).

GECD encompasses three complementary businesses:

- Structured Equity provides solutions for individuals (through brokers or banking networks), corporates, insurance companies and pension funds. It provides its clients with customised or exchange-traded 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, and providing 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 (*i.e.*, producers, refineries and transport companies). It also provides investors with access to commodities via a variety of investment strategies and solutions.

2013 awards

- Most Innovative Bank for Equity Derivatives (*The Banker*, 2013);
- Structured Products House of the Year (*Structured Products Europe Awards*, 2013);
- Technology Innovation of the Year (*Structured Products Americas Awards*, 2013);
- Best Wholesale Bank for Technology Innovation (*Euromoney Global Awards*, 2013);
- Derivatives House of the Year (*The Asset Awards*, 2013);
- Asia Broker of the Year (*Energy Risk Magazine*, 2013);
- House of the Year (*Commodity Business Awards*, 2013);
- Commodity Finance & Structured Products (*Commodity Business Awards*, 2013).

CORPORATE FINANCE

Corporate Finance offers advisory services for mergers and acquisitions (mandates for buyers and targets, strategic financial issues and privatisations, etc.) and primary capital market services (IPOs, capital increases, secondary issue placements, and convertible/exchangeable bond issues).

A team of more than 250 professionals is spread across Europe, the Middle East and Africa and about 50 professionals operate in North and Latin America. In Asia Pacific, almost a hundred specialists are integrated into the Investment Banking platform.

In mergers and acquisitions, BNP Paribas is ranked no. 8 in Europe and remains in 2013 the no. 1 advisory bank in the French market according to *Dealogic* (announced deals). BNP Paribas has also been named by *FT Mergermarket* "France Financial Advisor of the Year" and "Middle East & North Africa Financial Advisor of the Year".

In the primary equity market, BNP Paribas maintained its leadership in the Europe/Middle East/Africa region in 2013 ranking no. 3 bookrunner for equity-linked issues and placed in the Top ten bookrunners for equity capital markets issues, all categories combined, according to *Dealogic*.

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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 one of Europe's major players in shopping centre real estate, with expertise in development, rental management and asset management. BNP Paribas is Klépierre's second largest shareholder, with 21.9%(1), after Simon Property Group.

KEY FACTORS AFFECTING THE BUSINESS

In the course of its business, BNP Paribas is exposed to a number of key factors, described in section 5.1 in the *Risk factors* sub-section. These risks, some of which are specific to BNP Paribas and others inherent to the banking industry, derive from:

- economic and market conditions; changes in law and regulations; access to and cost of funding; level of provisions; volatility affecting trading and investment activities; markets and their liquidity; significant interest rate changes; soundness and conduct of other financial institutions and market participants;
- the Bank's reputation; interruption in or breach of information systems; business interruption due to unforeseen external events; extensive and evolving regulatory regimes; unidentified or unanticipated risks which could lead to material losses; integrating acquired companies while being unable to realise expected benefits; an ineffective hedging strategy; intense competition.

(1) At 31 December 2012. Latest data published by Klépierre.

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1.5 BNP Paribas and its shareholders

SHARE CAPITAL

At 31 December 2012, BNP Paribas SA's share capital stood at EUR 2,484,523,922 divided into 1,242,261,961 shares. Details of the historical evolution of the capital are provided in the *Changes in share capital and earnings per share* section.

In 2013, 2,900,848 shares were issued through the exercise of stock options, leading to changes in the number of shares outstanding.

Thus, at 31 December 2013, BNP Paribas' share capital stood at EUR 2,490,325,618 divided into 1,245,162,809 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.**

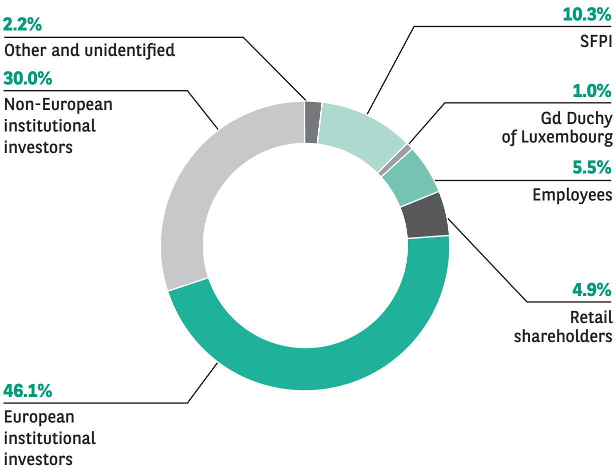
CHANGES IN SHARE OWNERSHIP

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

Date			31/12/2011			31/12/2012			31/12/2013
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	10.6%	10.7%	127.75	10.3%	10.3%	127.75	10.3%	10.3%
AXA	65.67	5.4%	5.5%	65.74	5.3%	5.3%	-	-	-
Grand Duchy of Luxembourg	12.87	1.1%	1.1%	12.87	1.0%	1.0%	12.87	1.0%	1.0%
Employees	74.60	6.2%	6.3%	75.42	6.1%	6.1%	67.58	5.4%	5.5%
■ o/w corporate mutual funds	54.80	4.5%	4.6%	56.27	4.5%	4.5%	49.73	4.0%	4.0%
■ o/w direct ownership	19.80	1.7%	1.7%	19.14	1.6%	1.6%	17.85	1.4%	1.5%
Corporate officers	0.58	nm	nm	0.60	nm	nm	0.53	nm	nm
Treasury shares(**)	16.48	1.4%	-	3.93	0.3%	-	3.25	0.3%	-
Retail shareholders	75.00	6.2%	6.3%	69.00	5.6%	5.6%	60.78	4.9%	4.9%
Institutional investors	788.71	65.3%	66.2%	856.42	68.9%	69.2%	945.01	75.9%	76.1%
(o/w Socially Responsible Investors)	(5.91)	(0.5%)	(0.5%)	(5.61)	(0.5%)	(0.5%)	(6.01)	(0.5%)	(0.5%)
■ Europe	493.63	40.9%	41.4%	512.71	41.3%	41.4%	573.00	46.0%	46.1%
■ Outside Europe	295.08	24.4%	24.8%	343.71	27.6%	27.8%	372.01	29.9%	30.0%
Other and unidentified	46.08	3.8%	3.9%	30.54	2.5%	2.5%	27.39	2.2%	2.2%
TOTAL	**1,207.74**	**100%**	**100%**	**1,242.26**	**100%**	**100%**	**1,245.16**	**100%**	**100%**

(*) Société Fédérale de Participations et d'Investissement: a national public investment company acting on behalf of the Belgian State.
(**) Excluding trading desks' working positions.

BNP PARIBAS OWNERSHIP STRUCTURE AT 31 DECEMBER 2013 (% OF VOTING RIGHTS)



To the Company's knowledge, only SFPI holds more than 5% of share 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.

On 27 April 2013, the Belgian government announced the buy-back via SFPI of the buy option that had been given to Ageas.

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

On 5 August 2010, the AXA group and the BNP Paribas Group informed the AMF (AMF Information No. 210C0773) that they have signed a memorandum of understanding intended to replace the agreement established in December 2005. Considering the new rules enacted by the regulators for financial institutions, the clauses of this new protocol no longer mention the maintenance of stable reciprocal interests.

LISTING INFORMATION

When the shareholders of BNP and Paribas approved the merger between the two banks at the Combined 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 retail shareholders, 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 (American Depositary Receipt) 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.

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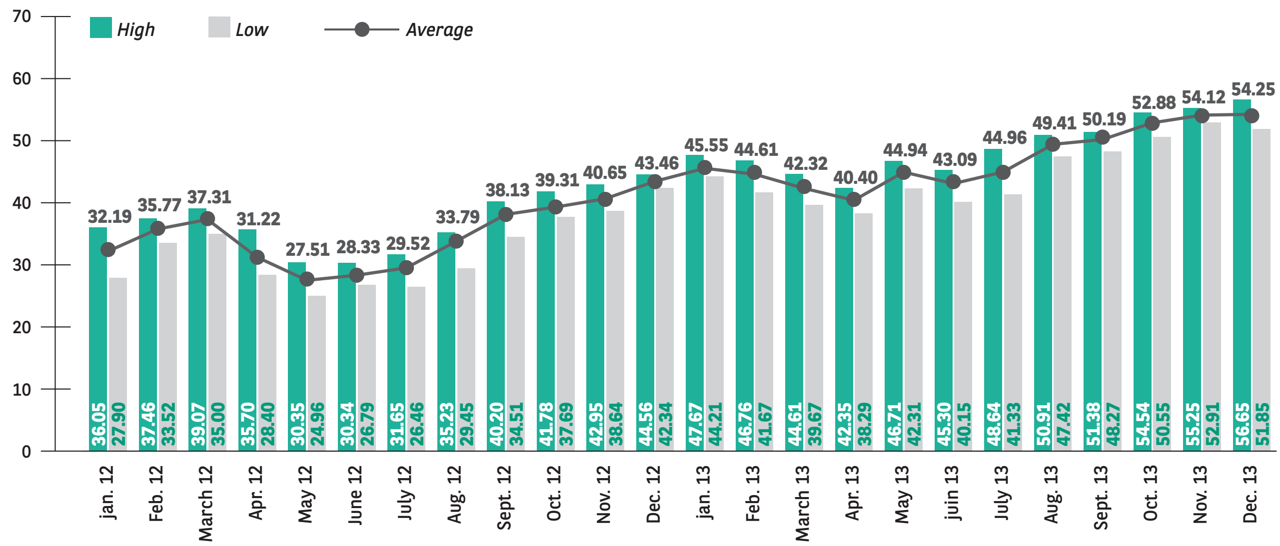
BNP became a constituent of the CAC 40 index on 17 November 1993 and of the EURO STOXX 50 index on 1 November 1999. Since 18 September 2000, it has been a constituent of the Dow Jones STOXX 50 index. In 2007, BNP Paribas joined the "DJ Global Titans 50", an index comprising the 50 largest corporations worldwide. Finally, BNP Paribas shares are listed in various benchmark indexes for sustainable development, such as Aspi Eurozone, FTSE4Good (Global and Europe 50), DJSI World, 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 2010 AND 31 DECEMBER 2013

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

Source: Datastream.

BNP PARIBAS MONTHLY AVERAGES AND HIGH AND LOW MONTHLY CLOSING PRICES SINCE JANUARY 2012



- Between 31 December 2010 and 31 December 2013, the share price rose from EUR 47.61 to EUR 56.65, an increase of 19.0% against a 12.9% increase for the CAC 40, and a 12.1% fall for the DJ EURO STOXX Banks (index of banking stocks in the euro area) and a 1.1% drop for the DJ STOXX Banks (index of banking stocks in Europe).

  In 2013, the BNP Paribas share price increased by 33.0%, closing at EUR 56.65 on 31 December 2013, the last day of trading. It thus outperformed the CAC 40 (+18.0%), the DJ STOXX Banks (+19.0%) and DJ EURO STOXX Banks (+25.9%).

- At 31 December 2013, BNP Paribas' market capitalisation was EUR 70.5 billion, ranking it 4th among CAC 40 stocks. In terms of capitalisation, the BNP Paribas float lies in fourth place on the Paris stock market index (third place at 31 December 2012) and in 9th place on the DJ EURO STOXX 50 (10th a year before).

- Daily transaction volumes in 2013 totalled an average of 4,104,754 shares traded on Euronext Paris, a decrease of 38.30% over the previous year (6,652,835 shares per session in 2012). Including the volumes traded on MTFs (Multilateral Trading Facilities), daily trading volume averaged 6,156,652 in 2013 (source: TAG Audit), down 37.98% from 9,926,398 in 2012. The reduction in volumes over the second half of 2012 continued throughout 2013.

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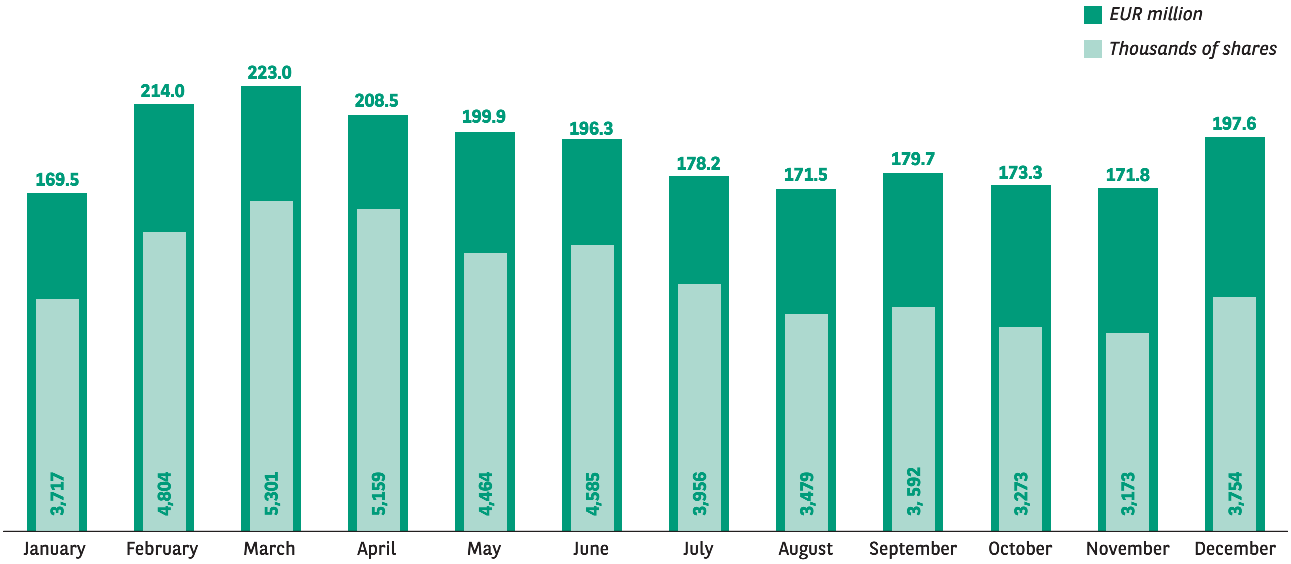
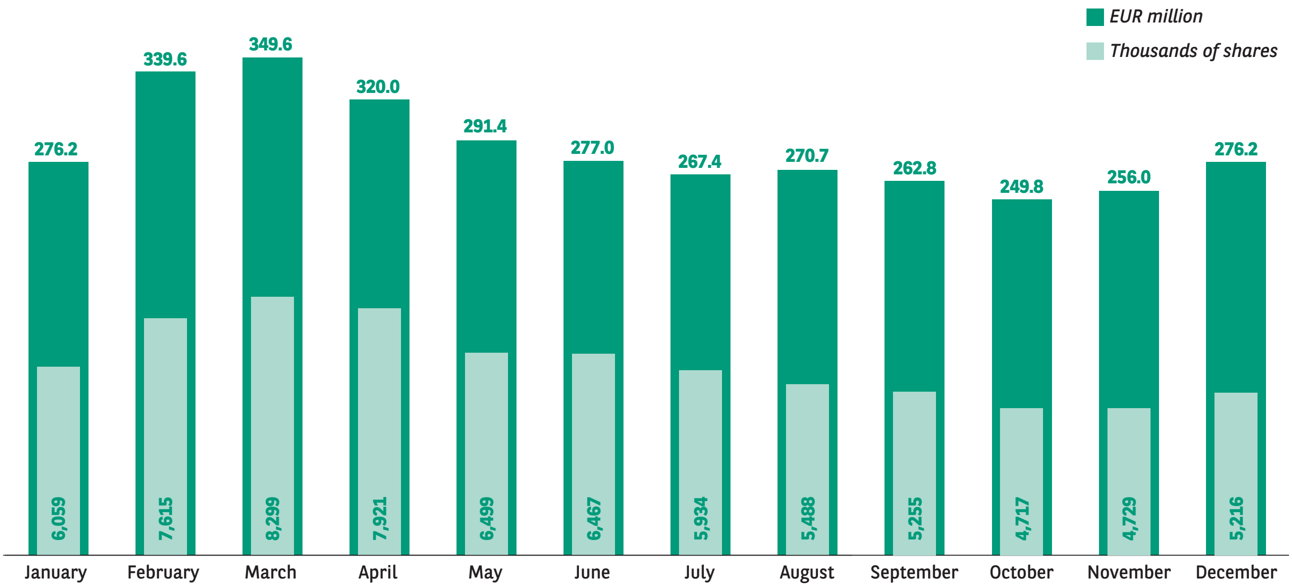
TRADING VOLUME ON EURONEXT PARIS IN 2013 (DAILY AVERAGE)



Source: Nyse-Euronext Paris.

TRADING VOLUME IN 2013 (DAILY AVERAGE)



Source: TAG Audit.

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KEY SHAREHOLDER DATA

In euros	2009	2010	2011	2012	2013
Earnings per share(1)(*)	5.20	6.33	4.82	5.16	3.69
Net book value per share(2)(*)	50.93	55.48	58.25	60.46(**)	63.58
Net dividend per share(*)	1.50	2.10	1.20	1.50	1.50(3)
Pay-out rate (%)(4)	32.3	33.4	25.1	29.7	40.8(3)
Share price					
High(5)(*)	58.58	60.38	59.93	44.83	56.72
Low(5)(*)	20.08	40.81	22.72	24.54	37.47
Year-end(*)	55.90	47.61	30.35	42.61	56.65
CAC 40 index on 31 December	3,936.33	3,804.78	3,159.81	3,641.07	4,295.95

(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 14 May 2014.
(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).
(**) Restatement due to application of amendment to IAS 19.

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 2013, 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	4.3353	6.7121	9.88%
20 years	03/01/1994	43.31	3.9477	5.1637	8.55%
19 years	03/01/1995	37.2	3.8758	5.9022	9.79%
18 years	02/01/1996	33.57	3.7950	6.4042	10.86%
17 years	02/01/1997	30.4	3.6846	6.8662	12.00%
16 years	02/01/1998	48.86	3.5699	4.1390	9.28%
15 years	04/01/1999	73.05	3.4962	2.7113	6.88%
Since inception of BNP Paribas	01/09/1999	72.7	3.4015	2.6506	7.03%
14 years	03/01/2000	92	3.4015	2.0945	5.42%
13 years	02/01/2001	94.5	3.3091	1.9837	5.41%
12 years	02/01/2002	100.4	3.2016	1.8065	5.05%
11 years	02/01/2003	39.41	1.5492	2.2270	7.55%
10 years	02/01/2004	49.7	1.4901	1.6984	5.44%
9 years	03/01/2005	53.4	1.4285	1.5155	4.73%
8 years	02/01/2006	68.45	1.3779	1.1404	1.66%
7 years	02/01/2007	83.5	1.3203	0.8957	-1.56%
6 years	02/01/2008	74.06	1.2760	0.9760	-0.40%
5 years	02/01/2009	30.5	1.2140	2.2549	17.67%
4 years	02/01/2010	56.11	1.1555	1.1666	3.93%
3 years	03/01/2011	48.3	1.1217	1.3156	9.59%
2 years	02/01/2012	30.45	1.0787	2.0068	41.73%
1 year	02/01/2013	43.93	1.0337	1.3331	33.52%

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 30.50 ON 2 JANUARY 2009 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 2009 = EUR 30.50.
- Dividends reinvested.
- Preferential subscription rights exercised in the October 2009 rights issue.
- Valuation at 31 December 2013: 1.214 shares at EUR 56.65 **(EUR 68.77)**.
- Effective annual rate of return: +17.67% per year.

Investment of EUR 30.50 on 1 January 2009 in a "Livret A" passbook account

The interest rate on the investment date was 4%. The "Livret A" interest rate was changed three times in 2009, to 2.50% on 1 February, to 1.75% on 1 May and to 1.25% on 1 August. On 1 August 2010, the rate was changed to 1.75%, 2% on 1 February 2011 and 2.25% on 1 August 2011. This rate applied throughout 2012. During 2013, the interest rate was increased to 1.75% on 1 February then decreased to 1.25% on 1 August. At 31 December 2013, this investment was worth **EUR 33.44**, an increase of EUR 2.94 (+9.64%) for an effective rate of return of 1.86% annually.

Investment of EUR 30.50 on 1 January 2009 in five-year French government bonds

The five-year BTAN (*Bon du Trésor à intérêt annuel*) yield was 3.232%. At the end of each subsequent year, interest income is reinvested in a similar note on the following terms:

- 2.531% (BTAN) in January 2010 for 4 years;
- 1.934% (BTAN) in January 2011 for 3 years;
- 1.312% (BTAN) in January 2012 for 2 years;
- 0.542% in January 2013 for 1 year (Euribor).

At the end of five years, the accrued value of the investment is **EUR 35.62**, an increase of EUR 5.12 (+16.79%) for an effective rate of return of 3.15% annually.

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 2014, for example, the timetable is as follows[1]:

- 13 February 2014: publication of 2013 results;
- 30 April 2014: publication of 2014 first quarter results;
- 31 July 2014: publication of 2014 second quarter and half-year results;
- 31 October 2014: publication of 2014 third quarter and nine-month results.

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 527,000 or so individual shareholders (source: 31 December 2013 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 2013, for example, there were meetings in Bordeaux on 12 June, in Rennes on 19 September and in Montpellier on 16 October). BNP Paribas representatives also met and spoke with over 1,000 people at the ACTIONARIA shareholder fair held in Paris on 22 and 23 November 2013.

In 1995, the **"Cercle BNP Paribas"** was set up for individual shareholders holding at least 200 shares. The Cercle currently has 60,000 shareholder members. Every year, alternating with three financial newsletters, two issues of *La Vie du Cercle* are sent to shareholders, along with two online news magazines sent by e-mail. These publications invite 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 as well. 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 400 events were organised for nearly 15,000 participants in 2013. Shareholders can obtain information about these services by dialling a **special French toll-free number: +33(0)800 666 777**. 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. 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

Since its inception in 2000, BNP Paribas has desired to have a Shareholder Liaison Committee, whose mission it is to assist the Group in its communications to individual shareholders. At the Shareholders' Meeting that approved the merger, the Chairman of BNP Paribas initiated the search process for candidates, which led to the creation of this committee at the end of 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 2013, 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;
- Catherine Drolc, resident of the Hérault department;
- François Ferrus, residing in Paris;
- André Laplanche, resident of the Vaucluse department;
- Françoise Mahieu Germain, resident of the Yvelines department;
- Jean-Pierre Riou, resident of the Loire-Atlantique department;
- Jean-Luc Robaux, resident of the Meurthe-et-Moselle department;
- Chantal Thiebaut, resident of the Meurthe-et-Moselle 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 2013, on 29 March and on 27 September, 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 2012 Registration document and Annual Report;
- the quarterly results;
- 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 Corporate Investment Banking activity, presented to the members of the committee by the Head of that division;
- the role and challenges of the BNP Paribas Finance Department, presented to the committee by the Head of the Finance Function (Group).

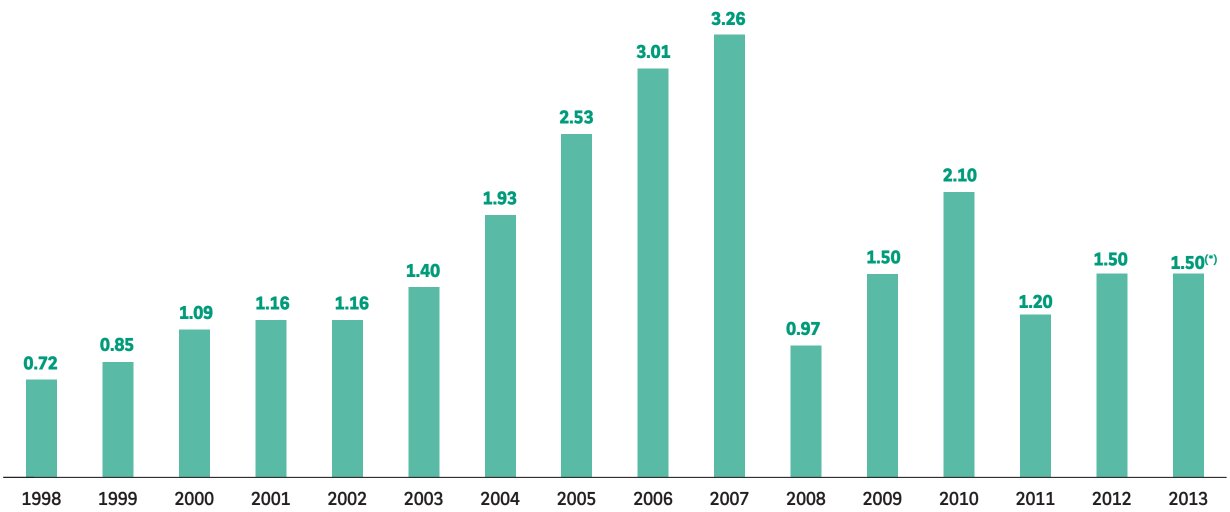
1

DIVIDEND

The Board of Directors will propose to shareholders at the Shareholders' Meeting on 14 May 2014 the payment of a dividend of EUR 1.50 per share, the same amount as in 2013. The shares will go ex-dividend on 20 May and the dividend will be paid on 23 May 2014, subject to approval at the Annual General Meeting.

The total amount of the proposed payout is EUR 1,868 million, compared with EUR 1,863 million in 2013, representing an increase of 0.2%. The pay-out ratio is 40.8%(1).

DIVIDEND EVOLUTION (EURO PER SHARE)



(*) Subject to the approval from the Annual General Meeting of 14 May 2014.

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.*

Limitation period for dividends: any dividend not claimed within five years of when it is payable is prescribed in the conditions laid down by law. Dividends for which payment has not been sought are paid to the Public Treasury.

(1) Dividend recommended at the 14 May 2014 Annual General Meeting expressed as a percentage of net income Group share.

1

BNP PARIBAS REGISTERED SHARES

At 31 December 2013, 56,566 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 that are sent to shareholders;
- can call a **French toll-free number (+33(0)800 600 700)** 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.

Registered shares held directly with BNP Paribas cannot be registered in a PEA (Share Savings Plan), given the regulations and procedures applicable to this vehicle. Investors whose shares are held in a PEA and who want to maintain them in registered form can therefore choose 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:

- registered shares held in an administered account 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 OF SHAREHOLDERS

The most recent Annual General Meeting took place on 15 May 2013. 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	(%)	Equity	(%)
Present	1,793	*13.97%*	335,802,996	*39.19%*
Proxy given to spouse or another shareholder	13	*0.10%*	4,732	*0.00%*
Proxy given to Chairman	6,635	*51.71%*	17,244,461	*2.01%*
Postal votes	4,391	*34.22%*	503,805,384	*58.80%*
TOTAL	**12,832**	***100.00%***	**856,857,573**	***100.00%***
Of which online	**1,662**	*12.95%*	**1,042,743**	*0.12%*

		Quorum
Number of ordinary shares (excluding Treasury stock)	1,241,131,102	69.03%

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

Fourteen of the fifteen resolutions proposed to the shareholders were adopted.

➤ SHAREHOLDERS' GENERAL MEETING OF 15 MAY 2013

Results	Rate of approval
ORDINARY MEETING	
First resolution: approval of the parent company financial statements for the year 2012	99.16%
Second resolution: approval of the consolidated financial statements for the year 2012	98.98%
Third resolution: appropriation of net income for the year ended 31 December 2012 and dividend distribution	99.18%
Fourth resolution: Statutory Auditors' special report on related party agreements and commitments described in articles L.225-38 *et seq.* of the French Commercial Code	96.74%
Fifth resolution: agreement signed between BNP Paribas and Jean-Laurent Bonnafé, Chief Executive Officer	63.81%
Sixth resolution: authorisation for BNP Paribas to buy back its own shares	97.60%
Seventh resolution: renewal of term as Director of Jean-Laurent Bonnafé	98.58%
Eighth resolution: renewal of term as Director of Michel Tilmant	96.69%
Ninth resolution: renewal of term as Director of Emiel Van Broekhoven	91.73%
Tenth resolution: appointment of Christophe de Margerie as Director	96.76%
Eleventh resolution: appointment of Marion Guillou as Director	98.51%
Twelfth resolution: registry filing by the Statutory Auditors	99.15%
EXTRAORDINARY MEETING	
Thirteenth resolution: simplification and adaptation of Articles of Association	65.43%
Fourteenth resolution: authorisation to reduce the share capital by a cancellation of shares	98.32%
Fifteenth resolution: powers to carry out formalities	98.53%

The 2013 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 21,516 in 2013) 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 2013 contributions were ultimately divided between 33 projects, all of which were initiated by BNP Paribas staff. Of those projects, most were in Europe (17), while 6 were in Asia, 5 in Africa and 5 in Latin America.

The sums awarded varied from EUR 1,000 to EUR 4,000 (with the average being EUR 2,800) according to the scale of the project, its nature and the degree of direct involvement by the 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 14 May 2014[1].

(1) Subject to alteration.

NOTICES OF MEETING

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, a significant portion (9.4%) 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 2013). These same documents may be accessed freely on the website;
- in total this year, more than 67,000 of the Bank's shareholders personally received the information needed to participate;
- 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, before the General Meeting, to:

- 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.

They can also vote electronically if their account holder has signed up with the Votaccess electronic voting platform

In 2013, the Bank made the choice to give holders of at least 250 bearer shares the option (already given to registered shareholders) to vote online, if the account holder provides them with access to the Votaccess platform. This platform also allows shareholders to receive the notice for the General Meeting and appoint a proxy or submit their request for an admission card to the Meeting if they wish to attend.

Nearly 13% of all shareholders who participated in voting used the platform provided. This method of participation was very favourably received by the individual shareholders.

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

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.

2 CORPORATE GOVERNANCE

2.1 Board of Directors

MEMBERSHIP OF THE BOARD OF DIRECTORS

Baudouin PROT
Principal function: *Chairman of the Board of Directors* of BNP Paribas

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[1]: 146,129
Office address: 3, rue d'Antin
75002 PARIS,
FRANCE

Education
Graduate of the École des Hautes Études Commerciales
Graduate of the École Nationale d'Administration

Offices held[1] in BNP Paribas Group listed or unlisted companies, in France or abroad
BNP Paribas(*), Chairman of the Board of Directors

Offices held[1] outside BNP Paribas Group in listed or unlisted companies, in France or abroad
Kering(*), Director
Lafarge(*), Director
Veolia Environnement(*), Director
Pargesa Holding SA(*) (Switzerland), Director

Participation[1] in Special Committees of French or foreign companies
Kering, member of the Appointments Committee
Lafarge, member of the Corporate Governance and Nominations Committee and the Strategy, Development and Sustainable Development Committee

Other[1]
Director of Institute of International Finance (IIF)
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)

2012:	2011:	2010:	2009:
Chairman of the Board of Directors of: BNP Paribas **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	**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 (International Monetary Conference), Institute of International Finance (IIF), International Advisory Panel of the MAS (Monetary Authority of Singapore)	**Chairman of the Board of Directors 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	**Chairman of the Board of Directors 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

(1) Year ended 31 December 2013.
(*) Listed company.

Michel PÉBEREAU
Principal function: *Honorary Chairman* of BNP Paribas

Born 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[(1)]: 181,772
Office address: 3, rue d'Antin
75002 PARIS,
FRANCE

Education
Graduate of the École Polytechnique
Graduate of the École Nationale d'Administration

Offices held[(1)] in BNP Paribas Group listed or unlisted companies, in France or abroad
Member of the Supervisory Board of Banque Marocaine pour le Commerce et l'Industrie (Morocco)
Honorary Chairman and Director of BNP Paribas[(*)]
Director of BNP Paribas SA (Switzerland)

Offices held[(1)] outside BNP Paribas Group in listed or unlisted companies, in France or abroad
EADS NV[(*)] (Netherlands), Director,
Pargesa Holding SA[(*)] (Switzerland), Director
Total SA[(*)], Director
Non-voting Director of Société Anonyme des Galeries Lafayette
HSBC France (formerly CCF) : Honorary Chairman

Participation[(1)] in Special Committees of the Board of Directors of French or foreign companies
BNP Paribas, Chairman of the Corporate Governance and Nominations Committee
EADS NV, member of the Audit Committee
Total SA, Chairman of the Compensation Committee

Other[(1)]
Chairman of the Fondation BNP Paribas
Honorary Chairman of the Aspen Institute and the Institut de l'entreprise
Member of the Académie des Sciences morales et politiques, the Supervisory Board and Steering Committee of the Aspen Institute, Steering Committee of Institut de l'entreprise, Fondation Nationale des Sciences Politiques, and the Board of Directors of Fondation ARC

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

2012:
Honorary Chairman of: BNP Paribas
Director of: AXA, Compagnie de Saint-Gobain, Total, BNP Paribas (Switzerland) SA, Eads NV (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: the 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

2011:
Honorary Chairman of: BNP Paribas (from 1 December 2011)
Director of: AXA, Compagnie de Saint-Gobain, Lafarge, Total, BNP Paribas (Switzerland) SA, Eads NV (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)

2010:
Chairman of the Board of Directors of: BNP Paribas
Director of: AXA, Compagnie de Saint-Gobain, Lafarge, Total, BNP Paribas (Switzerland) SA, Eads NV (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)

2009:
Chairman of the Board of Directors of: BNP Paribas
Director of: Lafarge, Compagnie de Saint-Gobain, Total, BNP Paribas (Switzerland) SA, Eads NV (Netherlands), Pargesa Holding SA (Switzerland)
Member of the Supervisory Board of: AXA, Banque Marocaine pour le Commerce et l'Industrie (Morocco)
Non-voting Director of: Société Anonyme des Galeries Lafayette
Chairman of: 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)

(1) Year ended 31 December 2013.
(*) Listed company.

Jean-Laurent BONNAFÉ
Principal function: *Chief Executive Officer and Director* of BNP Paribas

Born on 14 July 1961
Term start and end dates: 15 May 2013 – 2016 AGM
First elected to the Board on: 12 May 2010

Number of BNP Paribas shares held(1): 62,545(2)
Office address: 3, rue d'Antin
75002 PARIS,
FRANCE

Education
Graduate of the École Polytechnique
Graduate of the École des Mines

Offices held(1) in BNP Paribas Group listed or unlisted companies, in France or abroad
BNP Paribas(*), Director and Chief Executive Officer
Director of Banca Nazionale del Lavoro (Italy)
Director of BNP Paribas Fortis (Belgium)

Offices held(1) outside BNP Paribas Group in listed or unlisted companies, in France or abroad
Carrefour(*), Director

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

2012:	2011:	2010:	2009:
Chief Operating Officer and Director of: BNP Paribas **Director of:** Carrefour, Banca Nazionale del Lavoro (Italy), BNP Paribas Fortis (Belgium), Erbé SA (Belgium)	**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

(1) Year ended 31 December 2013.
(2) Furthermore, Jean-Laurent Bonnafé owns the equivalent of 17,103 BNP Paribas shares under the Company Savings Plan.
(*) Listed company.

Pierre-André de CHALENDAR
Principal function: *Chairman and Chief Executive Officer* of Compagnie de Saint-Gobain

Born on 12 April 1958
Term start and end dates: 23 May 2012 – 2015 AGM
First elected to the Board on: 23 May 2012

Number of BNP Paribas shares held(1): 1,000
Office address: Les Miroirs
92096 LA DEFENSE CEDEX,
FRANCE

Education
Graduate of the ESSEC
Graduate of the École Nationale d'Administration

Offices held(1) in BNP Paribas Group listed or unlisted companies, in France or abroad
BNP Paribas(*), Director

Offices held(1) outside BNP Paribas Group in listed or unlisted companies, in France or abroad
Chairman and Chief Executive Officer of Compagnie de Saint-Gobain(*)
GIE SGPM Recherches, Director
Saint-Gobain Corporation, Director
Veolia Environnement(*), Director
Chairman of the Board of Directors of Verallia

Participation(1) in Special Committees of French or foreign companies
BNP Paribas, Chairman of the Compensation Committee
Compagnie de Saint-Gobain, member of the Strategic Committee
Veolia Environnement, member of the Research, Innovation and Sustainable Development Committee

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

2012:			
Chairman and Chief Executive Officer of: Compagnie de Saint-Gobain **Chairman of:** Verallia **Director of:** Veolia Environnement, Saint-Gobain Corporation, GIE SGPM Recherches			

(1) Year ended 31 December 2013.
(*) Listed company.

Marion GUILLOU **Principal function: *Chairwoman* of Agreenium**	
Born on 17 September 1954 *Term start and end dates:* 15 May 2013 – 2016 AGM *First elected to the Board on:* 15 May 2013 *Number of BNP Paribas shares held*(1): 300 *Office address:* 147, rue de l'Université 75007 PARIS, FRANCE **Education** Graduate of the École Polytechnique Graduate of the École Nationale du Génie Rural, des Eaux et des Forêts Doctor of Food Sciences	**Offices held(1) in BNP Paribas Group listed or unlisted companies, in France or abroad** BNP Paribas(*), Director **Offices held(1) outside BNP Paribas Group in listed or unlisted companies, in France or abroad** Agreenium, Chairwoman Apave, Director CGIAR, Director Imerys(*), Director Veolia Environnement(*), Director **Participation(1) in Special Committees of French or foreign companies** BNP Paribas, member of the Corporate Governance and Nominations Committee Veolia Environnement, member of the Research, Innovation and Sustainable Development Committee

(1) *Year ended 31 December 2013.*
(*) *Listed company.*

Denis KESSLER
Principal function: *Chairman and Chief Executive Officer* of SCOR SE

Born on 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[1]: 2,684
Office address: 1, avenue du Général-de-Gaulle
92074 PARIS LA DEFENSE CEDEX,
FRANCE

Education
Degree in Economic Science
Degree in Social Science
Doctor of Economic Science
Graduate of the École des Hautes Études Commerciales

Offices held[1] in BNP Paribas Group listed or unlisted companies, in France or abroad
BNP Paribas(*), Director

Offices held[1] outside BNP Paribas Group in listed or unlisted companies, in France or abroad
Dassault Aviation(*), Director
Invesco Ltd(*) (USA), Director
SCOR SE(*), Chairman and Chief Executive Officer
Member of the Supervisory Board of Yam Invest NV (Netherlands)

Participation[1] in Special Committees of French or foreign companies
BNP Paribas, Chairman of the Financial Statements Committee
Dassault Aviation, member of the Audit Committee
SCOR SE, Chairman of the Strategic Committee

Other[1]
Member of the Commission Économique de la Nation, the Board of Directors of the Association de Genève, the Board of Directors of the Association du Siècle, the Global Reinsurance Forum, the Reinsurance Advisory Board, the Laboratoire d'Excellence Finance et Croissance Durable (LabexFCD) and the Global counsellor of the Conference Board

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

2012:	2011:	2010:	2009:
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 NV (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)	**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 NV (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 NV (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 NV (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:** the Reinsurance Advisory Board, Global Reinsurance Forum, Board of Directors of Le Siècle

(1) *Year ended 31 December 2013.*
(*) *Listed company.*

Meglena KUNEVA
Principal function: *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 – 15 May 2013
First elected to the Board on: 12 May 2010

Number of BNP Paribas shares held[1]: 10
Office address: Ul. "Plachkovica" – 1
Vhod A
SOFIA 1164,
BULGARIA

Education
Graduate of the University of Sofia

Other[1]
Chairman of the Governing Board of the European Policy Centre (Brussels)
Member of the Advisor on passenger rights to EC Vice-President Siim Kallas, European Commission, Brussels (Belgium), the European Council on Foreign Relations, Brussels (Belgium), Member of the Board of Trustees of the American University (Bulgaria), Honorary President of the European Citizen Action Service, Brussels (Belgium)

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

2012:	2011:	2010:	
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)	**Member of:** Board of Trustees of the American University (Bulgaria)	**Member of:** Board of Trustees of the American University (Bulgaria)	

(1) Year ended 31 December 2013.

Jean-François LEPETIT
Principal function: *Director* of companies

Born on 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

Education
Graduate of the École des Hautes Études Commerciales
Master of Law

Offices held[1] **in BNP Paribas Group listed or unlisted companies, in France or abroad**
BNP Paribas(*), Director

Offices held[1] **outside BNP Paribas Group in listed or unlisted companies, in France or abroad**
Shan SA, Director
Smart Trade Technologies SA, Director

Participation[1] **in Special Committees of French or foreign companies**
BNP Paribas, Chairman of the Internal Control, Risk Management and Compliance Committee and member of the Compensation Committee

Other[1]
Member of: Board of the Qatar Financial Centre Regulatory Authority (QFCRA), Doha (Qatar) and Conseil de la 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)

2012:	2011:	2010:	2009:
Director of: Smart Trade Technologies SA, Shan SA **Member of:** Board of the Qatar Financial Centre Regulatory Authority (QFCRA), Doha (Qatar), Conseil de la régulation financière et du risque systémique (Corefris)	**Director of:** Smart Trade Technologies SA, Shan SA **Member of:** Board of the Qatar Financial Centre Regulatory Authority (QFCRA), Doha (Qatar)	**Director of:** Smart Trade Technologies SA, Shan SA **Member of:** Board of the Qatar Financial Centre Regulatory Authority (QFCRA), Doha (Qatar)	**Director of:** Smart Trade Technologies SA, Shan SA **Member of:** Board of the Qatar Financial Centre Regulatory Authority (QFCRA), Doha (Qatar), Board of the Autorité des Marchés Financiers, Conseil de normalisation des comptes publics

(1) Year ended 31 December 2013.
(*) Listed company.

Christophe de MARGERIE
Principal function: *Chairman and Chief Executive Officer* of Compagnie Total

Born on 6 August 1951
Term start and end dates: 15 May 2013 – 2016 AGM
First elected to the Board on: 15 May 2013

Number of BNP Paribas shares held[1]: 1,200
Business address: 2, place Jean-Millier
La DÉFENSE 6,
92078 LA DÉFENSE CEDEX,
FRANCE

Education
Graduate of the École Supérieure de Commerce de Paris

Offices held[1] in BNP Paribas Group listed or unlisted companies, in France or abroad
BNP Paribas(*), Director

Offices held[1] outside BNP Paribas Group in listed or unlisted companies, in France or abroad
Shtokman Development AG (Switzerland), Director
Total SA(*), Director and Chairman and Chief Executive Officer
Vivendi(*), Member of the Supervisory Board

Participation[1] in Special Committees of French or foreign companies
BNP Paribas, member of the Financial Statements Committee
Total SA, Chairman of the Strategic Committee

Other[1]
Director of the Institut du Monde Arabe

(1) *Year ended 31 December 2013.*
(*) *Listed company.*

Nicole MISSON
Principal function: *Customer Advisor*

Born on 21 May 1950
Term start and end dates: representative for management employees of BNP Paribas for three years, from 16 February 2012 – 15 February 2015
First elected to the Board on: 1 July 2011

Number of BNP Paribas shares held[1]: 174
Office address: 22, rue de Clignancourt
75018 PARIS,
FRANCE

Offices held[1] in BNP Paribas Group listed or unlisted companies, in France or abroad
BNP Paribas(*), Director

Participation[1] in Special Committees of French or foreign companies
BNP Paribas, member of the Internal Control, Risk Management and Compliance Committee and the Compensation Committee

Other[1]
Judge at the Paris Employment Tribunal, Management Section,
Member of the Commission Paritaire de la Banque
(Association Française des Banques – Recourse Commission)

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

2012: Judge at the Paris Employment Tribunal, Management Section **Member of:** the Commission Paritaire de la Banque (Association Française des Banques – Recourse Commission)	**2011:** Judge at the Paris Employment Tribunal, Management Section **Member of:** the Commission Paritaire de la Banque (Association Française des Banques – Recourse Commission)		

(1) *Year ended 31 December 2013.*
(*) *Listed company.*

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

Born on 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

Number of BNP Paribas shares held[1] : 10
Office address: 41, Boulevard du Maréchal-Foch
49000 ANGERS,
FRANCE

Offices held[1] in BNP Paribas Group listed or unlisted companies, in France or abroad
BNP Paribas(*), Director

Participation[1] in Special Committees of French or foreign companies
BNP Paribas, member of the Financial Statements Committee

2012 : Nil			

(1) *Year ended 31 December 2013.*
(*) *Listed company.*

Laurence PARISOT
Principal function: *Vice-Chairman of the Management Board* of IFOP SA

Born on 31 August 1959
Term start and end dates: 23 May 2012 – 2015 AGM
First elected to the Board on: 23 May 2006

Number of BNP Paribas shares held[1]: 755
Office address: Immeuble Millénaire 2
35, rue de la Gare
75019 PARIS,
FRANCE

Education
Graduate of the Institut d'Études Politiques de Paris
Master's in Public Law, Université de Nancy II
Master of Advanced Studies, Institut d'Études Politiques de Paris

Offices held[1] in BNP Paribas Group listed or unlisted companies, in France or abroad
BNP Paribas(*), Director

Offices held[1] outside BNP Paribas Group in listed or unlisted companies, in France or abroad
Coface SA, Director
Member of the Supervisory Board of Compagnie Générale des Établissements Michelin (SCA)(*)
Fives, Director
Ifop SA, Vice Chairwoman of the Management Board

Participation[1] in Special Committees of French or foreign companies
BNP Paribas, member of the Corporate Governance and Nominations Committee
Member of the Compensation Committee of Compagnie Générale des Établissements Michelin (SCA)

Other[1]
Honorary Chairman of Mouvement des Entreprises de France (Medef)

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

2012:	2011:	2010:	2009:
Vice-Chairman of the Management Board 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 Management Board 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 Management Board 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 Management Board of:** Ifop SA **Chairman of:** Mouvement des Entreprises de France (Medef) **Director of:** Coface SA **Member of the Supervisory Board of:** Michelin

(1) Year ended 31 December 2013.
(*) Listed company.

Hélène PLOIX

Principal function: *Chairman* of Pechel Industries (SAS), Pechel Industries Partenaires (SAS) and FSH (SAS)

Born on 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[(1)]: 1,609
Office address: 162, rue du Faubourg Saint-Honoré
75008 PARIS,
FRANCE

Education
Graduate of the Institut d'Études Politiques de Paris
Graduate of the Institut Européen d'Administration des Affaires (Insead)
Degree in Law and English
Master of Arts in Public Administration

Offices held[(1)] in BNP Paribas Group listed or unlisted companies, in France or abroad
BNP Paribas[(*)], Director

Offices held[(1)] outside BNP Paribas Group in listed or unlisted companies, in France or abroad
Ferring SA (Switzerland), Director
Genesis Emerging Markets Fund Limited (Guernsey), Director
Hélène PLOIX SARL, manager
Hélène Marie Joseph SARL, manager
Lafarge[(*)], Director
Pechel Industries Partenaires (SAS) in: Goëmar Holding (Luxembourg), Store Electronic Systems, permanent representative
Member of the Supervisory Board of Publicis Groupe[(*)]
Sofina[(*)] (Belgium), Director
Sorepe Société Civile, manager

Participation[(1)] in Special Committees of French or foreign companies
BNP Paribas, member of the Internal Control, Risk Management and Compliance Committee and the Compensation Committee
Lafarge, Chairman of the Audit Committee
Publicis Groupe member of the Strategic and Risk Committee and the Audit Committee
Sofina, Chairman of the Audit Committee

Other[(1)]
Member of Institut Français des Administrateurs (IFA)

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

2012:
Chairman of: Pechel Industries (SAS) and Pechel Industries Partenaires (SAS) and FSH (SAS)
Director of: Lafarge, Ferring SA (Switzerland), Sofina (Belgium), Genesis Emerging Markets Fund Limited (Guernsey)
Permanent representative: Pechel Industries Partenaires (SAS): Ypso Holding (Luxembourg), Goëmar Holding (Luxembourg), Store ElectronicSystems (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: Institut Français des Administrateurs (IFA), Organisation Métrologique Mondiale (OMM)

2011:
Chairman of: Pechel Industries (SAS) and 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

2010:
Chairman of: Pechel Industries (SAS) and 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)

2009:
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

(1) Year ended 31 December 2013.
(*) Listed company.

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

Born on 8 July 1942
Term start and end dates: 12 May 2010 – 15 May 2013
First elected to the Board on: 14 December 1993

Number of BNP Paribas shares held(1): 25,233
Office address: 8-10, avenue Émile-Zola
92109 BOULOGNE-BILLANCOURT CEDEX,
FRANCE

Education
Graduate of the Institut d'Études Politiques de Paris
Graduate of the École Nationale d'Administration

Offices held(1) outside BNP Paribas Group in listed or unlisted companies, in France or abroad
Allianz(*) (Germany), member of the Advisory Committee
Bosch (Germany), member of the Advisory Committee
L'Oréal(*), Director
Honorary Chairman of Renault(*)
Veolia Environnement(*), Director

Participation(1) in Special Committees of French or foreign companies
L'Oréal, member of the Audit Committee and the Strategic and Sustainable Development Committee
Veolia Environnement, member of the Appointments and Compensation Committee

Other(1)
Member of the Board of the Fondation Nationale des Sciences Politiques and the Musée du quai Branly
Chairman of France Initiative, Festival d'Avignon and MC 93

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

2012:
Chairman of: France Initiative
Honorary Chairman of: Renault
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

2011:
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

2010:
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

2009:
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

(1) Year ended 31 December 2013.
(*) Listed company.

Michel TILMANT **Principal function:** ***Manager*** **of Strafin sprl (Belgium)**	
Born on 21 July 1952 *Term start and end dates:* 15 May 2013 – 2016 AGM *First elected to the Board on:* 12 May 2010 (Mr. Michel Tilmant held the position of non-voting Director of BNP Paribas from 4 November 2009 to 11 May 2010) *Number of BNP Paribas shares held*(1): 500 *Office address:* Rue du Moulin 10 B – 1310 LA HULPE, BELGIUM **Education** Graduate of the University of Louvain	**Offices held(1) in BNP Paribas Group listed or unlisted companies, in France or abroad** BNP Paribas(*), Director **Offices held(1) outside BNP Paribas Group in listed or unlisted companies, in France or abroad** CapitalatWork Foyer Group SA (Luxembourg), Director Senior advisor of: Cinven Ltd (United Kingdom) Foyer Assurances SA (Luxembourg), Director Groupe Lhoist SA (Belgium), Director Guardian Financial Services Holdings Limited (United Kingdom), Director Guardian Assurance Limited (UK), Director Guardian Holdings Limited (Jersey), Director Guardian Acquisitions Limited (UK), Director NBGB SA (Belgium), Director Royal Automobile Club of Belgium (Belgium), Director Sofina SA(*) (Belgium), Director Strafin sprl (Belgium), manager Université Catholique de Louvain (Belgium), Director **Participation(1) in Special Committees of French or foreign companies** BNP Paribas, member of the Internal Control, Risk Management and Compliance Committee

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

2012:	2011:	2010:	
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)	**Chairman of:** Green Day Holdings Limited (Jersey), Green Day Acquisitions Limited (UK) **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)	**Senior advisor:** Cinven Ltd (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)	

(1) Year ended 31 December 2013.
(*) Listed company.

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

Born on 30 April 1941
Term start and end dates: 15 May 2013 – 2016 AGM
First elected to the Board on: 12 May 2010
(Mr Emiel Van Broekhoven held the position of non-voting Director of BNP Paribas from 4 November 2009 to 11 May 2010)

Number of BNP Paribas shares held(1): 550
Office address: Zand 7 – 9
B – 2000 ANTWERP,
BELGIUM

Education
Graduate of Saint Ignatius Business College (Belgium)
Doctor of Economic Sciences, Oxford University (United Kingdom)

Offices held(1) in BNP Paribas Group listed or unlisted companies, in France or abroad
BNP Paribas(*), Director

Participation(1) in Special Committees of French or foreign companies
BNP Paribas, member of the Financial Statements Committee

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

2012:	2011:	2010:	
Nil	Nil	Nil	

(1) *Year ended 31 December 2013.*
(*) *Listed company.*

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

Born on 18 November 1957
Term start and end dates: 11 May 2011 – 31 May 2013
First elected to the Board on: 21 May 2008

Number of BNP Paribas shares held(1): 2,241
Office address: Mainzer, Landstrasse 46
D 60325 – FRANKFURT AM MAIN,
GERMANY

Education
Graduate of the University of Frankfurt am Main (Germany) and Columbia University (USA)

Other(1)
Clifford Chance, Frankfurt (Germany), partner
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)

2012:	2011:	2010:	2009:
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)	**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

(1) *Year ended 31 December 2013.*

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

Born on 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[1]: 139
Business address: 11-13 Worple Way
Richmond-upon-Thames, SURREY TW10 6DG,
UNITED KINGDOM

Education
Institut d'Études Politiques de Paris
Graduate of the University of Virginia and Johns Hopkins University (USA)

Offices held[1] in BNP Paribas Group listed or unlisted companies, in France or abroad
BNP Paribas(*), Director

Offices held[1] outside BNP Paribas Group in listed or unlisted companies, in France or abroad
Ballarpur Industries Ltd (BILT), Director
CDC Group Plc, Director
SCOR SE(*), Director

Participation[1] in Special Committees of French or foreign companies
BNP Paribas, member of the Financial Statements Committee
SCOR SE, member of the Strategic Committee, Risk Committee and Appointments Committee
BILT, member of the Audit Committee and the Compensation Committee

Other[1]
Administrator of the Ministry of Justice of Her Majesty's Government (UK)
Member of the Board of the Batten 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)

2012:	2011:		
Director of: CDC Group Plc, Ballarpur International Graphic Paper Holdings **Member of:** the Board of the Batten School of Leadership – University of Virginia (United States)	**Director of:** CDC Group Plc, Ballarpur International Graphic Paper Holdings **Member of:** the Board of the Batten School of Leadership – University of Virginia (United States)		

(1) Year ended 31 December 2013.
(*) Listed company.

OTHER CORPORATE OFFICERS

Philippe BORDENAVE **Principal function: *Chief Operating Officer* of BNP Paribas**	
Born on 2 August 1954 *Number of BNP Paribas shares held*[(1)]: 50,119 *Office address:* 3, rue d'Antin 75002 PARIS, FRANCE **Education** Graduate of the École Polytechnique Doctor of Economic Science Graduate of the École Nationale d'Administration	**Offices held[(1)] in BNP Paribas Group listed or unlisted companies, in France or abroad** Antin Participation 5 (SAS), permanent representative BNP Paribas[(*)], Chief Operating Officer Director of BNP Paribas Personal Finance BNP Paribas Securities Services (SCA), permanent representative

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

2012:	2011:		
Chief Operating Officer of: BNP Paribas **Director of:** BNP Paribas Personal Finance **Permanent representative:** Permanent Representative of Antin Participation 5 (SAS) to BNP Paribas Securities Services (SCA)	**Chief Operating Officer of:** BNP Paribas (from 1 December 2011) **Director of:** BNP Paribas UK Holdings Ltd (UK), BNP Paribas Personal Finance **Permanent representative:** Permanent Representative of Antin Participation 5 (SAS) to BNP Paribas Securities Services (SCA)		

(1) *Year ended 31 December 2013.*
(*) *Listed company.*

Georges CHODRON de COURCEL **Principal function: *Chief Operating Officer* of BNP Paribas**	
Born on 20 May 1950 *Number of BNP Paribas shares held*[(1)]: 71,561 *Office address:* 3, rue d'Antin 75002 PARIS, FRANCE **Education** Graduate of the École Centrale de Paris Degree in economic sciences	**Offices held[(1)] in BNP Paribas Group listed or unlisted companies, in France or abroad** BNP Paribas[(*)], Chief Operating Officer BNP Paribas (Switzerland) SA, Chairman BNP Paribas Fortis (Belgium), Vice-Chairman **Offices held[(1)] outside BNP Paribas Group in listed or unlisted companies, in France or abroad** Alstom[(*)], Director Bouygues[(*)], Director Erbé SA (Belgium), Director Exane, Non-voting Director GBL – Groupe Bruxelles Lambert[(*)] (Belgium), Director Member of the Supervisory Board of Lagardère SCA[(*)] Nexans[(*)], Director SCOR Holding (Switzerland) AG (Switzerland), Director SCOR Global Life Rückversicherung Schweiz AG (Switzerland), Director SCOR Switzerland AG (Switzerland), Director SGLRI – SCOR Global Life Reinsurance Ireland (Ireland), Director Société Foncière, Financière et de Participation (FFP)[(*)], Director Verner Investissements SAS, Director

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

2012:	2011:	2010:	2009:
Chief Operating Officer of: BNP Paribas **Chairman of:** BNP Paribas (Switzerland) SA **Vice-Chairman of:** BNP Paribas Fortis (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 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:** BNP Paribas Fortis (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:** BNP Paribas Fortis (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:** BNP Paribas Fortis (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:** Exane, Safran, SCOR SA

(1) Year ended 31 December 2013.
(*) Listed company.

François VILLEROY de GALHAU Principal function: *Chief Operating Officer* of BNP Paribas	
Born on 24 February 1959 *Number of BNP Paribas shares held*[(1)]: 1,411[(*)] *Office address:* 3, rue d'Antin 75002 PARIS, FRANCE **Education** Graduate of the École Polytechnique Graduate of the École Nationale d'Administration	**Offices held[(1)] in BNP Paribas Group listed or unlisted companies, in France or abroad** Arval Service Lease, Director Director of Banca Nazionale del Lavoro (Italy) Vice-Chairman of BGL BNP Paribas (Luxembourg) BNP Paribas[(*)], Chief Operating Officer Director of BNP Paribas Fortis (Belgium) BNP Paribas Leasing Solutions (Luxembourg), Director Cortal Consors, Director **Offices held[(1)] outside BNP Paribas Group in listed or unlisted companies, in France or abroad** Bayard Presse, member of the Supervisory Board Villeroy-Boch AG[(*)] (Germany), member of the Supervisory Board

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

2012:	2011:		
Chief Operating Officer of: BNP Paribas **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)	**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) Year ended 31 December 2013.
(*) Furthermore, François Villeroy de Galhau owns the equivalent of 876 BNP Paribas shares under the Company Savings Plan.
(*) Listed company.

COMPENSATION

COMPENSATION AND BENEFITS AWARDED TO THE GROUP'S CORPORATE OFFICERS

Compensation policy

The Group's executive corporate officer compensation policy refers explicitly to the Afep-Medef Code for Corporate Governance and further derives its legitimacy from its desire to enact policies consistent with the BNP Paribas Responsibility Charter (see chapter 7.1). The compensation paid to the Group's corporate officers is determined by the Board of Directors and is based on the proposals of the Compensation Committee. This committee is comprised of three independent Directors and one Director representing the employees.

The definition of the terms of compensation paid to the Group's corporate officers takes into account the following objectives:

- alignment with the corporate interest of the company and its shareholders by:
  - fitting into a medium-long term outlook, especially in terms of the growth of the intrinsic value of the Bank and the relative performance of its shares,
  - integrating ways to assess that are not only financial and take into account the CSR dimension in the qualitative criteria contributing to the determination of compensation,
  - ensuring sufficient variability in the amounts allocated to reflect changes in the company's progress without weighing too heavily on fixed costs;
- transparency of compensation:
  - thoroughness: all elements (fixed, multi-year, variable) are used in the overall assessment of compensation,
  - balance between the elements of compensation, which must contribute to the general interest of the Bank and be in line with best market practices,
  - intelligibility of stable and demanding rules;

- attractiveness, in order to select with rigour the profiles recognised as particularly competent in the fields of the Group's activity.

I. Compensation of the Chairman and the Executive Management

The compensation awarded to the Group's corporate officers is determined by the method recommended by the Compensation Committee to the Board of Directors, in accordance with the principles stated above.

Compensation includes:

- a fixed component;
- a conditional long-term incentive plan (Long-Term Incentive Plan or LTIP);
- and a variable component.

The levels of these different elements are determined using market benchmarks based on surveys of executive compensation established by specialised firms.

1. Fixed salary

The annual fixed compensation of Baudouin Prot, Chairman, totalled EUR 850,000 in 2013.

The annual fixed compensation of Jean-Laurent Bonnafé as Chief Executive Officer totalled EUR 1,250,000 in 2013.

The annual fixed compensation of François Villeroy de Galhau, Chief Operating Officer, totalled EUR 450,000 in 2013.

The annual fixed compensation of Georges Chodron de Courcel as Chief Operating Officer was increased from EUR 600,000 to EUR 700,000 starting 1 March 2013; it was last reviewed in February 2008. This increase also takes into account the quality and the prudence with which he handled the businesses under his charge and his contribution to the strategic direction of the Group.

The annual fixed compensation of Philippe Bordenave as Chief Operating Officer was increased from EUR 580,000 to EUR 640,000 starting 1 March 2013. This increase also takes into account the contribution of Mr Bordenave to the strategic direction of the Group and the success of his oversight of new central functions after the extension of the scope of his responsibilities.

2. Five-year long-term conditional incentive plan (LTIP)

In order to involve the Group Corporate officers, in the long-term change in value, the Board of Directors has established a fully conditional LTIP based on the share valuation over five years, under conditions that:

- allow no choice as to the date of payment; and
- limit earning opportunities.

The Chairman of the Board is eligible for the LTIP for the following reasons:

a) the conditions of the LTIP are sufficiently demanding to ensure the interests of shareholders over the long term;

b) the role of non-executive Chairman is to ensure that the Executive Management shall establish the conditions for the Group's balanced long-term development in line with the interests of shareholders.

The initial amount is the amount of variable compensation awarded for the year preceding that in which the Board has decided to award under the LTIP.

The very existence and amount of actual compensation are, however, subject to two successive performance conditions:

a) The first performance condition consists of the measurement, after each of the five years of the vesting period, of the performance of the BNP Paribas share price relative to the Dow Jones EURO STOXX Banks index of European banks. During each measurement, a fifth of the original amount is maintained, reduced or lost depending on the relative performance observed. This first performance condition will therefore be assessed five times during the life of each LTIP.

Relative performance of the BNP Paribas share compared to the performance of the Dow Jones EURO STOXX Banks index	Effect on the fraction of the initial amount subject to performance measurement
Equal or higher	Steady
No more than 5 points lower	10% reduction
5 to 10 points lower	30% reduction
10 to 15 points lower	50% reduction
Over 15 points lower	Loss

b) The second performance condition, which will be assessed at the end of the period of five years, consists of the recognition of the increase in the share during this period, with the understanding that:

- no compensation will be paid if, five years after the award date, the share price has risen by less than 5%;
- the amount ultimately paid will:
  - change in a way that is less than proportional to the increase in share price,
  - be in any case limited to a maximum amount equal to the sum of the fixed salary and variable compensation awarded to the beneficiary for the year preceding the one during which the Board decided to make an award under the LTIP, in order to mitigate the effects of a significant increase in the Bank's share price.

Increase in share price	Coefficient applied to the initial amount, which may be reduced due to the condition based on the relative performance of the BNP Paribas share
Strictly under 5%	0 (No payment)
Equal or higher than 5% and under 10%	0.4
Equal or higher than 10% and under 20%	0.8
Equal or higher than 20% and under 33%	1.2
Equal or higher than 33% and under 50%	1.3
Equal or higher than 50% and under 75%	1.5
Equal or higher than 75%	1.75

The LTIP amounts awarded during 2013 to Group corporate officers are broken down in the summary table hereafter.

3. Annual variable compensation

The variable component is intended to reflect the effective contribution of executive corporate officers to the success of BNP Paribas in respect of their functions as executive managers of an international financial services group.

General principles

a) Non-executive Chairman

The Board wished to comply with the AMF recommendation and market recommendations, which did not agree with the inclusion of a variable portion in the compensation of a non-executive Chairman. Starting in 2013, Baudouin Prot no longer received annual variable compensation.

The removal of this variable compensation is an illustration of the independence of the Chairman with regard to the Executive Management.

b) Executive corporate officers

The variable part of compensation of the members of the Executive Management is determined from target compensation equal to:

- 150% of their annual fixed compensation for Jean-Laurent Bonnafé, Georges Chodron de Courcel and Philippe Bordenave;
- 120% of his annual fixed compensation for François Villeroy de Galhau.

It changes based on criteria representative of Group results and the managerial performance of its executive corporate officers.

Group performance criteria (quantitative)

Group performance criteria affect:

- 75% of the target variable compensation;
- and enable to calculate the corresponding portion of the compensation in a manner proportional to numerical indicators.

If objectives based on quantitative criteria are exceeded (or not achieved), the fraction of the target compensation in question changes proportionally within the limits of the cap mentioned below.

Corporate officers whose compensation is subject to these criteria may be divided into two categories:

a) Corporate officers with a global scope of activity: they are not responsible for one division or business in particular

For Jean-Laurent Bonnafé and Philippe Bordenave, therefore, the quantitative criteria are applied to the Group's overall performance:

- ratio of earnings per share for the year to earnings per share for the previous year (37.5% of target variable compensation);
- percentage of achievement of the Group's budgeted gross operating income (37.5% of the target variable remuneration).

b) Corporate officers who are in charge of divisions or businesses are also assessed on the results for those activities

For Georges Chordon de Courcel and François Villeroy de Galhau:

- ratio of net earnings per share for the year to net earnings per share for the previous year (18.75% of target variable compensation);
- percentage of achievement of the Group's budgeted gross operating income (18.75% of the target variable remuneration);
- ratio of net income before tax from activities under their responsibility for this year to the previous year (18.75% of target variable compensation);
- percentage of achievement of budgeted gross operating income of businesses for which they are responsible (18.75% of the target variable remuneration).

Personal (qualitative) criteria

The variable portion of compensation linked to personal criteria is limited to 25% of the target variable compensation. The exceeding of qualitative objectives does not result in an increase of the variable component linked to these criteria.

Personal objective-based criteria concern managerial performance as assessed by the Board of Directors in terms of foresight, decision-making, leadership skills and the setting of examples:

- *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;

- *be an example:* lead the Group in an ethical and active process of economic, civic, environmental and social responsibility (see the four pillars and the 12 commitments of the Group CSR policy presented in chapter 7.1). Encourage a long-term strategy based on sustainable performance.

The Board of Directors also ensures the consistency of the amount of the annual variable compensation with changes in the results of the Group.

In any event, the amount of annual variable compensation for each of the corporate officers is capped at 180% of the fixed compensation.

Assessment of the achievement of the targets set for fiscal year 2013

On 6 March 2014, the Board of Directors assessed the achievement of the objectives set.

In light of the Group's results for 2013, the quantitative objectives were achieved at the following levels:

- 83.6% for Jean-Laurent Bonnafé and Philippe Bordenave;
- 83.3% for Georges Chodron de Courcel;
- 91.1% for François Villeroy de Galhau.

After taking into account the qualitative criteria and the changes in the Group's results, the Board of Directors, on proposal of the Compensation Committee, has set the variable compensation awarded for 2013 at:

- 84.2% for Jean-Laurent Bonnafé;
- 85.7% for Philippe Bordenave;
- 63.4% for Georges Chodron de Courcel; and
- 92.5% for François Villeroy de Galhau.

of the target variable compensation.

The amounts of annual variable compensation awarded for 2013 to the executive corporate officers are listed in the summary tables below.

Terms of payment

The terms of payment of the target variable compensation for Group BNP Paribas executive corporate officers for 2013 were decided by the Board of Directors on 13 February 2013. These terms of payment comply with the provisions of CRBF Regulation 97-02:

- 60% of variable compensation is deferred over three years, while complying with a minimum amount of non-deferred compensation of EUR 300,000;
- half of the non-deferred part of the variable compensation will be paid in March 2014, minus Directors' fees collected within the Group in 2013 for entities other than BNP Paribas SA; and half in September 2014, indexed to the performance of the BNP Paribas share since the award;
- the deferred portion of the variable compensation will be paid in thirds in 2015, 2016 and 2017. Each annual payment will be paid half in March and half in September, indexed to the performance of the BNP Paribas share since the award.

In addition, the annual payment of the deferred variable compensation is subject to the condition that the ROE before tax of the Group for the year preceding the payment is greater than 5%.

II. Stock option or share purchase subscription plans: None

Since 2009, the Group's corporate officers in office have not been awarded any subscription or purchase option.

III. Performance shares: None

The Group corporate officers in office do not benefit from any performance or free shares.

IV. Post-employment benefits

1. 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, health insurance and defined contribution pension 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 return, a related party agreement was submitted to the vote of shareholders and approved at the General Meeting called 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 receive no termination benefits:
   - in the event of serious or gross misconduct,
   - in the event of failure to meet the performance conditions set out in point 2,
   - in the event of voluntary resignation from his position as Chief Executive Officer;
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 of his duties as Chief Executive Officer, Jean-Laurent Bonnafé has achieved at least 80% of the quantitative targets set by the Board of Directors for determining his annual variable compensation, his termination benefits will be equal to two years of his latest fixed compensation and target compensation prior to termination,
   b) if the achievement rate indicated above (2a) has not been met but the net income attributable to equity holders is positive in two of the three years preceding termination, Jean-Laurent Bonnafé's termination benefits will be equal to two years of his compensation due in respect of 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 of the benefits as set out above, and
   - will be 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 their mandate.

2. 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 will receive no retirement bonus when he goes into retirement.

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.

3. Top-up pension plan

Baudouin Prot and Georges Chodron de Courcel, the respective Chairman of the Board of Directors and Chief Operating Officer, are subject to a contingent collective defined-benefit top-up pension plan in accordance with the provisions of article L137.11 of the French Social Security Code. 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 reviewed from 1 January 2002 (following the transformation of the plans from defined-benefit to top-up pensions) 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 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.

Through application of this plan, the annual pension amount at 31 December 2013 is set at EUR 522,432 for Baudouin Prot and EUR 334,360 for Georges Chodron de Courcel. These amounts include the pensions to be used for early retirement (Sécurité Sociale, ARRCO, AGIRC).

This pension plan was outsourced to an insurance company outside the Group.

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. The Board of Directors formally recorded that this plan was compliant with the current 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 (article 83 of the French General Tax Code) set up for all BNP Paribas SA employees. The amount of contributions paid by the company in 2013 was EUR 407 per beneficiary.

4. 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.

V. 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 number of shares that Jean-Laurent Bonnafé shall be required to hold for the duration of his term of office will be raised from 30,000 shares to 80,000. 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, which 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 DIRECTORS REPRESENTING THE EMPLOYEES

Total compensation paid in 2013 to Directors representing employees based on their actual attendance amounted to EUR 81,636 (EUR 114,370 in 2012), excluding Directors' fees related to their mandate. The total amount of Directors' fees paid in 2013 to Directors representing employees was EUR 112,352 (EUR 82,058 in 2012). These sums were paid directly to the trade union bodies of the Directors concerned.

Directors representing employees are entitled to the same death/disability benefits and the same *Garantie Vie Professionnelle Accidents* benefits as all BNP Paribas SA employees, as well as medical benefits. The total amount of premiums paid into these schemes by BNP Paribas in 2013 on behalf of the Directors representing employees was EUR 1,831 (EUR 1,833 in 2012).

The Directors representing employees belong to the defined-contribution plan (article 83 of the French General Tax Code) set up for all BNP Paribas SA employees. The total amount of contributions paid into this plan by BNP Paribas in 2013 on behalf of these corporate officers was EUR 720 (EUR 738 in 2012). 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 2013, total outstanding loans granted directly or indirectly to the Group's corporate officers amounted to EUR 1,263,432 (EUR 2,700,091 at 31 December 2012). 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.

QUANTITATIVE INFORMATION ON COMPENSATION OF EXECUTIVE CORPORATE OFFICERS

Summary of the compensation, stock options and shares granted to each executive corporate officer

	2012	2013
Baudouin PROT – Chairman of the Board of Directors		
Remuneration awarded for the financial year	1,944,969	1,208,961
Value of stock options granted during the financial year	Nil	Nil
Value of performance shares awarded during the financial year	Nil	Nil
TOTAL	**1,944,969**	**1,208,961**
Jean-Laurent BONNAFÉ – Chief Executive Officer		
Remuneration awarded for the financial year	3,182,134	3,440,375
Value of stock options granted during the financial year	Nil	Nil
Value of performance shares awarded during the financial year	Nil	Nil
TOTAL	**3,182,134**	**3,440,375**
Philippe BORDENAVE – Chief Operating Officer		
Remuneration awarded for the financial year	1,636,440	1,731,896
Value of stock options granted during the financial year	Nil	Nil
Value of performance shares awarded during the financial year	Nil	Nil
TOTAL	**1,636,440**	**1,731,896**
Georges CHODRON de COURCEL – Chief Operating Officer		
Remuneration awarded for the financial year	1,699,273	1,634,199
Value of stock options granted during the financial year	Nil	Nil
Value of performance shares awarded during the financial year	Nil	Nil
TOTAL	**1,699,273**	**1,634,199**
François VILLEROY de GALHAU – Chief Operating Officer		
Remuneration awarded for the financial year	1,091,535	1,130,232
Value of stock options granted during the financial year	Nil	Nil
Value of performance shares awarded during the financial year	Nil	Nil
TOTAL	**1,091,535**	**1,130,232**

The table below shows for each executive Director the gross remuneration due or awarded during the financial year and those paid in 2013 including Directors' fees and benefits in kind of the same period.

Table summarising the remuneration of each executive corporate officer

In euros		2012 Amounts due or awarded	2012 Amounts paid	2013 Amounts due or awarded	2013 Amounts paid
Baudouin PROT Chairman of the Board of Directors	Fixed salary	850,000	850,000	850,000	850,000
	Annual variable compensation	825,000	819,495	Nil	1,069,324
	Multi-annual variable remuneration(1)	228,565		275,055	
	Extraordinary compensation	Nil	Nil	Nil	Nil
	Directors' fees(2)	93,010	93,010	80,248	80,248
	including Directors' fees deducted from variable compensation	(55,307)			
	Benefits in kind(3)	3,701	3,701	3,658	3,658
	TOTAL	**1,944,969**	**1,766,207**	**1,208,961**	**2,003,230**
Jean-Laurent BONNAFÉ Chief Executive Officer	Fixed salary	1,150,000	1,150,000	1,250,000	1,250,000
	Annual variable compensation	1,680,000	640,935	1,580,000	1,183,772
	Multi-annual variable remuneration(1)	311,323		560,112	
	Extraordinary compensation	Nil	Nil	Nil	Nil
	Directors' fees(2)	143,540	143,540	140,801	140,801
	including Directors' fees deducted from variable compensation	(105,837)		(93,646)	
	Benefits in kind(3)	3,108	3,108	3,108	3,108
	TOTAL	**3,182,134**	**1,937,583**	**3,440,375**	**2,577,680**
Philippe BORDENAVE Chief Operating Officer	Fixed salary	580,000	580,000	630,000	630,000
	Annual variable compensation	860,000	406,366	810,000	679,977
	Multi-annual variable remuneration(1)	193,561		286,724	
	Extraordinary compensation	Nil	Nil	Nil	Nil
	Directors' fees(2)	7,500	7,500	12,075	12,075
	including Directors' fees deducted from variable compensation	(7,500)		(12,075)	
	Benefits in kind(3)	2,879	2,879	5,172	5,172
	TOTAL	**1,636,440**	**996,744**	**1,731,896**	**1,327,224**
Georges CHODRON de COURCEL Chief Operating Officer	Fixed salary	600,000	600,000	683,333	683,333
	Annual variable compensation	890,000	457,166	650,000	779,884
	Multi-annual variable remuneration(1)	205,132		296,726	
	Extraordinary compensation	Nil	Nil	Nil	Nil
	Directors' fees(2)(4)	98,558	98,558	77,063	77,063
	including Directors' fees deducted from variable compensation	(98,558)		(77,063)	
	Benefits in kind(3)	4,141	4,141	4,140	4,140
	TOTAL	**1,699,273**	**1,159,864**	**1,634,199**	**1,544,420**

In euros		2012 Amounts due or awarded	2012 Amounts paid	2013 Amounts due or awarded	2013 Amounts paid
François VILLEROY de GALHAU Chief Operating Officer	Fixed salary	450,000	450,000	450,000	450,000
	Annual Variable compensation	530,000	216,815	500,000	344,124
	Multi-annual variable remuneration(1)	108,421		176,702	
	Extraordinary compensation	Nil	Nil	Nil	Nil
	Directors' fees(2)	86,042	86,042	129,331	129,331
	including Directors' fees deducted from variable compensation	(86,042)		(129,331)	
	Benefits in kind(3)	3,114	3,114	3,530	3,530
	TOTAL	**1,091,535**	**755,971**	**1,130,232**	**926,985**

(1) Value of amount awarded subject to performance conditions.

(2) 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 and Erbé. The Directors' fees received from BNP Paribas Fortis, BNL and Erbé 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.
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.
François Villeroy de Galhau does not receive any Directors' fees from any Group companies other than from BGL, BNL, BNP Paribas Fortis and Cortal Consors. The Directors' fees received from these companies are deducted from his variable compensation.

(3) The Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officers have a company car and a mobile phone.

(4) After taking into account tax paid in respect of 2011 and 2012 on BNP Paribas Fortis Directors' fees.

The average tax and social contribution rate on these compensations in 2013 was 44% (30.5% in 2012).

Directors' fees and other compensation received by non-executive corporate officers

Non-executive corporate officers	Amounts paid in 2012	Amounts paid in 2013
BEBEAR Claude[(2)]		
Directors' fees	31,306	
De CHALENDAR Pierre André[(3)]		
Directors' fees	16,461	49,535
GIANNO Jean-Marie[(1)(5)]		
Directors' fees	10,054	
GUILLOU Marion[(4)]		
Directors' fees		16,255
KESSLER Denis		
Directors' fees	71,294	91,223
KUNEVA Meglena[(8)]		
Directors' fees	46,203	23,792
LEPETIT Jean-François		
Directors' fees	76,177	93,324
De MARGERIE Christophe[(4)]		
Directors' fees		13,961
MISSON Nicole[(1)]		
Directors' fees	45,489	60,355
MOUCHARD Thierry[(1)(6)]		
Directors' fees	26,515	51,997
PARISOT Laurence		
Directors' fees	39,615	51,997
PÉBEREAU Michel		
Directors' fees	44,859	62,850
PLOIX Hélène		
Directors' fees	53,672	68,305
SCHWEITZER Louis[(8)]		
Directors' fees	67,896	37,375
TILMANT Michel		
Directors' fees	55,547	68,567
VAN BROEKHOVEN Emiel		
Directors' fees	55,547	68,567
WEBER-REY Daniela[(7)]		
Directors' fees	46,522	34,072
WICKER-MIURIN Fields		
Directors' fees	52,432	68,567
TOTAL	**739,589**	**860,742**

(1) Directors did not receive Directors' fees, with the exception of those representing employees (cf. paragraph VI: Remuneration and benefits awarded to Directors representing employees).
(2) Term of office ended 23 May 2012.
(3) Term of office beginning 23 May 2012.
(4) Term of office beginning 15 May 2013.
(5) Term of office ended 15 February 2012.
(6) Term of office beginning 16 February 2012.
(7) Term of office ended 31 May 2013.
(8) Term of office ended 15 May 2013.

Subscription or purchase options granted during the year to each executive corporate officer by the issuer and by any company of the Group

	Number and date of plan	Type of options (purchase or subscription)	Valuation of options according to the method adopted for the consolidated financial statements	Number of options granted during the period	Exercise price	Exercise period
Baudouin PROT			None			
Jean-Laurent BONNAFÉ			None			
Philippe BORDENAVE			None			
Georges CHODRON de COURCEL			None			
François VILLEROY de GALHAU			None			

Subscription or purchase options exercised during the year by each executive corporate officer

	Number and date of plan	Number of options exercised during the period	Exercise price
Baudouin PROT	Plan 1 of 21/03/2003	161,352	35.87
		40,336	37.67
Jean-Laurent BONNAFÉ		None	
Philippe BORDENAVE	Plan 1 of 21/03/2003	26,073	35.87
		12,411	37.67
Georges CHODRON de COURCEL		None	
François VILLEROY de GALHAU	Plan 7 of 06/04/2009	9,995	35.11

Performance shares granted during the year to each corporate officer by the issuer and by any Group company

	Number and date of plan	Number of shares granted during the period	Valuation of options according to the method adopted for the consolidated financial statements	Vesting date	Date of availability	Performance conditions
Baudouin PROT			None			
Jean-Laurent BONNAFÉ			None			
Philippe BORDENAVE			None			
Georges CHODRON de COURCEL			None			
François VILLEROY de GALHAU			None			

Performance shares that became available during the year for each executive corporate officer

	Number and date of plan	Number of shares vesting during the period	Vesting conditions
Baudouin PROT		None	
Jean-Laurent BONNAFÉ		None	
Philippe BORDENAVE		None	
Georges CHODRON de COURCEL		None	
François VILLEROY de GALHAU		None	

History of purchase or subscription option awards

List	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5	Plan 6	Plan 7	Plan 8	Plan 9
Date of Annual General Meeting	23/05/2000	23/05/2000	23/05/2000	18/05/2005	18/05/2005	18/05/2005	21/05/2008	21/05/2008	21/05/2008
Date of Board Meeting	21/03/2003	24/03/2004	25/03/2005	05/04/2006	08/03/2007	18/04/2008	06/04/2009	05/03/2010	04/03/2011
Total number of shares that can be subscribed or purchased, of which the number that can be subscribed or purchased by:	6,835,045	1,830,649	4,475,028	3,987,389	3,719,812	4,085,347	2,437,234	2,423,700	2,296,820
Corporate officers	405,083	15,325	315,427	380,354	380,386	394,737	82,028	49,800	37,320
Baudouin PROT	201,688		155,125	184,537	174,300	174,299			
Jean-Laurent BONNAFÉ	60,523		41,368	51,261	61,518	61,517			
Philippe BORDENAVE	62,059		41,368	36,908	36,911	41,012	41,014	24,900	18,660
Georges CHODRON de COURCEL	80,813		62,052	92,269	92,277	102,529			
François VILLEROY de GALHAU		15,325	15,514	15,379	15,380	15,380	41,014	24,900	18,660
Starting point for exercising options	21/03/2007	24/03/2008	25/03/2009	06/04/2010	08/03/2011	18/04/2012	08/04/2013	05/03/2014	04/03/2015
Expiration date	20/03/2013	21/03/2014	22/03/2013	04/04/2014	06/03/2015	15/04/2016	05/04/2017	02/03/2018	04/03/2019
Subscription or purchase price(1)	35.87	48.15	53.28	73.4	80.66	64.47	35.11	51.2	56.45
Adjusted price as of 31/12/2013(2)	37.67	50.55	55.99	77.06					
Methods of exercise when the plan includes several tranches	*30% of the grant is conditional and divided into three equal tranches subject to performance conditions. The exercise price may be adjusted upward according to the level of achievement of the performance conditions applicable to each tranche.*						*60% of the grant is conditional and divided into four equal tranches subject to performance conditions. The exercise price may be adjusted upward according to the level of achievementof the performance conditions applicable to each tranche.*	*100% of the grant is conditional and divided into four equal tranches subject to performance conditions. The exercise price may be adjusted upward according to the level of achievement of the performance conditions applicable to each tranche.*	
Number of shares subscribed at 31/12/2013	405,083	7,575	-	-	-	-	9,995	-	-
Cumulative number of lapsed and cancelled share subscription or purchase options	-	-	315,427	-	-	-	-	-	-
Remaining share subscription or purchase options at close of year (31/12/2013)	-	7,750	-	380,354	380,386	394,737	72,033	49,800	37,320

(1) The exercise prices of these plans do not include a discount and have been adjusted for detachments of the pre-emptive subscription rights on 7 March 2006 and 30 September 2009, in accordance with the regulations in force.

(2) On certain tranches for which the performance conditions were not completely attained.

History of performance share awards

Performance share information List	Plan 1	Plan 2
Date of Annual General Meeting	21/05/2008	21/05/2008
Date of Board of Directors or Management Board meeting, as the case may be	05/03/2010	04/03/2011
Total number of shares awarded, including the number awarded to:	998,015	1,040,450
Corporate officers	6,210	9,330
Baudouin PROT	-	-
Jean-Laurent BONNAFÉ	-	-
Philippe BORDENAVE	3,105	4,665
Georges CHODRON de COURCEL	-	-
François VILLEROY de GALHAU	3,105	4,665
Vesting date	05/03/2013	04/03/2014
End date of holding period	05/03/2015	04/03/2016
Performance conditions(1)	yes	yes
Number of shares vested at 31/12/2013	4,140	0
Cumulative number of lapsed and cancelled shares	2,070	0
Remaining performance shares at close of year (31/12/2013)	0	9,330

(1) *This performance condition is based on growth in the Group's earnings per share (and is reached either on a yearly basis if the Group's earnings per share rise 5% or more as compared to the preceding year or on a cumulative basis at the end of the three year vesting period).*

Philippe Bordenave and François Villeroy de Galhau received all their conditional performance shares such as broken down above prior to their term of office.

Value of multi-year variable compensation plans at the grant date and at 31 December 2013.

Originating company		BNP Paribas		BNP Paribas		BNP Paribas
Grant date		12/04/2011		03/05/2012		02/05/2013
Due date		12/04/2016		03/05/2017		02/05/2018
Valuation(1)	Grant date	At 31/12/2013	Grant date	At 31/12/2013	Grant date	At 31/12/2013
Baudouin PROT	492,506	703,939	228,565	714,255	275,055	523,793
Jean-Laurent BONNAFÉ	399,744	571,354	311,323	972,870	560,112	1,066,632
Philippe BORDENAVE	0	0	193,561	604,868	286,724	546,014
Georges CHODRON de COURCEL	323,780	462,779	205,132	641,029	296,726	565,061
François VILLEROY de GALHAU	0	0	108,421	338,811	176,702	336,497
TOTAL	**1,216,031**	**1,738,072**	**1,047,002**	**3,271,832**	**1,595,319**	**3,037,997**

(1) *Valued using the method in the consolidated financial statements.*

Detailed contractual situation of the corporate officers

Executive corporate officers as at 31 December 2013	Employment contract		Top-up pension plan		Indemnities and benefits due or likely to become due upon termination or change of offices		Payment in relation to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Baudouin PROT		✓	✓			✓		✓
Chairman of the Board of Directors								
Jean-Laurent BONNAFÉ		✓(1)		✓(2)	✓(3)			✓
Chief Executive Officer								
Philippe BORDENAVE	✓			✓(2)		✓		✓
Chief Operating Officer								
Georges CHODRON de COURCEL	✓		✓			✓		✓
Chief Operating Officer								
François VILLEROY de GALHAU	✓			✓(2)		✓		✓
Chief Operating Officer								

(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 paragraph Indemnities and benefits due or likely to become due upon termination or change of offices.

CONSULTATION WITH THE SHAREHOLDERS CONCERNING THE INDIVIDUAL COMPENSATION OF EXECUTIVE CORPORATE OFFICERS PURSUANT TO THE AFEP-MEDEF CODE

The components of the compensation due or awarded for 2013 financial year to each executive corporate officer, subject to the vote of the shareholders on a consultative basis, are as follows:

Compensation components due or awarded for the year to Baudouin PROT submitted to the shareholders for opinion(*)

	2013	Comments
Baudouin PROT - Chairman of the Board of Directors		
Fixed remuneration for the year	850,000	The remuneration paid to Baudouin PROT is determined by the method recommended by the Compensation Committee and approved by the Board of Directors. His fixed compensation did not change in 2013.
Conditional long-term incentive plan (payment deferred in full for five years)	275,055	The fair value at the grant date (2 May 2013) stood at EUR 275,055 for Baudouin PROT. The five-year long-term incentive plan (LTIP) is entirely conditional on the outstanding performance of the BNP Paribas share compared to a panel of European banks. The amount ultimately paid will moreover depend on the increase in the share price recorded over five years. It will evolve in a way less than proportional to that increase and shall be no more than 1.75 times the variable compensation awarded for the previous year (i.e., a maximum of EUR 1,443,750). Finally, no compensation will be paid if, five years after the grant date, the share price has risen by less than 5%.
Annual variable compensation awarded for the year (**)	Nil	The Board wished to comply with the AMF recommendation and market recommendations, which did not agree with the inclusion of a variable portion in the compensation of a non-executive Chairman. Starting in 2013, Baudouin PROT no longer received annual variable compensation. The removal of this variable compensation is an illustration of the independence of the Chairman with regard to the Executive Management.
Directors' fees	80,248	Baudouin PROT does not receive any Directors' fees from any Group companies other than from BNP Paribas SA and Erbé.
including Directors' fees deducted from variable compensation	Nil	
Extraordinary compensation	Nil	Baudouin PROT received no extraordinary compensation during the year.
Stock options awarded during the year	Nil	No options were granted to Baudouin PROT during the year.
Performance shares awarded during the year	Nil	No performance shares were granted to Baudouin PROT during the year.
Sign-on bonuses and severance payments	Nil	Baudouin PROT received no sign-on bonuses or severance payments.
Supplemental defined-benefit pension plans	Nil	Baudouin PROT is covered under a contingent collective defined-benefit top-up pension plan that is compliant with article L137.11 of the French Social Security Code. Under this plan, his pension will be calculated (subject to his still being part of the Group on retirement) at the time of his departure on the basis of the fixed and variable remuneration received in 1999 and 2000, with no possibility of acquiring any subsequent rights. As an illustration, the amount of the annuity at 31 December 2013 would represent less than 25% of average compensation (fixed plus variable including LTIP based on its book value) for the past three years.
Supplemental defined-contribution pension plans	407	Baudouin PROT belongs 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 amount of contributions paid under the plan by the company to Baudouin PROT was EUR 407 in 2013.
Collective welfare benefit and health care plans	4,905	Baudouin PROT belongs to the disability, invalidity and death and health care coverage plans offered to employees and corporate officers of BNP Paribas SA. He also belongs to the Garantie Vie Professionnelle Accidents plan in place for all employees of BNP Paribas SA, as well as the additional plan established for the members of the Group's Executive Committee.
Benefits in kind	3,658	Baudouin PROT has a company car and cell phone.
TOTAL	**1,214,274**	

(*) *Compensation components paid during 2013 are listed in chapter 2* Corporate governance *in the 2013 Registration Document (*Compensation *section).*
(**) *Deferred variable compensation paid in 2013 for previous years totalled EUR 959,631.*

Compensation components due or awarded for the year to Jean-Laurent BONNAFÉ submitted to the shareholders for opinion(*)

	2013	Comments
Jean-Laurent BONNAFÉ - Chief Executive Officer		
Fixed compensation for the year	1,250,000	The remuneration paid to Jean-Laurent BONNAFÉ is determined by the method recommended by the Compensation Committee and approved by the Board of Directors. His fixed compensation did not change in 2013.
Conditional long-term incentive plan (payment deferred in full for five years)	560,112	The fair value at the grant date (2 May 2013) stood at EUR 560,112 for Jean-Laurent BONNAFÉ. The five-year long-term incentive plan (LTIP) is entirely conditional on the outstanding performance of the BNP Paribas share compared to a panel of European banks. The amount ultimately paid will moreover depend on the increase in the share price recorded over five years. It will evolve in a way less than proportional to that increase and shall be no more than 1.75 times the variable compensation awarded for the previous year (i.e., a maximum of EUR 2,940,000). Finally, no compensation will be paid if, five years after the grant date, the share price has risen by less than 5%.
Annual variable compensation awarded for the year(**)	1,580,000	The variable compensation of Jean-Laurent BONNAFÉ changes on the basis of criteria representative of Group results and his managerial performance. It is expressed as a percentage of a target variable compensation corresponding to 150% of fixed compensation for the year. The quantitative criteria apply to the Group's overall performance. They are as follows: ■ ratio of earnings per share for the year to earnings per share for the previous year (37.5% of target variable compensation); ■ percentage of achievement of the Group's budgeted gross operating income (37.5% of the target variable remuneration). It appears that the quantitative targets set for the year were 83.6% achieved. After taking into account the qualitative criteria and a cap approved by the Compensation Committee, the Board of Directors has set total variable compensation at 84.2% of the target. The variable compensation of Jean-Laurent BONNAFÉ awarded during the year therefore amounts to EUR 1,580,000. ■ Half of the non-deferred portion of the variable compensation (40%) will be paid in March 2014, less Directors' fees paid within the Group in 2013 for Group entities other than BNP Paribas SA, and half will be paid in September 2014, indexed to the performance of the BNP Paribas share. ■ The deferred portion of the variable compensation (60%) will be paid in thirds in 2015, 2016 and 2017. Each annual payment will be paid half in March and half in September, indexed to the performance of the BNP Paribas share since the award. The annual payment of the deferred variable compensation is subject to condition that the ROE before tax of the Group for the year preceding the payment is greater than 5%.
Directors' fees	140,801	Jean-Laurent BONNAFÉ does not receive any Directors' fees from any Group companies other than from BNP Paribas SA, BNP Paribas Fortis, BNL and Erbé.
including Directors' fees deducted from variable compensation	(93,646)	The amount of the Directors' fees awarded to Jean-Laurent BONNAFÉ for posts held in the Group's consolidated companies (excluding BNP Paribas SA) is deducted from his variable compensation.
Extraordinary compensation	Nil	Jean-Laurent BONNAFÉ received no extraordinary compensation during the year.
Stock options awarded during the year	Nil	No stock options were awarded to Jean-Laurent BONNAFÉ for the year.
Performance shares awarded during the year	Nil	No performance shares were awarded to Jean-Laurent BONNAFÉ for the year.
Sign-on bonuses and severance payments	Nil	Subject to the fulfilment of the performance conditions stated below, Jean-Laurent BONNAFÉ would receive a severance indemnity in the event that the Board were to remove him from office. This provision was authorised by the Board of Directors on 14 December 2012 and approved by the Annual General Meeting of 15 May 2013. The agreement makes the following provisions: 1. Jean-Laurent BONNAFÉ will receive no termination benefits in the event of: ■ serious or gross misconduct; ■ a failure to meet the performance conditions listed in paragraph 2; or ■ voluntary resignation from his duties as Chief Executive Officer. 2. if the termination of Jean-Laurent BONNAFÉ's duties occurs under conditions not listed in paragraph 1, he will receive a conditional indemnity calculated as follows: (a) if, for at least two of the three years preceding termination of his duties as Chief Executive Officer, Jean-Laurent BONNAFÉ has achieved at least 80% of the quantitative targets set by the Board of Directors for determining his annual variable compensation, his termination benefits will be equal to two years of his latest fixed compensation and target 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 of the benefits as set out above; ■ subject to the same terms and conditions.
Supplemental defined-benefit pension plans	Nil	Jean-Laurent BONNAFÉ did not belong to any supplemental defined-benefit pension plans.
Supplemental defined-contribution pension plans	407	Jean-Laurent BONNAFÉ belongs 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 amount of contributions paid under the plan by the company to Jean-Laurent BONNAFÉ was EUR 407 in 2013.
Collective welfare benefit and health care plans	5,000	Jean-Laurent BONNAFÉ belongs to the disability, invalidity and death and health care coverage plans offered to employees and corporate officers of BNP Paribas SA. He also belongs to the Garantie Vie Professionnelle Accidents plan in place for all employees of BNP Paribas SA, as well as the additional plan established for the members of the Group's Executive Committee.
Benefits in kind	3,108	Jean-Laurent BONNAFÉ has a company car and cell phone.
TOTAL	**3,445,783**	

(*) Compensation components paid during 2013 are listed in chapter 2 Corporate governance *in the 2013 Registration Document (*Compensation *section).*
(**) Deferred variable compensation paid in 2013 for previous years totalled EUR 953,609.

Compensation components due or awarded for the year to Philippe BORDENAVE submitted to the shareholders for opinion(*)

	2013	Comments
Philippe BORDENAVE - Chief Operating Officer		
Fixed remuneration for the year	630,000	The remuneration paid to Philippe BORDENAVE is determined by the method recommended by the Compensation Committee and approved by the Board of Directors. The fixed annual compensation of Philippe BORDENAVE was increased from EUR 580,000 to EUR 640,000 effective 1 March 2013. This increase also takes into account the contribution of Philippe BORDENAVE to the strategic direction of the Group and the success of his oversight of new central functions after the extension of the scope of his responsibilities.
Conditional long-term incentive plan (payment deferred in full for five years)	286,724	The fair value at the grant date (2 May 2013) stood at EUR 286,724 for Philippe BORDENAVE. The five-year long-term incentive plan (LTIP) is entirely conditional on the outstanding performance of the BNP Paribas share compared to a panel of European banks. The amount ultimately paid will moreover depend on the increase in the share price recorded over five years. It will evolve in a way less than proportional to that increase and shall be no more than 1.75 times the variable compensation awarded for the previous year (i.e., a maximum of EUR 1,505,000). Finally, no compensation will be paid if, five years after the grant date, the share price has risen by less than 5%.
Annual variable compensation awarded for the year(**)	810,000	The variable compensation of Philippe BORDENAVE changes on the basis of criteria representative of Group results and his managerial performance. It is expressed as a percentage of a target variable compensation corresponding to 150% of fixed compensation for the year. The quantitative criteria apply to the Group's overall performance. They are as follows: ■ ratio of earnings per share for the year to earnings per share for the previous year (37.5% of target variable compensation); ■ percentage of achievement of the Group's budgeted gross operating income (37.5% of the target variable remuneration). It appears that the quantitative targets set for the year were 83.6% achieved. After taking into account the qualitative criteria and a cap approved by the Compensation Committee, the Board of Directors has set total variable compensation at 85.7% of the target. The variable compensation of Philippe BORDENAVE awarded for the year therefore amounts to EUR 810,000. ■ Half of the non-deferred portion of the variable compensation (40%) will be paid in March 2014, less Directors' fees paid within the Group in 2013 for Group entities other than BNP Paribas SA, and half will be paid in September 2014, indexed to the performance of the BNP Paribas share. ■ The deferred portion of the variable compensation (60%) will be paid in thirds in 2015, 2016 and 2017. Each annual payment will be paid half in March and half in September, indexed to the performance of the BNP Paribas share since the award. The annual payment of the deferred variable compensation is subject to condition that the ROE before tax of the Group for the year preceding the payment is greater than 5%.
Directors' fees	12,075	Philippe BORDENAVE does not receive any Directors' fees from any Group companies other than from BNP Paribas Personal Finance.
including Directors' fees deducted from variable compensation	(12,075)	The amount of the Directors' fees awarded to Philippe BORDENAVE for posts held in the Group's consolidated companies is deducted from his variable compensation.
Extraordinary compensation	Nil	Philippe BORDENAVE received no extraordinary compensation during the year.
Stock options awarded during the year	Nil	No options were granted to Philippe BORDENAVE during the year.
Performance shares awarded during the year	Nil	No performance shares were granted to Philippe BORDENAVE during the year.
Sign-on bonuses and severance payments	Nil	Philippe BORDENAVE received no sign-on bonuses or severance payments.
Supplemental defined-benefit pension plans	Nil	Philippe BORDENAVE did not belong to any supplemental defined-benefit pension plans.
Supplemental defined-contribution pension plans	407	The corporate officers 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 amount of contributions paid under the plan by the company to Philippe BORDENAVE was EUR 407 in 2013.
Collective welfare benefit and health care plans	4,784	Philippe BORDENAVE belongs to the disability, invalidity and death and health care coverage plans offered to employees and corporate officers of BNP Paribas SA. He also belongs to the Garantie Vie Professionnelle Accidents plan in place for all employees of BNP Paribas SA, as well as the additional plan established for the members of the Group's Executive Committee.
Benefits in kind	5,172	Philippe BORDENAVE has a company car and cell phone.
TOTAL	**1,737,087**	

(*) Compensation components paid during 2013 are listed in chapter 2 Corporate governance *in the 2013 Registration Document (*Compensation *section).*
(**) Deferred variable compensation paid in 2013 for previous years totalled EUR 515,477.

Compensation components due or awarded for the year to GEORGES CHODRON de COURCEL submitted to the shareholders for opinion(*)

	2013	Comments
Georges CHODRON de COURCEL - Chief Operating Officer		
Fixed remuneration for the year	683,333	The remuneration paid to Georges CHODRON de COURCEL is determined by the method recommended by the Compensation Committee and approved by the Board of Directors. The fixed annual compensation of Georges CHODRON de COURCEL was increased from EUR 600,000 to EUR 700,000 starting 1 March 2013. Georges CHODRON de COURCEL's compensation was last reviewed on February 2008. This increase also takes into account the quality and the prudence with which he handled the businesses under his charge and his contribution to the strategic direction of the Group.
Conditional long-term incentive plan (payment deferred in full for five years)	296,726	The fair value at the grant date (2 May 2013) stood at EUR 296,726 for Georges CHODRON de COURCEL. The five-year long-term incentive plan (LTIP) is entirely conditional on the outstanding performance of the BNP Paribas share compared to a panel of European banks. The amount ultimately paid will moreover depend on the increase in the share price recorded over five years. It will evolve in a way less than proportional to that increase and shall be no more than 1.75 times the variable compensation awarded for the previous year (i.e., a maximum of EUR 1,557,500). Finally, no compensation will be paid if, five years after the grant date, the share price has risen by less than 5%.
Annual variable compensation awarded for the year(**)	650,000	The variable compensation of Georges CHODRON de COURCEL changes on the basis of criteria representative of Group results and his managerial performance. It is expressed as a percentage of a target variable compensation corresponding to 150% of fixed compensation for the year. The quantitative criteria apply to the Group's overall performance and the results of the businesses or divisions under him. They are as follows: ■ ratio of earnings per share for the year to earnings per share for the previous year (18.75% of target variable compensation); ■ percentage of achievement of the Group's budgeted gross operating income (18.75% of the target variable remuneration); ■ ratio of net income before tax from activities under his responsibility for this year to the previous year (18.75% of target variable compensation); ■ percentage of achievement of budgeted gross operating income of businesses for which he is responsible (18.75% of the target variable remuneration). It appears that the quantitative targets set for the year were 83.3% achieved. After taking into account the qualitative criteria and a cap approved by the Compensation Committee, the Board of Directors has set total variable compensation at 63.4% of the target. The variable compensation of Georges CHODRON de COURCEL awarded for the year therefore amounts to EUR 650,000. ■ Half of the non-deferred portion of the variable compensation (40%) will be paid in March 2014, less Directors' fees paid within the Group in 2013 for Group entities other than BNP Paribas SA, and half will be paid in September 2014, indexed to the performance of the BNP Paribas share. ■ The deferred portion of the variable compensation (60%) will be paid in thirds in 2015, 2016 and 2017. Each annual payment will be paid half in March and half in September, indexed to the performance of the BNP Paribas share since the award. The annual payment of the deferred variable compensation is subject to condition that the ROE before tax of the Group for the year preceding the payment is greater than 5%.
Directors' fees(***)	77,063	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.
including Directors' fees deducted from variable compensation	(77,063)	The amount of the Directors' fees awarded to Georges CHODRON de COURCEL for posts held in the Group's consolidated companies is deducted from his variable compensation.
Extraordinary compensation	Nil	Georges CHODRON de COURCEL received no extraordinary compensation during the year.
Stock options awarded during the year	Nil	No stock options were awarded to Georges CHODRON de COURCEL during the year.
Performance shares awarded during the year	Nil	No performance shares were granted to Georges CHODRON de COURCEL during the year.
Sign-on bonuses and severance payments	Nil	Georges CHODRON de COURCEL received no sign-on bonuses or severance payments.
Supplemental defined-benefit pension plans	Nil	Georges CHODRON de COURCEL is covered under a contingent collective defined-benefit top-up pension plan that is compliant with article L137.11 of the French Social Security Code. Under this plan, his pension will be calculated (subject to his still being part of the Group on retirement) at the time of his departure on the basis of the fixed and variable remuneration received in 1999 and 2000, with no possibility of acquiring any subsequent rights. As an illustration, the amount of the annuity at 31 December 2013 would represent less than 25% of average compensation (fixed plus variable including LTIP based on its book value) for the past three years.
Supplemental defined-contribution pension plans	407	Georges CHODRON de COURCEL belongs 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 amount of contributions paid under the plan by the company to Georges CHODRON de COURCEL was EUR 407 in 2013.
Collective welfare benefit and health care plans	4,814	Georges CHODRON de COURCEL belongs to the disability, invalidity and death and health care coverage plans offered to employees and corporate officers of BNP Paribas SA. He also belongs to the Garantie Vie Professionnelle Accidents plan in place for all employees of BNP Paribas SA, as well as the additional plan established for the members of the Group's Executive Committee.
Benefits in kind	4,140	Georges CHODRON de COURCEL has a company car and cell phone.
TOTAL	**1,639,420**	

(*) Compensation components paid during 2013 are listed in chapter 2 Corporate governance *in the 2013 Registration Document (*Compensation *section).*
(**) Deferred variable compensation paid in 2013 for previous years totalled EUR 700,442.
(***) After taking into account tax paid in respect of 2011 and 2012 on BNP Paribas Fortis Directors' fees.

Compensation components due or awarded for the year to François VILLEROY de GALHAU submitted to the shareholders for opinion(*)

	2013	Comments
François VILLEROY de GALHAU - Chief Operating Officer		
Fixed remuneration for the year	450,000	The remuneration paid to François VILLEROY de GALHAU is determined by the method recommended by the Compensation Committee and approved by the Board of Directors. His fixed compensation did not change in 2013.
Conditional long-term incentive plan (payment deferred in full for five years)	176,702	The fair value at the grant date (2 May 2013) stood at EUR 176,702 for François VILLEROY de GALHAU. The five-year long-term incentive plan (LTIP) is entirely conditional on the outstanding performance of the BNP Paribas share compared to a panel of European banks. The amount ultimately paid will moreover depend on the increase in the share price recorded over five years. It will evolve in a way less than proportional to that increase and shall be no more than 1.75 times the variable compensation awarded for the previous year (i.e., a maximum of EUR 927,500). Finally, no compensation will be paid if, five years after the grant date, the share price has risen by less than 5%.
Annual variable compensation awarded for the year (**)	500,000	The variable compensation of François VILLEROY de GALHAU changes on the basis of criteria representative of Group results and his managerial performance. It is expressed as a percentage of a target variable compensation corresponding to 120% of fixed compensation for the year. The quantitative criteria apply to the Group's overall performance and the results of the businesses or divisions under him. They are as follows: ■ ratio of earnings per share for the year to earnings per share for the previous year (18.75% of target variable compensation); ■ percentage of achievement of the Group's budgeted gross operating income (18.75% of the target variable remuneration); ■ ratio of net income before tax from activities under his responsibility for this year to the previous year (18.75% of target variable compensation); ■ percentage of achievement of budgeted gross operating income of businesses for which he is responsible (18.75% of the target variable remuneration). It appears that the quantitative targets set for the year were 91.1% achieved. After taking into account the qualitative criteria and a cap approved by the Compensation Committee, the Board of Directors has set total variable compensation at 92.5% of the target. The variable compensation of François VILLEROY de GALHAU awarded for the year therefore amounts to EUR 500,000. ■ Half of the non-deferred portion of the variable compensation (40%) will be paid in March 2014, less Directors' fees paid within the Group in 2013 for Group entities other than BNP Paribas SA, and half will be paid in September 2014, indexed to the performance of the BNP Paribas share. ■ The deferred portion of the variable compensation (60%) will be paid in thirds in 2015, 2016 and 2017. Each annual payment will be paid half in March and half in September, indexed to the performance of the BNP Paribas share since the award. The annual payment of the deferred variable compensation is subject to condition that the ROE before tax of the Group for the year preceding the payment is greater than 5%.
Directors' fees	129,331	François VILLEROY de GALHAU does not receive any Directors' fees from any Group companies other than from BGL, BNL, BNPP Fortis and Cortal Consors.
including Directors' fees deducted from variable compensation	(129,331)	The amount of the Directors' fees awarded to François VILLEROY de GALHAU for posts held in the Group's consolidated companies is deducted from his variable compensation.
Extraordinary compensation	Nil	François VILLEROY de GALHAU received no extraordinary compensation during the year.
Stock options awarded during the year	Nil	No stock options were awarded to François VILLEROY de GALHAU during the year.
Performance shares awarded during the year	Nil	No performance shares were awarded to François VILLEROY de GALHAU during the year.
Sign-on bonuses and severance payments	Nil	François VILLEROY de GALHAU received no sign-on bonuses or severance payments.
Supplemental defined-benefit pension plans	Nil	François VILLEROY de GALHAU belongs to no supplemental defined-benefit pension plans.
Supplemental defined-contribution pension plans	407	François VILLEROY de GALHAU belongs 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 amount of contributions paid under the plan by the company to François VILLEROY de GALHAU was EUR 407 in 2013.
Collective welfare benefit and health care plans	4,680	François VILLEROY de GALHAU belongs to the disability, invalidity and death and health care coverage plans offered to employees and corporate officers of BNP Paribas SA. He also belongs to the Garantie Vie Professionnelle Accidents plan in place for all employees of BNP Paribas SA, as well as the additional plan established for the members of the Group's Executive Committee.
Benefits in kind	3,530	François VILLEROY de GALHAU has a company car and cell phone.
TOTAL	**1,135,320**	

(*) Compensation components paid during 2013 are listed in chapter 2 Corporate governance *in the 2013 Registration Document (*Compensation *section).*
(**) Deferred variable compensation paid in 2013 for previous years totalled EUR 280,166.

Information on subscription or purchase option plans and performance shares

The following table lists for 2013 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 2013 (Sum of 10 largest grants)	-	-	-
Options exercised in 2013 (10 employees)	225,246 40,170	36.20 35.11	21/03/2003 06/04/2009

	Number of shares granted/transferred	Date of grant
Performance shares granted in 2013 (Sum of 10 largest grants)	-	-
Performance shares transferred in 2013 (10 employees)	1,123 13,930	06/04/2009 05/03/2010

SUMMARY OF REPORTED TRANSACTIONS ON BNP PARIBAS STOCK

The following table lists the transactions on BNP Paribas stock carried out in 2013 by the corporate officers 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)*
BORDENAVE Philippe(1) Chief Operating Officer of BNP Paribas	By a related person	BNP Paribas shares	Sale of 29,484 shares	4	1,316,755.44
Guillou Marion Director of BNP Paribas	Personally	BNP Paribas shares	Acquisition of 185 shares	1	8,134.45
De MARGERIE Christophe Director of BNP Paribas	Personally	BNP Paribas shares	Acquisition of 1,186 shares	1	55,274.93
PÉBEREAU Michel(1) Director of BNP Paribas	Personally	BNP Paribas shares	Sale of 50,000 shares	1	2,462,535.00
PROT Baudouin(1) Director of BNP Paribas	By a related person	BNP Paribas shares	Sale of 209,188 shares	8	9,247,057.65

(1) Excluding exercises of stock options, detailed in chapter 2.1.

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

In this report, prepared pursuant to article L.225-37 of the French Commercial Code, the Chairman of the Board of Directors reports on the composition of the Board and the gender balance of its membership, how it carries out its work as well as internal audit and risk management procedures introduced within the Company.

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 amended 4 December 2013 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.

CORPORATE GOVERNANCE AT BNP PARIBAS

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 (revised in June 2013) published by the French employers' organisations Association Française des Entreprises Privées (Afep) and Mouvement des Entreprises de France (Medef). BNP Paribas applies every one of the recommendations in this Code, hereinafter called the Corporate Governance Code, which can be viewed on the BNP Paribas website (http://invest.bnpparibas.com), on the Afep website (http://www.afep.com) and the Medef website (http://www.medef.com).

In addition, the special guidelines about the participation of the shareholders at the Annual Meeting are laid out in article 18, Title V "Shareholders Meetings" of the Bank's Articles of Association published in the Registration document and the annual financial report, in the section *Founding documents and Articles of Association*. Moreover, a summary of these guidelines together with a report on the organisation and proceedings of the Annual Shareholders Meeting of 15 May 2013 are provided in the *BNP Paribas and its shareholders* section of said Document.

1. PRINCIPLES OF GOVERNANCE

The Internal Rules of the Board of Directors are appended to this report.

It lays out the way the Board operates, the division of responsibilities between Executive Management and Board of Directors, the mandates and operations of the specialised committees and the behaviour expected of a Director or non-voting Director.

1.a The duties 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. The last update was made in early 2014 in order to include the June 2013 version of the Corporate Governance Code.
- 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.

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

As of 11 June 2003 BNP Paribas elected to separate the offices of Chairman of the Board and Chief Executive Officer. That decision was renewed on 1 December 2011.

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.

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) (§1)[1]. 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

- Upon the proposal of the Board of Directors, the Combined General Meeting of Shareholders of 15 May 2013 reappointed Jean-Laurent Bonnafé, Michel Tilmant and Emiel Van Broekhoven, and appointed Marion Guillou and Christophe de Margerie. Fifteen Directors attended this General Meeting.
- At the end of the Annual General Meeting on 15 May 2013, the Board of Directors had sixteen members, fourteen of whom had been appointed by the shareholders. This number was reduced to 13 after the resignation of Daniela Weber-Rey effective 31 May 2013. Thus as at 31 December 2013, 30.75% (4/13) of the Directors appointed by the shareholders were women. Three nationalities are represented on the Board.

Directors' independence

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

(1) *References to § refer to the corresponding paragraphs in the Board of Directors' Internal Rules.*

	1st Criterion	2nd Criterion	3rd Criterion	4th Criterion	5th Criterion	6th Criterion	7th Criterion
B. PROT	x	o	o	o	o	x	o
M. PÉBEREAU	x	x(*)	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
M. GUILLOU	o	o	o	o	o	o	o
D. KESSLER	o	o	o	o	o	x(*)	o
J.F. LEPETIT	o	o	o	o	o	o	o
C. de MARGERIE	o	x(*)	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
M. TILMANT	o	o	o	o	o	o	x(*)
E. VAN BROEKHOVEN	o	o	o	o	o	o	x(*)
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.
Criterion 1: Employee or corporate officer of the Company within the previous five years.
Criterion 2: Whether or not corporate offices are held in another company.
Criterion 3: Whether or not significant business relationships exist.
Criterion 4: Whether or not there are close family ties to a corporate officer.
Criterion 5: Not an auditor of the Company within the previous five years.
Criterion 6: Not a Director of the Company for more than twelve years.
Criterion 7: Major shareholder status.
(*) Cf. comments below.

Meeting the criteria for independence contained in the Corporate Governance Code: Marion Guillou, Laurence Parisot, Hélène Ploix, Fields Wicker-Miurin, Pierre André de Chalendar and Jean-François Lepetit. Additionally, according to the provisions contained in the Corporate Governance Code (point 9.5), 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. The Board is also of the opinion that the personality, competence and open mindedness of Denis Kessler make him a truly independent Director even though he has been a member of the Board for over twelve years. Similarly the Board believes that the experience and broad vision of Christophe de Margerie are measures of his independence. Over half of the Directors of BNP Paribas are therefore independent in terms of the criteria for independence listed and defined in the Corporate Governance 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 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 Corporate Governance Code.

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 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

- As far as the Board is aware, none of the Directors is in a situation of conflict of interests. In any event, the Board's Internal Rules (§19) require them to report "any, even potential, situation of conflict of interests" 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 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 (§18).
- 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.

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 participate effectively 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 (§4).
- 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 (§18).
- 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 2013, the following were organised for recently appointed or elected Directors and for those who wished to take part: a half-day programme presenting the Bank's accounting system and a full day on the accounting and financial management principles of a bank; risk; human resources management and the digital bank. Directors who attended were able to meet the managers responsible for the relevant areas.

2. MEETINGS OF THE BOARD AND COMMITTEES IN 2013

- The Board of Directors met eight times in 2013, including twice in specially convened meetings. The average attendance rate was 92%. In addition, the Board met once for a strategic seminar.
- The Financial Statements Committee met four times, with a 93% attendance rate.
- The Internal Control, Risk Management and Compliance Committee met four times, with a 100% attendance rate.
- In addition, the Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee met twice in a joint meeting, with a 92% attendance rate. These two committees thus met ten times during 2013, whether together or separately.
- The Corporate Governance and Nominations Committee met four times, with a 92% attendance rate.
- The Compensation Committee met four times, with a 100% attendance rate.

ATTENDANCE AT MEETINGS OF THE BOARD AND ITS COMMITTEES IN 2013

Directors	Board meetings		Committee meetings		All meetings		Individual attendance rates
	Column 1	Column 2	Column 1	Column 2	Column 1	Column 2	
B. PROT	7	8			7	8	88%
M. PÉBEREAU	8	8	4	4	12	12	100%
J.L. BONNAFÉ	8	8			8	8	100%
P.A. de CHALENDAR	7	8	4	4	11	12	92%
M. GUILLOU (from 15/05/2013)	3	4	1	1	4	5	80%
D. KESSLER	6	8	9	9	15	17	88%
M. KUNEVA (until 15/05/2013)	4	5			4	5	80%
J.F. LEPETIT	8	8	10	10	18	18	100%
C. de MARGERIE (from 15/05/2013)	3	4	2	3	5	7	71%
N. MISSON	8	8	7	7	15	15	100%
T. MOUCHARD	7	8	5	6	12	14	86%
L. PARISOT	7	8	3	4	10	12	83%
H. PLOIX	8	8	10	10	18	18	100%
L. SCHWEITZER (until 15/05/2013)	3	4	3	3	6	7	86%
M. TILMANT	8	8	6	6	14	14	100%
E. VAN BROEKHOVEN	8	8	6	6	14	14	100%
D. WEBER-REY (until 31/05/2013)	4	4	2	2	6	6	100%
F. WICKER-MIURIN	8	8	6	6	14	14	100%
Average	**92%**		**96.3%**		**93.7%**		

The first column shows the number of meetings attended.
The second column shows the total number of meetings held during the year.

3. THE WORK OF THE BOARD IN 2013

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 (§1) 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 liquidity 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 (FBS) and the Autorité de Contrôle Prudentiel et de Résolution (ACPR).
- It discussed comparative share price trends for the major global banks and BNP Paribas' relative position with regard to credit ratings.
- It discussed BNP Paribas' policy concerning gender equality and equal pay.
- It was informed of the results of the annual survey on employee satisfaction (*Global People Survey*) and of the actions flowing from that.
- The Board reviewed the 2014-2016 business development plan and its three fundamental programmes: Simple & Efficient, a reorganisation and efficiency programme now under way; the Asia Pacific plan intended to increase revenues at CIB and Investment Solutions and Hello bank!, aimed at developing the digital bank.
- In connection with the Company's share buyback programme authorised by the Annual Shareholders Meeting, the Board discussed the amount to be allocated to the liquidity contract.
- It reviewed the issue of BNP Paribas bonds convertible into Pargesa shares.
- It was briefed on the proposal to have BNP Paribas SA registered as a Swap dealer.
- It reviewed the Royal Park Investments project for the sale by the Belgian Government and Ageas of a loan portfolio to the American Lonestar fund.
- It approved the plan for BNP Paribas to take over 24 Grande Armée SARL.
- It approved participating in the capital increase of Bank of Nanjing.
- It approved the plan to acquire the 25% equity stake held by the Belgian Government in BNP Paribas Fortis SA/NV.
- It approved the proposed purchase of 98.5% of the Polish bank Gospodarki Sywnosciowej (BGZ) from the Dutch bank Rabobank through a public tender offer.
- It was briefed on the decision by BNP Paribas to accept the proposal of Groupe Albert Frère to buy all of the shares that the Bank held in Erbé.
- It reviewed the U.S. strategy and CIB's business development plan in North America.
- It was presented with two further components of the Group's 2014-2016 business development plan concerning asset management and Germany.
- The Board of Directors met as in previous years for a strategic seminar focusing on topics that included the 2014-2016 Strategic Plan and Simple Working. Analyses were presented on the construction of the first multi-domestic retail bank in Europe, CIB, IRB, Investment Solutions and Personal Finance.

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 was informed of trends in terms of the Bank's 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 2013.
- It examined the pricing and maturity conditions of the issues completed in 2012 and 2013.
- It was informed on a regular basis 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 et de Résolution (ACPR). It authorised the Chief Executive Officer to approve the orderly wind-down plan of certain of its entities and operations in the United States and to grant him full powers to take all steps necessary or useful to that end.
- It was given a presentation on the information systems/IT risks of the Group.
- It approved the Internal Capital Adequacy Assessment Process – ICAAP.
- It approved BNP Paribas' Risk Profile 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 2012 report on risk measurement and monitoring prepared in accordance with the provisions of Regulation CRBF 97-02 concerning the internal controls of credit institutions and investment companies, hereinafter designated Regulation CRBF 97-02. It assessed the effectiveness of the policies and systems in place.

Compliance and internal control

- The Board of Directors was given copies of the 2012 Report on Compliance and the 2012 Report on Permanent Control, Operational Risk and the Going Concern. It heard the comments of the Chairman of the Internal Control, Risk Management and Compliance Committee on these reports. It was informed of developments in the resources allocated to internal control. It approved the section of the Chairman's Report devoted to internal control procedures.
- It was briefed on the key results of periodic controls performed in 2012 and the first half of 2013, 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.
- The Board was kept informed throughout the year of the internal retrospective review of certain U.S. dollar payments made at the request of and in cooperation with U.S. authorities, as part of the implementation of the economic sanctions policy of the United States, as well as the first items presented to the authorities in response to their interrogations. It was also informed of the sanctions imposed on major international banks following similar reviews.
- The Board, without the presence of the Chairman and Chief Executive Officer, 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 et de Résolution (ACPR) 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 2014 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 2012, full year 2012 and the first three quarters of 2013.
- 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 funding needs, particularly in dollars. It examined the return on equity allocated to the Group's businesses.
- It reviewed the progress made in the balance sheet deleveraging plan. It examined the make up of the global and dollar cash balance sheets and ther evolution over the course of 2013.
- 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 of the Chief Executive Officer.

Financial management

- The Board received the report on medium and long-term funding in 2012 and the first half of 2013. 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 reviewed the ICAAP (Internal Capital Adequacy Assessment Process) report. The purpose of this report, presented to the joint meeting of the Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee, was to ensure that the Bank properly assessed its risks (risks of concentration, and operational and IT 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 authorisation given by the General Meeting.

Financial information

- At each meeting devoted to results, the Board examined the draft press releases. It approved the report of the Board of Directors for 2012 as well as the report of the Chairman on internal control procedures relating to the preparation and processing of accounting and financial information.
- It was informed of the long term financial ratings of the Company given out by the major rating agencies. These are provided in the Registration document and annual financial report in the *Key figures* section.

3.d Corporate governance

Developments in corporate governance at BNP Paribas

The Board of Directors approved the proposal prepared at the suggestion of the Corporate Governance and Nominations Committee and submitted to the 2013 Annual Shareholders' Meeting for ratification of the draft of the related-party agreement concerning Jean-Laurent Bonnafé.

Assessment of the Board of Directors

Implementation of the improvements expressed during the last assessment of the Board of Directors for 2012

The areas for improvement concerned training and briefings for the Board as well as access for Directors who are not corporate officers, the time devoted to understanding operational risks and those related to compliance, and the time ahead of Board or Committee meetings allowed for the submission of reports.

In response to the wishes of the Directors, a presentation on operational risk was made in order to flesh out this important but rather specialised notion in the Bank. Also, an effort was made to bring Financial Statements Committee meetings forward 24 hours whenever possible.

Assessment of the Board of Directors for 2013

- For the twelfth 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. The Directors were asked to make their own proposals for improvement in each of these areas. The overall assessment was very satisfactory, and the points called out last year as needing attention did see real improvements, though the amount of time ahead of Board meetings that quarterly income statements are submitted can still be improved.

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 point 1.c of this report (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.
- As the terms of Meglena Kuneva and Louis Schweitzer were not renewed by the Annual Meeting of 15 May 2013, the Board of Directors asked the Annual Meeting to name Marion Guillou and Christophe de Margerie for three-year terms. A proposal was also made to renew the terms of Jean-Laurent Bonnafé, Michel Tilmant and Emiel Van Broekhoven.

  The Board named Denis Kessler Chairman of the Financial Statements Committee, replacing Louis Schweitzer. It also named Pierre-André de Chalendar Chairman of the Compensation Committee, replacing Denis Kessler.

Report of the Chairman

The Board of Directors has approved this Report of the Chairman.

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 larger, variable component based on actual participation 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 in fact paid 1.5 times the fixed portion of Directors' fees (§12 of the Internal Rules).
- The variable component of Directors' fees is calculated on the basis of EUR 2,123.43 per scheduled meeting (seven per year). In the event of an exceptional Board meeting, each Director present receives an additional fee on that basis plus 75%.
- 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 component 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.

The Board of Directors approved the proposal of the Corporate Governance and Nominations Committee regarding the allocation of Directors' fees.

- The table of Directors' fees paid to members of the Board of Directors appears in the *Compensation* section of point 2.1 of this Chapter.

Remuneration paid to the Group's 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 same methods that it had defined in 2010. These

(1) Directors who are members of the Group: Nicole Misson, Thierry Mouchard, Jean-Laurent Bonnafé and Baudouin Prot.

methods were first described in note 8.e to the financial statements and included in the 2010 Registration document and annual financial report (pages 240 and 241) and they are regularly re-examined and publicised as part of the regulated disclosures. 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, manage and lead by example as demonstrated by each of them. It decided to cancel the option to pay the Chief Executive Officer and the Chief Operating Officers a variable compensation component based on the risk and liquidity policy, which had been put in place in 2010. The Board of Directors ensured that trends in variable compensation were consistent with trends in the BNP Paribas Group's net income attributable to equity holders.

- 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 2013 would be deferred for six months and index-linked to the share price. The 60%[1] portion deferred past 2013 will, for each year considered, 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 2013. These provisions are described in the *Compensation* section of point 2.1 of this chapter.
- 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. In 2011 it had 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 Chairman, the Chief Executive Officer and the 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 Corporate Governance Code.

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.
- 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 2013.

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.

Global Share-Based Incentive Plan

In 2013 no Group Global Share-Based Incentive Plan was put in place.

4. THE WORK OF THE COMMITTEES IN 2013

No member of Executive Management and no Chairman of BNP Paribas has sat on any committee since 1997.

4.a Financial Statements Committee

In 2013, the members of the Financial Statements Committee were Louis Schweitzer, Chairman until 15 May 2013, Denis Kessler, Fields Wicker-Miurin, Emiel Van Broekhoven and Thierry Mouchard, as well as Christophe de Margerie as of 29 July 2013. Denis Kessler was named Chairman in replacement of Louis Schweitzer starting 29 July 2013. The majority of the committee's members have experience and expertise in the areas of corporate financial management, accounting and financial information.

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.

The remit of the Financial Statements Committee appears in the Internal Rules (§7.2) appended to this report.

The Financial Statements Committee met four times in 2013, with a 93% 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 and annualised return on equity, as well as the 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 2012 and changes from end-2012 to 30 June 2013. 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 the income statement was reviewed, the Financial Statements Committee heard from the Group Chief Financial Officer

(1) With the exception of François Villeroy de Galhau for whom this proportion is only 40%, all other rules being identical to those applied to the other corporate officers.

and the senior executive for accounting and financial reporting. Every quarter it heard from the Chief Financial Officer, without the presence of the Chairman and of the Chief Executive Officer. 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.

- 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 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 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 (§7.3).

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' 2013 audit plan and the key points for attention.
- The committees received the document "Measuring and Monitoring Risks: Assessment of Systems in Place".
- They were briefed on the Internal Capital Adequacy Assessment Process (ICAAP).
- They were given explanations of Credit Value Adjustment (CVA) and Debit Value Adjustment (DVA).
- The Asset Quality Review (AQR) process of the Central European Bank (CEB) was presented to them.
- A presentation was made of the Group's and its principal business lines' estimated cost of capital.

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. It consists of Michel Tilmant, Nicole Misson and Hélène Ploix.

At least two thirds of the committee's members are independent Directors in accordance with the recommendations of the Corporate Governance 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 remit of the Internal Control, Risk Management and Compliance Committee appears in the Internal Rules (§8.2) appended to this report.

The committee met four times in 2013, 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. It deliberated on the basis of 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 indicators of concentration by industrial sector and geographical region. It 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 examined the Bank's risk profile policy and reviewed the set of management indicators developed for its quarterly survey.
- It also examined the Risk Profile Statement concerning the Bank's risk profile that is prepared every year.
- The committee met with the Head of Group Risk Management without the presence of the Chairman and of the 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 funding programme was implemented.

- It approved the mission statement of ALM-Treasury.
- The committee met with the Head of Asset and Liabilities Management-Treasury without the presence of the Chairman and of the Chief Executive Officer.

Permanent control, compliance and periodic control

- The committee reviewed the 2012 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 2013 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 of the Chief Executive Officer.
- The committee received the draft 2012 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 of the Chief Executive Officer.
- It examined the draft 2012 annual internal control report and recommended its approval by the Board of Directors.
- The committe was kept informed throughout the year of the internal retrospective review of certain U.S. dollar payments made at the request of and in cooperation with U.S. authorities, as part of the implementation of the economic sanctions policy of the United States, as well as the first items presented to the authorities in response to their interrogations. It was also informed of the sanctions imposed on major international banks following similar reviews.

Relations with regulators

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

4.c The Corporate Governance and Nominations Committee

The Corporate Governance and Nominations Committee has been chaired by Michel Pébereau since 30 November 2012. It consists of Laurence Parisot and Marion Guillou, who replaced Daniela Weber-Rey as of 27 November 2013. 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 involves the Chairman in its work on selecting new Directors or non-voting Directors and on succession planning for corporate officers.

The remit of the Corporate Governance and Nominations Committee appears in the Internal Rules (§11.2) appended to this report.

The Corporate Governance and Nominations Committee met four times, with a 92% attendance rate.

- The committee discussed developments in the Group's corporate governance on several occasions.
- 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 Shareholders' Meeting for the potential replacement of any of the Directors whose term was ending.
- Following this process, the committee proposed that the Board nominate Christophe de Margerie and Marion Guillou.
- The committee examined the section of the Chairman's report on corporate governance, and recommended its approval by the Board of Directors.
- The committee focused on the draft changes to the Corporate Governance Code.
- It was informed about the guidelines of the European Banking Authority (EBA) as to the assessment of the fitness of members of the "governing body" and of those holding key positions in the Bank.
- It proposed to the Board a new allocation of Directors' fees for 2013.

4.d Compensation Committee

The Compensation Committee consisted of Denis Kessler, Chairman until 29 July 2013, then replaced by Pierre-André de Chalendar as of 6 December 2013; Jean-François Lepetit, Hélène Ploix and Nicole Mission starting 6 December 2013. The membership complies with the recommendations of the Corporate Governance Code: its members have experience in compensation systems and market practices in this field. Three members of the Compensation Committee are also members of the Internal Control, Risk Management and Compliance Committee (Jean-François Lepetit, Hélène Ploix and Nicole Misson). This structure is likely to benefit the work of the Board of Directors on matching compensation principles to the Bank's risk policy.

The Chairman of the Board of Directors is not a member of the committee, but is invited to take part in its discussions, except where they concern him personally.

The remit of the Compensation Committee appears in the Internal Rules (§10.2) appended to this report.

The Compensation Committee met four times in 2013, with a 100% attendance rate.

- After receiving detailed information about Group employees whose responsibilities within the Bank have a significant impact on the Group's risk profile, the committee examined the way these individuals are compensated. It reviewed the method of determining variable compensation packages to which they might be entitled 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 2012. 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 et de Résolution (ACPR) on these issues.
- The committee determined and proposed to the Board the variable compensation to be paid to corporate officers in respect of 2012 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 Chairman, the Chief Executive Officer and the Chief Operating Officers.
- It submitted the principles underlying the corporate officers' 2013 variable compensation for the Board's approval.
- The committee was informed about the 2012 variable compensation determined by the Chief Executive Officer for the members of the Executive Committee who are not corporate officers.
- It reviewed the new definition of regulated persons.
- It agreed to the implementation this year of a programme to retain the best employees, selected in light of their own potential and also the outlook for their speciality and the competitive situation. This programme, a particularly important one in Asia and the United States, would provide its beneficiaries with an addition to their fixed salary paid monthly over a three-year period.
- It was briefed about the new obligations or recommendations that apply to compensation and the specific resolutions that ought to be submitted to the 2014 Annual General Meeting of the shareholders: three resolutions with regard to the say on pay provisions of the Corporate Governance Code; one resolution with regard to the say on pay requirements of the French Law on the Segregation and Regulation of Banking Activities; and if called for, one resolution to lift the ceiling on variable compensation to 2 for 1.
- The committee proposed to the Board a new allocation of Directors' fees for 2013.

APPENDIX: Internal Rules

PREAMBLE

The functioning of the Board of Directors and the BNP Paribas Executive Management method are defined in the French Commercial Code (*Code de commerce*), the French Monetary and Financial Code (*Code monétaire et financier*), the provisions enacted by the regulatory authorities, the Company's Articles of Association and these rules.

The Board of Directors takes account, when appropriate, of the French market guidelines concerning corporate governance.

PART ONE - DUTIES OF THE BOARD OF DIRECTORS

1. Duties of the 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 ensures a balanced Board and its effective functioning in the best of this interest and in carrying out its duties.

For this purpose:

Upon the proposal submitted by the Chief Executive Officer (CEO), it determines the BNP Paribas business strategy and orientations and supervises 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.

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

It approves the Chairman's report attached to the management report.

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

- assess and perform any or all controls that it considers necessary pursuant to the laws and regulations in force;
- supervise the management of the business and the fairness of its accounts;
- review and close the financial statements;
- 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 transaction 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 to them the necessary powers to issue bonds and assimilated securities and to issue securities giving immediate or future access to the capital of BNP Paribas the Chief Executive Officer or the Chief Operating Officers shall report to the Board of Directors on the issuing of said borrowings or securities.

PART TWO – THE CHAIRMAN OF THE BOARD OF DIRECTORS

2. Relations with the Company's other bodies and with parties outside the Company

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 where specific assignments or duties are entrusted by the Board of Directors to another Director.

He may represent 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.

3. Organisation of the work of the Board of Directors

The Chairman organises the work of the Board of Directors. He sets the timetable and agenda of Board Meetings and convenes 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 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 manages the work of the Board of Directors, to give it the means of carrying out the duties 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 hear 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.

PART THREE - THE FUNCTIONNING OF THE BOARD OF DIRECTORS

4. Information provided to Directors

Each Director may ask that the Chairman or the Chief Executive Officer communicates to him all documents and information necessary for performing his duties, for the purpose of efficiently participating in the Board of Directors' Meetings and making enlightened decisions; if these documents are useful for making decisions and are related to the Board of Directors' powers.

Requests are sent to the Secretary of the Board of Directors who informs the Chairman as well as the Chief Executive Officer in case of dissociation of the functions.

The documents placed at the Director's disposal are consulted in the offices of the Secretariat of the Board of Directors or of the competent employee of the Group, when the Secretary of the Board considers this is preferable for reasons of convenience or confidentiality.

5. The Board of Directors' Meetings

The Board of Directors meets at least four times per year and as often as circumstances require.

Notices of meetings may be communicated by the Secretary of the Board.

Directors taking part in the meeting by videoconference (*visioconference*) or all telecommunication means enabling their identification and guaranteeing their effective participation, the nature and the condition of application of which are defined by French law, shall be considered to be present for the purpose of calculating both the quorum and the majority.

An attendance register is kept, which is signed by the Directors taking part in the Meeting. It mentions the names of the Directors considered as present within the meaning the above paragraph.

The Board of Directors' deliberations are recorded in minutes which are entered into a special register, in accordance with the laws in force.

The Secretary of the Board of Directors is authorized to issue and certify copies or excerpts of the Board minutes.

The decisions of the Board of Directors are carried out either by the Chairman, the Chief Executive Officer, in case of dissociation of the functions, or a Chief Operating Officer, or by a special representative appointed by the Board of Directors.

6. Assessment of the Board of Directors, the Chairman and the Executive Management

The Board of Directors performs a regular assessment of its functioning and its ability to fulfill its missions.

It makes regular assessments, and at least once a year, of the performances of the Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officers, without them being present and thinks about the future of the management.

PART FOUR – THE BOARD OF DIRECTORS' SPECIALISED COMMITTEES

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, duties, composition, and functioning of the Committees are adapted at all times to the Board of Directors' needs and to 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 jurisdiction, 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.

In order to take account of the nature and specific characteristics of the banking activities, the Board of Directors' Committees include: the Financial Statements' Committee, the Internal Control, Risk Management and Compliance Committee, the Compensation Committee, the Corporate Governance and Nominations Committee.

7. The Financial Statements' Committee

The Committee meets at least four times per year.

7.1 Composition

At least two thirds of the members of the Financial Statements' Committee meet the criteria required to qualify as independent, 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.

7.2 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 relating 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 shall report 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 within the framework of the accounting and financial internal control system that has been brought to his direct knowledge by the Head of Periodic Control and reports on its findings to the Board of Directors.

7.3 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 or the networks' 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.

It receives from the Statutory Auditors a written report on their main observations concerning the weaknesses of internal control.

Each Statutory Auditor shall report on a yearly basis to the Committee on its internal control system 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 team 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.

7.4 Report of the Chairman

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.

7.5 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, hear the Heads of Group Finance and Accounting, as well as the Head of Asset/Liability Management.

The Committee may ask to hear the Head of Group Finance with regard to any issue within its jurisdiction for which he may be held liable, or the Bank's management may be held liable, or that could call into question the quality of financial and accounting information disclosed by the Bank.

8. The Internal Control, Risk Management and Compliance Committee

It shall hold at least four meetings per year.

8.1 Composition

The Internal Control, Risk Management and Compliance Committee comprises a majority of members Meeting the criteria required to qualify as independent, 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.

8.2 Missions

The Committee examines the key orientations 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 Prudential Control and Resolution Authority (Autorité de Contrôle Prudentiel et de Résolution – ACPR).

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 within the framework 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.

8.3 Hearings

It may hear, 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 Function and Group Permanent Control and the Head of the Group Risk Management Function.

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.

9. Common provisions to the financial statements' committee and 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.

10. The compensation committee

The Committee shall meet as often as necessary.

10.1 Composition

The Compensation Committee comprises a majority of members Meeting the criteria required to qualify as independent, 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 and the President is not a member either.

10.2 Missions

The Committee prepares the work of the Board of Directors on the principles of the compensation policy, in particular as concerns Group employees whose professional activities have a significant impact on the Group's risk profile, 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 the compensation, the 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 submit to it.

11. The Corporate Governance and Nominations Committee

The Committee shall meet as often as necessary.

11.1 Composition

The Corporate Governance and Nominations Committee comprises a majority of members Meeting the criteria required to qualify as independent, 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.

11.2 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 functioning.

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 functioning 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. It is informed, as the case may be, by the Chairman, the Chief Executive Officer and the Chief Operating Officer of any new corporate office or any new duties which one of them is considering carrying out and prepares the analysis which will enable the Board of Directors to decide on the opportunity of such prospect.

The Committee assesses the performance of the Chairman, the Chief Executive Officer and Chief Operating Officers.

It is also responsible for developing plans for the succession of Corporate Officers.

It contributes to the assessment of the aptitude, initial and continuous of the Directors and members of the Executive Management, in particular by documenting it.

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 from a Director being repeatedly absent from Meetings.

PART FIVE - COMPENSATION OF DIRECTORS AND NON-VOTING DIRECTORS

12. Compensation of Directors

The overall amount of the Directors' attendance fees is determined by the General Shareholders' Meeting.

The individual amount of the attendance fees is determined by the Board of Directors pursuant to a proposal by the Compensation Committee. It comprises a predominant variable portion based on effective participation at Meetings, regardless of the means. The unattributed amount of the allocation authorised by the Shareholders' Meeting is not distributed.

Effective Participation in the Committees entitles Committee members to an additional fee, the amount of which may differ depending on the Committees. Committee members receive this additional fee for their participation on each different Committee. The Chairmen of Committees receive a higher additional fee. Directors residing abroad receive an additional half fee.

13. Compensation of non-voting Directors *(censeurs)*

The compensation of the non-voting Directors is determined by the Board of Directors pursuant to a proposal by the Compensation Committee.

PART SIX - OBLIGATIONS OF DIRECTORS

14. Compliance with laws and regulations

All Directors are required to comply with legal obligations and French market guidelines concerning information that concerns Directors personally.

15. Conduct and regular attendence of the Director

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.

They agree to inform the Board of Directors before accepting any new corporate office in a listed or non-listed company, whether French or foreign, or any new duties in France or abroad and to place their office at the disposal of the Board of Directors in the event of a significant change in their duties or offices.

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.

16. Holding of a minimum number of shares

In addition to the number of Directors' shares required in the Articles of Association, it is recommended that the Directors appointed by the General Shareholders' Meeting own a number of shares in a personal capacity, equivalent to at least one year's worth of Directors' attendance fees. The Directors undertake not to engage in any hedging transactions to cover their risk on such shares.

17. Director of american nationality

The Director of American nationality must choose, on his own initiative, not to take part in certain Board deliberations in view of the regulatory obligations imposed on him by reason of his or her nationality.

18. Ethics and compliance

The legislation relating to insider trading applies particularly to Directors both in a personal capacity and when carrying out their duties 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 the Group Compliance Function and Group Permanent Control.

19. 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.

20. 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.

PART SEVEN - NON-VOTING DIRECTORS *(CENSEURS)*

The non-voting Directors attend the Meetings of the Board and the Committees in an advisory capacity.

They are subject to the same rules of conduct and regular attendance as the Directors.

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, 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 no. 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 no. 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 (French Securities Regulator) General Regulations, 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 of international banks, 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 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 (primarily Compliance, General Inspection and Risk Management) must operate independently.

THE 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, regions 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 total or proportional 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:

- the **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*);
- **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 independent control functions and in a clear distinction between permanent and periodic control;

(1) This document is frequently amended, principally to improve the effectiveness of the internal control system.

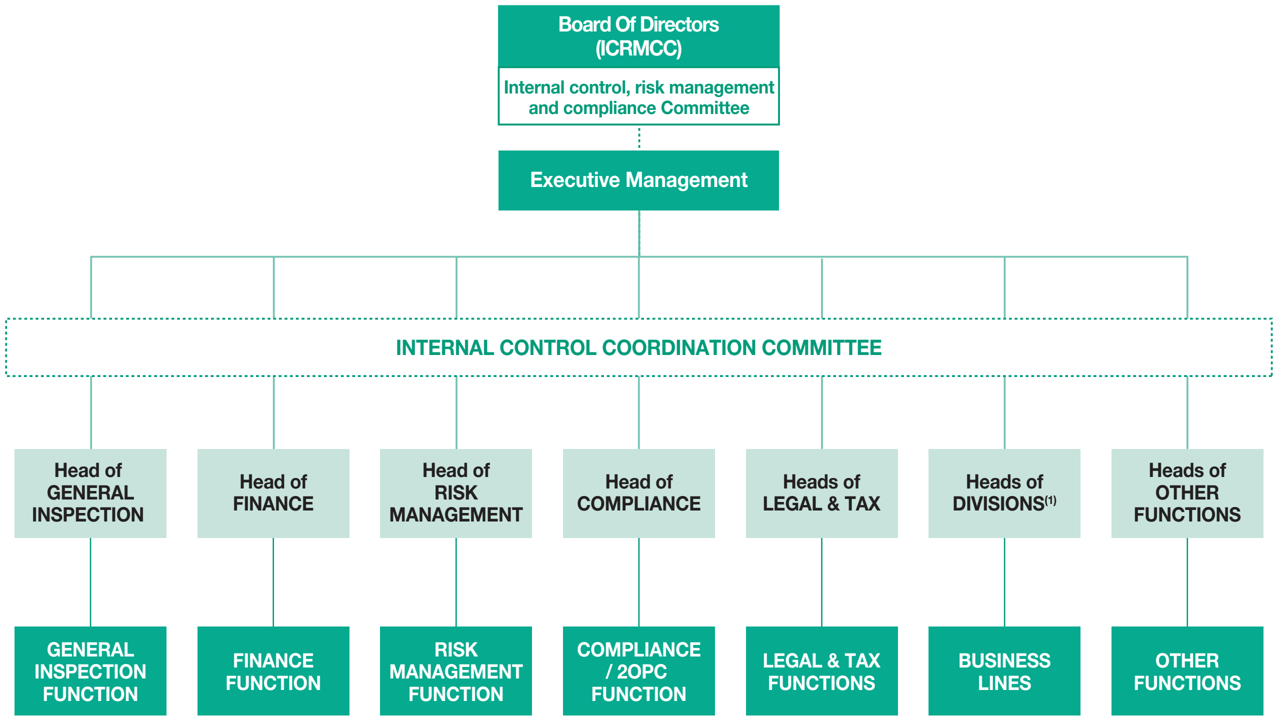
- **proportionality of risks**: the scope and number of controls must be proportional to the level of risk involved. These controls include where appropriate one or more controls performed by operational staff and if necessary by one or more permanent control functions. A control exercised by an independent function may take the form of a "second set of controls", with a contradictory assessment. Any disagreements are referred to a higher level in the organisation (escalation process);
- **appropriate governance**: involving the various players of internal control and covering all its aspects, be they organisation, controls or 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 Group, 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.

THE PRINCIPAL PARTIES INVOLVED IN 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 et de Résolution 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 policies 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 important to permanent control in their specific areas of responsibility: **Legal, Tax, Technologies and Processes, and 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 2013, the ICCC addressed the following issues in particular:

- the new Head of Territory Charter, which now makes his or her prime priority to manage internal control and the compliance of the Group's activities in the Territory;
- the policy for nominating corporate officers in the subsidiaries according to the guidelines issued by the European Banking Authority;
- the policy for subsidiaries as to their oversight of internal controls on a consolidated basis, specifying the oversight required by regulation that the subsidiaries must provide to their own subsidiaries, particularly those located out of country, with regard to Compliance, Risk Management and Internal Audits.

PROCEDURES

Procedures are one of the key components 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, setting out the organisational structures, procedures and controls to be applied. These procedures provide the basic framework for the Group's internal control. 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" 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 2013

Group Compliance

The structure of the Compliance Function remained stable in 2013.

The work of the Compliance Function may be summarised as follows:

- the corpus of Group standards was enhanced by several important documents defining the Group's rules and standards. In particular:
  - a policy was issued on how to apply European Banking Authority standards to the appraisal of senior managers and certain key post-holders,
  - the overall policy on clients' interests protection was updated,
  - the new general policy on applying the US FATCA regulation was issued,
  - the policies on whistle blowing and gifts and entertainment were clarified,
  - a policy was drafted on the European passport giving the freedom to provide banking and financial services within the European Union. It confirmed that such services are subject not only to the banking and financial regulation in their country of origin, but also, if applicable, to local regulation,
  - the policy defining how to apply the rules of the British Takeover Panel was updated,
  - procedures were implemented to associate subsidiaries with the Bank's single statements to the French Data Protection Authority (Commission Nationale Informatique et Liberté – CNIL) and with the CNIL's on-site inspections,
  - guidelines were issued defining the system for contributing to publicly-available indicators (such as Libor or Euribor) and on managing "proprietary" indicators, particularly those used in trading activities to manage the risks of conflict of interests and market abuse that may be linked to these indicators;
- the importance of financial security, particularly compliance with international financial sanctions, has continued to rise over the last few years for all economic players, in view of the on-going political tensions in some areas of the world. This has led the European and international communities to take or extend their sanctions against particular countries, assets and people.

  The BNP Paribas Group, and especially its Compliance Function, is adapting its systems as and when necessary to comply with the new requirements. Importantly, key procedures in the corpus covering all aspects of financial security have been updated;
- the network of clients' interests protection coordinators created in 2012 has been strengthened significantly. More than 100 coordinators have been appointed in Group entities;
- initiatives to raise the awareness of Group employees and to train members of the Compliance Function have continued and expanded over the course of the year. In particular, there is a new Group policy requiring mandatory training in financial security, classifying employees based on their degree of exposure to risk.

Various projects initiated in 2013 will be pursued and finalised in 2014:

- changes to the financial security systems, particularly in the area of international financial sanctions;
- the revision of BNP Paribas' Internal Control Charter. This now includes information provided in a separate document in 2011 (on the right to escalate among other topics) and new details of the internal control system for financial information. The changes also improve information on the place of validation and approval processes and on risk policies to give a more complete and more realistic overall view of the basic principles of the Bank's internal control system;
- the Responsibility Charter for the Compliance Function will be revised in line with the new emphasis in the Head of Territory Charter, stressing the priority of his internal control responsibilities.

Permanent operational control

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

- the project to standardise operational risk-management processes (e.g. a library of generic risks, generic control plans and reports) has continued, aided by the implementation of new systems;
- the work in raising awareness and training in operational risk, particularly about new forms of fraud, has been developed by creating new modules accessible on line or in conventional training sessions;
- General Inspection has introduced a new methodology, and consequently, the system for following up the findings and recommendations from audit assignments has been amended. It now gives operational management more responsibility for determining and implementing actions to correct identified weaknesses;
- the organisation of the independent second-level function has been revised to increase its efficiency (e.g. the number of organizational levels has been reduced and tasks have been centralised);
- the teams responsible for independent second-level control have analysed the risk profiles for business lines and the permanent control systems the lines have implemented, and have developed reviews to ensure that certain key controls are correctly performed and are relevant;
- the authorisation has been granted to use the Advanced Measurement Approach (AMA) to calculate the Operational Risk Capital Requirement for the subsidiary Findomestic SpA: it has been in use since the first calculation for 2013.

The objectives for 2014 follow from the work done in 2013, with special emphasis on strengthening independent second-level controls and standardising the risk-management system.

Periodic control

In 2013, General Inspection continued to restructure its information system, working with the central Information Technology and Processes (ITP) Function and the selected software developer. This project aims to develop a single integrated system (UNIK) that provides a unified methodology shared by everyone in the General Inspection Function. An initial production version was delivered to schedule during the second half of the year and the roll-out according to timetable started in September 2013. Roll-out will continue throughout 2014.

The entire process has been supported by the cross-functional change-management project.

As a follow-up to the training sessions on the new audit methodology delivered last year, an *ad hoc* Review Committee has checked quasi exhaustively the compliance of the Function's findings with the new requirements. The results have been sent to the various audit teams.

Various changes to the methodology affecting the basic templates for "finding" and "recommendation" were defined in a new Guideline for running an audit which appeared at the start of 2013. Guidelines on Risk Assessment and on the Audit Plan, similarly supplemented and enhanced by the new methodology and system, will appear at the beginning of 2014.

The Quality Assurance Review (QAR) programme aims to improve continually the quality of Internal Audit work. Since its launch in November 2006, it has benchmarked the practices of all audit teams against both professional standards and the reference framework defined by the Function. It continued its work in 2013, completing five new assignments.

The drive to increase professionalism continues throughout the Function and this year included training in the Change Management project (new methodologies, mapping and the UNIK system).

At the end of October 2013, there were 196 certified audit staff, bringing the ratio of certified/total staff to 20.5%, an increase over the 19% in 2012.

INTERNAL CONTROL STAFF

At the end of 2013, 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	2013	Variation 2013/2012
Compliance (excluding Permanent Control/2OPC)	740	864	904	1,125	1,369	1,567	1,577	1,594(1)	1%
Oversight of Permanent Control/ Operational risk (2OPC)	439	562	637	760	315(1)	381	361	326(2)	-10%
Group Risk Management	881	954	950	2,940(3)	1,801	1,971	1,965	1,920	-2%
Periodic Control	854	828	824	1,016	1,014(4)	1,107	1,030	962	-7%
TOTAL	**2,914**	**3,208**	**3,315**	**5,841**	**4,499**	**5,026**	**4,933**	**4,802**	**-3%**

(1) No. of staff estimated at the end of the period.
(2) After re-classifying staff (see explanation below).
(3) Before re-classifying Fortis staff.
(4) Including staff from TEB (Turk Ekonomi Bankasi).

Second-level permanent control

- The number of Compliance staff was estimated at 1,594 FTEs at the end of the 2013. Excluding Permanent Control and 2OPC, the figure was comparable with that for 2012 (1,577 FTEs) and in line with the estimates made in the previous year.

  The ratio compliance employees (excluding 2OPC)/total Group employees was 0.86%, (0.84% in 2012).
- 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 figures for 2010 are not comparable with those for previous years. During 2013, the Function was rationalised and reorganised, and various projects started in previous years were completed.
- At the end of 2013, there were 1,920 FTE staff (a reduction of under 2%) in all areas of GRM, including Risk Fortis, Risk BGL, Risk Personal Finance and Risk BNL.

Periodic control

There were 962 FTE employees in General Inspection on 31 December 2013, including 902 FTEs covering audit (excluding support staff) compared with 1,030 (970 FTEs excluding support staff) at 31 December 2012.

The overall ratio of auditors/auditees is 0.50% (0.53% last year).

INTERNAL CONTROL PROCEDURES RELATING TO PREPARING AND PROCESSING ACCOUNTING AND FINANCIAL INFORMATION

ROLES AND RESPONSIBILITIES FOR PREPARING AND PROCESSING ACCOUNTING AND FINANCIAL INFORMATION

The Finance Function, under the authority of the Chief Executive Officer, is responsible for preparing and processing accounting and financial information and its work is defined in a specific Charter covering all those working in the function. In particular it consists of:

- defining accounting policies and standards as well as management information principles and standards;
- preparing accounting information and making the regulatory returns;
- producing information on solvency and liquidity ratios calculating the ratios and making the regulatory returns;
- preparing management information (achieved and forecast) and providing the necessary support for financial policy;
- managing the risk associated with accounting and financial information (results, balance sheet, solvency and liquidity) by defining and 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);
- managing the organisation and operational processing of activities related to the Finance Function;
- exercising a warning function as regards Executive Management.

All its work, whether carried out directly or with other Functions, requires those involved to be fully competent in their particular areas, or in other words to understand and check the information they produce and to comply with the required standards and time limits. The governance of the system as a whole relies on three basic principles: de-centralising the Finance Function; separating the accounting and management information channels; and giving either operational areas (Division/Operational Entity (OE)/business lines) or geographical areas (legal entities) the responsibility for finance. In practical terms, the Finance Function discharges its responsibilities as follows:

- the Finance Function in each entity produces accounting and financial information and carries out the checks ensuring its reliability. The entity's Finance Department sends the information produced to the Division/OE/business line to which it is operationally attached;
- the Divisions/OEs/business lines carry out a business analysis. They also check the data produced by the entities and improve its quality, for instance by reconciling the accounting and management data;
- centrally, Group Finance prepares the reporting instructions distributed to all Divisions/OE/business lines and consolidated entities in order to ensure that the data is homogeneous and complies with the Group's rules. It gathers all the accounting and management information produced by the entities and approved by the Divisions/OE and assembles and consolidates these data for use by Executive Management or for communication to third parties.

PRODUCING ACCOUNTING AND FINANCIAL INFORMATION

Accounting policies and rules

The local financial statements for each entity are prepared following the accounting standards prevailing in the country where the entity carries on business, while the Group consolidated financial statements are prepared under the 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 changes to regulation and interprets them as necessary in issuing new principles. A manual of the Group IFRS Accounting Principles is available to Divisions/OEs/business lines and accounting entities via the BNP Paribas Intranet. It is regularly updated to reflect regulatory changes.

The Group's Accounting Policies and Standards Department also responds to requests from the Divisions/OE/business lines or accounting entities for specific accounting studies, particularly when a new financial product or transaction is designed or recorded in the accounts.

Lastly, a dedicated department within Group Finance prepares management information policies and principles. 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**: its particular responsibility is to establish the entities' financial and cost accounting and to prepare the Group's consolidated financial statements to comply with the accounting policies and standards. It also produces related information on solvency and liquidity, ensuring that it is consistent with the accounts at each level. The channel certifies the reliability of the information produced by applying internal certification procedures (described below);
- **the management channel**: the channel prepares the management information (especially that from the Divisions/OEs/business lines compiled from the data per entity) that is relevant to the economic management of activities, complying with the established internal principles and standards. 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, distributes and administers the reporting tools for the two channels. These tools are designed to suit the channels' individual objectives and necessary complementarity, and provide information for the entire Group. In particular, Group Finance promotes the use of standard accounting systems in Group entities. The systems are designed at Group level and progressively rolled out. 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.

A special programme was launched in 2012 in collaboration with the ALM-Treasury teams to implement systems for producing liquidity data. The programme is based on a Group decision to integrate internal management data with that required for regulatory reporting, and has the following objectives:

- to define the applicable policies and methodologies required by the regulation;
- to define and implement long-term systems and processes both at Group level and at the level of the Divisions/OEs/business lines and entities.

The programme collected data and installed a Group system in 2013. Sets of reports were delivered regularly during the year, so that the process is now reliable and capable of meeting regulatory requirements from 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. This system requires accounting entities to follow rules in organising their accounting internal control environments and to implement key controls ensuring that the information in their consolidation packages is reliable. 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;
- to ensure that the internal control environment for accounting and financial information functions properly within the Group, in particular via the procedure for internal certification of accounts described below; to report quarterly to Executive Management and the Board's Financial Statements Committee on the quality of the Group's financial statements;
- to ensure, with GRM, that the systems for collecting and processing consolidated credit-risk reports function correctly, in particular using a specific certification process as well as quality indicators;
- to monitor the implementation by entities of recommendations from the Statutory Auditors and from General Inspection relating to the accounting risk, with the support of the Divisions/OEs/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.

For the Accounting channel, central control teams pass these tasks to the Finance Departments in the Divisions/OEs, supervise the entities closely and, if necessary, implement accounting controls geared to their specific situation.

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. Thus the Group's established approach, in which the reporting production tasks are consolidated on regional platforms (improving the harmonisation of the reporting and control processes and increasing their efficiency for the entities concerned), also ensures that the accounting control teams have the appropriate size and expertise. The key responsibilities of these local teams are as follows:

- to provide a link between Finance and the back offices that send data to the accounting system, for instance, by verifying that the back offices have the information they need for their accountancy work (e.g. they are trained in the accounting tools provided; they know about the accounting structure, etc.);
- to implement the second-level accounting controls within all entities within their scope. In a decentralised accounting framework, these controls complete 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) requiring an entity's different departments to 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). To assist in achieving this objective, the tasks involved in accounts closure are formally defined. The work uses tools to map the processes and associated risks, and to document the checks; and is carried out in coordination with other control channels (such as Compliance and Risks) to improve the quality of the base data.

Internal Certification Process

At Group level

Group Finance uses FACT (Finance Accounting Control Tool) for the internal certification of the quarterly data produced by each entity for the consolidation package; for the validation performed within the Finance Departments of Divisions/OEs/business lines; and for the consolidation process for which the Group Reporting Department in Group Finance is responsible.

The Head of Finance in each entity concerned certifies 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 internal certification process forms part of the Group's monitoring system for internal control and enables Group Finance, which has the 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 entities' implementation 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.

The certification system is also used in liaison with GRM for information forming part of the regulatory reporting on credit risk and solvency ratio. Those contributing to the reports attest that they have complied with the standards and procedures and that the data used is of appropriate quality. They further describe the results of the controls carried out at the various stages of producing the reports, including the accounting data to credit-risk data reconciliation.

A similar certification process will be used from 2014 for liquidity data, in liaison with the ALM – Treasury.

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 providers of the information used to compile the accounting and financial data (for instance 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 is responsible for producing and ensuring the quality of the Group's accounting and management information. It delegates the production and control of market values or models for financial instruments to specialists in this area, who thus form a single, integrated channel for valuing such instruments. The processes covered include:

- approving transactions;
- entering transactions in the accounting systems and checking that they are correctly recorded;
- defining and checking valuation methods;
- determining the market parameters and the procedure for independent price verification;
- determining valuation adjustments for market, liquidity and counterparty risks.

The channel's objectives are to ensure both the correctness and the reliability of the process for valuing financial instruments, and the quality and comprehensiveness of the control system, by means of appropriate processes and systems. It can thus provide the right data to the various decision-making bodies, data that also informs the operational processes for compiling the accounting and management results.

The control exercised by the valuation channel is supervised by the Finance Function and has its own governance framework. This control system is based on a set of organisational principles defined in the Group's Internal Control Charter for each organisational level, *i.e.* Group, Corporate and Investment Banking Division (CIB) and the main entities that account for market transactions.

The Finance Function uses dedicated teams in CIB Methodology & Financial Control – Capital Markets (CIB MFC-CM) to ensure the system functions correctly and supervise the entire process. The Finance Function decides 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. Lastly, the CIB MFC-CM reports at each accounting quarter-end to the Product Financial Control Committee (PFC), an arbitration and decision-making committee chaired by the Group Chief Financial Officer, on its work on the effectiveness of the controls and the reliability of the measurement and recognition of the results of capital market transactions. This committee meets every quarter and brings together Group Finance, Corporate Investment Banking and Group Risk Management. There are also Intermediary Committees (Intermediary PFC) that define priorities for projects, monitor their implementation and review in depth some technical aspects.

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.

The quality of the accounting certification process is regularly reviewed with the Divisions/OEs/business lines, notably with the deployment of quantitative indicators for particular controls focused reviews of selected major controls (examples include bank reconciliations and cross-checking of suspense accounts) and *ad hoc* reviews with the Divisions/OEs on specific points for improvement in various areas. These reviews are supplemented by presentations to the various committees in the Finance channel, on-site visits and training sessions. Group procedures clarifying some major controls, and detailed instructions aimed at ensuring consistent responses and adequately-documented processes are also distributed. The Group procedures are extended where necessary at Division/OE level to cover issues specific to them.

Similarly, with regards to the data used to calculate the solvency ratio, specific steps to improve the production process are taken by standardising the methodologies used to reconcile the data from the accounting and the credit-risk systems. We have also reviewed the certification system to adapt it to organisational changes and to make use of the indicators and controls implemented in the different channels.

The system will also be adapted to meet the needs of the liquidity-reporting programme, with a particular focus on aligning time limits with the regulatory timetable that applies from the start of 2015. Lastly, in terms of the different risks (credit, market, liquidity and operational), the Group is undertaking a programme to revise and improve the reporting, quality and integrity of the data by 2016. The programme is based on the principles defined by the Basel Committee for aggregating risk data and reporting risks ("Principles for effective risk data aggregation and risk reporting").

PERIODIC CONTROL – CENTRAL ACCOUNTING INSPECTION TEAM

General Inspection has a team of inspectors (the Central Accounting Inspection Team) who are specialists in accounting and financial audit. This reflects its strategy of strengthening audit capability in accountancy, as regards both the technical complexity of its work and its coverage of accounting risk.

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 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 their conclusions to the entity/business line/Divisional and Group Finance Functions, and in particular any observations and recommendations to improve certain aspects of the internal control system that contributes to the preparation of the accounting and financial information that they reviewed during 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*.

FINANCIAL COMMUNICATION (PRESS RELEASES, SPECIAL PRESENTATIONS, ETC.)

Financial communication for publication is written by the Investor Relations and Financial Information Department within Group Finance. It is directed at retail and institutional shareholders, financial analysts and rating agencies, and presents the Group's different activities, publishes its results and describes its development strategy, while observing the principle that the financial information presented must be consistent with 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 works with the divisions and functions to design the presentation of financial results, strategic projects and specific topics and distributes them to the financial community.

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
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

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.

For the year ended 31 December 2013

BNP Paribas

16, boulevard des Italiens

75009 Paris

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 2013.

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, 7 March 2014

The Statutory Auditors

Deloitte & Associés	**PricewaterhouseCoopers Audit**	**Mazars**
Damien Leurent	Étienne Boris	Hervé Hélias

2.4 The Executive Committee

On 31 December 2013, the BNP Paribas Executive Committee had the following members:

- **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;
- **Yves Martrenchar**, 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.

3 2013 REVIEW OF OPERATIONS

3.1 BNP Paribas consolidated results

In millions of euros	2013	2012	2013/2012
Revenues	**38,822**	**39,072**	**-0.6%**
Operating Expenses and Dep.	(26,138)	(26,543)	-1.5%
Gross Operating Income	**12,684**	**12,529**	**+1.2%**
Cost of Risk	(4,054)	(3,941)	+2.9%
Provision related to US dollar payments involving parties subject to US sanctions	(798)		
Operating Income	**7,832**	**8,588**	**-8.8%**
Share of Earnings of Associates	323	489	-33.9%
Other Non Operating Items	34	1,302	-97.4%
Non Operating Items	**357**	**1,791**	**-80.1%**
Pre-Tax Income	**8,189**	**10,379**	**-21.1%**
Corporate Income Tax	(2,750)	(3,061)	-10.2%
Net Income Attributable to Minority Interests	(607)	(754)	-19.5%
Net Income Attributable to Equity Holders	**4,832**	**6,564**	**-26.4%**
Cost/Income	**67.3%**	**67.9%**	**-0.6 pt**

OPERATING DIVISIONS HELD UP WELL

The Group's operating divisions held up well in 2013 in a lacklustre economic environment in Europe.

Revenues were EUR 38,822 million, down 0.6% compared to 2012. They include this year two exceptional items that total a net of EUR 147 million: the EUR 218 million impact of the sale of the assets of Royal Park Investments and a -EUR 71 million Own Credit Adjustment (OCA) and own credit risk included in derivatives (DVA). The one-off revenue items last year totalled -EUR 1,513 million and they included a -EUR 1,617 million impact from the OCA.

Thanks to a diversified business and geographic mix, the operating divisions confirmed the good resilience of their revenues (-1.6%(1) compared to 2012): revenues were stable(1) at Retail Banking(2), up 3.8%(1) at Investment Solutions, and down 8.3%(1) at Corporate and Investment Banking (CIB).

Operating expenses, which totalled EUR 26,138 million, were down 1.5%. They include this year the impact of the one-off EUR 661 million Simple & Efficient transformation costs (no impact in 2012) and the effect of the appreciation of the euro. The operating expenses of the operating divisions were down 0.5%(1), reflecting the ongoing containment of operating expenses, with a 0.8%(3) decline for Retail Banking(2), a 2.2%(1) increase for Investment Solutions and a 2.4%(1) decline for CIB.

Gross operating income thus rose by 1.2% during the period to EUR 12,684 million. It was down 3.4%(1) for the operating divisions.

The Group's cost of risk was at a moderate level, at EUR 4,054 million, or 63 basis points of outstanding customer loans. It rose by 2.9% compared to last year due in particular to an increase at BNL bc as a result of the still challenging economic environment in Italy.

The Group's financial statements also include this year a USD 1.1 billion provision(4), or EUR 798 million, related to the retrospective review of US dollar payments involving parties subject to US economic sanctions.

(1) At constant scope and exchange rates.

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

(3) At constant scope and exchange rates, net of Hello bank! costs (EUR 65 million).

(4) See note 3.g of the consolidated financial statements as at 31/12/2013.

Non operating items totalled EUR 357 million. They include in particular this year two exceptional items that totalled -EUR 171 million: the EUR 81 million impact from the sale of BNP Paribas Egypt and a total of -EUR 252 million in impairments, which includes a -EUR 186 million impairment of BNL bc's goodwill. Non operating items came to EUR 1,791 million in 2012 and included in particular EUR 1,445 million in exceptional items (impact in particular of the sale of a 28.7% stake in Klépierre SA).

BNP Paribas thus generated EUR 4,832 million in net income attributable to equity holders, down 26.4% compared to 2012. Excluding exceptional items, the total impact of which this year totalled -EUR 1,211 million compared to +EUR 184 million in 2012, the net income attributable to equity holders came to EUR 6,043 million, down 5.3% compared to last year.

Return on equity was 6.1% (7.7% excluding exceptional items). Net earnings per share totalled EUR 3.69 (EUR 4.67 excluding exceptional items).

The Group's balance sheet is rock-solid. Solvency is high with a 10.3% fully loaded Basel 3 common equity Tier 1 ratio(1) and a 3.7% fully loaded Basel 3 leverage ratio(1), above the 3.0% regulatory threshold applicable effective from 1st January 2018. The Group's immediately available liquidity reserve was EUR 247 billion (EUR 221 billion at the end of 2012), equivalent to over one year of room to manoeuvre in terms of wholesale funding.

The net book value per share(2) was EUR 63.60, or a compounded annualised growth rate of 6.1% since 31 December 2008, demonstrating BNP Paribas' ability to continue to grow the net asset value per share.

The Board of Directors will propose to shareholders at the Shareholders' Meeting to pay out a dividend of EUR 1.50 per share to be paid in cash, stable compared to last year, which equates to a 40.8% pay-out ratio.

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) Fully loaded ratio taking in account all the CRD 4 rules with no transitory provisions.

(2) Not revaluated.

3.2 Core business results

RETAIL BANKING

In millions of euros	2013	2012	2013/2012
Revenues	**24,462**	**24,860**	**-1.6%**
Operating Expenses and Dep.	(14,903)	(15,201)	-2.0%
Gross Operating Income	**9,559**	**9,659**	**-1.0%**
Cost of Risk	(3,585)	(3,505)	+2.3%
Operating Income	**5,974**	**6,154**	**-2.9%**
Associated Companies	203	192	+5.7%
Other Non Operating Items	101	98	+3.1%
Pre-Tax Income	**6,278**	**6,444**	**-2.6%**
Income Attributable to Investment Solutions	(218)	(208)	+4.8%
Pre-Tax Income of Retail Banking	**6,060**	**6,236**	**-2.8%**
Cost/Income	60.9%	61.1%	-0.2 pt
Allocated Equity *(€bn)*	32.8	33.7	-2.7%

DOMESTIC MARKETS

In millions of euros	2013	2012	2013/2012
Revenues	**15,759**	**15,730**	**+0.2%**
Operating Expenses and Dep.	(10,048)	(10,087)	-0.4%
Gross Operating Income	**5,711**	**5,643**	**+1.2%**
Cost of Risk	(1,877)	(1,573)	+19.3%
Operating Income	**3,834**	**4,070**	**-5.8%**
Associated Companies	40	40	+0.0%
Other Non Operating Items	(4)	(1)	n.s.
Pre-Tax Income	**3,870**	**4,109**	**-5.8%**
Income Attributable to Investment Solutions	(218)	(208)	+4.8%
Pre-Tax Income of Domestic Markets	**3,652**	**3,901**	**-6.4%**
Cost/Income	63.8%	64.1%	-0.3 pt
Allocated Equity *(€bn)*	20.2	21.2	-4.6%

For the whole of 2013, Domestic Markets posted an overall good performance in a lacklustre environment. Deposits grew by 5.1% compared to 2012, with good growth across all the networks and at Cortal Consors in Germany. Outstanding loans declined by 1.6%, due to a continued slowdown in demand. The sales and marketing drive of Domestic Markets contributed to the worldwide success of One Bank for Corporates with the opening of nearly 4,000 new accounts in the past three years in the Bank's entire network by Domestic Markets clients, and the confirmation of the Group's no. 1 ranking in cash management in Europe. Domestic Markets also devoted its efforts to successfully launching Hello bank! in Germany, Belgium, France and Italy with already 177,000 customers and EUR 1.8 billion in deposits at the end of 2013.

At EUR 15,759 million, revenues[(1)] were up slightly (+0.2%) compared to 2012, despite a persistently low interest rate environment and the deceleration in loan volumes, due to a pickup in financial fees and good contribution by Arval. Domestic Markets continued to adapt its operating expenses[(1)] which totalled EUR 10,048 million, down 1.0%[(2)] compared to last year. The cost/income ratio[(1)] thus improved in France, in Italy and in Belgium, coming to 63.3%[(2)] for the whole of Domestic Markets (-0.8 point compared to 2012).

Gross operating income[(1)] totalled EUR 5,711 million, up 2.4%[(2)] compared to last year.

Given the rise in the cost of risk in Italy, and after allocating one-third of Private Banking's net income from Domestic Markets to the Investment Solutions division, pre-tax income[(3)] was EUR 3,652 million, down by 4.7%[(2)] compared to 2012.

FRENCH RETAIL BANKING (FRB)

In millions of euros	2013	2012	2013/2012
Revenues	**6,906**	**6,939**	**-0.5%**
incl. Net Interest Income	*4,136*	*4,128*	*+0.2%*
incl. Commissions	*2,770*	*2,811*	*-1.5%*
Operating Expenses and Dep.	(4,506)	(4,537)	-0.7%
Gross Operating Income	**2,400**	**2,402**	**-0.1%**
Cost of Risk	(344)	(315)	+9.2%
Operating Income	**2,056**	**2,087**	**-1.5%**
Non Operating Items	4	4	+0.0%
Pre-Tax Income	**2,060**	**2,091**	**-1.5%**
Income Attributable to Investment Solutions	(129)	(121)	+6.6%
Pre-Tax Income of French Retail Banking	**1,931**	**1,970**	**-2.0%**
Cost/Income	65.2%	65.4%	-0.2 pt
Allocated Equity *(€bn)*	7.4	7.7	-4.1%

The business activity of FRB reflected in 2013 a good drive in deposits, which grew by 4.6% compared to 2012, with in particular strong growth in current and savings accounts. Outstanding loans declined by 2.3% due to lesser demand. The sales and marketing drive and customer service innovations were reflected in a continuing rise in the number of mobile service users (+30% compared to the end of 2012). The support to SMEs is illustrated by the success of operation EUR 5 billion and 40,000 projects and the launch of a new programme called 2016 BNP Paribas Entrepreneurs.

Revenues[(4)] came to EUR 6,906 million, down 0.5% compared to 2012. Net interest income was stable and fees were down moderately due to a decline in banking fees and a slight rise in financial fees.

Thanks to the continued improvement of operating efficiency, operating expenses[(4)] were down by 0.7% compared to 2012 and the cost/income ratio[(4)] came to 65.2%.

Gross operating income[(4)] thus totalled EUR 2,400 million, stable compared to last year.

The cost of risk[(4)] was still at a low level, at 23 basis points of outstanding customer loans, up EUR 29 million compared to last year.

Thus, after allocating one-third of French Private Banking's net income to the Investment Solutions division, FRB posted EUR 1,931 million in pre-tax income[(3)] (-2.0% compared to last year) showing good resilience at a high level.

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

(2) Net of Hello bank! costs (EUR 65 million in 2013).

(3) Excluding PEL/CEL effects.

(4) Excluding PEL/CEL effects, with 100% of Private Banking in France.

BNL BANCA COMMERCIALE (BNL BC)

In millions of euros	2013	2012	2013/2012
Revenues	**3,257**	**3,273**	**-0.5%**
Operating Expenses and Dep.	(1,777)	(1,818)	-2.3%
Gross Operating Income	**1,480**	**1,455**	**+1.7%**
Cost of Risk	(1,205)	(961)	+25.4%
Operating Income	**275**	**494**	**-44.3%**
Non Operating Items	0	1	n.s.
Pre-Tax Income	**275**	**495**	**-44.4%**
Income Attributable to Investment Solutions	(19)	(18)	+5.6%
Pre-Tax Income of BNL bc	**256**	**477**	**-46.3%**
Cost/Income	54.6%	55.5%	-0.9 pt
Allocated Equity *(€bn)*	6.3	6.4	-2.3%

For the whole of 2013, BNL bc's deposits enjoyed sustained growth (+7.4% compared to 2012), with a rise in both the individual and corporate segments. Outstanding loans declined by 3.6%, primarily due to corporates and small businesses. BNL bc increased its marketing activity with large corporates, leveraging in particular on the Group's large product offering, as well as its no. 1 ranking in cash management in Italy. BNL bc also continued to expand its Private Banking business with assets under management up 26% compared to 2012.

Revenues[1] declined by 0.5% compared to 2012, to EUR 3,257 million. Net interest income was down due to the decrease in loan volumes despite the fact that margins held up well. Fees were up thanks to the good performance of off balance sheet savings and cross-selling to corporates.

Thanks to the continuous improvement of the operating efficiency, operating expenses[1] were down by 2.3% compared to 2012, at EUR 1,777 million, and the cost/income ratio[1] decreased by 0.9 points, to 54.6%.

Gross operating income[1] thus came to EUR 1,480 million, up 1.7% compared to last year.

The cost of risk[1] rose however by 25.4% compared to 2012, at 150 basis points of outstanding customer loans, due to the prolonged recession in Italy.

BNL bc thus continued the ongoing adaptation of its business model to withstand a still challenging economic context and, after allocating one-third of Italian Private Banking's net income to the Investment Solutions division, generated EUR 256 million in pre-tax income, down 46.3% compared to last year.

(1) With 100% of Private Banking in Italy.

BELGIAN RETAIL BANKING (BRB)

In millions of euros	2013	2012	2013/2012
Revenues	**3,353**	**3,328**	**+0.8%**
Operating Expenses and Dep.	(2,447)	(2,450)	-0.1%
Gross Operating Income	**906**	**878**	**+3.2%**
Cost of Risk	(144)	(157)	-8.3%
Operating Income	**762**	**721**	**+5.7%**
Non Operating Items	1	18	-94.4%
Pre-Tax Income	**763**	**739**	**+3.2%**
Income Attributable to Investment Solutions	(66)	(66)	+0.0%
Pre-Tax Income of Belgian Retail Banking	**697**	**673**	**+3.6%**
Cost/Income	73.0%	73.6%	-0.6 pt
Allocated Equity *(€bn)*	3.5	3.7	-5.0%

For the whole of 2013, the business activity of BRB helped to increase deposits by 3.9% compared to 2012 thanks notably to good growth in current and savings accounts. Loans grew by 1.7%(1) over the period, due in particular to the rise in loans to individuals and the good resilience of loans to SMEs. Bank for the Future got off to a good start: BRB rallied around the development of digital banking (launch of Hello bank! and forthcoming launch of Sixdots–Belgian Mobile Wallet, the new payment offering), and efforts to adapt the network and workforce to new forms of customer behaviour, resulting in the improvement of the cost/income ratio, were initiated.

Revenues(2) were up 0.1%(1) compared to 2012, at EUR 3,353 million. Net interest income was down moderately, in line with a persistently low interest rate environment, and fees were up due to the good performance of off balance sheet savings and financial fees.

As a result of operating efficiency measures, operating expenses(2) were down by 0.5%(1) compared to 2012, at EUR 2,447 million, and the cost/income ratio declined by 0.6 points at 73.0%. BRB thus generated EUR 906 million in gross operating income(2), up 2.0%(1).

The cost of risk(2) was still very low, at 16 basis points of outstanding customer loans, down by 8.9%(1) compared to last year. Thus, after allocating one-third of Belgian Private Banking's net income to the Investment Solutions division, BRB posted EUR 697 million in pre-tax income, up 3.0%(1) compared to last year.

LUXEMBOURG RETAIL BANKING

For the whole of 2013, outstanding loans grew by 2.2% compared to 2012, thanks to good growth in mortgages. The growth in deposits was also substantial (+5.2%) due in particular to good asset inflows from corporate clients, in line with the development of cash management. Revenues grew slightly thanks to a rise in volumes but the increase in operating expenses led to lower gross operating income.

PERSONAL INVESTORS

For the whole of 2013, assets under management were up 10.7% compared to 2012 due to a good sales and marketing drive. Deposits were up sharply (+18.1% compared to 2012) thanks to a good level of recruitment of new clients and to the development of Hello bank! in Germany. Revenues were up compared to last year due to the rise in brokerage and deposit volumes. The decrease in operating expenses helped push up gross operating income substantially.

ARVAL

For the whole of 2013, consolidated outstandings were stable(3) compared to last year. Revenues grew compared to 2012 due to the rise in the price of used vehicles. Given the decrease in operating expenses, gross operating income was up sharply compared to 2012.

LEASING SOLUTIONS

For the whole of 2013, outstandings were down 6.0%(3) compared to last year, in line with the plan to adapt the non-core portfolio. The impact on revenues was, however, limited due to a selective policy in terms of the profitability of transactions. The cost/income ratio improved thanks to the very good cost control and gross operating income was up.

(1) At constant scope.

(2) With 100% of Private Banking in Belgium.

(3) At constant scope and exchange rates.

EUROPE-MEDITERRANEAN

In millions of euros	2013	2012	2013/2012
Revenues	**1,767**	**1,796**	**-1.6%**
Operating Expenses and Dep.	(1,287)	(1,319)	-2.4%
Gross Operating Income	**480**	**477**	**+0.6%**
Cost of Risk	(224)	(290)	-22.8%
Operating Income	**256**	**187**	**+36.9%**
Associated Companies	99	65	+52.3%
Other Non Operating Items	110	2	n.s.
Pre-Tax Income	**465**	**254**	**+83.1%**
Cost/Income	72.8%	73.4%	-0.6 pt
Allocated Equity *(€bn)*	3.6	3.5	+2.6%

For the whole of 2013, Europe-Mediterranean enjoyed a strong sales and marketing drive. Deposits increased by 12.1%(1) compared to 2012, and grew in most countries. Loans, for their part, grew by 7.4%(1). The business performance was also reflected in the good growth of cash management.

The Group also announced on 5 December 2013 the acquisition of BGZ in Poland(2) which will enable to create, with BNPP Polska, Poland's 7th largest bank.

At EUR 1,767 million, revenues were up 6.9%(1) compared to 2012. They were up in most countries, in particular in Turkey (+13.1%(1)). They were impacted in the second half of the year by new regulations on charging fees for overdrafts in Turkey and foreign exchange fees in Algeria with a loss of earnings of about EUR 50 million.

Operating expenses grew by 4.6%(1) compared to last year, at EUR 1,287 million, due in particular to the bolstering of the commercial set up in Turkey and despite the effect of the operating efficiency measures in Poland and Ukraine.

The cost of risk, at EUR 224 million, totalled 91 basis points of outstanding customer loans, and was down 14.2%(1) compared to 2012. Europe-Mediterranean thus posted EUR 465 million in pre-tax income, up sharply compared to last year (+48.9%(1) excluding EUR 107 million in capital gains realised at the time of the sale of Egypt(3)).

BANCWEST

In millions of euros	2013	2012	2013/2012
Revenues	**2,204**	**2,352**	**-6.3%**
Operating Expenses and Dep.	(1,386)	(1,395)	-0.6%
Gross Operating Income	**818**	**957**	**-14.5%**
Cost of Risk	(54)	(145)	-62.8%
Operating Income	**764**	**812**	**-5.9%**
Associated Companies	0	0	n.s.
Other Non Operating Items	6	2	n.s.
Pre-Tax Income	**770**	**814**	**-5.4%**
Cost/Income	62.9%	59.3%	+3.6 pts
Allocated Equity *(€bn)*	4.2	4.1	+2.7%

(1) At constant scope and exchange rates.

(2) Subject to regulatory approval.

(3) Excluding in particular -EUR 30 million in foreign exchange differences booked in the Corporate Centre.

For the whole of 2013, BancWest had a good sales and marketing drive. Deposits grew by 3.9%[1] compared to 2012, with good growth in current and savings accounts. Loans increased by 3.6%[1] due to strong growth in corporate loans (+9.5%[1]) thanks to the bolstering of the commercial set up on this client segment. The business drive was also reflected in the sharp rise in Private Banking's assets under management, which totalled USD 7.1 billion as at 31 December 2013 (+39% compared to 31 December 2012), and by the launch of the Mobile Banking service that already has 223,000 users.

At EUR 2,204 million, revenues were, however, down by 3.2%[1] compared to 2012, given lesser capital gains from loan sales and because of the effect of the less favourable interest rate environment.

Operating expenses, at EUR 1,386 million, grew by 2.5%[1] compared to 2012 due to the strengthening of the corporate and small business as well as Private Banking set up. The cost/income ratio rose by 3.6 points at 62.9%.

The cost of risk was at a low level (13 basis points of outstanding customer loans) and was down 61.4%[1] compared to 2012.

BancWest thus posted EUR 770 million in pre-tax income, down 2.1%[1] compared to 2012.

PERSONAL FINANCE

In millions of euros	2013	2012	2013/2012
Revenues	**4,732**	**4,982**	**-5.0%**
Operating Expenses and Dep.	(2,182)	(2,400)	-9.1%
Gross Operating Income	**2,550**	**2,582**	**-1.2%**
Cost of Risk	(1,430)	(1,497)	-4.5%
Operating Income	**1,120**	**1,085**	**+3.2%**
Associated Companies	64	87	-26.4%
Other Non Operating Items	(11)	95	n.s.
Pre-Tax Income	**1,173**	**1,267**	**-7.4%**
Cost/Income	46.1%	48.2%	-2.1 pts
Allocated Equity *(€bn)*	4.8	5.0	-2.6%

For the whole of 2013, Personal Finance's outstanding loans were down 2.7%[1] compared to 2012, at EUR 86.1 billion. Outstanding consumer loans were up slightly by 0.1%[1] but outstanding mortgages were down by 6.3%[1] due to the Basel 3 adaptation plan. Personal Finance continued to transform its business model in France with new partnership agreements (with Cora for example) and the development of savings with already 60,000 clients. The success of the partnership with Sberbank in Russia as well as the signing of partnership agreements in China with the Bank of Nanjing and the automobile maker Geely are promising sources of growth.

Revenues fell by 1.7%[1] compared to 2012, to EUR 4,732 million, due to the continued decline in outstanding mortgages as part of the adaptation plan. Revenues from consumer loans were up 0.7%[1] thanks to a good drive in Germany, Belgium and Central Europe and despite the negative impact of regulations in France.

Operating expenses were down by 4.6%[1] compared to 2012, at EUR 2,182 million, thanks to the effects of the adaptation plan and despite investments in partnerships. The cost/income ratio thus improved by 2.1 points, to 46.1%.

The cost of risk was stable compared to 2012, at 165 basis points of outstanding customer loans compared to 167 basis points last year.

Thus, Personal Finance's pre-tax income totalled EUR 1,173 million (+4.5%[1] compared to 2012), illustrating the business unit's good profit-generation capacity.

(1) At constant scope and exchange rates.

INVESTMENT SOLUTIONS

In millions of euros	2013	2012	2013/2012
Revenues	**6,344**	**6,204**	**+2.3%**
Operating Expenses and Dep.	(4,367)	(4,328)	+0.9%
Gross Operating Income	**1,977**	**1,876**	**+5.4%**
Cost of Risk	(2)	54	n.s.
Operating Income	**1,975**	**1,930**	**+2.3%**
Associated Companies	124	136	-8.8%
Other Non Operating Items	5	23	-78.3%
Pre-Tax Income	**2,104**	**2,089**	**+0.7%**
Cost/Income	68.8%	69.8%	-1.0 pt
Allocated Equity *(€bn)*	8.3	8.1	+2.1%

For the whole of 2013, assets under management[(1)] were virtually flat (-0.5%) compared to their level as at 31 December 2012, totalling EUR 885 billion as at 31 December 2013. They were up slightly compared to 30 September 2013 (+1.3%). The performance effect (+EUR 24.9 billion) was driven by the rise in equity markets over the period. The foreign exchange effect (-EUR 12.8 billion) was unfavourable due to the appreciation of the euro. Net asset flows were negative (-EUR 15.8 billion for the year but only -EUR 300 million in the fourth quarter 2013) with asset outflows in Asset Management, in particular in money market funds, but good asset inflows in Wealth Management and Insurance, in particular in Asia and Italy. A strategic plan for Asset Management was announced during the year in order to relaunch asset gathering with a target of a net total of EUR 40 billion in asset inflows by 2016.

As at 31 December 2013, Investment Solutions' assets under management[(1)] broke down as follows: EUR 370 billion for Asset Management, EUR 280 billion for Wealth Management, EUR 178 billion for Insurance, EUR 39 billion for Personal Investors, and EUR 18 billion for Real Estate.

Investment Solutions continued to pursue its international development with the acquisitions in Germany of Commerzbank's local depositary business by Securities Services and of iii-investments by Real Estate and, in Asia, the announcement of new partnerships in Insurance with the Bank of Beijing in China and with Saigon Commercial Bank in Vietnam.

Investment Solutions' revenues, which totalled EUR 6,344 million, grew by 3.8%[(2)] compared to 2012. Revenues from Insurance rose by 8.3%[(2)] thanks to good growth of savings and protection insurance, in particular in Asia and Latina America. Wealth and Asset Management's revenues enjoyed overall good growth of 2.4%[(2)] driven by Wealth Management and Real Estate. Due to the decline in interest rates, Securities Services' revenues rose by only 0.2%[(2)] despite a sharp increase of the number of transactions and assets under custody.

At EUR 4,367 million, Investment Solutions' operating expenses grew by 2.2%[(2)] compared to 2012, with a 6.3%[(2)] rise in Insurance as a result of the continued growth of the business, 1.6%[(2)] for Wealth and Asset Management due to the impact of business development investments in Asia and in Wealth Management, and a 0.3%[(2)] decline for Securities Services thanks to operating efficiency measures. The division's cost/income ratio improved by 1.0 point at 68.8%.

At EUR 1,977 million, the division's gross operating income was thus up 7.6%[(2)] compared to 2012.

After receiving one-third of the net income of domestic Private Banking, pre-tax income grew by +4.5%[(2)] compared to 2012, to EUR 2,104 million, illustrating the expansion of Investment Solutions' business and its 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.

WEALTH AND ASSET MANAGEMENT

In millions of euros	2013	2012	2013/2012
Revenues	**2,804**	**2,836**	**-1.1%**
Operating Expenses and Dep.	(2,102)	(2,135)	-1.5%
Gross Operating Income	**702**	**701**	**+0.1%**
Cost of Risk	(14)	52	n.s.
Operating Income	**688**	**753**	**-8.6%**
Associated Companies	29	32	-9.4%
Other Non Operating Items	2	16	-87.5%
Pre-Tax Income	**719**	**801**	**-10.2%**
Cost/Income	75.0%	75.3%	-0.3 pt
Allocated Equity *(€bn)*	1.7	1.8	-3.5%

INSURANCE

In millions of euros	2013	2012	2013/2012
Revenues	**2,136**	**1,970**	**+8.4%**
Operating Expenses and Dep.	(1,076)	(1,002)	+7.4%
Gross Operating Income	**1,060**	**968**	**+9.5%**
Cost of Risk	2	(6)	n.s.
Operating Income	**1,062**	**962**	**+10.4%**
Associated Companies	96	100	-4.0%
Other Non Operating Items	3	0	n.s.
Pre-Tax Income	**1,161**	**1,062**	**+9.3%**
Cost/Income	50.4%	50.9%	-0.5 pt
Allocated Equity *(€bn)*	6.0	5.7	+5.3%

SECURITIES SERVICES

In millions of euros	2013	2012	2013/2012
Revenues	**1,404**	**1,398**	**+0.4%**
Operating Expenses and Dep.	(1,189)	(1,191)	-0.2%
Gross Operating Income	**215**	**207**	**+3.9%**
Cost of Risk	10	8	+25.0%
Operating Income	**225**	**215**	**+4.7%**
Non Operating Items	(1)	11	n.s.
Pre-Tax Income	**224**	**226**	**-0.9%**
Cost/Income	84.7%	85.2%	-0.5 pt
Allocated Equity *(€bn)*	0.5	0.5	-13.6%

CORPORATE AND INVESTMENT BANKING (CIB)

In millions of euros	2013	2012	2013/2012
Revenues	**8,662**	**9,715**	**-10.8%**
Operating Expenses and Dep.	(5,975)	(6,309)	-5.3%
Gross Operating Income	**2,687**	**3,406**	**-21.1%**
Cost of Risk	(515)	(493)	+4.5%
Operating Income	**2,172**	**2,913**	**-25.4%**
Associated Companies	25	39	-35.9%
Other Non Operating Items	8	(3)	n.s.
Pre-Tax Income	**2,205**	**2,949**	**-25.2%**
Cost/Income	69.0%	64.9%	+4.1 pts
Allocated Equity *(€bn)*	14.6	16.3	-10.5%

For the whole of 2013, CIB's revenues, totalling EUR 8,662 million, were down by 8.3%(1) compared to 2012. The decline was, however, concentrated in the first three quarters of the year.

Advisory and Capital Markets' revenues, at EUR 5,389 million, were down by 9.8%(1) due to the often challenging market context for Fixed Income and despite a pickup in the Equities and Advisory business.

Fixed Income's revenues, which came to EUR 3,590 million, were down by 18.4%(1) compared to the high base in 2012 which saw the positive benefits of the LTRO and of the ECB's announcement of Outright Monetary Transactions (OMT). Client business was weak in the credit and rates markets, but there was growth in foreign exchange. The business unit confirmed its leading positions in bond issues, ranking no. 1 for all bonds in euros and no. 8 for all international bonds.

At EUR 1,799 million, Equities and Advisory's revenues were up 14.1%(1) compared to 2012 due in particular to upswing in transaction volumes in equity markets, in particular in Europe and Asia, and good performance in structured products with more sustained client demand. The business unit also confirmed its strong position in equity linked issues, ranking no. 3 bookrunner in Europe.

Corporate Banking's revenues were still affected by the last effects of the 2012 adaptation plan. They were down by 8.1%(2), at EUR 3,273 million, compared to last year with however a gradual stabilisation during the year in line with the outstandings. Outstanding loans declined by 12.2% compared to 2012 but rose slightly in the fourth quarter compared to the third quarter(3). Whilst revenues continued to grow in Asia thanks to the implementation of the business development plan, demand was still weak in Europe and the recovery of business was gradual in the Americas. Fees were up substantially (+9.5% compared to 2012).

The business unit continued to implement the new business model with the growth of the number of transactions consistent with the Originate to Distribute approach and the strengthening of gathering of deposits, which, at EUR 58.5 billion, were up 11.7% compared to 2012. The business unit strengthened its position in cash management with new major mandates and was ranked by *Euromoney* no. 4 worldwide in the corporate segment. It confirmed its position as the no. 1 bookrunner for syndicated loans in Europe, with leading positions in the main market segments.

CIB's operating expenses, at EUR 5,975 million, were down by 2.4%(1) compared to 2012. The effects of Simple & Efficient were partly offset by the impact of business development investments (especially in Asia and in cash management), the cost to adapt to new regulations and the rise in systemic taxes. CIB's cost/income ratio thus came to 69.0%.

CIB's cost of risk, at EUR 515 million, was stable compared to 2012. For Corporate Banking, it was 44 basis points of outstanding customer loans.

In a lacklustre context in Europe this year, CIB's pre-tax income thus equalled EUR 2,205 million, down by 23.7%(1) compared to 2012.

(1) At constant scope and exchange rates.

(2) At constant scope and exchange rates, excluding the net impact of sales in 2012 (-EUR 91 million).

(3) At constant USD exchange rate.

ADVISORY AND CAPITAL MARKETS

In millions of euros	2013	2012	2013/2012
Revenues	**5,389**	**6,182**	**-12.8%**
incl. Equity and Advisory	*1,799*	*1,628*	*+10.5%*
incl. Fixed Income	*3,590*	*4,554*	*-21.2%*
Operating Expenses and Dep.	(4,232)	(4,587)	-7.7%
Gross Operating Income	**1,157**	**1,595**	**-27.5%**
Cost of Risk	(78)	(61)	+27.9%
Operating Income	**1,079**	**1,534**	**-29.7%**
Associated Companies	5	12	-58.3%
Other Non Operating Items	8	(6)	n.s.
Pre-Tax Income	**1,092**	**1,540**	**-29.1%**
Cost/Income	78.5%	74.2%	+4.3 pts
Allocated Equity *(€bn)*	7.2	7.9	-9.0%

CORPORATE BANKING

In millions of euros	2013	2012	2013/2012
Revenues	**3,273**	**3,533**	**-7.4%**
Operating Expenses and Dep.	(1,743)	(1,722)	+1.2%
Gross Operating Income	**1,530**	**1,811**	**-15.5%**
Cost of Risk	(437)	(432)	+1.2%
Operating Income	**1,093**	**1,379**	**-20.7%**
Non Operating Items	20	30	-33.3%
Pre-Tax Income	**1,113**	**1,409**	**-21.0%**
Cost/Income	53.3%	48.7%	+4.6 pts
Allocated Equity *(€bn)*	7.4	8.4	-11.9%

CORPORATE CENTRE

In millions of euros	2013	2012
Revenues	**(255)**	**(1,368)**
Operating Expenses and Dep.	(1,128)	(928)
incl. restructuring and transformation costs	*(661)*	*(409)*
Gross Operating income	**(1,383)**	**(2,296)**
Cost of Risk	43	3
Provision related to US dollar payments involving parties subject to US sanctions	(798)	
Operating Income	**(2,138)**	**(2,293)**
Share of earnings of associates	(29)	123
Other non operating items	(80)	1,184
Pre-Tax Income	**(2,247)**	**(986)**

For the whole of 2013, the Corporate Centre's revenues were -EUR 255 million compared to -EUR 1,368 million in 2012. They factor in this year in particular, a -EUR 71 million Own Credit Adjustment (OCA) and own credit risk included in derivatives (DVA) (compared to a -EUR 1,617 million Own Credit Adjustment in 2012), the EUR 218 million impact of the sale of the assets of Royal Park Investments, and the impact of surplus deposits placed with central banks partly offset by the proceeds of the equity investment portfolio and the good contribution of BNP Paribas Principal Investments. The Corporate Centre's revenues for 2012 also included an (exceptional and current) purchase price accounting amortisation of Cardif Vita and Fortis' banking book totalling +EUR 1,033 million and -EUR 232 million in losses on sales of sovereign debt.

Operating expenses totalled EUR 1,128 million compared to EUR 928 million in 2012. They included EUR 661 million in transformation costs associated with the Simple & Efficient programme (EUR 409 million in restructuring costs in 2012).

Cost of risk showed a net write-back of EUR 43 million (negligible in 2012).

The Group's financial statements also include a USD 1.1 billion[1] provision, or EUR 0.8 billion, related to the retrospective review of US dollar payments involving parties subject to US economic sanctions. As noted in its financial statements in recent years, following discussions with the US authorities, the Bank conducted over several years an internal retrospective review of certain US dollar payments involving countries, persons and entities that could have been subject to economic sanctions under US law. The review identified a significant volume of transactions that could be considered impermissible under US laws and regulations including, in particular, those of the Office of Foreign Assets Control (OFAC). The Bank has presented the findings of this review to the US authorities and commenced subsequent discussions with them. Although the amount of financial consequences, fines or penalties cannot be determined at this stage, the Bank has, in accordance with IFRS requirements, recorded a provision of USD 1.1 billion (EUR 0.8 billion) in its financial statements for the fourth quarter of 2013. There have been no discussions with the US authorities about the amount of any fines or penalties and the US authorities have not approved or passed upon the adequacy or reasonableness of such provision. There therefore remains considerable uncertainty as to the actual amount of fines or penalties that the US authorities could impose on the Bank following completion of the ongoing process, the timing of which is uncertain. The actual amount could thus be different, possibly very different, from the amount of the provision. Given its exceptional nature and significant amount, in accordance with IFRS this provision has been set out as a specific line item in the income statement within operating income.

Non operating items came to -EUR 109 million, given in particular a -EUR 252 million goodwill impairment, of which a -EUR 186 million impairment of BNL bc's goodwill, and a good contribution from BNP Paribas Principal Investments. Non operating items totalled EUR 1,307 million in 2012 and included in particular a EUR 1,790 million capital gain booked in connection with the sale of a 28.7% stake in Klépierre SA and -EUR 406 million in goodwill impairments.

The Corporate Centre's pre-tax income thus came to -EUR 2,247 million compared to -EUR 986 million in 2012.

(1) See note 3.g in the consolidated financial statements as at 31/12/2013.

3.3 Balance sheet

ASSETS

OVERVIEW

At 31 December 2013, the Group's consolidated assets amounted to EUR 1,800.1 billion, down 6% from EUR 1,907.2 billion at 31 December 2012. The main types of assets held are financial assets at fair value through profit or loss; loans and receivables due from customers and credit institutions; available-for-sale financial assets; and accrued income and other assets, and at 31 December 2013, they accounted for 91% of total assets (unchanged since 31 December 2012). The 6% decrease is due largely to a reduction:

- of 12% in financial instruments at fair value through profit or loss (caused by a fall in derivatives);
- of 2% in loans and receivables due from customers (down EUR 13.4 billion to EUR 617.2 billion at 31 December 2013);
- of 10% in accrued income and other assets (down EUR 10.1 billion to EUR 89.1 billion on 31 December 2013).

The above were partially offset by an increase of:

- 25% in loans and receivables due from credit institutions (up EUR 10.1 billion to EUR 50.5 billion on 31 December 2013);
- 6% in assets available for sale (up EUR 10.9 billion to EUR 203.4 billion on 31 December 2013).

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 12% lower than at 31 December 2012. This was due mainly to a 27% (EUR 109.2 billion) reduction in the replacement value of derivatives (EUR 301.4 billion on 31 December 2013). The drop was particularly pronounced for interest-rate derivatives (down 35% or EUR 116.3 billion on 31 December 2013).

LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

Loans and receivables due from credit institutions (demand accounts, interbank loans, and repurchase agreements) totalled EUR 50.5 billion at 31 December 2013, up 25% from EUR 40.4 billion on 31 December 2012.

Loans to credit institutions accounted for most of the increase (up 47% to EUR 41.5 billion on 31 December 2013 as against EUR 28.3 billion on 31 December 2012). Demand accounts were down 15% to EUR 7.4 billion on 31 December 2013 (EUR 8.7 billion on 31 December 2012). Impairment provisions fell to EUR 0.4 billion on 31 December 2013 compared with EUR 0.5 billion on 31 December 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.

In total, and net of impairment provisions, they amounted to EUR 617.2 billion at 31 December 2013, down 2% from EUR 630.5 billion at 31 December 2012. This is due to a fall in loans to customers (down 2% to EUR 572.4 billion on 31 December 2013; EUR 583.5 billion on 31 December 2012). Demand accounts rose slightly by 2% to EUR 44.3 billion at 31 December 2013. Finance leases were 6% down compared with 31 December 2012, at EUR 26.2 billion; repurchase agreements fell by 56% compared with 31 December 2012 to EUR 1 billion at 31 December 2013. Impairment provisions remained stable (EUR 26.6 billion on 31 December 2013 compared with EUR 26.5 billion on 31 December 2012).

AVAILABLE-FOR-SALE 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 rose by EUR 10.9 billion between 31 December 2012 and 31 December 2013, reaching EUR 203.4 billion (net of provisions).

Provisions on available-for-sale financial assets fell by 15% (EUR 3.7 billion on 31 December 2013 as against EUR 4.3 billion on 31 December 2012). Impairment provisions on available-for-sale financial assets are calculated at each balance sheet date. The unrealised gain on available-for-sale financial assets was EUR 10.2 billion at 31 December 2013, compared with EUR 9.3 billion at 31 December 2012. This was largely due to an increase in the market price of listed variable-income securities linked to the upturn in equity markets. The change of EUR 0.9 billion is the net change in the unrealised gains on fixed-income securities (down EUR 0.3 billion) and on variable-income securities (up EUR 1.2 billion).

HELD-TO-MATURITY FINANCIAL ASSETS

Held-to-maturity financial assets are investments with fixed or determinable income and a fixed maturity that the Group has the intention and the ability to hold until maturity. They are recorded 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 fell 4% in 2013, from EUR 10.3 billion at 31 December 2012 to EUR 9.9 billion at 31 December 2013, mainly because of repayment of securities at maturity.

ACCRUED INCOME AND OTHER ASSETS

Accrued income and other assets include 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 were down 10% (EUR 89.1 billion on 31 December 2013, as against EUR 99.2 billion on 31 December 2012). This change was caused largely by a fall in guaranteed deposits paid and guarantees given (down by 22% or EUR 11.6 billion). It was partly offset by an increase of EUR 5.6 billion (43%) in settlement accounts related to securities transactions. Other accrued-income accounts fell overall by EUR 4.2 billion (12%).

CASH AND AMOUNTS DUE FROM CENTRAL BANKS

Cash and amounts due from central banks totalled EUR 101.1 billion at 31 December 2013, down 2% compared with 31 December 2012 (EUR 103.2 billion).

LIABILITIES (EXCLUDING CONSOLIDATED EQUITY)

OVERVIEW

The Group's consolidated liabilities (excluding consolidated equity) stood at EUR 1,709 billion at 31 December 2013, down 6% from EUR 1,813.2 billion at 31 December 2012. The principal types of Group 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 together accounted for 98% of the Group's total liabilities excluding consolidated equity at 31 December 2013 (97% at 31 December 2012). The 6% reduction compared with 31 December 2012 can largely be attributed to a decrease:

- of 14% in financial instruments at fair value through profit of loss; and
- of 24% (EUR 26.7 billion) in amounts due to credit institutions (EUR 85 billion at 31 December 2013).

The above were partially offset by an increase of:

- 6% (EUR 10.3 billion) in debt securities (EUR 183.5 billion at 31 December 2013);
- 3% (EUR 18.4 billion) in amounts due to customers (EUR 557.9 billion at 31 December 2013).

FINANCIAL LIABILITIES AT FAIR OR MODEL VALUE THROUGH PROFIT OR LOSS

The trading book contains mainly short selling of borrowed securities and trading in 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 14% compared to 31 December 2012, mainly because the replacement value of derivatives fell 27%, or EUR 107.5 billion, to EUR 297.1 billion at 31 December 2013. Interest-rate derivatives in particular dropped sharply to EUR 202.5 billion at 31 December 2013, down 38% from 31 December 2012.

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 fell by 24% (EUR 26.7 billion) to EUR 85 billion at 31 December 2013. This was largely because borrowings from credit institutions declined by 27% (EUR 25 billion), to EUR 68.9 billion at 31 December 2013, but also because repurchase agreements fell 18% (EUR 1.4 billion) to EUR 6.6 billion at 31 December 2013. Demand accounts fell slightly to EUR 9.5 billion at 31 December 2013, as against EUR 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. They amounted to EUR 557.9 billion, an increase of 3% (EUR 18.4 billion) compared with EUR 539.5 billion on 31 December 2012. This is due to increases of 9% in demand deposits (up EUR 23.5 billion to EUR 283.3 billion on 31 December 2013) and 5% in regulated savings accounts (up EUR 5.7 billion to EUR 128.7 billion on 31 December 2013).

The rise is partly offset by decreases of 28% in repurchase agreements (down EUR 2 billion to EUR 5.2 billion on 31 December 2013) and 6% in term accounts (EUR 140.7 billion at 31 December 2013).

DEBT SECURITIES

Debt securities include 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*). They totalled EUR 183.5 billion on 31 December 2013, up 6% from EUR 173.2 billion on 31 December 2012. The increase is due to a rise of 9% in negotiable certificates of deposit (EUR 169.3 billion at 31 December 2013), partially offset by a fall of 18% in bond issues (EUR 14.2 billion at 31 December 2013).

SUBORDINATED DEBT

Subordinated debt at amortised cost fell by 21% to EUR 12 billion on 31 December 2013, from EUR 15.2 billion a year earlier.

TECHNICAL RESERVES OF INSURANCE COMPANIES

Technical reserves of insurance companies amounted to EUR 155.2 billion at 31 December 2013, up 5% from EUR 148.0 billion at 31 December 2012. This increase is primarily due to higher technical reserves related to the life insurance business.

ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities comprise guarantee deposits received; settlement accounts related to securities transactions; collection accounts; accrued expenses and deferred income; and other creditors and miscellaneous liabilities. Accrued expenses and other liabilities fell 9% from EUR 86.7 billion at 31 December 2012 to EUR 78.7 billion at 31 December 2013.

MINORITY INTERESTS

Minority interests fell by EUR 5 billion, to EUR 3.6 billion at 31 December 2013 compared with EUR 8.6 billion at 31 December 2012. The change is principally due to the impact of the acquisition of the Belgian State's share in BNP Paribas Fortis (-EUR 4.2 billion) and the liquidation of BNPP Capital Preferred VI LLC and BNPP Capital Trust LLC 6 (-EUR 0.7 billion).

SHAREHOLDERS' EQUITY

Shareholders' equity (*i.e.* Group share), before dividend distribution, totalled EUR 87.6 billion at 31 December 2013 (EUR 85.4 billion at 31 December 2012). The EUR 2.2 billion increase is mainly due to the net income attributable to equity holders for 2013 (EUR 4.8 billion) and to the dividend paid for 2012 (-EUR 1.9 billion). Changes in assets and liabilities recognised directly in equity decreased by EUR 1.3 billion, essentially because of exchange rate fluctuations.

OFF-BALANCE SHEET ITEMS

FINANCING COMMITMENTS

Financing commitments given are mostly 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 20% to EUR 211.5 billion at 31 December 2013.

Financing commitments given to credit institutions reduced by 89% to EUR 5.1 billion at 31 December 2013. Those given to customers fell by 4% to EUR 206.4 billion on 31 December 2013.

Financing commitments received are primarily stand-by letters of credit and commitments relating to repurchase agreements. These commitments fell by 26% to EUR 92.6 billion at 31 December 2013, from EUR 125.8 billion a year earlier.

This is because commitments received fell, whether from customers (down 54% to EUR 2.7 billion at 31 December 2013) or from credit institutions (down 25%, from EUR 119.7 billion on 31 December 2012 to EUR 89.8 billion at 31 December 2013).

Reverse repurchase and repurchase agreements for securities from the trading portfolio were shown at 31 December 2012 as financing commitments given and received between the trade date and the settlement date, and they amounted to EUR 51.2 billion and EUR 70.1 billion respectively. They are now shown as interest-rate derivatives.

GUARANTEE COMMITMENTS

Off-balance sheet commitments increased by 1% to EUR 92.3 billion on 31 December 2013 (as against EUR 91.7 billion on 31 December 2012). The increase was due principally to guarantee commitments given at the request of credit institutions (up 7% to EUR 12.6 billion on 31 December 2013). Guarantee commitments given at the request of customers remained stable.

3.4 Profit and loss account

REVENUES

In millions of euros	2013	2012	Change (2013/2012)
Net interest income	20,596	21,745	-5%
Net commission income	7,178	7,532	-5%
Net gain on financial instruments at fair value through profit or loss	4,581	3,312	38%
Net gain on available-for-sale financial assets and other financial assets not measured at fair value	1,665	1,624	3%
Net income from other activities	4,802	4,859	-1%
REVENUES	**38,822**	**39,072**	**-1%**

OVERVIEW

The 1% decline in Group revenues in 2013 is due mainly to a 5% fall in both net interest and net commission income. The fall is partially offset by an increase in net gain on financial instruments measured at fair value through profit or loss.

NET INTEREST INCOME

Net interest income includes net interest income and expense related to customer transactions; interbank transactions; debt instruments issued by the Group; cash flow hedge instruments and interest rate portfolio hedge instruments; the trading book (fixed-income securities, repurchase agreements, loans/borrowings, and debt securities); financial assets available for sale; and financial assets held to maturity.

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

- net interest income from loans and receivables, comprising interest and also the transaction costs, fees, and commissions included in the initial value of the loan. They 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 income 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 equity. The amounts recorded in 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 fair value hedge derivatives are included with the interest generated by the hedged item. Similarly, interest income and expenses arising from derivatives used for economic hedge of 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 market 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.

At 31 December 2013, net interest income had fallen by 5% compared with 31 December 2012, to EUR 20,596 million. The drop reflects a 15% reduction in income from fixed-income securities measured at fair value through profit or loss. This income was EUR 1,221 million on 31 December 2013, as against EUR 1,438 million on 31 December 2012. There was also a fall in net income from customer transactions (EUR 17,082 million on 31 December 2013 from EUR 19,718 million on 31 December 2012).

Net expense on debt securities issued by the Group fell 35%, from EUR 3,445 million on 31 December 2012 to EUR 2,232 million on 31 December 2013.

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, from EUR 7,532 million on 31 December 2012 to EUR 7,178 million on 31 December 2013.

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 presented 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 increased by 38% from EUR 3,312 million on 31 December 2012 to EUR 4,581 million on 31 December 2013. 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 increase in this item is primarily due to the change in the net gain on financial instruments designated as at fair or model value through profit or loss. It is attributable to the BNP Paribas Group's issuer risk (its impact moved from a loss of EUR 1,617 million on 31 December 2012 to a loss of EUR 435 million on 31 December 2013). The other components of income from items designated as at fair value through profit or loss are partly offset by changes in the value of the derivative instruments hedging these assets.

The residual change in net gain on trading portfolios measured at fair or model value through profit and loss is the combination of a higher gain on equity financial instruments and a lower net gain on foreign-exchange financial instruments.

NET GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS AND OTHER FINANCIAL ASSETS NOT MEASURED AT FAIR OR MODEL VALUE

This line item includes 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 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 by EUR 41 million between 31 December 2012 and 31 December 2013. This increase is the combined effect of a rise of EUR 441 million in the net gain on variable-income financial assets and a fall of EUR 400 million in the net gain on fixed-income financial assets.

NET INCOME FROM OTHER ACTIVITIES

This line item consists of net income from insurance activities, investment property, assets leased under operating leases, and property development activities, as well as other net income. Net income from other activities declined by 1%, from EUR 4,859 million at 31 December 2012 to EUR 4,802 million at 31 December 2013. This change is mainly due to a drop of EUR 149 million in net income from investment property and a drop of EUR 108 million in other net income, partially offset by a rise of EUR 195 million in net income from the insurance activity.

The main components of the net income from insurance activities are gross written premiums, movements in technical provisions, 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 increase in net income from the insurance activity derives chiefly from the increase in the gross written premiums, from EUR 19,813 million in 2012 to EUR 21,811 million in 2013. This is partly offset by an increase in the allowances to technical provisions, from EUR 4,246 million in 2012 to EUR 5,232 million in 2013, and by a decrease in value of admissible investments related to unit-linked contracts (from a net gain of EUR 3,361 million in 2012 to a net gain of EUR 2,768 million in 2013). Claims and benefits expenses also rose, from EUR 15,267 million in 2012 to EUR 15,532 million in 2013.

3

OPERATING EXPENSES, DEPRECIATION, AND AMORTISATION

In millions of euros	2013	2012(1)	Change (2013/2012)
Operating expenses	(24,556)	(25,000)	-2%
Depreciation, amortisation, and impairment of property, plant and equipment and intangible assets	(1,582)	(1,543)	3%
TOTAL OPERATING EXPENSES, DEPRECIATION, AND AMORTISATION	**(26,138)**	**(26,543)**	**-2%**

(1) Restated according to the amendment to IAS 19.

Operating expenses, depreciation and amortisation fell by 2%, from EUR 26,543 million in 2012 to EUR 26,138 million in 2013.

GROSS OPERATING INCOME

The Group's gross operating income grew by 1% to EUR 12,684 million in 2013 (from EUR 12,529 million in 2012), with revenues falling by 1% but operating expenses by 2%.

COST OF RISK

In millions of euros	2013	2012	Change (2013/2012)
Net allowances to impairment	(4,194)	(4,173)	1%
Recoveries on loans and receivables previously written off	569	714	-20%
Irrecoverable loans and receivables not covered by impairment provisions	(429)	(482)	-11%
TOTAL COST OF RISK FOR THE PERIOD	**(4,054)**	**(3,941)**	**3%**

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 is EUR 4,054 million, an increase of 3% compared with 2012.

The rise in the cost of risk in 2013 compared with 2012 is principally due to the 2% increase in net additions to provisions for Retail Banking (EUR 3,580 million in 2013 compared with EUR 3,505 million in 2012). Of the increase, EUR 243 million is the higher net addition to the provisions for BNL banca commerciale (EUR 1,204 million in 2013; EUR 961 million in 2012), partly offset by a lower net addition to the provisions for BancWest (EUR 54 million in 2013; EUR 145 million in 2012) and a 4% reduction in the net addition to the provisions for Personal Finance (EUR 1,430 million in 2013; EUR 1,497 million in 2012).

On 31 December 2013, doubtful loans and commitments net of guarantees totalled EUR 34 billion (EUR 33 billion a year earlier), and provisions totalled EUR 28 billion, the same as at 31 December 2012. The coverage ratio was 82% on 31 December 2013, compared with 83% on 31 December 2012.

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

OPERATING INCOME

The Group's financial statements include this year a USD 1.1 billion provision, or EUR 798 million, related to the retrospective review of US dollar payments involving parties subject to US economic sanctions (see note 3.g of the *Consolidated Financial Statements* at 31 December 2013).

Overall, operating income is down 9% at EUR 7,832 million (EUR 8,588 million as at 31 December 2012).

NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS

In millions of euros	2013	2012(1)	Change (2013/2012)
OPERATING INCOME	**7,832**	**8,588**	**-9%**
Share of earnings of associates	323	489	-34%
Net gain on non-current assets	285	1,792	-84%
Goodwill	(251)	(490)	-49%
Corporate income tax	(2,750)	(3,061)	-10%
Net income attributable to minority interests	(607)	(754)	-19%
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS	**4,832**	**6,564**	**-26%**

(1) Restated according to the amendment to IAS 19.

OVERVIEW

The net income attributable to equity holders fell by 26% in 2013 compared with 2012.

SHARE OF EARNINGS OF ASSOCIATES

The share of earnings of Group companies accounted for using the equity method fell from EUR 489 million in 2012 to EUR 323 million in 2013.

NET GAIN ON NON-CURRENT ASSETS

This item includes net realised gains or losses on sales of tangible and intangible non-current assets used for the business, and on sales of investments in consolidated undertakings. Net gains on non-current assets declined, from EUR 1,792 million in 2012 (including the gain realised on the sale of a 28.7% stake in Klépierre SA for EUR 1.7 billion) to EUR 285 million in 2013 (including the gain realised on the sale of Erbé for EUR 120 million).

GOODWILL

The value of goodwill fell by EUR 251 million in 2013 (including an adjustment decreasing the goodwill of BNL banca commerciale by EUR 186 million), compared with a fall of EUR 490 million in 2012.

INCOME TAX EXPENSE

The Group's income tax expense for 2013 was EUR 2,750 million, lower than for 2012 (EUR 3,061 million).

MINORITY INTERESTS

The share of earnings of Group consolidated companies attributable to minority interests fell to EUR 607 million in 2013 from EUR 754 million in 2012, mainly because of the acquisition from the Belgian State of its stake in BNP Paribas Fortis.

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, on the one hand, 13 November 2013, when was issued the press release regarding the transfer to BNP Paribas of the 25% shareholding held by the Belgian State in BNP Paribas Fortis for a price of EUR 3.25 billion, and, on the other hand, 5 December 2013, when was issued the press release regarding the transfer to BNP Paribas of the 98.5% stake held by Rabobank in Bank BGŻ.

The press releases are available at BNP Paribas' investor relations' website at: www.invest.bnpparibas.com.

BNP PARIBAS AND RBS REACH AN AGREEMENT FOR THE SALE OF CERTAIN ASSETS AND LIABILITIES FROM RBS'S STRUCTURED RETAIL INVESTOR PRODUCTS AND EQUITY DERIVATIVES BUSINESS

The press release is available at BNP Paribas' investor relations' website at: www.invest.bnpparibas.com.

3.6 Outlook

2014-2016 BUSINESS DEVELOPMENT PLAN

The Group's 2014-2016 business development plan confirms the universal bank business model centred on its three pillars: Retail Banking, CIB and Investment Solutions. With client centric businesses, cross-selling between the business units and good risk diversification, this business model demonstrated its resilience during the crisis. It is a clear competitive advantage in the new environment: supplementing the solid Retail Banking foundation in Europe, the capital market activities have the critical mass necessary to support trends in financing the economy as a result of the new regulations, Investment Solutions businesses gather savings and generate liquidity and the Group is growing its presence in regions with strong potential.

The goal of the 2014-2016 business development plan is to support clients in a changing environment. It targets a return on equity of at least 10% by 2016 with a pay-out ratio of about 45% on 2014-2016 results and double digit annual growth of the net earnings per share[1] on average during the 2013-2016 period.

The Group has defined the five following strategic priorities for 2016:

ENHANCE CLIENT FOCUS AND SERVICES

For the individual clientele, the Group will continue developing digital innovation, as illustrated by the recent startup of Hello bank! in Germany, Belgium, France and Italy, the launch of new online payment services which include value-added services for consumers and businesses like Paylib in France or Sixdots in Belgium and the roll out of mobile banking at BancWest and the increased presence of Personal Finance in e-business. The plan aims at adapting the branch network to new forms of customer behaviour, with differentiated and complementary branch formats, and expand the customer relationship (omni-channel, mobile, real-time and multi-domestic). The Group will continue to grow Private Banking at a fast pace leveraging the Domestic Markets and International Retail Banking networks, developing in particular relationships with entrepreneurs.

It will enhance its focus and services towards corporates by leveraging its European and global organisation (presence in 78 countries, network of 216 Business Centres around the world grouped together as part of One Bank for Corporates) and its global ranking as no. 4 in cash management. The Group will furthermore continue to develop the Originate to Distribute approach, in particular by bolstering debt platforms.

For the institutional clientele, the Group will implement a more coordinated approach through, in particular, closer cooperation between the capital market businesses, Securities Services and Investment Partners, designing new customer solutions and pooling operating platforms.

For its entire clientele, the Group's priority is to act as a socially responsible bank. To this end, it has had a Corporate Social Responsibility Charter since 2012 and has set specific Corporate Social Responsibility (CSR) targets for 2015 and 2016.

SIMPLE: SIMPLIFY OUR ORGANISATION AND HOW WE OPERATE

The plan aims to simplify the Group's organisation and how it operates by clarifying roles and responsibilities in order to speed up the decision-making process and improve teamwork with digital tools. In total, over 420 such initiatives will be launched.

EFFICIENT: CONTINUE IMPROVING OPERATING EFFICIENCY

The programme to improve operating efficiency got off to a quick start in 2013: there have already been EUR 0.8 billion in cost savings and EUR 0.66 billion transformation costs.

The plan was revised upward and extended with a goal of achieving EUR 2.8 billion in recurring savings starting in 2016 (+EUR 800 million compared to the initial plan) with EUR 2.0 billion in transformation costs spread out from 2013 to 2015 (+EUR 500 million compared to the initial plan). The savings breakdown will be 63% in Retail Banking, 24% in CIB, and 13% in Investment Solutions.

ADAPT CERTAIN BUSINESSES TO THEIR ECONOMIC AND REGULATORY ENVIRONMENT

The Group will continue adapting BNL bc to the economic environment. For individual customers, digital banking services will be developed, the branch formats will be adapted and the growth of Private Banking will be actively sought. For corporate clients, the focus of the commercial approach to corporates will be on value added segments (export companies, etc.) leveraging in particular on a differentiated offering compared to the competition. The Group will continue to improve operating efficiency in Italy with the roll-out of platforms shared by the various business units. The goal is to grow BNL bc's RONE to 15%[2] by the end of 2016.

(1) Excluding one-off items.

(2) Under Basel 3, pre-tax.

In the capital markets, the plan aims to continue adapting the business units to the new regulatory environment and to improve operating efficiency. The Group will leverage its leadership positions in its core businesses in a context of disintermediation of credit. There will be further differentiation of the product offering and flow product processes will be industrialised. The goal is to grow capital markets' RONE to over 20%[1] by the end of 2016.

With regard to Investments Partners, whose plan was already unveiled in 2013, the goal is to capitalise on the recognised asset management quality to relaunch asset gathering with three priority areas for business development: the institutional clientele, Asia Pacific and emerging markets, platforms and distribution networks for the individual clientele.

IMPLEMENT BUSINESS DEVELOPMENT INITIATIVES

The Group will implement business and regional development initiatives, leveraging its already strong positions.

Regional plans to coordinate and step up the development of the business units

In Asia Pacific, whose plan was already unveiled in 2013, the Group, which is now one of the international banks best positioned in this region, will pursue business development with the goal of growing CIB's and Investment Solutions' revenues to over EUR 3 billion by 2016. The plan has gotten off to a promising start with a 24.4% rise in revenues compared to last year.

For CIB in North America, the plan aims to consolidate BNP Paribas' presence in this major market, by developing business with large corporates and institutional clients, strengthening relations with investors, adapting the business model to changes in market infrastructure and expanding cross-selling with BancWest clients.

In Germany, a target for our growth in Europe and whose business development plan was already launched in 2013, the Group will substantially increase deposits of individuals with Hello bank!, strengthen its positioning on the corporate client segment, and speed up the process of developing strong positions in specialised business units.

Lastly, the Group will continue its medium-term business development in Turkey where it has a multi-business presence fostering cross-selling. The Group aims to focus its growth effort on a higher potential clients (Private Banking, mass affluent, corporates), and to continue its drive to improve the cost/income ratio.

Continue the development of the specialised businesses that are leaders in their sector

Personal Finance, Europe's no. 1 provider of consumer lending with a global presence in 20 countries, will leverage its recognised expertise to continue its international expansion and forge strategic partnerships. The business unit will speed up the roll out of the digital offering, automobile financing, protection insurance and gathering of savings.

The Insurance business unit, which ranks no. 11 in Europe with a global presence in 37 countries, will continue its international business development through partnerships, especially in Asia and South America. The business unit will grow the share of protection products and improve its operating efficiency.

Securities Services, which ranks no. 1 in Europe and no. 5 worldwide with a presence in 34 countries, will leverage its strong positions to generate growth. The business unit will take advantage of new opportunities brought about by the new regulatory environment, develop product and customer coverage synergies with CIB, step up the pace of organic growth and increase operating efficiency.

Ambitious business development plans for Arval, Leasing Solutions and Real Estate will also be launched.

TREND INFORMATION

Trend information (*Macroeconomic conditions* and *Legislation and regulations applicable to financial institutions*) is described in the *Top risks of the year* sub-section, in *the Risks and capital adequacy* chapter.

(1) Under Basel 3, pre-tax.

3.7 Financial structure

The Group's balance sheet is rock-solid.

The fully loaded Basel 3 common equity Tier 1 ratio[1] was 10.3% as at 31 December 2013, up 40 basis points compared to 31 December 2012 thanks primarily to the year's retained earnings after taking into account a 40.8% pay-out ratio, the other effects mutually offsetting each other. It illustrates the Group's very high level of solvency under the new regulations.

The Basel 3 fully loaded leverage ratio[1], calculated on total Tier 1 capital, was 3.7% as at 31 December 2013, above the 3.0% regulatory threshold applicable as of 1st January 2018.

The Group's liquid and asset reserves immediately available totalled EUR 247 billion (compared to EUR 221 billion as at 31 December 2012), amounting to 154% of short-term wholesale funding, equivalent to over one year of room to manoeuvre.

(1) Taking into account all of the CRD 4 rules with no transitory provision.

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 2013 and 31 December 2012. In accordance with Article 20.1 of Annex I of European Commission Regulation (EC) 809/2004, the consolidated financial statements for 2011 are provided in the Registration document filed with the Autorité des marchés financiers on 8 March 2013 under number D.13-0115.

4.1 Profit and loss account for the year ended 31 December 2013

In millions of euros	Notes	Year to 31 Dec. 2013	Year to 31 Dec. 2012[1]
Interest income	3.a	38,955	44,476
Interest expense	3.a	(18,359)	(22,731)
Commission income	3.b	12,301	12,601
Commission expense	3.b	(5,123)	(5,069)
Net gain/loss on financial instruments at fair value through profit or loss	3.c	4,581	3,312
Net gain/loss on available-for-sale financial assets and other financial assets not measured at fair value	3.d	1,665	1,624
Income from other activities	3.e	34,350	33,720
Expense on other activities	3.e	(29,548)	(28,861)
REVENUES		**38,822**	**39,072**
Salary and employee benefit expense	7.a	(14,842)	(15,248)
Other operating expense		(9,714)	(9,752)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	5.n	(1,582)	(1,543)
GROSS OPERATING INCOME		**12,684**	**12,529**
Cost of risk	3.f	(4,054)	(3,941)
Provision related to US dollar payments involving parties subject to US sanctions	3.g	(798)	-
OPERATING INCOME		**7,832**	**8,588**
Share of earnings of associates		323	489
Net gain on non-current assets		285	1,792
Goodwill	5.o	(251)	(490)
PRE-TAX INCOME		**8,189**	**10,379**
Corporate income tax	3.h	(2,750)	(3,061)
NET INCOME		**5,439**	**7,318**
Net income attributable to minority interests		607	754
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		**4,832**	**6,564**
Basic earnings per share	8.a	3.69	5.17
Diluted earnings per share	8.a	3.68	5.16

(1) Restated according to the amendment to IAS 19 (see notes 1.a and 2).

4.2 Statement of net income and changes in assets and liabilities recognised directly in equity

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012[1]
Net income for the period	**5,439**	**7,318**
Changes in assets and liabilities recognised directly in equity	**(1,376)**	**5,403**
Items that are or may be reclassified to profit or loss	**(1,711)**	**5,513**
Changes in exchange rate movements	(1,228)	109
Changes in fair value of available-for-sale financial assets, including those reclassified as loans and receivables	1,308	4,761
Changes in fair value of available-for-sale financial assets reported in net income, including those reclassified as loans and receivables	(646)	(284)
Changes in fair value of hedging instruments	(836)	559
Changes in fair value of hedging instruments reported in net income	-	6
Changes in investments in associates	(309)	362
Items that will not be reclassified to profit or loss	**335**	**(110)**
Remeasurement gains (losses) related to post-employment benefit plans	341	(105)
Changes in investments in associates	(6)	(5)
TOTAL	**4,063**	**12,721**
Attributable to equity shareholders	3,874	11,090
Attributable to minority interests	189	1,631

(1) Restated according to the amendment to IAS 19 (see notes 1.a and 2).

4.3 Balance sheet at 31 December 2013

In millions of euros	Notes	31 December 2013	31 December 2012[1]
ASSETS			
Cash and amounts due from central banks		101,066	103,190
Financial instruments at fair value through profit or loss			
Trading securities	5.a	157,740	143,465
Loans and repurchase agreements	5.a	145,308	146,899
Instruments designated at fair value through profit or loss	5.a	67,230	62,800
Derivative financial instruments	5.a	301,409	410,635
Derivatives used for hedging purposes	5.b	8,426	14,267
Available-for-sale financial assets	5.c	203,413	192,506
Loans and receivables due from credit institutions	5.f	50,487	40,406
Loans and receivables due from customers	5.g	617,161	630,520
Remeasurement adjustment on interest-rate risk hedged portfolios		3,657	5,836
Held-to-maturity financial assets	5.j	9,881	10,284
Current and deferred tax assets	5.k	9,048	8,732
Accrued income and other assets	5.l	89,105	99,207
Investments in associates	5.m	5,747	7,031
Investment property	5.n	713	927
Property, plant and equipment	5.n	17,177	17,319
Intangible assets	5.n	2,577	2,585
Goodwill	5.o	9,994	10,591
TOTAL ASSETS		**1,800,139**	**1,907,200**
LIABILITIES			
Due to central banks		661	1,532
Financial instruments at fair value through profit or loss			
Trading securities	5.a	69,803	52,432
Borrowings and repurchase agreements	5.a	195,934	203,063
Instruments designated as at fair value through profit or loss	5.a	45,329	43,530
Derivative financial instruments	5.a	297,081	404,598
Derivatives used for hedging purposes	5.b	12,289	17,286
Due to credit institutions	5.f	85,021	111,735
Due to customers	5.g	557,903	539,513
Debt securities	5.i	183,507	173,198
Remeasurement adjustment on interest-rate risk hedged portfolios		924	2,067
Current and deferred tax liabilities	5.k	2,632	2,943
Accrued expenses and other liabilities	5.l	78,676	86,691
Technical reserves of insurance companies	5.p	155,226	147,992
Provisions for contingencies and charges	5.q	11,963	11,380
Subordinated debt	5.i	12,028	15,223
TOTAL LIABILITIES		**1,708,977**	**1,813,183**
CONSOLIDATED EQUITY			
Share capital, additional paid-in capital and retained earnings		*80,824*	*75,654*
Net income for the period attributable to shareholders		*4,832*	*6,564*
Total capital, retained earnings and net income for the period attributable to shareholders		**85,656**	**82,218**
Change in assets and liabilities recognised directly in equity		1,935	3,226
Shareholders' equity		**87,591**	**85,444**
Retained earnings and net income for the period attributable to minority interests		3,579	8,161
Changes in assets and liabilities recognised directly in equity		(8)	412
Total minority interests		**3,571**	**8,573**
TOTAL CONSOLIDATED EQUITY		**91,162**	**94,017**
TOTAL LIABILITIES AND EQUITY		**1,800,139**	**1,907,200**

(1) Restated according to the amendment to IAS 19 (see notes 1.a and 2).

4.4 Cash flow statement for the year ended 31 December 2013

In millions of euros	Notes	Year to 31 Dec. 2013	Year to 31 Dec. 2012[(1)]
Pre-tax income		**8,189**	**10,379**
Non-monetary items included in pre-tax net income and other adjustments		**9,389**	**8,533**
Net depreciation/amortisation expense on property, plant and equipment and intangible assets		3,490	3,663
Impairment of goodwill and other non-current assets		167	493
Net addition to provisions		10,908	6,997
Share of earnings of associates		(323)	(489)
Net expense (income) from investing activities		86	(1,783)
Net expense (income) from financing activities		(90)	217
Other movements		(4,849)	(565)
Net increase (decrease) in cash related to assets and liabilities generated by operating activities		**(7,176)**	**38,424**
Net decrease in cash related to transactions with credit institutions		(33,538)	(22,052)
Net increase in cash related to transactions with customers		44,366	47,028
Net increase (decrease) in cash related to transactions involving other financial assets and liabilities		(13,004)	17,890
Net decrease in cash related to transactions involving non-financial assets and liabilities		(2,135)	(2,455)
Taxes paid		(2,865)	(1,987)
NET INCREASE IN CASH AND EQUIVALENTS GENERATED BY OPERATING ACTIVITIES		**10,402**	**57,336**
Net increase (decrease) in cash related to acquisitions and disposals of consolidated entities		(482)	2,911
Net decrease related to property, plant and equipment and intangible assets		(1,501)	(1,631)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS RELATED TO INVESTING ACTIVITIES		**(1,983)**	**1,280**
Increase (decrease) in cash and equivalents related to transactions with shareholders		(2,234)	543
Decrease in cash and equivalents generated by other financing activities		(3,506)	(8,246)
NET DECREASE IN CASH AND EQUIVALENTS RELATED TO FINANCING ACTIVITIES		**(5,740)**	**(7,703)**
EFFECT OF MOVEMENT IN EXCHANGE RATES ON CASH AND EQUIVALENTS		**(4,776)**	**(1,035)**
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS		**(2,097)**	**49,878**
Balance of cash and equivalent accounts at the start 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)
Balance of cash and equivalent accounts at the end of the period		**98,110**	**100,207**
Cash and amounts due from central banks		101,066	103,190
Due to central banks		(661)	(1,532)
On demand deposits with credit institutions	5.f	7,392	8,665
On demand loans from credit institutions	5.f	(9,536)	(9,840)
Deduction of receivables and accrued interest on cash and equivalents		(151)	(276)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS		**(2,097)**	**49,878**

(1) Restated according to the amendment to IAS 19 (see notes 1.a and 2).

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 2011 (before amendement to IAS 19)	**25,678**	**7,261**	**43,825**	**76,764**
Retrospective impact of the amendment to IAS 19			(354)	(354)
Capital and retained earnings at 1 January 2012[(1)]	**25,678**	**7,261**	**43,471**	**76,410**
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
Movements in consolidation scope 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[(1)]			(94)	(94)
Net income for 2012			**6,564**	**6,564**
Interim dividend payments				
Capital and retained earnings at 31 December 2012[(1)]	**26,714**	**7,241**	**48,263**	**82,218**
Appropriation of net income for 2012			**(1,863)**	**(1,863)**
Increases in capital and issues	108			108
Reduction in capital		(649)	(1)	(650)
Movements in own equity instruments	(9)	22	(90)	(77)
Share-based payment plans			49	49
Remuneration on preferred shares and undated super subordinated notes			(266)	(266)
Impact of internal transactions on minority shareholders (note 8.c)			78	78
Movements in consolidation scope impacting minority shareholders			(16)	(16)
Acquisitions of additional interests or partial sales of interests (note 8.c)			911	911
Change in commitments to repurchase minority shareholders' interests			(1)	(1)
Other movements	(1)		1	
Change in assets and liabilities recognised directly in equity			333	333
Net income for 2013			**4,832**	**4,832**
Interim dividend payments				
Capital and retained earnings at 31 December 2013	**26,812**	**6,614**	**52,230**	**85,656**

(1) Restated according to the amendment to IAS 19 (see notes 1.a and 2).

between 1 Jan. 2012 and 31 Dec. 2013

Capital and retained earnings			Changes in assets and liabilities recognised directly in equity					
Minority interests			Attributable to shareholders					
Capital and retained earnings	Preferred shares eligible as Tier1 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
9,342	1,395	10,737	(445)	(2,196)	1,247	(1,394)	(481)	85,626
58		58						(296)
9,400	**1,395**	**10,795**	**(445)**	**(2,196)**	**1,247**	**(1,394)**	**(481)**	**85,330**
(236)		**(236)**						**(1,666)**
								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)
(76)	40	(36)						(50)
(16)		(16)	(56)	4,345	331	4,620	893	5,403
754		**754**						**7,318**
(34)		(34)						(34)
7,409	**752**	**8,161**	**(501)**	**2,149**	**1,578**	**3,226**	**412**	**94,017**
(171)		**(171)**						**(2,034)**
								108
	(712)	(712)						(1,362)
								(77)
								49
(42)		(42)						(308)
(83)		(83)						(5)
(15)		(15)						(31)
(4,161)		(4,161)						(3,250)
(8)		(8)						(9)
11		11						11
2		2	(1,386)	861	(766)	(1,291)	(420)	(1,376)
607		**607**						**5,439**
(10)		(10)						(10)
3,539	**40**	**3,579**	**(1,887)**	**3,010**	**812**	**1,935**	**(8)**	**91,162**

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 the application of IFRS 10, 11, 12 and the amended IAS 28 relating to the consolidation principles will be mandatory only from 1 January 2014.

In the consolidated financial statements at 31 December 2013, the Group has adopted the amendment to IFRS 7 "Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities" adopted by the European Union on 29 December 2012 (see note 5.r). This amendment has no impact on the recognition and measurement of transactions.

As of 1 January 2013, the Group has applied the amendment to IFRS 13 "Fair Value Measurement" adopted by the European Union on 29 December 2012 and has recognised an adjustment of the model value of derivative instruments in order to take into account its own credit risk (see note 5.d).

As of 1 January 2013, the Group has applied the amendment to IAS 19 "Employee Benefits" adopted in June 2012 by the European Union: the retirement benefit liability is recognised in the Group's balance sheet taking into account actuarial gains or losses which had not been recognised or amortised. As this amendment has a retrospective effect, the comparative financial statements as at 1 January and 31 December 2012 have been restated as presented in note 2.

The introduction of other standards, which are mandatory as of 1 January 2013, has no effect on the 2013 financial statements.

The Group did not choose to early-adopt the new standards, amendments, and interpretations adopted by the European Union, whose application in 2013 was optional.

On 29 December 2012, the European Union adopted IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", and the amended IAS 28 "Investments in Associates and Joint Ventures", mandatory in Europe for financial periods starting on or after 1 January 2014. The application of these standards will have an estimated impact of -EUR 13 billion on the Group's balance sheet total at 1 January 2013, of which an increase of about EUR 6 billion relating to the adoption of IFRS 10 and a decrease of -EUR 19 billion relating to the adoption of IFRS 11. There is no material impact on consolidated equity and on profit and loss.

The European Union adopted on 29 December 2012 the amendment to IAS 32 "Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities" and on 20 December 2013 the amendment to IAS 39 "Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting", mandatory for financial periods starting on or after 1 January 2014. 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" are presented in Chapter 5 of the Registration document. 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 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".

Whenever there is an indication of impairment, the carrying amount of the investment consolidated under the equity method (including goodwill) is subjected to an impairment test, by comparing its recoverable value (the higher of value-in-use and market value) with its carrying amount. Where appropriate, impairment is recognised under "Share of earnings of associates" in the consolidated income statement and can be reversed at a later date.

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 intra-group balances and transactions

Intra-group balances arising from transactions between consolidated enterprises, and the transactions themselves (including income, expenses and dividends), are eliminated. Profits and losses arising from intra-group 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 determined according to the step method, 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 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

Apart from derivative instruments, 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.11.

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. For reverse repurchase agreements and repurchase agreements, a financing commitment, respectively given and received, is recognised between the trade date and the settlement date when the transactions are recognised, respectively, as "Loans and receivables" and "Liabilities". When reverse repurchase agreements and repurchase agreements are recognised, respectively, as "Financial assets at fair value through profit or loss" and "Financial liabilities at fair value through profit or loss", the repurchase commitment is recognised as a derivative financial instrument.

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 restructuring of financial assets

Doubtful assets

Doubtful assets are defined as assets where the Bank considers that there is a risk that the debtors will be unable to honour all or part of their commitments.

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.

(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. External costs that are directly attributable to an issue of new shares are deducted from equity net of all related taxes.

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 debt at its present value 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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market or most advantageous market, at the measurement date.

The Group determines the fair value of financial instruments either by using prices obtained directly from external data or by using valuation techniques. These valuation techniques are primarily market and income approaches encompassing generally accepted models (*e.g.* discounted cash flows, Black-Scholes model, and interpolation techniques). They maximize the use of observable inputs and minimize the use of unobservable inputs. They are calibrated to reflect current market conditions and valuation adjustments are applied as appropriate, when some factors such as model, liquidity and credit risks are not captured by the models or their underlying inputs but are nevertheless considered by market participants when setting the exit price.

The unit of measurement is generally the individual financial asset or financial liability but a portfolio-based measurement can be elected subject to certain conditions. Accordingly, the Group retains this portfolio-based measurement exception to determine the fair value when some group of financial assets and financial liabilities with substantially similar and offsetting market risks or credit risks are managed on the basis of a net exposure, in accordance with the documented risk management strategy.

Assets and liabilities measured or disclosed at fair value are categorised into the three following levels of the fair value hierarchy:

- Level 1: fair values are determined using directly quoted prices in active markets for identical assets and liabilities. Characteristics of an active market include the existence of a sufficient frequency and volume of activity and of readily available prices.
- Level 2: fair values are determined based on valuation techniques for which significant inputs are observable market data, either directly or indirectly. These techniques are regularly calibrated and the inputs are corroborated with information from active markets.
- Level 3: fair values are determined using valuation techniques for which significant inputs are unobservable or cannot be corroborated by market-based observations, due for instance to illiquidity of the instrument and significant model risk. An unobservable input is a parameter for which there are no market data available and that is therefore derived from proprietary assumptions about what other market participants would consider when assessing fair value. The assessment of whether a product is illiquid or subject to significant model risks is a matter of judgment.

The level in the fair value hierarchy within which the asset or liability is categorised in its entirety is based upon the lowest level input that is significant to the entire fair value.

For financial instruments disclosed in Level 3 of the fair value hierarchy, a difference between the transaction price and the fair value may arise at initial recognition. This "Day One Profit" is deferred and released 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.

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.

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 provisions for 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.

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. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life. 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 short-term benefits, post-employment benefits and termination benefits. 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 the revaluation items are recognised in the profit and loss account and not in equity.

Termination benefits

Termination benefits are employee benefits payable in exchange for the termination of an employee's contract as a result of either 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 net liability recognised with respect to post-employment benefit plans is the difference between the present value of the defined-benefit obligation and the fair value of any plan assets.

The present value of the defined-benefit obligation 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, specific to each country or Group entity, such as demographic assumptions, the probability that employees will leave before retirement age, salary inflation, a discount rate, and the general inflation rate.

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 annual expense recognised in the profit and loss account under "Salaries and employee benefits", with respect to defined-benefit plans includes the current service cost (the rights vested by each employee during the period in return for service rendered), the net interests linked to the effect of discounting the net defined-benefit liability (asset), the past service cost arising from plan amendments or curtailments, and the effect of any plan settlements.

Remeasurements of the net defined-benefit liability (asset) are recognised in other comprehensive income and are never reclassified to profit or loss. They include actuarial gains and losses, the return on plan assets and any change in the effect of the asset ceiling (excluding amounts included in net interest on the defined-benefit liability or asset).

1.i SHARE-BASED PAYMENTS

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 RETROSPECTIVE IMPACT OF THE AMENDMENT TO IAS 19

As of 1 January 2013, the Group has applied the amendment to IAS 19 "Employee Benefits" adopted in June 2012 by the European Union: the retirement benefit liability is recognised in the Group's balance sheet taking into account actuarial gains or losses which had not been recognised or amortised. As this amendment has a retrospective effect, the comparative financial statements as at 1 January and 31 December 2012 have been restated.

Balance sheet

This table presents the balance sheet items which have been adjusted according to the amendment to IAS 19.

In millions of euros	31 December 2011 before amendment to IAS19	Adjustments	1 January 2012 restated	31 December 2012 before amendment to IAS19	Adjustments	31 December 2012 restated
ASSETS						
Current and deferred tax assets	11,570	106	11,676	8,661	71	8,732
Accrued income and other assets	93,540	(157)	93,383	99,359	(152)	99,207
Investments in associates	4,474	(4)	4,470	7,040	(9)	7,031
TOTAL IMPACT ON ASSETS		**(55)**			**(90)**	
LIABILITIES						
Current and deferred tax liabilities	3,489	(14)	3,475	3,046	(103)	2,943
Provisions for contingencies and charges	10,480	255	10,735	10,962	418	11,380
TOTAL IMPACT ON LIABILITIES		**241**			**315**	
CONSOLIDATED EQUITY						
Capital and retained earnings	*76,764*	*(354)*	*76,410*	*82,655*	*(437)*	*82,218*
Changes in assets and liabilities recognised directly in equity	*(1,394)*		*(1,394)*	*3,231*	*(5)*	*3,226*
Attributable to equity shareholders	**75,370**	**(354)**	**75,016**	**85,886**	**(442)**	**85,444**
Capital and retained earnings	*10,737*	*58*	*10,795*	*8,124*	*37*	*8,161*
Changes in assets and liabilities recognised directly in equity	*(481)*		*(481)*	*412*		*412*
Attributable to minority interests	**10,256**	**58**	**10,314**	**8,536**	**37**	**8,573**
TOTAL IMPACT ON CONSOLIDATED EQUITY		**(296)**			**(405)**	

Adjustments are analysed as follows:

In millions of euros	1 January 2012			31 December 2012		
	Impact of the amendment to IAS 19	of which past service costs	of which actuarial gains and losses	Impact of the amendment to IAS 19	of which past service costs	of which actuarial gains and losses
Costs not yet recognised (before tax)	(412)	(163)	(249)	(570)	(153)	(417)
of which accrued income and other assets	*(157)*			*(152)*		
of which provisions for contingencies and charges	*(255)*			*(418)*		
Deferred tax	120	57	63	174	54	120
of which deferred tax assets	*106*			*71*		
of which deferred tax liabilities	*14*			*103*		
Impact of associates	(4)		(4)	(9)		(9)
Exchange rates					(2)	2
RETROSPECTIVE IMPACT OF THE AMENDMENT TO IAS 19	**(296)**	**(106)**	**(190)**	**(405)**	**(101)**	**(304)**

Profit and loss account and changes in assets and liabilities recognised directly in equity

This table presents the profit and loss account items that have been adjusted for the year ended 31 December 2012, according to the amendment to IAS 19:

In millions of euros	Year to 31 Dec. 2012 before amendment to IAS 19	Adjustments	Year to 31 Dec. 2012 restated
Salary and employee benefit expense	(15,255)	7	(15,248)
Corporate income tax	(3,059)	(2)	(3,061)
TOTAL IMPACT ON NET INCOME		**5**	
Net income attributable to equity shareholders		*11*	
Net income attributable to minority interests		*(6)*	

In addition, due to the amendment to IAS 19, the following impacts have been reported in the changes in assets and liabilities recognised directly in equity for the year ended 31 December 2012:

- items that will not be reclassified to profit or loss, which amounted to -EUR 110 million;
- adjustment of -EUR 5 million in items related to exchange rate movements.

Note 3 NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

3.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 reported 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. 2013			Year to 31 Dec. 2012		
In millions of euros	Income	Expense	Net	Income	Expense	Net
Customer items	**25,010**	**(7,928)**	**17,082**	**29,093**	**(9,375)**	**19,718**
Deposits, loans and borrowings	23,725	(7,832)	15,893	27,622	(9,246)	18,376
Repurchase agreements	20	(33)	(13)	21	(79)	(58)
Finance leases	1,265	(63)	1,202	1,450	(50)	1,400
Interbank items	**1,629**	**(1,929)**	**(300)**	**1,719**	**(2,562)**	**(843)**
Deposits, loans and borrowings	1,523	(1,835)	(312)	1,645	(2,281)	(636)
Repurchase agreements	106	(94)	12	74	(281)	(207)
Debt securities issued		**(2,232)**	**(2,232)**		**(3,445)**	**(3,445)**
Cash flow hedge instruments	**2,296**	**(1,961)**	**335**	**2,849**	**(2,477)**	**372**
Interest rate portfolio hedge instruments	**2,308**	**(3,152)**	**(844)**	**2,146**	**(3,577)**	**(1,431)**
Financial instruments at fair value through profit or loss	**1,829**	**(1,157)**	**672**	**2,293**	**(1,295)**	**998**
Fixed-income securities	1,221		1,221	1,438		1,438
Loans/borrowings	222	(349)	(127)	207	(360)	(153)
Repurchase agreements	386	(595)	(209)	648	(814)	(166)
Debt securities		(213)	(213)		(121)	(121)
Available-for-sale financial assets	**5,426**		**5,426**	**5,889**		**5,889**
Held-to-maturity financial assets	**457**		**457**	**487**		**487**
TOTAL INTEREST INCOME/(EXPENSE)	**38,955**	**(18,359)**	**20,596**	**44,476**	**(22,731)**	**21,745**

Interest income on individually impaired loans amounted to EUR 520 million in the year ended 31 December 2013 compared with EUR 610 million in the year ended 31 December 2012.

3.b COMMISSION INCOME AND EXPENSE

Commission income and expense on financial instruments not measured at fair value through profit or loss amounted to EUR 3,179 million and EUR 430 million respectively in 2013, compared with income of EUR 3,258 million and expense of EUR 601 million in 2012.

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 2,213 million in 2013, compared with EUR 2,298 million in 2012.

3.c NET GAIN ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net gain 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 3.a).

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012
Trading book	**4,743**	**6,114**
Interest rate instruments	1,070	2,066
Equity financial instruments	3,497	3,132
Foreign exchange financial instruments	(592)	609
Other derivatives	701	307
Repurchase agreements	67	-
Financial instruments designated as at fair value through profit or loss	**(86)**	**(2,818)**
of which debt remeasurement effect arising from BNP Paribas Group issuer risk (note 5.d)	*(435)*	*(1,617)*
Impact of hedge accounting	**(76)**	**16**
Fair value hedging derivatives	879	258
Hedged items in fair value hedge	(955)	(242)
TOTAL	**4,581**	**3,312**

Net gains on the trading book in 2013 and 2012 include a non-material amount related to the ineffective portion of cash flow hedges.

3.d NET GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS AND OTHER FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012
Loans and receivables, fixed-income securities(1)	**439**	**839**
Disposal gains and losses	439	839
Equities and other variable-income securities	**1,226**	**785**
Dividend income	569	515
Additions to impairment provisions	(261)	(465)
Net disposal gains	918	735
TOTAL	**1,665**	**1,624**

(1) Interest income from fixed-income financial instruments is included in "Net interest income" (note 3.a), and impairment losses related to potential issuer default are included in "Cost of risk" (note 3.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 838 million for the year ended 31 December 2013 compared with a net gain of EUR 445 million for the year ended 31 December 2012.

The application of the automatic impairment criteria and qualitative analysis led to a first impairment of variable-income securities, for the following amounts:

- -EUR 23 million linked to a decline in price of more than 50% of the acquisition price (-EUR 45 million in 2012);
- -EUR 28 million linked to the observation of an unrealised loss over two consecutive years (-EUR 8 million in 2012);
- -EUR 1 million linked to the observation of an unrealised loss of at least an average of 30% over one year (-EUR 11 million in 2012);
- -EUR 14 million linked to an additional qualitative analysis (-EUR 54 million in 2012).

3.e NET INCOME FROM OTHER ACTIVITIES

In millions of euros	Year to 31 Dec. 2013			Year to 31 Dec. 2012		
	Income	Expense	Net	Income	Expense	Net
Net income from insurance activities	26,120	(22,670)	3,450	24,715	(21,460)	3,255
Net income from investment property	104	(56)	48	375	(178)	197
Net income from assets held under operating leases	5,470	(4,416)	1,054	5,871	(4,844)	1,027
Net income from property development activities	1,422	(1,236)	186	1,214	(1,006)	208
Other net income	1,234	(1,170)	64	1,545	(1,373)	172
TOTAL NET INCOME FROM OTHER ACTIVITIES	**34,350**	**(29,548)**	**4,802**	**33,720**	**(28,861)**	**4,859**

➤ NET INCOME FROM INSURANCE ACTIVITIES

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012
Gross premiums written	21,811	19,813
Policy benefit expenses	(15,532)	(15,267)
Changes in technical reserves	(5,232)	(4,246)
Change in value of admissible investments related to unit-linked policies	2,768	3,361
Reinsurance ceded	(375)	(519)
Other income and expense	10	113
TOTAL NET INCOME FROM INSURANCE ACTIVITIES	**3,450**	**3,255**

"Policy benefit expenses" include expenses arising from surrenders, maturities and claims relating to insurance contracts. "Changes 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".

3.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

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012
Net allowances to impairment	(4,194)	(4,173)
Recoveries on loans and receivables previously written off	569	714
Irrecoverable loans and receivables not covered by impairment provisions	(429)	(482)
TOTAL COST OF RISK FOR THE PERIOD	**(4,054)**	**(3,941)**

➤ COST OF RISK FOR THE PERIOD BY ASSET TYPE

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012
Loans and receivables due from credit institutions	(6)	6
Loans and receivables due from customers	(3,797)	(3,769)
Available-for-sale financial assets	(19)	(13)
Financial instruments of trading activities	(108)	(118)
Other assets	(33)	(8)
Off-balance sheet commitments and other items	(91)	(39)
TOTAL COST OF RISK FOR THE PERIOD	**(4,054)**	**(3,941)**

Credit risk impairment

MOVEMENT IN IMPAIRMENT DURING THE PERIOD

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012
TOTAL IMPAIRMENT AT BEGINNING OF YEAR	**28,417**	**30,675**
Net allowance to impairment	4,194	4,173
Impairment provisions used	(3,288)	(6,007)
Effect of exchange rate movements and other items	(1,020)	(424)
TOTAL IMPAIRMENT AT END OF YEAR	**28,303**	**28,417**

IMPAIRMENT BY ASSET TYPE

In millions of euros	31 December 2013	31 December 2012
Impairment of assets		
Loans and receivables due from credit institutions (*note 5.f*)	392	537
Loans and receivables due from customers (*note 5.g*)	26,616	26,525
Financial instruments on trading activities	162	276
Available-for-sale financial assets (*note 5.c*)	84	69
Other assets	41	34
TOTAL IMPAIRMENT OF FINANCIAL ASSETS	**27,295**	**27,441**
of which specific impairment	*23,471*	*23,100*
of which collective provisions	*3,824*	*4,341*
Provisions recognised as liabilities		
Provisions for off-balance sheet commitments		
to credit institutions	23	45
to customers	468	451
Other specific provisions	517	480
TOTAL PROVISIONS RECOGNISED FOR CREDIT COMMITMENTS (*note 5.q*)	**1,008**	**976**
of which specific impairment for off-balance sheet commitments	*334*	*327*
of which collective provisions	*157*	*169*
TOTAL IMPAIRMENT AND PROVISIONS	**28,303**	**28,417**

3.g PROVISION RELATED TO US DOLLAR PAYMENTS INVOLVING PARTIES SUBJECT TO US SANCTIONS

As noted in its financial statements in recent years, following discussions with the US Department of Justice and the New York County District Attorney's Office, among other US regulators and law enforcement and other governmental authorities, the Bank conducted over several years an internal, retrospective review of certain US dollar payments involving countries, persons and entities that could have been subject to economic sanctions under US law in order to determine whether the Bank had, in the conduct of its business, complied with such laws.

The review identified a significant volume of transactions that, even though they were not prohibited by the laws of the countries of the Bank entities that initiated them, could be considered impermissible under US laws and regulations including, in particular, those of the Office of Foreign Assets Control (OFAC).

The Bank has presented the findings of this review to the US authorities and commenced subsequent discussions with them. Although the amount of financial consequences, fines or penalties cannot be determined at this stage, the Bank has, in accordance with IFRS requirements, recorded a provision of USD 1.1 billion (EUR 0.8 billion) in its financial statements for the fourth quarter of 2013. There have been no discussions with the US authorities about the amount of any fines or penalties and the US authorities have not approved or passed upon the adequacy or reasonableness of such provision. There therefore remains considerable uncertainty as to the actual amount of fines or penalties that the US authorities could impose on the Bank following completion of the ongoing process, the timing of which is uncertain. The actual amount could thus be different, possibly very different, from the amount of the provision.

Given its exceptional nature and significant amount, in accordance with IFRS this provision has been set out as a specific line item in the income statement within operating income.

3.h 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. 2013		Year to 31 Dec. 2012[(3)]	
	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)]	**(3,084)**	**38.0%**	**(3,747)**	**36.1%**
Impact of differently taxed foreign profits	336	-4.1%	216	-2.1%
Impact of dividends and securities disposals taxed at reduced rate	308	-3.8%	337	-3.3%
Tax impact of previously unrecognised deferred taxes (tax losses and temporary differences)	14	-0.2%	163	-1.6%
Tax impact of using tax losses for which no deferred tax asset was previously recognised	32	-0.4%	9	-0.1%
Impact of the non-deduction of the provision related to US dollar payments involving parties subject to US sanctions	(303)	3.7%	-	-
Other items	(53)	0.7%	(39)	0.5%
Corporate income tax expense	**(2,750)**	**33.9%**	**(3,061)**	**29.5%**
of which				
Current tax expense for the year to 31 December	*(2,494)*		*(2,696)*	
Deferred tax expense for the year to 31 December (*note 5.k*)	*(256)*		*(365)*	

(1) Including the 3.3% social security contribution tax and the exceptional 10.7% contribution calculated on French corporate tax at 33.33%, lifting it to 38%. This exceptional contribution reached 5% in 2012, thus lifting the 2012 rate to 36.10%.

(2) Restated for the share of profits in associates and goodwill impairment.

(3) Restated according to the amendment to IAS 19 (see notes 1.a and 2).

Note 4 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 (Europe, Asia, North Americas, Middle East Africa) businesses.

Other activities mainly include Principal Investments, Klépierre[(1)] property investment company, activities related to the Group's central treasury function, and some costs related to cross-business projects.

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. The same applies to transformation costs relating to the Group's cross-business savings programme (Simple and Efficient).

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

(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).

calculations required under capital adequacy rules. Normalised equity income by segment is determined by attributing to each segment the income of its allocated equity. The equity allocation to segments is based on 9% of weighted assets.

So as to be comparable with 2013, the segment information for 2012 has been restated of the following three main effects as if these had occurred from 1 January 2012:

1. The increases in taxes and social security contributions arising from French legislation adopted in 2012 – systemic tax (-EUR 122 million), corporate social contribution *(forfait social)* (-EUR 33 million) and tax on wages (-EUR 19 million) – had temporarily been allocated to the Corporate Centre's operating expenses. They have now been allocated between the divisions and business lines.
2. The USD 2.2 billion capital increase made by BancWest in 2012, by converting an intra-group liability, had the effect of reducing 2012 revenues by -EUR 51 million. This amount corresponds to the additional cost of capital compared with the previous funding structure, based on Group standards for calculating business line income on a normative capital basis. The impact had temporarily been allocated to the Corporate Centre.

   The corresponding differences were accounted for under "Other Activities" so as not to affect the Group's pre-tax income.
3. As indicated in notes 1.a and 2, the amendment to IAS 19 "Employee Benefits" had the effect of increasing the Group's 2012 pre-tax income by EUR 7 million. This adjustment has been re-allocated to the relevant core business and business line operating expenses.

➤ INCOME BY BUSINESS SEGMENT

	Year to 31 Dec. 2013							Year to 31 Dec. 2012					
In millions of euros	Revenues	Operating expense	Cost of risk	Exceptional provision[2]	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]	**6,726**	(4,390)	(342)	-	**1,994**	4	**1,998**	**6,797**	(4,424)	(315)	**2,058**	3	**2,061**
BNL banca commerciale[1]	**3,208**	(1,748)	(1,204)	-	**256**	-	**256**	**3,230**	(1,793)	(961)	**476**	1	**477**
Belgian Retail Banking[1]	**3,202**	(2,364)	(142)	-	**696**	1	**697**	**3,183**	(2,371)	(157)	**655**	18	**673**
Other Domestic Markets activities	**2,232**	(1,311)	(184)	-	**737**	31	**768**	**2,181**	(1,276)	(140)	**765**	16	**781**
Personal Finance	**4,732**	**(2,182)**	**(1,430)**	**-**	**1,120**	**53**	**1,173**	**4,982**	**(2,400)**	**(1,497)**	**1,085**	**182**	**1,267**
International Retail Banking													
Europe-Mediterranean	**1,767**	(1,287)	(224)	-	**256**	209	**465**	**1,796**	(1,319)	(290)	**187**	67	**254**
BancWest	**2,204**	(1,386)	(54)	-	**764**	6	**770**	**2,352**	(1,395)	(145)	**812**	2	**814**
Investment Solutions	**6,344**	**(4,367)**	**(2)**	**-**	**1,975**	**129**	**2,104**	**6,204**	**(4,328)**	**54**	**1,930**	**159**	**2,089**
Corporate and Investment Banking													
Advisory & Capital Markets	**5,389**	(4,232)	(78)	-	**1,079**	13	**1,092**	**6,182**	(4,587)	(61)	**1,534**	6	**1,540**
Corporate Banking	**3,273**	(1,743)	(437)	-	**1,093**	20	**1,113**	**3,533**	(1,722)	(432)	**1,379**	30	**1,409**
Other Activities	**(255)**	**(1,128)**	**43**	**(798)**	**(2,138)**	**(109)**	**(2,247)**	**(1,368)**	**(928)**	**3**	**(2,293)**	**1,307**	**(986)**
TOTAL GROUP	**38,822**	**(26,138)**	**(4,054)**	**(798)**	**7,832**	**357**	**8,189**	**39,072**	**(26,543)**	**(3,941)**	**8,588**	**1,791**	**10,379**

(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.

(2) Provision related to US dollar payments involving parties subject to US sanctions.

ASSETS AND LIABILITIES BY BUSINESS SEGMENT

For most Group entities, the segment allocation of assets and liabilities is based on the core business to which they report, with the exception of the key entities, which are broken down or allocated specifically on the basis of risk-weighted assets.

In millions of euros	31 December 2013		31 December 2012	
	Asset	Liability	Asset	Liability
Retail Banking				
Domestic Markets	**362,894**	**340,706**	**393,252**	**369,626**
French Retail Banking	147,005	139,678	151,836	144,280
BNL banca commerciale	81,993	74,607	88,471	80,555
Belgian Retail Banking	84,009	80,549	103,207	99,411
Other Domestic Markets activities	49,887	45,872	49,738	45,380
Personal Finance	**83,620**	**76,889**	**85,721**	**78,732**
International Retail Banking	**96,758**	**85,188**	**93,575**	**81,760**
Europe-Mediterranean	36,710	32,936	33,488	29,619
BancWest	60,048	52,252	60,087	52,141
Investment Solutions	**220,562**	**210,823**	**202,119**	**192,146**
Corporate and Investment Banking	**939,307**	**924,478**	**1,029,675**	**1,013,742**
Other Activities	**96,998**	**162,055**	**102,858**	**171,194**
TOTAL GROUP	**1,800,139**	**1,800,139**	**1,907,200**	**1,907,200**

Information by business segment relating to companies accounted for under the equity method and goodwill impairment during 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, adjusted as per the managerial origin of the business activity. It does not necessarily reflect the counterparty's nationality or the location of operational businesses. So as to be comparable with the year ended 31 December 2013, the revenue breakdown for the year ended 31 December 2012 has been restated.

REVENUES BY GEOGRAPHIC AREA

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012
Europe	29,881	29,811
North America	3,852	4,440
APAC	2,645	2,133
Others	2,444	2,688
TOTAL GROUP	**38,822**	**39,072**

ASSETS AND LIABILITIES, IN CONTRIBUTION TO THE CONSOLIDATED ACCOUNTS, BY GEOGRAPHIC AREA

In millions of euros	31 December 2013	31 December 2012
Europe	1,409,397	1,580,989
North America	217,158	188,478
APAC	120,611	92,303
Others	52,973	45,430
TOTAL GROUP	**1,800,139**	**1,907,200**

Note 5 NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2013

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 – including derivatives – and certain assets and liabilities designated by the Group as at fair value through profit or loss at the time of acquisition or issuance.

In millions of euros	31 December 2013		31 December 2012	
	Trading book	Instruments designated as at fair value through profit or loss	Trading book	Instruments designated as at fair value through profit or loss
Securities portfolio	157,740	67,190	143,465	62,701
Loans and repurchase agreements	145,308	40	146,899	99
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**303,048**	**67,230**	**290,364**	**62,800**
Securities portfolio	69,803		52,432	
Borrowings and repurchase agreements	195,934	1,373	203,063	1,242
Debt securities (*note 5.i*)		42,343		40,799
Subordinated debt (*note 5.i*)		1,613		1,489
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**265,737**	**45,329**	**255,495**	**43,530**

Detail of these assets and liabilities is provided in note 5.d.

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 mainly 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 841 million at 31 December 2013 compared with EUR 741 million at 31 December 2012, and variable-income securities (shares mainly issued by BNP Paribas SA) came to EUR 37 million at 31 December 2013 compared with EUR 28 million at 31 December 2012. 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 at fair value through profit or loss mainly consist of debt securities in issue, originated and structured on behalf of customers, where the risk exposure is managed in combination with the hedging strategy. These types of debt securities in issue contain significant embedded derivatives, whose changes in value are cancelled out by changes in the value of economic hedging derivatives.

The redemption value of financial liabilities designated at fair value through profit or loss at 31 December 2013 was EUR 45,522 million (EUR 44,956 million at 31 December 2012).

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.

In millions of euros	31 December 2013		31 December 2012	
	Positive market value	Negative market value	Positive market value	Negative market value
Interest rate derivatives	216,777	202,544	333,066	324,079
Foreign exchange derivatives	32,328	36,357	21,532	24,697
Credit derivatives	18,494	18,167	22,782	22,523
Equity derivatives	30,504	36,857	29,682	29,467
Other derivatives	3,306	3,156	3,573	3,832
DERIVATIVE FINANCIAL INSTRUMENTS	**301,409**	**297,081**	**410,635**	**404,598**

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 2013	31 December 2012
Interest rate derivatives	34,962,462	41,127,475
Foreign exchange derivatives	2,576,863	2,243,150
Credit derivatives	1,925,896	2,105,501
Equity derivatives	1,768,054	1,865,666
Other derivatives	133,446	144,834
DERIVATIVE FINANCIAL INSTRUMENTS	**41,366,721**	**47,486,626**

Derivatives traded on organised markets (including clearing houses) represent 60% of the Group's derivative transactions at 31 December 2013 (62% at 31 December 2012).

5.b DERIVATIVES USED FOR HEDGING PURPOSES

The table below shows the fair value of derivatives used for hedging purposes.

In millions of euros	31 December 2013		31 December 2012	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Fair value hedges	**6,077**	**10,661**	**10,571**	**15,574**
Interest rate derivatives	6,077	10,649	10,570	15,550
Foreign exchange derivatives	-	12	-	24
Other derivatives	-	-	1	-
Cash flow hedges	**2,296**	**1,617**	**3,674**	**1,685**
Interest rate derivatives	2,117	1,521	3,389	1,298
Foreign exchange derivatives	97	96	271	287
Other derivatives	82	-	14	100
Net foreign investment hedges	**53**	**11**	**22**	**27**
Foreign exchange derivatives	53	11	22	27
DERIVATIVES USED FOR HEDGING PURPOSES	**8,426**	**12,289**	**14,267**	**17,286**

The total notional amount of derivatives used for hedging purposes stood at EUR 794,813 million at 31 December 2013, compared with EUR 809,636 million at 31 December 2012.

5.c AVAILABLE-FOR-SALE FINANCIAL ASSETS

In millions of euros	31 December 2013			31 December 2012		
	Net	of which impairment	of which changes in value taken directly to equity	Net	of which impairment	of which changes in value taken directly to equity
Fixed-income securities	**186,131**	**(84)**	**6,133**	**175,413**	**(69)**	**6,414**
Treasury bills and government bonds	102,551	(3)	2,417	93,801	(4)	1,886
Other fixed-income securities	83,580	(81)	3,716	81,612	(65)	4,528
Equities and other variable-income securities	**17,282**	**(3,593)**	**4,088**	**17,093**	**(4,265)**	**2,868**
of which listed securities	5,976	(1,329)	2,065	5,861	(1,821)	1,357
of which unlisted securities	11,306	(2,264)	2,023	11,232	(2,444)	1,511
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**203,413**	**(3,677)**	**10,221**	**192,506**	**(4,334)**	**9,282**

The gross amount of impaired fixed-income securities is EUR 136 million at 31 December 2013 (EUR 118 million at 31 December 2012).

Changes in value taken directly to equity are detailed as follows:

In millions of euros	31 December 2013			31 December 2012		
	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"	**6,133**	**4,088**	**10,221**	**6,414**	**2,868**	**9,282**
Deferred tax linked to these changes in value	(2,009)	(881)	(2,890)	(2,162)	(556)	(2,718)
Insurance policyholders' surplus reserve from insurance entities, after deferred tax	(3,529)	(1,045)	(4,574)	(3,854)	(558)	(4,412)
Group share of changes in value of available-for-sale securities owned by associates, after deferred tax and insurance policyholders' surplus reserve	352	79	431	504	94	598
Unamortised changes in value of available-for-sale securities reclassified as loans and receivables	(116)		(116)	(172)		(172)
Other variations	(40)	36	(4)	(33)	25	(8)
Changes in value of assets taken directly to equity under the heading "Financial assets available for sale and reclassified as loans and receivables"	**791**	**2,275**	**3,066**	**697**	**1,873**	**2,570**
Attributable to equity shareholders	746	2,264	3,010	340	1,809	2,149
Attributable to minority interests	45	11	56	357	64	421

5.d MEASUREMENT OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

Valuation process

BNP Paribas has retained the fundamental principle that it should have a unique and integrated processing chain for producing and controlling the valuations of financial instruments that are used for the purpose of daily risk management and financial reporting. All these processes are based on a common economic valuation which is a core component of business decisions and risk management strategies.

Economic value is composed of mid-market value and additional valuation adjustments.

Mid-market value is derived from external data or valuation techniques that maximise the use of observable and market-based data. Mid-market value is a theoretical additive value which does not take account of i) the direction of the transaction or its impact on the existing risks in the portfolio, ii) the nature of the counterparties, and iii) the aversion of a market participant to particular risks inherent in the instrument, the market in which it is traded, or the risk management strategy.

Additional valuation adjustments take into account valuation uncertainty and include market and credit risk premiums to reflect costs that could be incurred upon transacting in the principal market. These valuation adjustments are added to the mid-market value in order to obtain the economic value. Funding assumptions are an integral part of the mid-market valuation through the use of the appropriate discount rate. This notably takes into account the existence and terms of any collateral agreement and the effective funding conditions of the instrument.

Fair value generally equals the economic value, subject to limited additional adjustments, such as own credit adjustments, which are specifically required by IFRS standards.

The main additional valuation adjustments are presented in the section below.

Additional valuation adjustments

Additional valuation adjustments retained by BNP Paribas for determining fair values are as follows:

- ***Bid/offer adjustments:*** the bid/offer range reflects the additional exit cost for a price taker and symmetrically the compensation sought by dealers to bear the risk of holding the position or closing it out by accepting another dealer's price.

  BNP Paribas assumes that the best estimate of an exit price is the bid or offer price, unless there is evidence that another point in the bid/offer range would provide a more representative exit price;

- ***Input uncertainty adjustments:*** when the observation of prices or data inputs required by valuation techniques is difficult or irregular, an uncertainty exists on the exit price. There are several ways to gauge the degree of uncertainty on the exit price such as measuring the dispersion of the available price indications or estimating the possible ranges of the inputs to a valuation technique;

- ***Model uncertainty adjustments:*** these relate to situations where valuation uncertainty is due to the valuation technique used, even though observable inputs might be available. This situation arises when the risks inherent in the instruments are different from those available in the observable data, and therefore the valuation technique involves assumptions that cannot be easily corroborated;

- ***Credit valuation adjustment (CVA):*** the CVA adjustment applies to valuations and market quotations whereby the credit worthiness of the counterparty is not reflected. It aims to account for the possibility that the counterparty may default and that BNP Paribas may not receive the full fair value of the transactions.

  In determining the cost of exiting or transferring counterparty risk exposures, the relevant market is deemed to be an inter-dealer market. However, the observation of CVA remains judgemental due to:

  - the absence or lack of price discovery in the inter-dealer market,
  - the influence of the regulatory landscape relating to counterparty risk on the market participants' pricing behaviour, and
  - the absence of a dominant business model for managing counterparty risk.

  The CVA model is grounded on the same exposures as those used for regulatory purposes. The model attempts to estimate the cost of an optimal risk management strategy based on i) implicit incentives and constraints inherent in the regulations in force and their evolutions, ii) market perception of the probability of default and iii) default parameters used for regulatory purposes;

- ***Own-credit valuation adjustment for debts (OCA) and for derivatives (debit valuation adjustment – DVA):*** OCA and DVA are adjustments reflecting the effect of credit worthiness of BNP Paribas, on respectively the value of debt securities designated as at fair value through profit and loss and derivatives. Both adjustments are based on the expected future liability profiles of such instruments. The own credit worthiness is inferred from the market-based observation of the relevant bond issuance levels.

  Thus, the carrying value of debt securities designated as at fair value though profit or loss is increased by EUR 405 million as at 31 December 2013, compared with a reduction in value of EUR 30 million as at 31 December 2012, *i.e.* a -EUR 435 million variation recognised in net gain on financial instruments at fair value through profit or loss (note 3.c).

  Similarly, the fair value of derivative instruments on the liabilities side of the balance sheet is reduced by EUR 364 million as at 31 December 2013, and this adjustment is recognised in the same profit or loss line item.

Instrument classes and classification within the fair value hierarchy for assets and liabilities measured at fair value

As explained in the summary of significant accounting policies (note 1.c.10), financial instruments measured at fair value are categorised into a fair value hierarchy consisting of three levels.

The disaggregation of assets and liabilities into risk classes is meant to provide further insight into the nature of the instruments:

- securitised exposures are further broken down by collateral type;
- for derivatives, fair values are broken down by dominant risk factor, namely interest rate, foreign exchange, credit and equity. Derivatives used for hedging purposes are mainly interest rate derivatives.

	31 December 2013											
	Trading book				Instruments designated as at fair value through profit or loss				Available-for-sale financial assets			
In millions of euros	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Securities portfolio	**125,907**	**28,175**	**3,658**	**157,740**	**52,440**	**11,891**	**2,859**	**67,190**	**145,254**	**50,469**	**7,690**	**203,413**
Treasury bills and government bonds	53,075	7,660		60,735	334	4		338	97,227	5,324		102,551
Asset Backed Securities (ABS)[1]	-	8,484	3,076	11,560	-	-	-	-	-	2,632	292	2,924
CDOs/CLOs[2]		*246*	*3,061*	*3,307*				-				-
Other Asset Backed Securities		*8,238*	*15*	*8,253*				-		*2,632*	*292*	*2,924*
Other fixed-income securities	12,119	10,798	217	23,134	1,775	5,399	29	7,203	38,741	40,876	1,039	80,656
Equities and other variable-income securities	60,713	1,233	365	62,311	50,331	6,488	2,830	59,649	9,286	1,637	6,359	17,282
Loans and repurchase agreements	**-**	**140,602**	**4,706**	**145,308**	**-**	**40**	**-**	**40**				
Loans		445		445		40		40				
Repurchase agreements		140,157	4,706	144,863				-				
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND AVAILABLE-FOR-SALE FINANCIAL ASSETS	**125,907**	**168,777**	**8,364**	**303,048**	**52,440**	**11,931**	**2,859**	**67,230**	**145,254**	**50,469**	**7,690**	**203,413**
Securities portfolio	**66,631**	**3,172**	**-**	**69,803**	**-**	**-**	**-**	**-**				
Treasury bills and government bonds	55,128	159		55,287				-				
Other fixed-income securities	5,634	2,965		8,599				-				
Equities and other variable-income securities	5,869	48		5,917				-				
Borrowings and repurchase agreements	**-**	**186,797**	**9,137**	**195,934**	**-**	**1,373**	**-**	**1,373**				
Borrowings		3,755	3	3,758		1,373		1,373				
Repurchase agreements		183,042	9,134	192,176				-				
Debt securities (*note 5.i*)	**-**	**-**	**-**	**-**	**2,610**	**29,620**	**10,113**	**42,343**				
Subordinated debt (*note 5.i*)	**-**	**-**	**-**	**-**	**-**	**1,603**	**10**	**1,613**				
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**66,631**	**189,969**	**9,137**	**265,737**	**2,610**	**32,596**	**10,123**	**45,329**				

In millions of euros	31 December 2012											
	Trading book				Instruments designated as at fair value through profit or loss				Available-for-sale financial assets			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Securities portfolio	**105,563**	**33,716**	**4,186**	**143,465**	**47,783**	**10,869**	**4,049**	**62,701**	**125,010**	**57,549**	**9,947**	**192,506**
Treasury bills and government bonds	51,260	7,497	73	58,830	324	16		340	87,921	5,817	63	93,801
Asset Backed Securities (ABS)[(1)]	48	10,570	3,260	13,878	-	-	-	-	-	2,645	418	3,063
CDOs/CLOs[(2)]		*47*	*3,189*	*3,236*				-				-
Other Asset Backed Securities	*48*	*10,523*	*71*	*10,642*				-		*2,645*	*418*	*3,063*
Other fixed-income securities	6,548	14,730	698	21,976	1,493	4,839	77	6,409	28,771	48,339	1,439	78,549
Equities and other variable-income securities	47,707	919	155	48,781	45,966	6,014	3,972	55,952	8,318	748	8,027	17,093
Loans and repurchase agreements	**-**	**144,603**	**2,296**	**146,899**	**-**	**99**	**-**	**99**				
Loans		1,150		1,150		99		99				
Repurchase agreements		143,453	2,296	145,749				-				
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND AVAILABLE-FOR-SALE FINANCIAL ASSETS	**105,563**	**178,319**	**6,482**	**290,364**	**47,783**	**10,968**	**4,049**	**62,800**	**125,010**	**57,549**	**9,947**	**192,506**
Securities portfolio	**43,527**	**8,868**	**37**	**52,432**	**-**	**-**	**-**	**-**				
Treasury bills and government bonds	38,547	1,105		39,652				-				
Other fixed-income securities	1,977	7,677	32	9,686				-				
Equities and other variable-income securities	3,003	86	5	3,094				-				
Borrowings and repurchase agreements	**-**	**194,242**	**8,821**	**203,063**		**1,242**		**1,242**				
Borrowings		4,016		4,016		1,242		1,242				
Repurchase agreements		190,226	8,821	199,047				-				
Debt securities (*note 5.i*)	**-**	**-**	**-**	**-**	**3,138**	**29,121**	**8,540**	**40,799**				
Subordinated debt (*note 5.i*)	**-**	**-**	**-**	**-**	**65**	**1,410**	**14**	**1,489**				
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**43,527**	**203,110**	**8,858**	**255,495**	**3,203**	**31,773**	**8,554**	**43,530**				

(1) *These amounts do not represent the total amount of securitisation assets held by BNP Paribas, particularly those classified at inception as "Loans and Receivables", and those reclassified as presented in note 5.e.*

(2) *Collateralised Debt Obligations/Collateralised Loan Obligations.*

In millions of euros	31 December 2013							
	Positive market value				Negative market value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate derivatives	185	212,951	3,641	216,777	258	198,938	3,348	202,544
Foreign exchange derivatives		32,328		32,328	13	36,344		36,357
Credit derivatives		17,236	1,258	18,494		16,573	1,593	18,166
Equity derivatives	2,349	27,213	942	30,504	1,612	32,565	2,680	36,857
Other derivatives	148	3,126	32	3,306	169	2,957	31	3,157
DERIVATIVE FINANCIAL INSTRUMENTS NOT USED FOR HEDGING PURPOSES	**2,682**	**292,854**	**5,873**	**301,409**	**2,052**	**287,377**	**7,652**	**297,081**
DERIVATIVE FINANCIAL INSTRUMENTS USED FOR HEDGING PURPOSES	**-**	**8,426**	**-**	**8,426**	**-**	**12,289**	**-**	**12,289**

In millions of euros	31 December 2012							
	Positive market value				Negative market value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate derivatives	299	327,589	5,178	333,066	350	318,454	5,275	324,079
Foreign exchange derivatives	11	21,521		21,532	56	24,641		24,697
Credit derivatives		21,475	1,307	22,782		21,112	1,411	22,523
Equity derivatives	2,914	26,142	626	29,682	1,304	26,564	1,599	29,467
Other derivatives	299	3,228	46	3,573	291	3,395	146	3,832
DERIVATIVE FINANCIAL INSTRUMENTS NOT USED FOR HEDGING PURPOSES	**3,523**	**399,955**	**7,157**	**410,635**	**2,001**	**394,166**	**8,431**	**404,598**
DERIVATIVE FINANCIAL INSTRUMENTS USED FOR HEDGING PURPOSES	**-**	**14,267**	**-**	**14,267**	**-**	**17,286**	**-**	**17,286**

Transfers between levels may occur when an instrument fulfils the criteria defined, which are generally market and product dependent. The main factors influencing transfers are changes in the observation capabilities, passage of time, and events during the transaction lifetime. The timing of recognising transfers is determined at the end of the reporting period.

In 2013, the improvement in the process of identifying the most liquid securities enabled EUR 8 billion of available-for-sale fixed-income securities to be reclassified from Level 2 to Level 1.

Description of main instruments in each level

The following section provides a description of the instruments in each level in the hierarchy. It describes notably instruments classified in Level 3 and the associated valuation methodologies.

For main trading book instruments and derivatives classified in Level 3, further quantitative information is provided about the inputs used to derive fair value.

Level 1

This level encompasses all derivatives and securities that are listed on exchanges or quoted continuously in other active markets.

Level 1 includes notably equity securities and liquid bonds, shortselling of these instruments, derivative instruments traded on organised markets (futures, options, ...) and shares of funds and UCITS, for which the net asset value is calculated on a daily basis.

Level 2

The Level 2 stock of securities is composed of securities which are less liquid than the Level 1 bonds. They are predominantly government bonds, corporate debt securities, mortgage backed securities, fund shares and short-term securities such as certificates of deposit. They are classified in Level 2 notably when external prices for the same security can be regularly observed from a reasonable number of market makers that are active in this security, but these prices do not represent directly tradable prices. This comprises amongst other, consensus pricing services with a reasonable number of contributors that are active market makers as well as indicative runs from active brokers and/or dealers. Other sources such as primary issuance market, collateral valuation and counterparty collateral valuation matching may also be used where relevant.

Repurchase agreements are classified predominantly in Level 2. The classification is primarily based on the observability and liquidity of the repo market, depending on the underlying collateral.

Debts issued designated as at fair value through profit and loss, are classified in the same level as the one that would apply to the embedded derivative taken individually. Own credit spread is an observable input.

Derivatives classified in Level 2 comprise mainly the following instruments:

- vanilla instruments such as interest rate swaps, caps, floors and swaptions, credit default swaps, equity/foreign exchange (FX)/ commodities forwards and options;
- structured derivatives such as exotic FX options, mono- and multi-underlying equity/funds derivatives, single curve exotic interest rate derivatives and derivatives based on structured rates.

Derivatives are classified in Level 2 when there is a documented stream of evidence supporting one of the following:

- fair value is predominantly derived from prices or quotations of other Level 1 and Level 2 instruments, through standard market interpolation or stripping techniques whose results are regularly corroborated by real transactions;
- fair value is derived from other standard techniques such as replication or discounted cash flows that are calibrated to observable prices, that bear limited model risk and enable an effective offset of the risks of the instrument through trading Level 1 or Level 2 instruments;
- fair value is derived from more complex or proprietary valuation techniques but is directly evidenced through regular back-testing using external market-based data.

Determining of whether an over-the-counter (OTC) derivative is eligible for Level 2 classification involves judgement. Consideration is given to the origin, transparency and reliability of external data used, and the amount of uncertainty associated with the use of models. It follows that the Level 2 classification criteria involve multiple analysis axis within an "observability zone" whose limits are determined by i) a predetermined list of product categories and ii) the underlying and maturity bands. These criteria are regularly reviewed and updated, together with the applicable additional valuation adjustments, so that the classification by level remains consistent with the valuation adjustment policy.

Level 3

Level 3 securities of the trading book mainly comprise CLOs and CDOs of ABSs linked to legacy activity. Other Level 3 securities designated as at fair value through profit or loss or classified as available for sale comprise units of funds and unquoted equity shares.

CLOs represent the large majority of the Level 3 trading book stock. Fair value is determined using a methodology that takes into consideration both the available external indicative prices as well as discounted expected cash flows. Constant prepayment rates are amongst the main unobservable inputs required to model the underlying pool of cash flow payments. Other unobservable inputs are related to the cash/synthetic funding basis and the discounting margin.

CDOs of ABSs collateral pools comprise Commercial Real Estate Loans, Commercial Mortgage Backed Securities – CMBSs and Residential Mortgage Backed Securities – RMBSs. The fair value of CDOs is based on a "liquidation approach" and a "discounted expected cash flow" approach, depending on the distressed nature of the collateral.

For RMBSs, prices are obtained to a large extent from external sources, while for Commercial Real Estate Loans prices are independently valued by an external provider.

The Discounted Expected Cash flow approach for CDOs takes in consideration both an internal and an external independent set of hypotheses to derive expectations about the underlying cash flow payments. Such cash flow expectations are then passed through the CDO waterfall modelled in external platforms, allowing deriving cash flow expectations of the considered CDO tranche. Similarly to the above, fair value requires assumptions about the cash/synthetic funding basis and a discount margin.

Fund units relate to real estate funds for which the valuation of the underlying investments is not frequent, as well as hedge funds for which the observation of the net asset value is not frequent.

Unlisted private equities are systematically classified as Level 3, with the exception of UCITS with a daily net asset value, presented as unlisted securities in note 5.c, but which are classified in the Level 1 of the fair value hierarchy.

Repurchase agreements: mainly long-term or structured repurchase agreements on corporate bonds and ABSs: the valuation of these transactions requires proprietary methodologies given the bespoke nature of the transactions and the lack of activity and price discovery in the long-term repo market. The curves used in the valuation are corroborated using available data such as the implied basis of the relevant benchmark bond pool, recent long-term repo trade data and price enquiry data. Additional valuation adjustments applicable to these exposures are commensurate with the degree of uncertainty inherent in the modelling choices and amount of data available.

Debts issued designated as at fair value through profit and loss, are classified in the same level as the one that would apply to the embedded derivative taken individually. Own credit spread is an observable input.

Derivatives

Vanilla derivatives are classified in Level 3 when the exposure is beyond the observation zone for rate curves or volatility surfaces, or relates to less liquid markets such as tranches on old credit index series or emerging markets interest rates markets. The main instruments are:

- ***interest rate derivatives:*** exposures mainly comprise swap products in less liquid currencies. Classification is driven by the lower liquidity of some maturities, while observation capabilities through consensus may be available. The valuation technique is standard, and uses external market information and extrapolation techniques;
- ***credit derivatives (CDS):*** exposures mainly comprise CDSs beyond the maximum observable maturity and, to a much lesser extent, CDSs on illiquid or distressed names and CDSs on loan indices. Classification is driven by the lack of liquidity while observation capabilities may be available notably through consensus. Level 3 exposures also comprise CDS and Total Return Swaps (TRS) positions on securitised assets. These are priced along the same modelling techniques as the underlying bonds, taking into consideration the funding basis and specific risk premium;

- ***equity derivatives:*** exposures essentially comprise long dated forward or volatility products or exposures where there is a limited market for optional products. The marking of the forward curves and volatility surfaces beyond the maximum observable maturity relies on extrapolation techniques. However, when there is no market for model input, volatility or forward is generally determined on the basis of proxy or historical analysis.

These vanilla derivatives are subject to additional valuation adjustments linked to uncertainty on liquidity, specialised by nature of underlying and liquidity bands.

Complex derivatives classified in Level 3 predominantly comprise hybrid products (FX/Interest Rates hybrids, Equity hybrids), credit correlation products, prepayment-sensitive products, some stock basket optional products and some interest rate optional instruments. The main exposures, related valuation techniques and associated source of uncertainty are as follows:

- ***hybrid FX/Interest rate products*** essentially comprise a specific product family known as Power Reverse Dual Currency (PRDC). The valuation of PRDCs requires complex modelling of joint behaviour of FX and interest rate, and is notably sensitive to the unobservable FX/interest rate correlations. PRDCs valuations are corroborated with recent trade data and consensus data;
- ***securitisation swaps*** mainly comprise fixed rate swaps, cross currency or basis swaps whose notional is indexed to the prepayment behaviour of some underlying portfolio. The estimation of the maturity profile of securitisation swaps is corroborated by statistical estimates using external historical data;
- ***forward volatility options*** are generally products whose pay-off is indexed to the future variability of a rate index such as volatility swaps. These products involve material model risk as it is difficult to infer forward volatility information from the market-traded instruments. The valuation adjustment framework is calibrated to the uncertainty inherent in the product, and to the range of uncertainty from the existing external consensus data;
- ***inflation derivatives*** classified in Level 3 mainly comprise swap products on inflation indices that are not associated with a liquid indexed bond market, optional products on inflation indices (such as caps and floors) and other forms of inflation indices involving optionality on the inflation indices or on the inflation annual rate. Valuation techniques used for inflation derivatives are predominantly standard market models. Proxy techniques are used for a few limited exposures. Although the valuations are corroborated through monthly consensus data, these products are classified as Level 3 due to their lack of liquidity and some uncertainties inherent in the calibration;
- the valuation of ***bespoke CDOs*** requires correlation of default events. This information is inferred from the active index tranche market through a proprietary projection technique and involves proprietary extrapolation and interpolation techniques. Multi-geography CDOs further require an additional correlation assumption. Finally, the bespoke CDO model also involves proprietary assumptions and parameters related to the dynamic of the recovery factor. CDO modelling, is calibrated on the observable index tranche markets, and is regularly back-tested against consensus data on standardised pools. The uncertainty arises from the model risk associated with the projection and geography mixing technique, and the uncertainty of associated parameters, together with the recovery modelling;
- ***N-to-Default baskets*** are other forms of credit correlation products, modelled through standard copula techniques. The main inputs required are the pair-wise correlations between the basket components which can be observed in the consensus and the transactions;
- ***equity and equity-hybrid correlation products*** are instruments whose pay-off is dependent on the joint behaviour of a basket of equities/indices leading to a sensitivity of the fair value measurement to the correlation amongst the basket components. Hybrid versions of these instruments involve baskets that mix equity and non-equity underlyings such as commodity indices. Only a subset of the Equity/index correlation matrix is regularly observable and traded, while most cross-asset correlations are not active. Therefore, classification in Level 3 depends on the composition of the basket, the maturity, and the hybrid nature of the product. The correlation input is derived from a proprietary model combining historical estimators, and other adjustment factors, that are corroborated by reference to recent trades or external data. The correlation matrix is essentially available from consensus services, and when a correlation between two underlying instruments is not available, it might be obtained from extrapolation or proxy techniques.

These complex derivatives are subject to specific additional valuation adjustments to cover uncertainties linked to liquidity, parameters and model risk.

For the products discussed above, the following table provides the range of values of main unobservable inputs. The ranges displayed correspond to a variety of different underlying instruments and are meaningful only in the context of the valuation technique implemented by BNP Paribas. The weighted averages, where relevant and available, are based on fair values, nominal amounts or sensitivities.

Risk classes	Balance Sheet valuation Asset	Balance Sheet valuation Liability	Main product types composing the Level 3 stock within the risk class	Valuation technique used for the product types considered	Main unobservable inputs for the product types considered	Range of unobservable input across Level 3 population considered	Weighted average
Cash instruments	3,061		Collateralised Loan Obligations (CLO) CDOs of ABSs (RMBSs, Commercial Real Estate Loans, CMBSs)	Combination of liquidation approach and discounted future cash flow approach	Discount margin	26 bp to 1,500 bp[(1)]	194 bp[(a)]
					Constant payment rate (CLOs)	0-10%	~ 10%[(b)]
					Cash/synthetic funding basis (€)	0-60 bp	not meaningful
Repurchase agreements	4,706	9,134	Long-term repo and reverse-repo agreements	Proxy techniques, based amongst other on the funding basis of a benchmark bond pool, that is actively traded and representative of the repo underlying	Long-term repo spread on private bonds (High Yield, High Grade) and on ABSs	7 bp-61 bp	57 bp[(c)]
Interest rate derivatives	3,641	3,348	Hybrid Forex/Interest rates derivatives	Hybrid Forex interest rate option pricing model	Correlation between FX rate and interest rates. Main currency pairs are EUR/JPY, USD/JPY, AUD/JPY	25%-53%	47% [(c)]
			Floors and caps on inflation rate or on the cumulative inflation (such as redemption floors), predominantly on European and French inflation	Inflation pricing model	Volatility of cumulative inflation	1%-12%	[(d)]
					Volatility of the year on year inflation rate	0.4%-2%	
			Forward Volatility products such as volatility swaps, mainly in euro	Interest rates option pricing model	Forward volatility of interest rates	0.3%-0.9%	[(d)]
			Balance-guaranteed fixed rate, basis or cross currency swaps, predominantly on European collateral pools	Prepayment modeling Discounted cash flows	Constant prepayment rates	3%-40%	13%[(c)]
Credit Derivatives	1,258	1,593	Collateralised Debt Obligations and index tranches for inactive index series	Base correlation projection technique and recovery modelling	Base correlation curve for bespoke portfolios	10% to 95%	[(d)]
					Inter-regions default cross correlation	70%-90%	80%[(a)]
					Recovery rate variance for single name underlyings	0-25%	[(d)]
			N-to-default baskets	Credit default model	Default correlation	48%-99%	70%[(c)]
			Single name Credit Default Swaps (other than CDS on ABSs and loans indices)	Stripping, extrapolation and interpolation	Credit default spreads beyond observation limit (10 years)	20 bp to 1,700 bp[(2)]	230 bp[(a)]
					Illiquid credit default spread curves (across main tenors)	7 bp to 3,800 bp[(3)]	266 bp[(a)]
Equity Derivatives	942	2,680	Simple and complex derivatives on multi-underlying baskets on stocks	Various volatility option models	Unobservable equity volatility	7%-75%	27%[(e)]
					Unobservable equity correlation	26%-97%	63%[(a)]

(1) The lower part of the range is relative to short dated securities, while the upper relates to US CDOs of ABSs, which are not significant to the balance sheet since their prices are close to zero. Removing these outliers, the discount margin would range from 43 bp to 358 bp.
(2) The upper part of the range relate to non material balance sheet and net risk position on South American sovereign issuers. Removing these outliers, the upper bound of this range would be 500 bp.
(3) The upper bound of the range relates to distressed names that represent an insignificant portion of the balance sheet on CDSs with illiquid underlying. Removing this portion, the upper bound of the range would be around 500 bp.
(a) Weighting is not based on risks, but on alternative methodology in relation with the Level 3 instruments (PV or notional).
(b) The upper bound of the range relates to CLOs which represent the bulk of the exposures.
(c) Weights based on relevant risk axis at portfolio level.
(d) No weighting since no explicit sensitivity is attributed to these inputs.
(e) Simple averaging.

Table of movements in level 3 financial instruments

For Level 3 financial instruments, the following movements occurred between 1 January 2012 and 31 December 2013:

In millions of euros	Financial Assets: Financial instruments at fair value through profit or loss held for trading	Financial Assets: Financial instruments designated as at fair value through profit or loss	Financial Assets: Available-for-sale financial assets	Financial Assets: Total	Financial Liabilities: Financial instruments at fair value through profit or loss held for trading	Financial Liabilities: Financial instruments designated as at fair value through profit or loss	Financial Liabilities: Total
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)**	12,648	1,811	**14,459**
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**	**(17,289)**	**(8,554)**	**(25,843)**
Purchases	5,145	2,382	975	**8,502**	-	-	**-**
Issues	-	-	-	**-**	(6,963)	(8,134)	**(15,097)**
Sales	(2,414)	(2,383)	(1,124)	**(5,921)**	-	-	**-**
Settlements[1]	(1,917)	(1,111)	(702)	**(3,730)**	6,563	6,595	**13,158**
Transfers to level 3	850	12	133	**995**	(462)	(554)	**(1,016)**
Transfers from level 3	(866)	(89)	(1,552)	**(2,507)**	628	153	**781**
Gains (or losses) recognised in profit or loss with respect to transactions expired or terminated during the period	73	95	(171)	**(3)**	321	119	**440**
Gains (or losses) recognised in profit or loss with respect to unexpired instruments at the end of the period	30	(96)	-	**(66)**	113	213	**326**
Changes in fair value of assets and liabilities recognised directly in equity							
Items related to exchange rate movements	(303)	-	(72)	**(375)**	300	39	**339**
Changes in fair value of assets and liabilities recognised in equity	-	-	256	**256**	-	-	**-**
AT 31 DECEMBER 2013	**14,237**	**2,859**	**7,690**	**24,786**	**(16,789)**	**(10,123)**	**(26,912)**

(1) For the assets, includes redemptions of principal, interest payments as well as cash inflows and outflows relating to derivatives. For the liabilities, includes principal redemptions, interest payments as well as cash inflows and outflows relating to derivatives the fair value of which is negative.

Transfers have been reflected as if they had taken place at the end of the reporting period.

The Level 3 financial instruments may be hedged by other Level 1 and 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.

Sensitivity of fair value to reasonably possible changes in Level 3 assumptions

The following table summarizes those financial assets and financial liabilities classified as Level 3 for which alternative assumptions in one or more of the unobservable inputs would change fair value significantly.

The amounts disclosed are intended to illustrate the range of possible uncertainty inherent to the judgement applied when estimating Level 3 parameters, or when selecting valuation techniques. These amounts reflect valuation uncertainties that prevail at the measurement date, and even though such uncertainties predominantly derive from the portfolio sensitivities that prevailed at that measurement date, they are not predictive or indicative of future movements in fair value, nor do they represent the effect of market stress on the portfolio value.

In estimating sensitivities, BNP Paribas either remeasured the financial instruments using reasonably possible inputs, or applied assumptions based on the additional valuation adjustment policy.

For the sake of simplicity, the sensitivity on cash instruments that are not relating to securitised instruments was based on a uniform 1% shift in the price. More specific shifts were however calibrated for each class of the Level 3 securitised exposures, based on the possible ranges of the unobservable inputs.

For derivative exposures, the sensitivity measurement is based on the additional credit valuation and the parameter and model uncertainty additional adjustments related to Level 3.

Two scenarios were considered: a favourable scenario where all or portion of the additional valuation adjustment is not considered by market participants, and an unfavourable scenario where market participants would require as much as twice the additional valuation adjustments considered by BNP Paribas for entering into a transaction.

	31 December 2013	
In millions of euros	Potential impact on income	Potential impact on equity
Treasury bills and government bonds		
Asset Backed Securities (ABS)	+/-62	+/-3
CDOs/CLOs	*+/-62*	
Other Asset Backed Securities		*+/-3*
Other fixed-income securities	+/-2	+/-10
Equities and other variable-income securities	+/-32	+/-64
Repurchase agreements	+/-44	
Derivative financial instruments	+/-1,010	
Interest rate derivatives	*+/-691*	
Credit derivatives	*+/-159*	
Equity derivatives	*+/-125*	
Other derivatives	*+/-35*	
Sensitivity of Level 3 financial instruments	**+/-1,150**	**+/-77**

Deferred margin on financial instruments measured using techniques developed internally and based on inputs partly unobservable 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 additional valuation adjustments for uncertainties as described previously and released to profit or loss over the expected period for which the inputs will be unobservable. The unamortised amount is included under "Financial instruments at fair value through profit or loss" as a reduction in the fair value of the relevant complex transactions.

In millions of euros	Deferred margin at 31 December 2012	Deferred margin on transactions during the year	Margin taken to the profit and loss account during the year	Deferred margin at 31 December 2013
Interest rate derivatives	202	95	(104)	193
Credit derivatives	165	87	(75)	177
Equity derivatives	213	137	(106)	244
Other derivatives	23	12	(17)	18
Derivative financial instruments	**603**	**331**	**(302)**	**632**

4

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

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 available-for-sale securities.

In millions of euros	Reclassification date	31 December 2013		31 December 2012	
		Carrying value	Market or model value	Carrying value	Market or model value
Structured transactions and other fixed-income securities from the available-for-sale portfolio		**993**	**1,148**	**1,371**	**1,555**
of which Portuguese sovereign securities	30 June 2011	623	696	1,001	1,117
of which Irish sovereign securities	30 June 2011	264	351	258	326
of which structured transactions and other fixed-income securities	30 June 2009	106	101	112	112
Structured transactions and other fixed-income securities from the trading portfolio	**1 October 2008/ 30 June 2009**	**1,842**	**1,859**	**3,469**	**3,426**

Without these reclassifications, the Group's net income for 2013 would not have been significantly different (although the net income for 2012 would have been increased by EUR 63 million). Similarly, changes in value of assets and liabilities recognised directly in equity would not have been significantly different in 2013, while they would have been increased by EUR 203 million in 2012.

5.f INTERBANK AND MONEY-MARKET ITEMS

LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

In millions of euros	31 December 2013	31 December 2012
On demand accounts	7,392	8,665
Loans[1]	41,498	28,250
Repurchase agreements	1,989	4,028
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS, BEFORE IMPAIRMENT	**50,879**	**40,943**
of which doubtful loans	*747*	*995*
Impairment of loans and receivables due from credit institutions (*note 3.f*)	(392)	(537)
specific impairment	(357)	(508)
collective provisions	(35)	(29)
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS, NET OF IMPAIRMENT	**50,487**	**40,406**

(1) Loans and receivables due from credit institutions include term deposits made with central banks, which amounted to EUR 5,240 million as at 31 December 2013 (non material as at 31 December 2012).

DUE TO CREDIT INSTITUTIONS

In millions of euros	31 December 2013	31 December 2012
On demand accounts	9,536	9,840
Borrowings	68,860	93,862
Repurchase agreements	6,625	8,033
TOTAL DUE TO CREDIT INSTITUTIONS	**85,021**	**111,735**

5.g CUSTOMER ITEMS

LOANS AND RECEIVABLES DUE FROM CUSTOMERS

In millions of euros	31 December 2013	31 December 2012
On demand accounts	44,272	43,434
Loans to customers	572,370	583,469
Repurchase agreements	954	2,177
Finance leases	26,181	27,965
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS, BEFORE IMPAIRMENT	**643,777**	**657,045**
of which doubtful loans	*45,420*	*42,453*
Impairment of loans and receivables due from customers (*note 3.f*)	(26,616)	(26,525)
specific impairment	(22,828)	(22,213)
collective provisions	(3,788)	(4,312)
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS, NET OF IMPAIRMENT	**617,161**	**630,520**

BREAKDOWN OF FINANCE LEASES

In millions of euros	31 December 2013	31 December 2012
Gross investment	**29,472**	**31,576**
Receivable within 1 year	*8,176*	*8,635*
Receivable after 1 year but within 5 years	*14,854*	*15,753*
Receivable beyond 5 years	*6,442*	*7,188*
Unearned interest income	**(3,291)**	**(3,611)**
Net investment before impairment	**26,181**	**27,965**
Receivable within 1 year	*7,378*	*7,757*
Receivable after 1 year but within 5 years	*13,179*	*13,935*
Receivable beyond 5 years	*5,624*	*6,273*
Impairment provisions	**(982)**	**(969)**
Net investment after impairment	**25,199**	**26,996**

DUE TO CUSTOMERS

In millions of euros	31 December 2013	31 December 2012
On demand deposits	283,270	259,770
Term accounts and short-term notes	140,684	149,447
Regulated savings accounts	128,695	122,992
Repurchase agreements	5,254	7,304
TOTAL DUE TO CUSTOMERS	**557,903**	**539,513**

5.h PAST-DUE AND DOUBTFUL LOANS

The following tables present the carrying amounts of financial assets that are past due but not impaired and of 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.

➤ PAST-DUE BUT NOT IMPAIRED LOANS

	31 December 2013					
In millions of euros	< 90 days	> 90 days < 180 days	> 180 days < 1 year	> 1 year	Total	Collateral received
Loans and receivables due from credit institutions	274			20	294	65
Loans and receivables due from customers	12,651	282	68	70	13,071	7,362
TOTAL PAST-DUE BUT NOT IMPAIRED LOANS	**12,925**	**282**	**68**	**90**	**13,365**	**7,427**

	31 December 2012					
In millions of euros	< 90 days	> 90 days < 180 days	> 180 days < 1 year	> 1 year	Total	Collateral received
Loans and receivables due from credit institutions	105	20			125	49
Loans and receivables due from customers	15,709	604	45	79	16,437	9,734
TOTAL PAST-DUE BUT NOT IMPAIRED LOANS	**15,814**	**624**	**45**	**79**	**16,562**	**9,783**

➤ DOUBTFUL LOANS

In millions of euros	31 December 2013			
	Doubtful loans			Collateral received
	Gross value	Impairment	Net	
Available-for-sale financial assets (excl. variable-income securities) (*note 5.c*)	136	(84)	52	
Loans and receivables due from credit institutions (*note 5.f*)	747	(357)	390	288
Loans and receivables due from customers (*note 5.g*)	45,420	(22,828)	22,592	13,706
Doubtful assets	**46,303**	**(23,269)**	**23,034**	**13,994**
Financing commitments given	648	(64)	584	149
Guarantee commitments given	1,099	(271)	828	295
Off-balance sheet doubtful commitments	**1,747**	**(335)**	**1,412**	**444**
TOTAL	**48,050**	**(23,604)**	**24,446**	**14,438**

In millions of euros	31 December 2012			
	Doubtful loans			Collateral received
	Gross value	Impairment	Net	
Available-for-sale financial assets (excl. variable-income securities) (*note 5.c*)	118	(69)	49	
Loans and receivables due from credit institutions (*note 5.f*)	995	(508)	487	318
Loans and receivables due from customers (*note 5.g*)	42,453	(22,213)	20,240	11,429
Doubtful assets	**43,566**	**(22,790)**	**20,776**	**11,747**
Financing commitments given	818	(79)	739	72
Guarantee commitments given	968	(248)	720	376
Off-balance sheet doubtful commitments	**1,786**	**(327)**	**1,459**	**448**
TOTAL	**45,352**	**(23,117)**	**22,235**	**12,195**

5.i DEBT SECURITIES AND SUBORDINATED DEBT

This note covers all debt securities in issue and subordinated debt measured at amortised cost and designated as 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 *(millions)*	Date of call or interest step-up	Interest rate	Interest step-up	Subordination ranking(1)	Conditions precedent for coupon payment(3)	Amount(4) eligible to Tier1	Amount(4) eligible to Tier2	31 Dec. 2013	31 Dec. 2012
Debt securities						**1**				**42,343**	**40,799**
Subordinated debt								**241**	**578**	**1,613**	**1,489**
Redeemable subordinated debt			(2)			2		-	526	817	781
Perpetual subordinated debt								241	52	796	708
BNP Paribas Fortis Dec. 2007	EUR	3,000	Dec.-14	3-month Euribor +200 bp	-	5	A	241	-	748	592
Others								-	52	48	116

(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.
(4) *Given the eligibility criteria and prudential adjustments, including the own credit risk and instruments amortisation.*

The perpetual subordinated debt recognised at fair value through profit or loss mainly consist of Convertible And Subordinated Hybrid Equity-linked Securities (CASHES) issued by BNP Paribas Fortis (previously Fortis Banque) in December 2007.

The CASHES are perpetual securities but may be exchanged for Ageas (previously Fortis SA/NV) shares at the holder's sole discretion at a price of EUR 239.40. However, as of 19 December 2014, the CASHES will be automatically exchanged into Ageas shares if their price is equal to or higher than EUR 359.10 for twenty consecutive trading days. The principal amount will never be redeemed in cash. The rights of the CASHES holders are limited to the Ageas shares held by BNP Paribas Fortis and pledged to them.

Ageas and BNP Paribas Fortis have entered into a Relative Performance Note (RPN) contract, the value of which varies contractually so as to offset the impact on BNP Paribas Fortis of the relative difference between changes in the value of the CASHES and changes in the value of the Ageas shares.

On 25 January 2012, Ageas and BNP Paribas Fortis signed an agreement concerning the purchase of all perpetual subordinated notes by BNP Paribas Fortis and the partial settlement of the RPN, following which the CASHES have been partially purchased in cash, and then converted into the Ageas underlying shares.

At 31 December 2013, the net balance represents a subordinated liability of EUR 241 million that is eligible to Tier 1 capital.

Maturity schedule of medium and long-term debt securities and redeemable subordinated debt designated as 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*	2014	2015	2016	2017	2018	2019-2023	After 2023	Total at 31 Dec. 2013
Medium- and long-term debt securities	9,496	6,866	6,412	4,578	4,783	5,641	4,567	42,343
Redeemable subordinated debt	98	244	16	281	43	97	38	817
TOTAL	**9,594**	**7,110**	**6,428**	**4,859**	**4,826**	**5,738**	**4,605**	**43,160**

Maturity or call option date *In millions of euros*	2013	2014	2015	2016	2017	2018-2022	After 2022	Total at 31 Dec. 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**

DEBT SECURITIES MEASURED AT AMORTISED COST

Issuer/Issue date *In millions of euros*	Currency	Original amount in foreign currency *(millions)*	Date of call or interest step-up	Interest rate	Interest step-up	Subordination ranking[1]	Conditions precedent for coupon payment[3]	Amount[5] eligible to Tier1	Amount[5] eligible to Tier2	31 Dec. 2013	31 Dec. 2012
Debt securities										183,507	173,198
Debt securities in issue with an initial maturity of less than one year						1				**90,741**	**83,591**
Negotiable debt securities										90,741	83,591
Debt securities in issue with an initial maturity of more than one year						1				**92,766**	**89,607**
Negotiable debt securities										78,606	72,294
Bonds										14,160	17,313
Subordinated debt								1,017	7,266	12,028	15,223
Redeemable subordinated debt			(2)			2		**72**	**6,494**	**10,286**	**12,607**
Undated subordinated notes			(2)					**945**	**550**	**1,496**	**1,461**
BNP Paribas SA Oct. 85	EUR	305	-	TMO -0.25%	-	3	B	-	254	254	254
BNP Paribas SA Sept. 86	USD	500	-	6 month Libor +0.075%	-	3	C	-	199	199	207
BNP Paribas Fortis Oct. 04	EUR	1,000	Oct.-14	4.625%	3 months Euribor +170 bp	5	D	945	-	945	879
Other								-	97	98	121
Undated subordinated debt								**-**	**-**	**-**	**926**
BNP Paribas Fortis Feb. 08	USD	750	-	8.28%	-	5	D	-	-	-	563
BNP Paribas Fortis June 08	EUR	375	-	8.03%	-	5	D	-	-	-	363
Participating notes[4]								-	**222**	**222**	**222**
BNP Paribas SA July 84	EUR	337	-	(6)	-	4	NA	-	215	215	215
Other								-	7	7	7
Expenses and commission, related debt								**-**	**-**	**24**	**7**

(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 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 Paribas SA may be repurchased as provided for in the law of 3 January 1983. Accordingly, during 2012, 32,000 notes have been repurchased and cancelled. The number of notes in the market is 1,434,092.

(5) Given the eligibility criteria and prudential adjustments, including the own credit risk and instruments amortisation.

(6) Depending on net income subject to a minimum of 85% of the TMO rate and a maximum of 130% of the TMO rate.

On 2 June 2013, BNP Paribas Fortis carried out the redemption of the perpetual subordinated BNP Paribas Fortis June-08 loan of EUR 375 million.

On 27 August 2013, BNP Paribas Fortis carried out the redemption of the perpetual subordinated BNP Paribas Fortis Feb-08 loan of USD 750 million.

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*	2014	2015	2016	2017	2018	2019-2023	After 2023	Total at 31 Dec. 2013
Medium- and long-term debt securities	17,743	17,457	11,506	10,328	6,805	25,459	3,468	92,766
Redeemable subordinated debt	1,347	1,136	1,204	4,116	545	1,676	262	10,286
TOTAL	**19,090**	**18,593**	**12,710**	**14,444**	**7,350**	**27,135**	**3,730**	**103,052**

Maturity or call option date *In millions of euros*	2013	2014	2015	2016	2017	2018-2022	After 2022	Total at 31 Dec. 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**

5.j HELD-TO-MATURITY FINANCIAL ASSETS

In millions of euros	31 December 2013	31 December 2012
Treasury bills and government bonds	9,752	10,127
Other fixed-income securities	129	157
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**9,881**	**10,284**

No held-to-maturity financial asset has been impaired as at 31 December 2013, nor as at 31 December 2012.

5.k CURRENT AND DEFERRED TAXES

In millions of euros	31 December 2013	31 December 2012(1)
Current taxes	1,487	790
Deferred taxes	7,561	7,942
Current and deferred tax assets	**9,048**	**8,732**
Current taxes	849	901
Deferred taxes	1,783	2,042
Current and deferred tax liabilities	**2,632**	**2,943**

(1) *Restated according to the amendment to IAS 19 (see notes 1.a and 2).*

➤ CHANGE IN DEFERRED TAX OVER THE PERIOD

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012(1)
NET DEFERRED TAXES AT START OF PERIOD	**5,900**	**7,867**
Net losses arising from deferred taxes (*note 3.h*)	(256)	(365)
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	(161)	(2,054)
Changes in deferred taxes linked to changes in value and reversal through profit or loss of changes in value of hedging derivatives	446	(195)
Changes in deferred taxes linked to items recognised directly in equity that will not be reclassified to profit and loss	(165)	56
Effect of exchange rate and other movements	14	591
NET DEFERRED TAXES AT END OF PERIOD	**5,778**	**5,900**

(1) *Restated according to the amendment to IAS 19 (see notes 1.a and 2).*

➤ BREAKDOWN OF DEFERRED TAX ASSETS AND LIABILITIES BY NATURE:

In millions of euros	31 December 2013	31 December 2012(1)
Available-for-sale financial assets, including those reclassified as loans and receivables	(526)	(365)
Unrealised finance lease reserve	(552)	(688)
Provisions for employee benefit obligations	997	1,089
Provisions for credit risk	3,003	2,811
Other items	66	(103)
Tax loss carryforwards	2,790	3,156
NET DEFERRED TAXES	**5,778**	**5,900**
Deferred tax assets	7,561	7,942
Deferred tax liabilities	(1,783)	(2,042)

(1) *Restated according to the amendment to IAS 19 (see notes 1.a and 2).*

Unrecognised deferred tax assets totalled EUR 1,665 million at 31 December 2013 compared with EUR 1,905 million at 31 December 2012.

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.

Main entities with deferred tax assets recognised on tax loss carryforwards:

In millions of euros	31 December 2013	Statutory time limit on carryforwards	Expected recovery period
BNP Paribas Fortis	2,250	unlimited	8 years
UkrSibbank	93	unlimited	5 years
BNP Paribas Securities Japan Ltd	90	9 years	8 years
Others	357		
TOTAL DEFERRED TAX ASSETS RELATING TO TAX LOSS CARRYFORWARDS	**2,790**		

5.l ACCRUED INCOME/EXPENSE AND OTHER ASSETS/LIABILITIES

In millions of euros	31 December 2013	31 December 2012(1)
Guarantee deposits and bank guarantees paid	41,044	52,602
Settlement accounts related to securities transactions	18,653	13,005
Collection accounts	390	453
Reinsurers' share of technical reserves	2,712	2,827
Accrued income and prepaid expenses	4,641	4,982
Other debtors and miscellaneous assets	21,665	25,338
TOTAL ACCRUED INCOME AND OTHER ASSETS	**89,105**	**99,207**
Guarantee deposits received	31,020	42,235
Settlement accounts related to securities transactions	19,233	12,760
Collection accounts	1,167	1,288
Accrued expense and deferred income	6,613	6,338
Other creditors and miscellaneous liabilities	20,643	24,070
TOTAL ACCRUED EXPENSE AND OTHER LIABILITIES	**78,676**	**86,691**

(1) Restated according to the amendment to IAS 19 (see notes 1.a and 2).

The movement in "Reinsurers' share of technical reserves" breaks down as follows:

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012
REINSURERS' SHARE OF TECHNICAL RESERVES AT START OF PERIOD	**2,827**	**2,524**
Increase in technical reserves borne by reinsurers	218	3,470
Amounts received in respect of claims and benefits passed on to reinsurers	(327)	(3,166)
Effect of changes in exchange rates and scope of consolidation	(6)	(1)
REINSURERS' SHARE OF TECHNICAL RESERVES AT END OF PERIOD	**2,712**	**2,827**

5.m INVESTMENTS IN ASSOCIATES

The main associates are listed individually in the following table:

In millions of euros	31 December 2013	31 December 2012[1]
Retail Banking	**1,485**	**1,341**
of which Bank of Nanjing	540	463
of which Carrefour Banque	278	265
of which Servicios Financieros Carrefour EFC SA	144	136
Investment Solutions	**2,025**	**2,296**
of which AG Insurance	1,317	1,455
of which BNP Paribas Cardif Emeklilik Anonim Sirketi	88	121
Corporate and Investments Banking	**776**	**817**
of which Verner Investissements	330	341
of which BNP Paribas SJ Ltd	213	270
Other Activities	**1,461**	**2,577**
of which Klépierre	986	1,096
of which Erbe	-	1,018
of which SCI SCOO	269	275
of which SCI Portes de Claye	120	118
INVESTMENTS IN ASSOCIATES	**5,747**	**7,031**

(1) Restated according to the amendment to IAS 19 (see notes 1.a and 2).

The following table gives financial data for the Group's main associates:

In millions of euros	Financial reporting standards	Total assets	Revenues	Net income attributable to equity holders
AG Insurance[2]	Local Gaap	61,249	6,823	435
Bank of Nanjing[2]	Local Gaap	41,425	1,126	478
BNP Paribas SJ Ltd.[2]	Local Gaap	270	2	-
Carrefour Banque [2]	Local Gaap	4,699	375	52
Klépierre[2]	Local Gaap	8,319	396	515
SCI SCOO[2]	Local Gaap	414	58	32
SCI Portes de Claye[2]	Local Gaap	268	8	4
Servicios Financieros Carrefour EFC SA[2]	Local Gaap	1,396	205	61
Verner Investissements[1]	IFRS Gaap	6,909	360	35

(1) Data as at 31 December 2013.
(2) Data as at 31 December 2012.

5.n PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS USED IN OPERATIONS, INVESTMENT PROPERTY

In millions of euros	31 December 2013			31 December 2012		
	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount
INVESTMENT PROPERTY	**995**	**(282)**	**713**	**1,199**	**(272)**	**927**
Land and buildings	7,018	(1,577)	5,441	6,997	(1,460)	5,537
Equipment, furniture and fixtures	6,641	(4,415)	2,226	6,519	(4,200)	2,319
Plant and equipment leased as lessor under operating leases	12,632	(4,137)	8,495	12,762	(4,157)	8,605
Other property, plant and equipment	2,008	(993)	1,015	1,780	(922)	858
PROPERTY, PLANT AND EQUIPMENT	**28,299**	**(11,122)**	**17,177**	**28,058**	**(10,739)**	**17,319**
Purchased software	2,650	(2,074)	576	2,543	(1,978)	565
Internally-developed software	3,230	(2,342)	888	2,890	(1,992)	898
Other intangible assets	1,455	(342)	1,113	1,602	(480)	1,122
INTANGIBLE ASSETS	**7,335**	**(4,758)**	**2,577**	**7,035**	**(4,450)**	**2,585**

Investment property

Land and buildings leased by the Group as lessor under operating leases, and land and buildings held as investments in connection with the life insurance business, are recorded in "Investment property".

The estimated fair value of investment property accounted for at amortised cost at 31 December 2013 is EUR 906 million, compared with EUR 1,087 million at 31 December 2012.

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 2013	31 December 2012
Future minimum lease payments receivable under non-cancellable leases	**4,433**	**5,352**
Payments receivable within 1 year	*1,920*	*2,404*
Payments receivable after 1 year but within 5 years	*2,415*	*2,839*
Payments receivable beyond 5 years	*98*	*109*

Future minimum lease payments receivable under non-cancellable leases are payments that the lessee is required to make during the lease term.

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 2013 was EUR 1,570 million, compared with EUR 1,546 million for the year ended 31 December 2012.

The net increase in impairment on property, plant, equipment and intangible assets taken to the profit and loss account in the year ended 31 December 2013 amounted to EUR 12 million, compared with a net decrease of EUR 3 million for the year ended 31 December 2012.

5.o GOODWILL

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012
CARRYING AMOUNT AT START OF PERIOD	**10,591**	**11,406**
Acquisitions	62	2
Divestments	(86)	(240)
Impairment recognised during the period	(253)	(493)
Exchange rate adjustments	(317)	(89)
Other movements	(3)	5
CARRYING AMOUNT AT END OF PERIOD	**9,994**	**10,591**
Gross value	11,394	11,750
Accumulated impairment recognised at the end of period	(1,400)	(1,159)

Goodwill by cash-generating unit is as follows:

	Carrying amount		Impairment recognised during the period		Acquisitions of the period	
In millions of euros	31 December 2013	31 December 2012	Year to 31 Dec. 2013	Year to 31 Dec. 2012	Year to 31 Dec. 2013	Year to 31 Dec. 2012
Goodwill						
Retail Banking	**7,767**	**8,308**	**(252)**	**(486)**	**-**	**-**
Arval	301	316	-	-	-	-
BancWest	3,620	3,782	-	-	-	-
Italian retail banking	1,214	1,400	(186)	(298)	-	-
Leasing Solutions	134	147	-	(80)	-	-
Personal Finance	1,325	1,395	-	(42)	-	-
Personal Finance – partnership tested individually	489	555	(66)	(66)	-	-
Personal Investors	409	412	-	-	-	-
Turk Ekonomi Bankasi AS	240	263	-	-	-	-
Other	35	38	-	-	-	-
Investment Solutions	**1,592**	**1,637**	**(1)**	**-**	**62**	**2**
Insurance	258	259	-	-	-	-
Investment Partners	165	251	-	-	-	-
Real Estate	371	351	(1)	-	22	2
Securities Services	399	372	-	-	40	-
Wealth Management	399	404	-	-	-	-
Corporate and Investment Banking	**632**	**643**	**-**	**(7)**	**-**	**-**
Advisory and Capital Markets	363	370	-	-	-	-
Corporate Banking	269	273	-	(7)	-	-
Other Activities	**3**	**3**	**-**	**-**	**-**	**-**
TOTAL GOODWILL	**9,994**	**10,591**	**(253)**	**(493)**	**62**	**2**
Negative goodwill			2	3		
CHANGE IN VALUE OF GOODWILL			**(251)**	**(490)**		

The homogeneous group of businesses to which goodwill is allocated are:

- **Arval:** Specialist in multi-brand full service vehicle leasing, Arval offers its customers tailored solutions that optimise their employees' mobility and outsource the risks associated with fleet management;
- **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. Bank of the West markets a very broad range of Retail Banking products and services to individuals, small businesses and corporate clients and has strong positions in certain niche lending markets. First Hawaiian Bank is Hawaii's leading bank, offering banking services to a local clientele of private individuals and corporates;
- **Italian retail banking:** BNL banca commerciale is Italy's 6th largest bank in terms of total assets and loans to customers. It provides a comprehensive range of banking, financial and insurance products and services to meet the needs of its diversified client base. BNL bc has a strong position in lending, especially residential mortgages. BNL bc also has a long-stand tradition in supporting large companies and local authorities, with a reputation in cross-border payments, project financing and structured finance, as well as factoring through its specialised subsidiary Ifitalia;
- **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;
- **Personal Finance:** BNP Paribas Personal Finance is the Group's consumer credit specialist. It also has a residential mortgage lending business. BNP Paribas Personal Finance operates in 20 countries, and through brands such as Cetelem, Findomestic and AlphaCredit, it 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. A partnership of the BNP Paribas Personal Finance homogeneous group is tested individually for impairment;
- **Personal Investors:** BNP Paribas Personal Investors provides independent financial advice and a wide range of investment services to individual clients. It includes notably Cortal Consors (European specialist in online savings and brokerage in Germany, France and Spain), B*Capital and Geojit BNP Paribas;
- **Turk Ekonomi Bankasi AS:** TEB offers its customers a wide array of financial products and services, including Corporate, SME, Personal and Private Banking, Treasury and Capital Markets services, and investment;
- **Insurance:** BNP Paribas Cardif operates in 37 countries and develops savings and protection products and services. In addition to its 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, etc. BNP Paribas Cardif sells its products through the BNP Paribas Retail Banking channel, as well as the Partnerships channel and the Digital & Brokers channel;
- **Investment Partners:** BNP Paribas Investment Partners (BNPP IP) is the dedicated asset management business line of the BNP Paribas Group and offers a comprehensive range of asset management services to both private and institutional investors worldwide.

  As a "multi-local" asset manager, BNPP IP has an Institutional line offering investors European and global customised management solutions; a Distribution line offering individual and private bank customers both within and outside of the BNP Paribas Group a wide range of products and comprehensive savings solutions adapted to their needs; and an Asia Pacific & Emerging Markets line providing customers in these areas with a global expertise while at the same time taking into account local requirements and factors;
- **Real Estate:** BNP Paribas Real Estate ranks as Continental Europe's no. 1 provider of real estate services to corporates and as one of France's leading players in residential property;
- **Securities Services:** BNP Paribas Securities Services is one of the major global players in securities services and provides integrated solutions for all actors involved in the investment cycle, sell side, buy side and issuers;
- **Wealth Management:** BNP Paribas Wealth Management encompasses the Private Banking activities of BNP Paribas and serves a clientele of wealthy individuals, shareholder families and entrepreneurs seeking a one-stop shop for all their wealth management and financial needs;
- **Advisory and Capital Markets:** incudes Global Equities & Commodity Derivatives (division which offers equity, commodity, index and fund derivatives, as well as financing solutions and an integrated equity brokerage platform), Fixed Income (global player in credit, currency and interest-rate products), and Corporate Finance (offers advisory services for mergers and acquisitions and primary equity capital market transactions);
- **Corporate Banking:** Corporate Banking comprises all financing products and services for corporate clients, from transaction banking (cash management, international trade finance and liquidity management) to financing solutions: vanilla lending, specialised financing (aircraft, shipping, real estate, export, leveraged financing, project, corporate acquisition financing and media telecom). This offer has been expanded with a line of products dedicated to the gathering of corporate deposits.

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 (cash flows) based on medium-term business plans over a period of five years. Cash flow projections beyond the 5-year forecast period are based on a growth rate to perpetuity and are normalised when the short-term environment does not reflect the normal conditions of the economic cycle. Until 31 December 2012, the cash flow assumptions were based on medium-term business plans for the first three years, extrapolated over a sustainable growth period of ten years, and then to perpetuity.

The key parameters which are sensitive to the assumptions made are the cost/income ratio, the cost of capital and the growth rate to perpetuity.

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 values of these parameters are obtained from external information sources.

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%.

The growth rate to perpetuity used is 2% for mature economies. For CGUs implemented in countries with high levels of inflation, a specific add-on is taken into account (calculated according inflation rates disclosed by external sources).

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 the growth rate to perpetuity.

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.

In 2013, the difficult Italian economic environment led to the recognition of an additional EUR 186 million impairment.

SENSITIVITY OF THE MAIN GOODWILL VALUATIONS TO A 10-BASIS POINT CHANGE IN THE COST OF CAPITAL, A 1% POINT CHANGE IN THE COST/INCOME RATIO AND A 50-BASIS POINT CHANGE IN THE GROWTH RATE TO PERPETUITY

In millions of euros	BNL bc	BancWest	Personal Finance
Cost of capital	**10.1%**	**8.2%**	**10.1%**
Adverse change (+10 basis points)	(82)	(150)	(104)
Positive change (-10 basis points)	84	155	107
Cost/income ratio	**52.9%**	**56.8%**	**46.2%**
Adverse change (+1%)	(182)	(219)	(222)
Positive change (-1%)	182	219	222
Growth rate to perpetuity	**2.0%**	**2.0%**	**2.1%**
Adverse change (-50 basis points)	(267)	(358)	(262)
Positive change (+50 basis points)	302	421	296

A 2% change in the normalised cash flow used for the goodwill impairment test of the BNL bc homogeneous group would result in a EUR 92 million change in its recoverable amount.

For the BancWest and Personal Finance homogeneous groups of businesses, there are no grounds for goodwill impairment 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 2013	31 December 2012
Liabilities related to insurance contracts	**118,785**	**115,432**
Gross technical reserves		
Unit-linked contracts	42,677	42,241
Other insurance contracts	76,108	73,191
Liabilities related to financial contracts with discretionary participation feature	**28,383**	**26,062**
Policyholders' surplus reserve – liability	**8,058**	**6,498**
TOTAL TECHNICAL RESERVES OF INSURANCE COMPANIES	**155,226**	**147,992**
Liabilities related to unit-linked financial contracts(1)	2,260	1,298
Liabilities related to general fund financial contracts	2	25
TOTAL LIABILITIES RELATED TO CONTRACTS WRITTEN BY INSURANCE COMPANIES	**157,488**	**149,315**

(1) 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 2013, unchanged from 2012.

The movement in liabilities related to insurance contracts breaks down as follows:

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012
LIABILITIES RELATED TO CONTRACTS AT START OF PERIOD	**149,315**	**133,196**
Additions to insurance contract technical reserves and deposits taken on financial contracts related to life insurance	21,275	30,801
Claims and benefits paid	(15,579)	(18,177)
Effect of changes in the scope of consolidation	203	(6)
Effect of movements in exchange rates	(494)	140
Effect of changes in value of admissible investments related to unit-linked business	2,768	3,361
LIABILITIES RELATED TO CONTRACTS AT END OF PERIOD	**157,488**	**149,315**

See note 5.l for details of reinsurers' share of technical reserves.

5.q PROVISIONS FOR CONTINGENCIES AND CHARGES

➤ PROVISIONS FOR CONTINGENCIES AND CHARGES BY TYPE

In millions of euros	31 Dec. 2012[(1)]	Net additions to provisions	Provisions used	Changes in value recognised directly in equity	Effect of movements in exchange rates and other movements	31 Dec. 2013
Provisions for employee benefits	**7,175**	**878**	**(1,130)**	**(466)**	**5**	**6,462**
of which post-employment benefits (*note 7.b*)	4,728	48	(179)	(464)	69	4,202
of which post-employment healthcare benefits (*note 7.b*)	148	(2)	(3)	(2)	(10)	131
of which provision for other long-term benefits (*note 7.c*)	1,058	306	(269)		(55)	1,040
of which provision for voluntary departure, early retirement plans, and headcount adaptation plan (*note 7.d*)	470	142	(186)		(6)	420
of which provision for share-based payments (*note 7.e*)	771	384	(493)		7	669
Provisions for home savings accounts and plans	**142**	**(64)**	**-**		**-**	**78**
Provisions for credit commitments (*note 3.f*)	**976**	**123**	**(39)**		**(52)**	**1,008**
Provisions for litigations	**1,683**	**1,191**	**(102)**		**(54)**	**2,718**
Other provisions for contingencies and charges	**1,404**	**371**	**(102)**		**24**	**1,697**
TOTAL PROVISIONS FOR CONTINGENCIES AND CHARGES	**11,380**	**2,499**	**(1,373)**	**(466)**	**(77)**	**11,963**

(1) Restated according to the amendment to IAS 19 (see notes 1.a and 2).

➤ PROVISIONS AND DISCOUNT FOR HOME SAVINGS ACCOUNTS AND PLANS

In millions of euros	31 December 2013	31 December 2012
Deposits collected under home savings accounts and plans	**15,390**	**14,946**
of which deposits collected under home savings plans	12,639	12,076
aged more than 10 years	*4,837*	*5,374*
aged between 4 and 10 years	*3,906*	*4,491*
aged less than 4 years	*3,896*	*2,211*
Outstanding loans granted under home savings accounts and plans	**303**	**379**
of which loans granted under home savings plans	57	76
Provisions and discount recognised for home savings accounts and plans	**85**	**152**
provisions recognised for home savings plans	65	124
provisions recognised for home savings accounts	13	18
discount recognised for home savings accounts and plans	7	10

5.r OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The following table presents the amounts of financial assets and liabilities before and after offsetting. This information, required by the amendment to IFRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) applicable as of 1st January 2013, aims to enable the comparability with the accounting treatment applicable in accordance with generally accepted accounting principles in the United States (US GAAP), which are less restrictive than IAS 32 as regards offsetting.

"Amounts set off on the balance sheet" have been determined according to IAS 32. Thus, a financial asset and a financial liability are offset and the net amount presented on the balance sheet when and only when, 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. Amounts set off derive mainly from repurchase agreements and derivative instruments traded with clearing houses.

The "impacts of master netting agreements and similar agreements" are relative to outstanding amounts of transactions within an enforceable agreement, which do not meet the offsetting criteria defined by IAS 32. This is the case of transactions for which offsetting can only be performed in case of default, insolvency or bankruptcy of one of the contracting parties.

"Financial instruments given or received as collateral" include guarantee deposits and securities collateral recognised at fair value. These guarantees can only be exercised in case of default, insolvency or bankruptcy of one of the contracting parties.

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

In millions of euros, at 31 December 2013	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments received as collateral	Net amounts
Assets						
Financial instruments at fair value through profit or loss						
Trading securities	157,740	-	157,740	-	-	157,740
Loans	445	-	445	-	-	445
Repurchase agreements	224,516	(79,653)	144,863	(33,246)	(109,031)	2,586
Instruments designated as at fair value through profit or loss	67,230	-	67,230	-	-	67,230
Derivative financial instruments (including derivatives used for hedging purposes)	593,531	(283,696)	309,835	(263,367)	(21,611)	24,857
Loans and receivables due from customers and credit institutions	668,518	(870)	667,648	(678)	(2,225)	664,745
of which repurchase agreements	*2,943*	-	*2,943*	*(678)*	*(2,225)*	*40*
Accrued income and other assets	91,240	(2,135)	89,105	-	(25,560)	63,545
of which guarantee deposits paid	*41,044*	-	*41,044*	-	*(25,560)*	*15,484*
Other assets not subject to offsetting	363,273	-	363,273	-	-	363,273
TOTAL ASSETS	**2,166,493**	**(366,354)**	**1,800,139**	**(297,291)**	**(158,427)**	**1,344,421**

In millions of euros, at 31 December 2013	Gross amounts of financial liabilities	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments given as collateral	Net amounts
Liabilities						
Financial instruments at fair value through profit or loss						
Trading securities	69,803	-	69,803	-	-	69,803
Borrowings	3,758	-	3,758	-	-	3,758
Repurchase agreements	271,829	(79,653)	192,176	(31,889)	(152,035)	8,252
Instruments designated as at fair value through profit or loss	45,329	-	45,329	-	-	45,329
Derivative financial instruments (including derivatives used for hedging purposes)	593,066	(283,696)	309,370	(263,367)	(25,409)	20,594
Due to customers and to credit institutions	643,794	(870)	642,924	(2,035)	(9,704)	631,185
of which repurchase agreements	*11,879*	-	*11,879*	*(2,035)*	*(9,704)*	*140*
Accrued expense and other liabilities	80,811	(2,135)	78,676	-	(21,980)	56,696
of which guarantee deposits received	*31,020*	-	*31,020*	-	*(21,980)*	*9,040*
Other liabilities not subject to offsetting	366,941	-	366,941	-	-	366,941
TOTAL LIABILITIES	**2,075,331**	**(366,354)**	**1,708,977**	**(297,291)**	**(209,128)**	**1,202,558**

In millions of euros, at 31 December 2012	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet[1]	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments received as collateral	Net amounts
Assets						
Financial instruments at fair value through profit or loss						
Trading securities	143,465	-	143,465	-	-	143,465
Loans	1,150	-	1,150	-	-	1,150
Repurchase agreements	193,757	(48,008)	145,749	(35,640)	(103,455)	6,654
Instruments designated as at fair value through profit or loss	62,800	-	62,800	-	-	62,800
Derivative financial instruments (including derivatives used for hedging purposes)	866,733	(441,831)	424,902	(373,016)	(19,476)	32,410
Loans and receivables due from customers and credit institutions	672,138	(1,212)	670,926	(1,516)	(4,400)	665,010
of which repurchase agreements	*6,203*	-	*6,203*	*(1,516)*	*(4,400)*	*287*
Accrued income and other assets	99,713	(506)	99,207	-	(24,664)	74,543
of which guarantee deposits paid	*52,602*	-	*52,602*	-	*(24,664)*	*27,938*
Other assets not subject to offsetting	359,001	-	359,001	-	-	359,001
TOTAL ASSETS	**2,398,757**	**(491,557)**	**1,907,200**	**(410,172)**	**(151,995)**	**1,345,033**

In millions of euros, at 31 December 2012	Gross amounts of financial liabilities	Gross amounts set off on the balance sheet	Net amounts presented on the balance sheet[1]	Impact of Master Netting Agreements (MNA) and similar agreements	Financial instruments given as collateral	Net amounts
Liabilities						
Financial instruments at fair value through profit or loss						
Trading securities	52,432	-	52,432	-	-	52,432
Borrowings	4,016	-	4,016	-	-	4,016
Repurchase agreements	247,055	(48,008)	199,047	(34,499)	(145,370)	19,178
Instruments designated as at fair value through profit or loss	43,530	-	43,530	-	-	43,530
Derivative financial instruments (including derivatives used for hedging purposes)	863,715	(441,831)	421,884	(373,016)	(24,361)	24,507
Due to customers and to credit institutions	652,460	(1,212)	651,248	(2,657)	(10,928)	637,663
of which repurchase agreements	*15,336*	-	*15,336*	*(2,657)*	*(10,928)*	*1,751*
Accrued expense and other liabilities	87,197	(506)	86,691	-	(19,722)	66,969
of which guarantee deposits received	*42,235*	-	*42,235*	-	*(19,722)*	*22,513*
Other liabilities not subject to offsetting	354,335	-	354,335	-	-	354,335
TOTAL LIABILITIES	**2,304,740**	**(491,557)**	**1,813,183**	**(410,172)**	**(200,381)**	**1,202,630**

(1) Restated according to the amendment to IAS 19 (see notes 1.a and 2).

5.s 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, REPURCHASE AGREEMENTS AND OTHER TRANSACTIONS

In millions of euros	31 December 2013		31 December 2012	
	Carrying amount of transferred assets	Carrying amount of associated liabilities	Carrying amount of transferred assets	Carrying amount of associated liabilities
Securities lending operations				
Securities at fair value through profit or loss	2,086		3,270	
Repurchase agreements				
Securities at fair value through profit or loss	68,336	66,710	52,604	51,915
Securities classified as loans and receivables	1,650	1,440	957	888
Available-for-sale financial assets	10,800	10,789	9,422	9,423
Other transactions				
Securities at fair value through profit or loss	927	828	-	-
TOTAL	**83,799**	**79,767**	**66,253**	**62,226**

➤ SECURITISATION TRANSACTIONS PARTIALLY REFINANCED BY EXTERNAL INVESTORS, WHOSE RECOURSE IS LIMITED TO THE TRANSFERRED ASSETS

In millions of euros, at 31 December 2013	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	55	54	55	54	1
Loans and receivables	13,456	10,676	13,765	10,747	3,018
Available-for-sale financial assets	456	511	441	480	(39)
TOTAL	**13,967**	**11,241**	**14,261**	**11,281**	**2,980**

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 2013	31 December 2012
Financing commitments given		
to credit institutions	**5,134**	**48,628**
to customers	**206,401**	**215,656**
Confirmed letters of credit	169,472	176,355
Other commitments given to customers	36,929	39,301
TOTAL FINANCING COMMITMENTS GIVEN	**211,535**	**264,284**
Financing commitments received		
from credit institutions	**89,831**	**119,722**
from customers	**2,747**	**6,036**
TOTAL FINANCING COMMITMENTS RECEIVED	**92,578**	**125,758**

Reverse repurchase agreements and repurchase agreements recognised in trading portfolios, shown between the transaction date and the delivery date as financing commitments given and received as at 31 December 2012, for EUR 51,182 million and EUR 70,096 million respectively, are now shown as interest rate derivatives, in accordance with the provisions described in note 1.c.3.

6.b GUARANTEE COMMITMENTS GIVEN BY SIGNATURE

In millions of euros	31 December 2013	31 December 2012
Guarantee commitments given		
to credit institutions	**12,601**	**11,829**
to customers	**79,693**	**79,860**
Property guarantees	971	1,054
Sureties provided to tax and other authorities, other sureties	47,238	44,283
Other guarantees	31,484	34,523
TOTAL GUARANTEE COMMITMENTS GIVEN	**92,294**	**91,689**

6.c OTHER GUARANTEE COMMITMENTS

➤ FINANCIAL INSTRUMENTS GIVEN AS COLLATERAL:

In millions of euros	31 December 2013	31 December 2012
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	**93,153**	**99,499**
Used as collateral with central banks	17,426	42,201
Available for refinancing transactions	75,727	57,298
Securities sold under repurchase agreements	**261,508**	**238,734**
Other financial assets pledged as collateral for transactions with credit institutions, financial customers or subscribers of covered bonds issued by the Group[1]	**143,856**	**149,237**

(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 334,678 million at 31 December 2013 (EUR 328,024 million at 31 December 2012).

FINANCIAL INSTRUMENTS RECEIVED AS COLLATERAL

In millions of euros	31 December 2013	31 December 2012
Financial instruments received as collateral (excluding repurchase agreements)	**63,119**	**71,671**
of which instruments that the Group is authorised to sell and reuse as collateral	*30,780*	*32,140*
Securities received under repurchase agreements	**194,968**	**174,474**

The financial instruments received as collateral or under repurchase agreements that the Group effectively sold or reused as collateral amounted to EUR 171,241 million at 31 December 2013 (compared with EUR 156,718 million at 31 December 2012).

Note 7 SALARIES AND EMPLOYEE BENEFITS

7.a SALARY AND EMPLOYEE BENEFIT EXPENSE

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012[(1)]
Fixed and variable remuneration, incentive bonuses and profit-sharing	10,812	11,208
Employee benefit expense	3,569	3,557
Payroll taxes	461	483
TOTAL SALARY AND EMPLOYEE BENEFIT EXPENSE	**14,842**	**15,248**

(1) Restated according to the amendment to IAS 19 (see notes 1.a and 2).

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/or from future changes in the benefits.

Defined-contribution pension plans for Group entities

The BNP Paribas Group has implemented over the past few years a wide campaign of converting defined-benefit plans into defined-contribution plans.

Thus, in France, the BNP Paribas Group pays contributions to various nationwide basic and top-up pension schemes. BNP Paribas SA and certain subsidiaries have set up a funded pension plan under a company-wide agreement. Under this plan, employees will receive an annuity on retirement in addition to the pension paid by nationwide schemes.

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 for the year to 31 December 2013 was EUR 506 million, compared with EUR 531 million for the year to 31 December 2012.

The breakdown by major contributors is determined as follows:

Contribution amount *In millions of euros*	Year to 31 Dec. 2013	Year to 31 Dec. 2012
France	249	282
Italy	58	61
UK	57	45
USA	28	26
Turkey	30	25
Others	84	92
TOTAL	**506**	**531**

In Italy, the plan introduced by BNL is funded by employer contributions (4% of salaries) and employee contributions (2% of salaries). Employees can also make additional voluntary contributions.

In the United Kingdom, the employer contributes 12% of salaries for the majority of employees; employees can make additional voluntary contributions.

In the US, the bank matches the voluntary contributions made by employees, within certain limits.

Main defined-benefit pension plans for Group entities, of which indemnities payable on retirement

In Belgium, BNP Paribas Fortis funds a defined-benefit plan, based on final salary and number of years of service, for its management and employees who joined the bank before its pension plans were harmonised on 1 January 2002. Actuarial liabilities under this scheme are pre-funded at 87% (stable since 31 December 2012) through AG Insurance, in which the BNP Paribas Group owns a 25% equity interest.

BNP Paribas Fortis senior managers are covered by a top-up pension plan, paying a lump sum based on the number of years of service and final salary. This plan is pre-funded at 80% at 31 December 2013 (75% at 31 December 2012) through AXA Belgium and AG Insurance.

In addition, the law requires employers to guarantee a minimum return on assets saved under defined-contribution schemes. As a result of this obligation, these plans are classified as defined-benefit schemes. An annual actuarial valuation ensures that the financial assets are sufficient to honour the guaranteed return imposed upon the employer. At 31 December 2013, the amount of assets is 7% higher than that of obligations (5% at 31 December 2012).

In France, BNP Paribas pays a top-up banking industry pension arising from rights acquired to 31 December 1993 by retired employees and active employees in service at that date. At 31 December 2013, the Group's residual obligations for employees of BNP origin were recognised on the balance sheet in full.

The defined-benefit plans previously granted to Group executives formerly employed by BNP, Paribas or Compagnie Bancaire have all been closed to new employees and converted into top-up type schemes. The amounts allocated to residual beneficiaries, subject to their presence within the Group at retirement, were fixed when these schemes were closed. At 31 December 2013, 87% of these pension plans were funded through insurance companies (82% at 31 December 2012).

In the United Kingdom, defined-benefit pension plans (pension funds) still exist but are closed to new employees. Under these plans, the defined pension is based on final salary and number of years of service. Pension schemes are managed by independent management bodies (Trustees). At 31 December 2013, obligations for all UK entities were 99% covered by financial assets, compared with 92% at 31 December 2012.

In Switzerland, liabilities relate to top-up pension plans based on the principle of defined-contribution schemes with guaranteed returns, paying an annuity under pre-defined terms. These schemes are managed by a foundation. At the end of 2013, obligations were 100% covered by financial assets, compared with 96% at the end of 2012.

In the United States, defined-benefit pension plans are based on annual vesting rights to a lump sum comprising a pension expressed as a percentage of annual salary and paying interest at a pre-defined rate. These plans are closed to new entrants and have offered almost no new vesting rights since 2012. At 31 December 2013, the obligation was 82% covered by financial assets, compared with 62% at 31 December 2012.

In Turkey, the pension plan replaces the national pension scheme (these obligations are measured based on the terms of the eventual transfer to the Turkish State) and offers guarantees exceeding the minimal legal requirements. At the end of 2013, obligations under this plan are fully funded by financial assets held with an external foundation; these financial assets exceed the related obligations, but since it is not refundable, this surplus is not recognised as an asset by the Group. The funding coverage rate at 31 December 2013 reached 204% (245% at 31 December 2012).

Other post-employment benefits

Group employees also receive various other contractual post-employment benefits, such as indemnities payable on retirement, determined according to minimal legal requirements (Labour Code, collective agreements) or according to specific company-level agreements.

In France, the obligations for these benefits are funded through a contract held with a third-party insurer. At 31 December 2013, this obligation was 84% covered by financial assets, compared with 76% at 31 December 2012.

In other countries, the gross obligations of the Group related to these benefits are mainly concentrated in Italy. They are representative of rights vested up to 31 December 2006, since pension reforms changed Italian termination indemnity schemes into defined-contribution plans effective from 1 January 2007.

Obligations under defined-benefit plans and other post-employment benefits

ASSETS AND LIABILITIES RECOGNISED ON THE BALANCE SHEET

In millions of euros, at 31 December 2013	*Defined-benefit obligation arising from wholly or partially funded plans*	*Defined-benefit obligation arising from unfunded plans*	**Present value of defined-benefit obligation**	**Fair value of plan assets**	**Fair value of reimbursement rights**[(1)]	**Effect of asset ceiling**	**Net obligation**	***of which asset recognised in the balance sheet for defined-benefit plans***	*of which net assets of defined-benefit plans*	*of which fair value of reimbursement rights*	***of which obligation recognised in the balance sheet for defined-benefit plans***
Belgium	2,962	15	2,977	(31)	(2,636)	-	310	(2,636)	-	(2,636)	2,946
France	1,449	137	1,586	(1,233)	-	-	353	-	-	-	353
UK	1,103	1	1,104	(1,093)	-	-	11	(18)	(18)	-	29
Switzerland	819	16	835	(819)	-	-	16	-	-	-	16
USA	485	126	611	(501)	-	-	110	(32)	(32)	-	142
Italy	-	411	411	-	-	-	411	-	-	-	411
Turkey	209	29	238	(428)	-	219	29	-	-	-	29
Others	493	146	639	(372)	(22)	-	245	(31)	(9)	(22)	276
TOTAL	**7,520**	**881**	**8,401**	**(4,477)**	**(2,658)**	**219**	**1,485**	**(2,717)**	**(59)**	**(2,658)**	**4,202**

In millions of euros, at 31 December 2012[(2)]	*Defined-benefit obligation arising from wholly or partially funded plans*	*Defined-benefit obligation arising from unfunded plans*	**Present value of defined-benefit obligation**	**Fair value of plan assets**	**Fair value of reimbursement rights**[(1)]	**Effect of asset ceiling**	**Net obligation**	***of which asset recognised in the balance sheet for defined-benefit plans***	*of which net assets of defined-benefit plans*	*of which fair value of reimbursement rights*	***of which obligation recognised in the balance sheet for defined-benefit plans***
Belgium	3,065	16	3,081	(28)	(2,618)	-	435	(2,618)	-	(2,618)	3,053
France	1,567	150	1,717	(1,213)	-	-	504	-	-	-	504
UK	1,093	1	1,094	(1,005)	-	-	89	(4)	(4)	-	93
Switzerland	818	21	839	(782)	-	-	57	-	-	-	57
USA	585	145	730	(451)	-	-	279	-	-	-	279
Italy	-	468	468	-	-	-	468	-	-	-	468
Turkey	143	29	172	(352)	-	209	29	-	-	-	29
Others	490	71	561	(317)	(21)	-	223	(22)	(1)	(21)	245
TOTAL	**7,761**	**901**	**8,662**	**(4,148)**	**(2,639)**	**209**	**2,084**	**(2,644)**	**(5)**	**(2,639)**	**4,728**

(1) The reimbursement rights are principally found on the balance sheet of the Group's insurance subsidiaries and associated companies - notably AG Insurance with respect to BNP Paribas Fortis' defined-benefit plan - to hedge their commitments to other Group entities that were transferred to them to cover the post-employment benefits of certain employee categories.
(2) Restated according to the amendment to IAS 19 (see notes 1.a and 2).

CHANGE IN THE PRESENT VALUE OF THE DEFINED-BENEFIT OBLIGATION

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012(1)
PRESENT VALUE OF DEFINED-BENEFIT OBLIGATION AT START OF PERIOD	**8,662**	**8,351**
Current service cost	274	311
Interest cost	218	310
Past service cost	(12)	(4)
Settlements	(10)	(71)
Actuarial (gains)/losses on change in demographic assumptions	(10)	(156)
Actuarial (gains)/losses on change in financial assumptions	(353)	541
Actuarial (gains)/losses on experience gaps	122	(101)
Actual employee contributions	24	30
Benefits paid directly by the employer	(120)	(130)
Benefits paid from assets/reimbursement rights	(367)	(380)
Exchange rate (gains)/losses on obligation	(129)	31
(Gains)/losses on obligation related to changes in the consolidation scope	88	(71)
Others	14	1
PRESENT VALUE OF DEFINED-BENEFIT OBLIGATION AT END OF PERIOD	**8,401**	**8,662**

(1) *Restated according to the amendment to IAS 19 (see notes 1.a and 2).*

CHANGE IN THE FAIR VALUE OF PLAN ASSETS AND REIMBURSEMENT RIGHTS

	Plan assets		Reimbursement rights	
In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012(1)	Year to 31 Dec. 2013	Year to 31 Dec. 2012(1)
FAIR VALUE OF ASSETS AT START OF PERIOD	**4,148**	**3,798**	**2,639**	**2,463**
Expected return on assets	120	153	62	79
Settlements	-	(19)	-	-
Actuarial gains/(losses) on assets	229	138	13	142
Actual employee contributions	14	21	10	10
Employer contributions	202	292	112	146
Benefits paid from assets	(189)	(211)	(178)	(169)
Exchange rate gains/(losses) on assets	(141)	32	-	-
Gains/(losses) on assets related to changes in the consolidation scope	123	(53)	1	(32)
Others	(29)	(3)	(1)	-
FAIR VALUE OF ASSETS AT END OF PERIOD	**4,477**	**4,148**	**2,658**	**2,639**

(1) *Restated according to the amendment to IAS 19 (see notes 1.a and 2).*

COMPONENTS OF THE COST OF DEFINED-BENEFIT PLANS

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012[(1)]
Service costs	**252**	**255**
Current service cost	274	311
Past service cost	(12)	(4)
Settlements	(10)	(52)
Net financial expense	**55**	**87**
Interest cost	218	310
Interest income on plan assets	(101)	(144)
Interest income on reimbursement rights	(62)	(79)
TOTAL RECOGNISED IN SALARY AND EMPLOYEE BENEFIT EXPENSE	**307**	**342**

(1) Restated according to the amendment to IAS 19 (see notes 1.a and 2).

OTHER ITEMS RECOGNISED DIRECTLY IN EQUITY

In millions of euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012[(1)]
Other items recognised directly in equity	**513**	**(131)**
Actuarial (losses)/gains on plan assets or reimbursement rights	242	281
Actuarial (losses)/gains of demographic assumptions on the present value of obligations	10	156
Actuarial (losses)/gains of financial assumptions on the present value of obligations	353	(541)
Experience (losses)/gains on obligations	(122)	101
Variation of the effect of assets limitation	30	(128)

(1) Restated according to the amendment to IAS 19 (see notes 1.a and 2).

Main actuarial assumptions used to calculate obligations

In the Eurozone, United Kingdom and United States, the Group discounts its obligations using the yields of high quality corporate bonds, with a term consistent with the duration of the obligations.

The rates used are as follows:

In %	31 December 2013		31 December 2012	
	Discount rate	Compensation increase rate[(1)]	Discount rate	Compensation increase rate[(1)]
Belgium	1.20%-3.25%	1.95%-3.70%	2.10%-2.60%	3.60%-3.70%
France	2.09%-3.17%	2.30%-3.30%	1.42%-2.69%	2.60%-3.60%
UK	3.40%-4.30%	2.00%-4.50%	4.00%	2.00%-4.25%
Switzerland	1.30%-2.10%	2.20%	1.20%-1.90%	2.20%
USA	4.95%	4.00%	3.90%	4.00%
Italy	1.90%-3.00%	2.20%	2.03%-2.69%	2.20%
Turkey	9.92%-10.10%	7.50%	6.91%-7.00%	5.78%

(1) Including price increases (inflation).

The impact of a 100bp change in discount rates on the present value of post-employment benefit obligations is as follows:

Change in the present value of obligations *In millions of euros*	31 December 2013		31 December 2012	
	Discount rate -100bp	Discount rate +100bp	Discount rate -100bp	Discount rate +100bp
Belgium	228	(168)	263	(229)
France	152	(133)	154	(137)
UK	248	(227)	280	(211)
Switzerland	76	(75)	103	(70)
USA	75	(64)	93	(80)
Italy	34	(29)	35	(31)
Turkey	21	(16)	17	(13)

➤ ACTUAL RATE OF RETURN ON PLAN ASSETS AND REIMBURSEMENT RIGHTS OVER THE PERIOD

In %[(1)]	Year to 31 December 2013	Year to 31 December 2012
Belgium	2.30%-6.20%	2.00%-10.00%
France	3.70%	3.70%
UK	7.60%-12.10%	4.78%-10.00%
Switzerland	6.40%-7.00%	7.00%-8.00%
USA	9.79%-15.77%	8.00%-14.00%
Turkey	5.82%	10.80%

(1) Range of value, reflecting the existence of several plans in the same country.

➤ BREAKDOWN OF PLAN ASSETS

In %	31 December 2013						31 December 2012					
	Shares	Government bonds	Non-Government bonds	Real-estate	Deposit accounts	Others	Shares	Government bonds	Non-Government bonds	Real-estate	Deposit accounts	Others
Belgium	2%	63%	17%	0%	0%	18%	2%	63%	17%	0%	0%	18%
France	7%	62%	22%	9%	0%	0%	7%	62%	22%	9%	0%	0%
UK	40%	44%	14%	0%	1%	1%	37%	36%	21%	0%	2%	4%
Switzerland	33%	34%	0%	13%	9%	11%	30%	42%	0%	12%	6%	10%
USA	48%	17%	19%	1%	0%	15%	55%	20%	21%	1%	0%	3%
Turkey	0%	3%	0%	5%	91%	1%	0%	2%	0%	6%	89%	3%
Others	12%	14%	10%	1%	15%	48%	15%	21%	12%	2%	17%	33%
GROUP	**16%**	**47%**	**14%**	**4%**	**7%**	**12%**	**15%**	**48%**	**16%**	**4%**	**6%**	**11%**

The Group introduced an asset management governance for assets backing defined-benefit pension plan commitments, the main objectives of which are the management and control of the risks in term of investment.

It sets out investment principles, in particular, by defining an investment strategy for plan assets, based on financial objectives and financial risk management, to specify the way in which plan assets have to be managed, *via* financial management servicing contracts.

The investment strategy is based on an assets and liabilities management analysis that should be realised at least on an annual basis for plans with assets in excess of EUR 100 million and every three years for plans with assets of between EUR 20 and EUR 100 million.

Post-employment healthcare benefits

The Group offers some healthcare benefit plans for retired employees, mainly in the United States and Belgium. These plans are, mainly, closed to new entrants.

The current value of post-employment healthcare benefit obligations stood at EUR 131 million at 31 December 2013, down from EUR 147 million at 31 December 2012, *i.e.* a decrease of EUR 16 million in 2013, compared with an increase of EUR 26 million in 2012.

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. The net provision amounted to EUR 450 million at 31 December 2013 (EUR 493 million at 31 December 2012).

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 2013, BNP Paribas introduced an ISIS plan (International Sustainability and Incentive Scheme) with a cash payment, at the end of a three-year vesting period, which fluctuates according to the Group's intrinsic performance. The aim of the ISIS plan is to make different categories of managerial staff partners in the Group's development and profitability objectives. These personnel are representative of the Group's talent and the breadth of its managerial framework *i.e.* senior managers, managers in key positions, line managers and experts, high-potential managers, high-performing young executives with good career development prospects and key contributors to the Group's results.

The amounts allocated under this plan are linked to changes in the Group's operating income over three years (for 80%) and to the achievement of the Group's Corporate Social Responsibility (CSR) targets (for 20%). These nine targets are in line with the four pillars on which the Group's CSR policy is based. In addition, the final payment is subject to continuous service within the Group between the grant date and the payment date, provided that the Group's operating income and pre-tax income for the year prior to payment are strictly positive.

The net obligation related to deferred compensation plans amounts to EUR 457 million at 31 December 2013 (EUR 463 million at 31 December 2012).

4

In millions of euros	31 December 2013	31 December 2012
Net provisions for other long-term benefits	**907**	**956**
Asset recognised in the balance sheet under the other long-term benefits	(133)	(102)
Obligation recognised in the balance sheet under the other long-term benefits	1,040	1,058

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 as soon as a bilateral agreement or a bilateral agreement proposal for a particular plan is made.

In millions of euros	31 December 2013	31 December 2012
Provision for voluntary departure, early retirement plans, and headcount adaptation plan	420	470

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:

- 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;
- until 2012, a Global Share-Based Incentive Plan including:
  - performance shares plans,
  - stock subscription or purchase option plans.

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 different in 2009, as it primarily concerned capital market professionals.

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 mostly paid in cash 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 is also 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 linked to the increase or decrease in the BNP Paribas share price.

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.

Between 2006 and 2012, BNP Paribas set up a Global Share-Based Incentive Plan for some Group employees, including stock options and performance share awards.

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 between 2009 and 2012 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 France-based 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 out of twenty-nine occasions and the adjustments described above were therefore implemented. Under performance share plans awarded between 2009 and 2012, the performance condition was not met on three out of nine occasions and the relevant contingent portion therefore lapsed.

All unexpired plans settle in subscription or transfer of BNP Paribas shares.

➤ EXPENSE OF SHARE-BASED PAYMENT

Expense *In millions of euros*	Year to 31 Dec. 2013				Year to 31 Dec. 2012
	Stock subscription and purchase option plans	Performance share plans	Variable deferred compensation plans	Total expense	Total expense
Prior deferred compensation plans	-	-	128	128	160
Deferred compensation plan for the year	-	-	256	256	294
Global Share-Based Incentive Plan	15	33	-	48	72
TOTAL	**15**	**33**	**384**	**432**	**526**

Valuation of stock option plans and performance share 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 last stock subscription options were granted in 2011.

Measurement of performance shares

The unit value retained for 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 were subject to a performance condition, were valued at between EUR 28.47 and 33.45 for employees in France and between EUR 27.46 and 32.36 for employees outside France.

	Year to 31 Dec. 2012 Plan granted on 6 March 2012	
	Vested on 9 March 2015	Vested on 7 March 2016
BNP Paribas share price on the grant date *(in euros)*	37.20	37.20
Date of availability	09/03/2017	07/03/2016
Expected dividend on BNP Paribas shares(1)	3.23%	3.23%
Risk-free interest rate	1.53%	1.33%
Expected proportion of options that will be forfeited	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 2013:

➤ STOCK SUBSCRIPTION OPTION PLAN

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)	26/10/2001	223	573,250	26/10/2004	26/10/2014	61.888	4,856	0.8
BNP Paribas SA(2)	24/03/2004	1,458	1,779,850	24/03/2008	21/03/2014	48.15	911,947	0.2
BNP Paribas SA(2)	05/04/2006	2,583	3,894,770	06/04/2010	04/04/2014	73.40	3,351,968	0.3
BNP Paribas SA(2)	08/03/2007	2,023	3,630,165	08/03/2011	06/03/2015	80.66	3,176,655	1.2
BNP Paribas SA(2)	06/04/2007	219	405,680	06/04/2011	03/04/2015	76.57	353,702	1.3
BNP Paribas SA(2)	18/04/2008	2,402	3,985,590	18/04/2012	15/04/2016	64.47	3,570,429	2.3
BNP Paribas SA(2)	06/04/2009	1,397	2,376,600	08/04/2013	05/04/2017	35.11	1,614,086	3.3
BNP Paribas SA(2)	05/03/2010	1,820	2,423,700	05/03/2014	02/03/2018	51.20	2,258,370	4.2
BNP Paribas SA(2)	04/03/2011	1,915	2,296,820	04/03/2015	04/03/2019	56.45	2,199,380	5.2
TOTAL OPTIONS OUTSTANDING AT END OF PERIOD							**17,441,393**	

(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 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 50.55 for 3,080 options under the 24 March 2004 plan, outstanding at the year-end;
- EUR 77.06 for 149,224 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.

PERFORMANCE SHARE PLANS

Characteristics of the plan							
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	Number of shares outstanding at end of period[(2)]
BNP Paribas SA[(1)]	06/04/2009	2,247	359,930	10/04/2012	10/04/2014	663
BNP Paribas SA	06/04/2009	1,686	278,325	08/04/2013	08/04/2013	679
BNP Paribas SA	05/03/2010	2,536	510,445	05/03/2013	05/03/2015	560
BNP Paribas SA	05/03/2010	2,661	487,570	05/03/2014	05/03/2014	409,449
BNP Paribas SA	04/03/2011	2,574	541,415	04/03/2014	04/03/2016	523,280
BNP Paribas SA	04/03/2011	2,743	499,035	04/03/2015	04/03/2015	472,479
BNP Paribas SA	06/03/2012	2,610	1,072,480	09/03/2015	09/03/2017	1,043,745
BNP Paribas SA	06/03/2012	2,755	849,455	07/03/2016	07/03/2016	813,765
TOTAL SHARES OUTSTANDING AT END OF PERIOD						**3,264,620**

(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 allotted on 30 September 2009.

Movements over the past two years

STOCK SUBSCRIPTION OPTION PLANS

	Year to 31 Dec. 2013		Year to 31 Dec. 2012	
	Number of options	Weighted average exercise price *(in euros)*	Number of options	Weighted average exercise price *(in euros)*
OPTIONS OUTSTANDING AT 1 JANUARY	**25,458,221**	**59.24**	**27,509,625**	**58.67**
Options exercised during the period	(2,900,848)	37.16	(581,181)	36.07
Options expired during the period	(5,115,980)	-	(1,470,223)	-
OPTIONS OUTSTANDING AT 31 DECEMBER	**17,441,393**	**63.11**	**25,458,221**	**59.24**
OPTIONS EXERCISABLE AT 31 DECEMBER	**12,983,643**	**66.31**	**18,605,666**	**63.55**

The average quoted stock market price over the option exercise period in 2013 was EUR 46.25 (EUR 41.99 in 2012).

PERFORMANCE SHARE PLANS

	Year to 31 Dec. 2013	Year to 31 Dec. 2012
	Number of shares	Number of shares
SHARES OUTSTANDING AT 1 JANUARY	**4,127,061**	**2,633,568**
Shares granted during the period	-	1,921,935
Shares vested during the period	(676,025)	(351,808)
Shares expired during the period	(186,416)	(76,634)
SHARES OUTSTANDING AT 31 DECEMBER	**3,264,620**	**4,127,061**

SHARES SUBSCRIBED OR PURCHASED BY EMPLOYEES UNDER THE COMPANY SAVINGS PLAN

	Year to 31 Dec. 2012
Date of plan announcement	3 May 2012
Quoted price of BNP Paribas shares at the plan announcement date *(in euros)*	30.15
Number of shares issued	4,289,709
Subscription price *(in euros)*	25.00
Five-year risk-free interest rate	1.67%
Five-year borrowing rate	7.52%
Fair value-based cost of the mandatory holding period	29.00%

In 2013, no subscription or purchase plans have been granted to employees under the Company Savings Plan.

Note 8 ADDITIONAL INFORMATION

8.a CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

➤ ORDINARY 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 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**
Acquisitions	2,646,201	119			2,646,201	119
Disposals	(2,639,701)	(117)			(2,639,701)	(117)
Shares delivered to employees	(676,025)	(29)			(676,025)	(29)
Other movements	(29,209)	-	989,869	36	960,660	36
Shares held at 31 December 2013	**2,798,942**	**138**	**(375,580)**	**(22)**	**2,423,362**	**116**

(1) Transactions realised in the framework of an activity of trading and arbitrage transactions on equity indices.

At 31 December 2013, the BNP Paribas Group was a net buyer of 2,423,362 BNP Paribas shares representing an amount of EUR 116 million, which was recognised as a reduction in equity.

In 2011, BNP Paribas SA had 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 were cancelled following the decision of the Board of Directors made on 14 December 2012.

Under the Bank's market-making agreement relating to the BNP Paribas share on the Italian market made with Exane BNP Paribas, and in line with the Code of Ethics recognised by the AMF, BNP Paribas SA bought back 2,646,201 shares in 2013 at an average share price of EUR 45.03, and sold 2,639,701 shares at an average share price of EUR 45.17. At 31 December 2013, 156,332 shares worth EUR 8.4 million were held by BNP Paribas under this agreement.

From 1 January 2013 to 31 December 2013, 676,025 performance shares were delivered following the definitive award of performance shares to their beneficiaries.

Preferred shares and Undated Super Subordinated Notes 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, had 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 paid a fixed-rate dividend for a period of ten years. They were redeemable after a ten-year period, and thereafter at each coupon date. These shares were redeemed in 2013.

In 2012, EUR 660 million of preferred shares of the same type as those described above were redeemed.

In 2003 and 2004, the LaSer-Cofinoga sub-group, which is proportionally 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 were repurchased. In March 2013, the outstanding issue amount was reimbursed.

Issuer	Date of issue	Currency	Amount *(in millions of euros)*	Rate and term before 1st call date		Rate after 1st call date
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 2013			**40(3)**			

(1) Before application of the proportional 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) After application of the proportional consolidation rate of Cofinoga.

The proceeds of these issues and the dividends are recorded under "Minority interests" in the balance sheet.

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.

On 11 September 2013, on its first call date, a September 2008 issue was redeemed. This issue amounted to EUR 650 million and paid a fixed rate coupon of 8.667%.

The following table summarises the characteristics of these various issues:

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	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 2013		**6,614(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 2013, the BNP Paribas Group held EUR 15 million of Undated Super Subordinated Notes which were deducted from shareholders' equity.

Earnings per share

Basic earnings per share are 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 the 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 performance shares granted under the Global Share-Based Incentive Plan. Conversion of these instruments would have no effect on the net income figure used in this calculation.

4

	Year to 31 Dec. 2013	Year to 31 Dec. 2012[(1)]
Net income used to calculate basic and diluted earnings per ordinary share *(in millions of euros)*[(2)]	**4,580**	**6,282**
Weighted average number of ordinary shares outstanding during the year	**1,241,250,435**	**1,214,528,487**
Effect of potentially dilutive ordinary shares	2,957,952	2,083,716
Stock subscription option plan[(3)]	416,584	-
Performance share attribution plan[(3)]	2,541,368	2,054,507
Stock purchase plan	-	29,209
Weighted average number of ordinary shares used to calculate diluted earnings per share	**1,244,208,387**	**1,216,612,203**
Basic earnings per share *(in euros)*	**3.69**	**5.17**
Diluted earnings per share *(in euros)*	**3.68**	**5.16**

(1) Restated according to the amendment to IAS 19 (see notes 1.a and 2).
(2) Net income used to calculate basic and diluted earnings per share is net income attributable to equity shareholders, 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 handled as dividends.
(3) See note 7.e Share-based payments for the description of share-based plans and performance share attribution plans.

The dividend per share paid in 2013 out of 2012 net income amounted to EUR 1.50, compared with EUR 1.20 per share paid in 2012 out of 2011 net income.

8.b SCOPE OF CONSOLIDATION

		31 December 2013					31 December 2012				
Name	Country	Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
Consolidating company											
BNP Paribas SA	France										
BNP Paribas SA (Argentina branch)	Argentina	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Australia branch)	Australia	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Bahrain branch)	Bahrain	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Belgium branch)	Belgium	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Bulgaria branch)	Bulgaria	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Cayman Islands branch)	Cayman Islands	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (China branch)	China	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Germany branch)	Germany	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Greece branch)	Greece					S1	Full		100%	100%	
BNP Paribas SA (Hong Kong branch)	Hong Kong	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Hungary branch)	Hungary	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (India branch)	India	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Ireland branch)	Ireland	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Italy branch)	Italy	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Japan branch)	Japan	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Jersey branch)	Jersey	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Kuwait branch)	Kuwait	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Luxembourg branch)	Luxembourg	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Malaysia branch)	Malaysia	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Monaco branch)	Monaco	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Netherlands branch)	Netherlands	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Norway branch)	Norway	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Panama branch)	Panama	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Philippines branch)	Philippines	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Poland branch)	Poland	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Portugal branch)	Portugal	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Qatar branch)	Qatar	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Republic of Korea branch)	Rep. of Korea	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Saudi Arabia branch)	Saudi Arabia	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Singapore branch)	Singapore	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (South Africa branch)	South Africa	Full		100%	100%	E2					
BNP Paribas SA (Spain branch)	Spain	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Taiwan branch)	Taiwan	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Thailand branch)	Thailand	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (USA branch)	USA	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (UK branch)	UK	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (United Arab Emirates branch)	United Arab Emirates	Full		100%	100%		Full		100%	100%	
BNP Paribas SA (Viet Nam branch)	Viet Nam	Full		100%	100%		Full		100%	100%	
Retail Banking											
Domestic Markets											
Retail Banking - France											
Banque de Wallis et Futuna	Wallis & Futuna	Full	(1)	51.0%	51.0%		Full	(1)	51.0%	51.0%	
BNP Paribas Developpement	France	Full		100%	100%		Full		100%	100%	
BNP Paribas Factor	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNP Paribas Factor (Spain branch)	Spain	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 Caledonie	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
Retail Banking - Belgium											
Alpha Card SCRL (Group)	Belgium	Equity		50.0%	50.0%	V1	Equity		50.0%	37.5%	
Belgian Mobile Wallet	Belgium	Equity*		50.0%	50.0%	E2					
BNP Paribas Commercial Finance Ltd.	UK	Full		100%	99.9%	V1&D1	Equity*		100%	74.9%	
BNP Paribas Factor Deutschland BV (ex-Fortis Commercial Finance Deutschland BV)	Netherlands	Full		100%	99.9%	V1&D1	Equity*		100%	74.9%	
BNP Paribas Factor GmbH	Germany	Full		100%	99.9%	V1&D1	Equity*		100%	74.9%	
BNP Paribas Factoring Coverage Europe Holding NV (ex-Fortis Commercial Finance Holding NV)	Netherlands	Full		100%	99.9%	V1	Full		100%	74.9%	
BNP Paribas Fortis	Belgium	Full		99.9%	99.9%	V1	Full		74.9%	74.9%	
BNP Paribas Fortis (Austria branch)	Austria	Full		100%	99.9%		Full		100%	74.9%	
BNP Paribas Fortis (Cayman Islands branch)	Cayman Islands	Full		100%	99.9%		Full		100%	74.9%	
BNP Paribas Fortis (Czech Republic branch)	Czech Republic	Full		100%	99.9%		Full		100%	74.9%	
BNP Paribas Fortis (Denmark branch)	Denmark	Full		100%	99.9%		Full		100%	74.9%	
BNP Paribas Fortis (Germany branch)	Germany	Full		100%	99.9%		Full		100%	74.9%	
BNP Paribas Fortis (Greece branch)	Greece					S1	Full		100%	74.9%	
BNP Paribas Fortis (Netherlands branch)	Netherlands	Full		100%	99.9%	E2					
BNP Paribas Fortis (Norway branch)	Norway	Full		100%	99.9%		Full		100%	74.9%	
BNP Paribas Fortis (Portugal branch)	Portugal					S1	Full		100%	74.9%	
BNP Paribas Fortis (Romania branch)	Romania	Full		100%	99.9%		Full		100%	74.9%	
BNP Paribas Fortis (Spain branch)	Spain	Full		100%	99.9%		Full		100%	74.9%	
BNP Paribas Fortis (Sweden branch)	Sweden	Full		100%	99.9%		Full		100%	74.9%	
BNP Paribas Fortis (USA branch)	USA	Full		100%	99.9%		Full		100%	74.9%	
BNP Paribas Fortis (UK branch)	UK	Full		100%	99.9%		Full		100%	74.9%	
BNP Paribas Fortis Factor	Belgium										S4
BNP Paribas Fortis Factor NV	Belgium	Full		100%	99.9%	V1	Full		100%	74.9%	
BNP Paribas Fortis Funding SA	Luxembourg	Full		100%	99.9%	V1	Full		100%	74.9%	
Bpost banque	Belgium	Prop.		50.0%	50.0%	V1	Prop.		50.0%	37.5%	
Demetris NV	Belgium	Equity*		100%	99.9%	V1	Equity*		100%	74.9%	
Europay Belgium	Belgium										S3
Fortis Finance Belgium S.C.R.L.	Belgium					S1	Full		100%	74.9%	
FV Holding N.V.	Belgium					S3	Equity		40.0%	30.0%	
Immobilière Sauvenière SA	Belgium	Equity*		100%	99.9%	V1	Equity*		100%	74.9%	
Special Purpose Entities											
BASS Master Issuer NV	Belgium	Full		-	-		Full		-	-	
Esmée Master Issuer	Belgium	Full		-	-		Full		-	-	
Retail Banking - Luxembourg											
BGL BNP Paribas	Luxembourg	Full		66.0%	65.9%	V1	Full		66.0%	53.4%	

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, gain of control or significant influence

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 Controlled but non material entities consolidated under the equity method as associates (cf. note 1.b)*

Miscellaneous

D1 Consolidation method change not related to fluctuation in voting or ownership interest
D2 105 Construction-Sale Companies (Real Estate programmes) of which 94 fully and 11 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.).
D4 The TEB group was previously consolidated under the proportional method, since the 31 December 2013 it is fully consolidated (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) Entites consolidated under the equity method for prudential purposes

Name	Country	31 December 2013 Method	Voting (%)	Interest (%)	Ref.	31 December 2012 Method	Voting (%)	Interest (%)	Ref.
BGL BNP Paribas (Germany branch)	Germany	Full	100%	65.9%	E2				
BGL BNP Paribas Factor SA	Luxembourg	Full	100%	65.9%	V1	Full	100%	53.4%	E1
BNP Paribas Lease Group Luxembourg SA	Luxembourg	Full	100%	65.9%	V1	Full	100%	53.4%	V2
Cofhylux SA	Luxembourg	Full	100%	65.9%	V1	Full	100%	53.4%	
Société Alsacienne de développement et d'expansion	France	Full	100%	65.9%	V1	Full	100%	53.4%	
Special Purpose Entities									
Société Immobilière de Monterey SA	Luxembourg	Full	-	-	E2				
Société Immobilière du Royal Building SA	Luxembourg	Full	-	-	E2				
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
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	-	-	
Vela ABS SRL	Italy	Full	-	-		Full	(2) -	-	
Vela Home SRL	Italy	Full	-	-		Full	-	-	
Vela Mortgages SRL	Italy	Full	-	-		Full	-	-	
Vela OBG SRL	Italy	Full	-	-		Full	-	-	E1
Vela Public Sector SRL	Italy	Full	-	-		Full	-	-	
Arval									
Arval A/S	Denmark	Equity*	100%	100%	E1				
Arval Austria GmbH	Austria	Equity*	100%	100%		Equity*	100%	100%	D1
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				S3	Full	100%	100%	
Arval BV	Netherlands	Full	100%	100%		Full	100%	100%	
Arval China Co Ltd.	China	Equity*	100%	100%	E1				
Arval CZ SRO	Czech Republic	Full	100%	100%		Full	100%	100%	
Arval Deutschland GmbH	Germany	Full	100%	100%		Full	100%	100%	
Arval ECL	France	Equity*	100%	100%		Equity*	100%	100%	D1
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				S3	Full	100%	100%	
Arval Luxembourg SA	Luxembourg	Equity*	100%	100%		Equity*	100%	100%	D1
Arval Magyarorszag KFT	Hungary	Equity*	100%	100%		Equity*	100%	100%	
Arval Maroc SA	Morocco	Equity*	100%	89.0%		Equity*	100%	89.0%	D1
Arval NV	Belgium								S3
Arval PHH Holdings Ltd.	UK				S3	Full	100%	100%	
Arval PHH Holdings UK Ltd.	UK				S3	Full	100%	100%	
Arval OOO	Russia	Full	100%	100%		Full	100%	100%	
Arval Oy	Finland	Equity*	100%	100%	E1				
Arval Schweiz AG	Switzerland	Equity*	100%	100%		Equity*	100%	100%	D1
Arval Service Gmbh	Germany				S4	Full	100%	100%	
Arval Service Lease	France	Full	100%	100%		Full	100%	100%	
Arval Service Lease Aluger Operational Automoveis SA	Portugal	Equity*	100%	100%		Equity*	100%	100%	D1
Arval Service Lease Italia S. p. A.	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%		Equity*	100%	100%	D1
Arval Trading	France	Equity*	100%	100%		Equity*	100%	100%	D1
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%	

Name	Country	31 December 2013 Method	Voting (%)	Interest (%)	Ref.	31 December 2012 Method	Voting (%)	Interest (%)	Ref.
BNP Paribas Fleet Holdings Ltd.	UK	Full	100%	100%		Full	100%	100%	
Cofiparc	France	Full	100%	100%		Full	100%	100%	
Gestion et Location Holding	France				S4	Full	100%	100%	
Greenval Insurance Company Ltd.	Ireland	Full	(3) 100%	100%		Full	(3) 100%	100%	
PHH Financial services Ltd.	UK				S3	Full	100%	100%	
Public Location Longue Durée (ex-Dexia Location Longue Durée)	France	Equity*	100%	100%	V1	Equity*	51.0%	51.0%	
TEB Arval Arac Filo Kiralama AS	Turkey	Full	100%	75.0%	D4	Full	75.0%	68.7%	
Leasing Solutions									
Ace Equipment Leasing	Belgium	Full	100%	83.0%	V1	Full	100%	76.7%	V2
Ace Leasing	Belgium	Full	100%	83.0%	V1	Full	100%	76.7%	V2
Ace Leasing BV	Netherlands				S4	Full	100%	76.7%	V2
Agrilease BV	Netherlands	Full	100%	83.0%	V1	Full	100%	76.7%	V2
Albury Asset Rentals Ltd.	UK	Full	100%	83.0%	V1	Full	100%	76.7%	V2
All In One Vermietungsgesellschaft für Telekommunicationsanlagen mbH.	Germany	Equity*	100%	83.0%	V1	Equity*	100%	76.7%	V2
All In One Vermietung GmbH	Austria	Equity*	100%	83.0%	V1	Equity*	100%	76.7%	V2
Aprolis Finance	France	Full	51.0%	42.3%	V1	Full	51.0%	39.1%	V2
Aprolis Finance (Romania branch)	Romania	Full	100%	42.3%		Full	51.0%	39.1%	
Arius	France	Full	100%	83.0%	V1	Full	100%	76.7%	V2
Artegy Ltd.	UK	Full	100%	83.0%	V1	Full	100%	76.7%	V2
Artegy	France	Full	100%	83.0%	V1	Full	100%	76.7%	V2
Barloworld Heftruck BV	Netherlands	Equity	50.0%	41.5%	V1	Equity	50.0%	38.4%	V2
BNP Paribas Finansal Kiralama AS	Turkey	Full	100%	82.3%	V1	Full	100%	75.8%	V2
BNP Paribas Lease Group BPLG	France	Full	(1) 100%	83.0%	V1	Full	(1) 100%	76.7%	V2
BNP Paribas Lease Group BPLG (Germany branch)	Germany	Full	(1) 100%	83.0%		Full	(1) 100%	76.7%	
BNP Paribas Lease Group BPLG (Italy branch)	Italy	Full	(1) 100%	83.0%		Full	(1) 100%	76.7%	
BNP Paribas Lease Group BPLG (Portugal branch)	Portugal	Full	(1) 100%	83.0%		Full	(1) 100%	76.7%	
BNP Paribas Lease Group BPLG (Spain branch)	Spain	Full	(1) 100%	83.0%		Full	(1) 100%	76.7%	
BNP Paribas Lease Group (Rentals) Ltd.	UK	Full	100%	83.0%	V1	Full	100%	76.7%	V2
BNP Paribas Lease Group IFN SA	Romania	Equity*	100%	83.0%	V1	Equity*	100%	76.7%	V2
BNP Paribas Lease Group KFT	Hungary	Equity*	100%	83.0%	V1	Equity*	100%	76.7%	V2
BNP Paribas Lease Group Leasing Solutions SPA	Italy	Full	100%	95.5%	V1	Full	100%	93.9%	V2
BNP Paribas Lease Group Lizing RT	Hungary	Equity*	100%	83.0%	V1	Equity*	100%	76.7%	V2
BNP Paribas Lease Group Netherlands BV	Netherlands				S4	Full	100%	76.7%	V2
BNP Paribas Lease Group Polska SP z.o.o	Poland	Equity*	100%	83.0%	V1	Equity*	100%	76.7%	V2
BNP Paribas Lease Group PLC	UK	Full	100%	83.0%	V1	Full	100%	76.7%	V2
BNP Paribas Lease Group SA Belgium	Belgium	Full	100%	83.0%	V1	Full	100%	76.7%	V2
BNP Paribas Leasing Solutions	Luxembourg	Full	100%	83.0%	V1	Full	100%	76.7%	V2
BNP Paribas Leasing Solutions Immobilier Suisse	Switzerland	Equity*	100%	83.0%	V1	Equity*	100%	76.7%	V2
BNP Paribas Leasing Solutions Ltd.	UK	Full	100%	83.0%	V1	Full	100%	76.7%	V2
BNP Paribas Leasing Solutions NV	Netherlands	Full	100%	83.0%	V1	Full	100%	76.7%	V2
BNP Paribas Leasing Solutions Suisse SA	Switzerland	Equity*	100%	83.0%	V1	Equity*	100%	76.7%	V2 &D1
Claas Financial Services	France	Full	(1) 60.1%	49.9%	V1	Full	(1) 60.1%	46.1%	V2
Claas Financial Services (Germany branch)	Germany	Full	(1) 100%	49.9%		Full	(1) 100%	46.1%	
Claas Financial Services (Italy branch)	Italy	Full	(1) 100%	49.9%		Full	(1) 100%	46.1%	
Claas Financial Services (Poland branch)	Poland	Full	(1) 100%	49.9%		Full	(1) 100%	46.1%	
Claas Financial Services (Spain branch)	Spain	Full	(1) 100%	49.9%		Full	(1) 100%	46.1%	
Claas Financial Services Inc.	USA	Full	100%	49.9%	V1	Full	100%	46.1%	V2
Claas Financial Services Ltd.	UK	Full	51.0%	42.3%	V1	Full	51.0%	39.1%	V2
CNH Capital Europe	France	Full	(1) 50.1%	41.6%	V1	Full	(1) 50.1%	38.4%	V2
CNH Capital Europe (Belgium branch)	Belgium	Full	(1) 100%	41.6%		Full	(1) 100%	38.4%	
CNH Capital Europe (Germany branch)	Germany	Full	(1) 100%	41.6%		Full	(1) 100%	38.4%	
CNH Capital Europe (Italy branch)	Italy	Full	(1) 100%	41.6%		Full	(1) 100%	38.4%	
CNH Capital Europe (Spain branch)	Spain	Full	(1) 100%	41.6%		Full	(1) 100%	38.4%	
CNH Capital Europe BV	Netherlands	Full	100%	41.6%	V1	Full	100%	38.4%	V2

Name	Country	31 December 2013					31 December 2012				
		Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
CNH Capital Europe GmbH	Austria	Full		100%	41.6%	V1	Full		100%	38.4%	V2
CNH Capital Europe Ltd.	UK	Full		100%	41.6%	V1	Full		100%	38.4%	V2
Commercial Vehicle Finance Ltd.	UK	Full		100%	83.0%	V1	Full		100%	76.7%	V2
Equipment Lease BV	Netherlands					S4	Full		100%	76.7%	V2
ES-Finance	Belgium	Full		100%	99.9%	V1	Full		100%	74.9%	V2
Fortis Lease Belgium	Belgium	Full		100%	83.0%	V1	Full		100%	76.7%	V2
Fortis Lease (France)	France	Full	(1)	100%	83.0%	V1	Full	(1)	100%	76.7%	V2
Fortis Lease Car & Truck	Belgium	Full		100%	83.0%	V1	Full		100%	76.7%	V2
Fortis Lease Deutschland GmbH	Germany	Equity*		100%	83.0%	V1	Equity*		100%	76.7%	V2
Fortis Lease Group Services	Belgium										V2 &S3
Fortis Lease Hungaria Equipment Financing Financial Leasing Company	Hungary										S3
Fortis Lease Hungaria Vehicle Financing Financial Leasing Company	Hungary										S3
Fortis Lease Iberia SA	Spain	Equity*		100%	86.6%	V1	Equity*		100%	76.3%	V2
Fortis Lease Operativ Lizing Zartkoruen Mukodo Reszvenytarsasag	Hungary	Equity*		100%	83.0%	V1	Equity*		100%	76.7%	V2
Fortis Lease Polska Sp.z.o.o.	Poland	Full		100%	99.8%	V1	Full		100%	74.9%	
Fortis Lease Portugal	Portugal	Equity*		100%	83.0%	V1	Equity*		100%	76.7%	V2
Fortis Lease Romania IFN SA	Romania	Equity*		100%	83.0%	V1	Equity*		100%	76.7%	V2
Fortis Lease UK Ltd.	UK	Full		100%	83.0%	V1	Full		100%	76.7%	V2
Fortis Lease UK (1) Ltd.	UK										S3
Fortis Lease UK Retail Ltd.	UK	Full		100%	83.0%	V1	Full		100%	76.7%	V2
Fortis Vastgoedlease BV	Netherlands	Full		100%	83.0%	V1	Full		100%	76.7%	V2
Hans Van Driel Rental BV	Netherlands										S2
H.F.G.L Ltd.	UK	Full		100%	83.0%	V1	Full		100%	76.7%	V2
Humberclyde Commercial Investments Ltd.	UK	Full		100%	83.0%	V1	Full		100%	76.7%	V2
Humberclyde Commercial Investments N°1 Ltd.	UK	Full		100%	83.0%	V1	Full		100%	76.7%	V2
Humberclyde Finance Ltd.	UK										S1
Humberclyde Industrial Finance Ltd.	UK										S1
JCB Finance	France	Full	(1)	100%	41.6%	V1	Full	(1)	100%	38.4%	V2
JCB Finance (Germany branch)	Germany	Full	(1)	100%	41.6%		Full	(1)	100%	38.4%	
JCB Finance (Italy branch)	Italy	Full	(1)	100%	41.6%		Full	(1)	100%	38.4%	
JCB Finance (Spain branch)	Spain	Full	(1)	100%	41.6%		Full	(1)	100%	38.4%	
JCB Finance Holdings Ltd.	UK	Full		50.1%	41.6%	V1	Full		50.1%	38.4%	V2
Locatrice Italiana SPA	Italy	Equity*		100%	95.5%	V1	Equity*		100%	93.9%	V2
Manitou Finance Ltd.	UK	Full		51.0%	42.3%	V1	Full		51.0%	39.1%	V2
MFF	France	Full	(1)	51.0%	42.3%	V1	Full	(1)	51.0%	39.1%	V2
Natiocrédibail	France	Full	(1)	100%	100%		Full	(1)	100%	100%	V1
Natiocrédimurs	France	Full	(1)	100%	100%		Full	(1)	100%	100%	V1
Natioénergie 2 (ex-Natioénergie)	France	Equity*		100%	100%	D1	Full	(1)	100%	100%	V1
Paricomi 2	France										S3
Same Deutz Fahr Finance Ltd.	UK	Full		100%	83.0%	V1	Full		100%	76.7%	V2
Same Deutz-Fahr Finance	France	Full	(1)	100%	83.0%	V1	Full	(1)	100%	76.7%	V2
SREI Equipement Finance Private Ltd.	India	Prop.		50.0%	41.5%	V1	Prop.		50.0%	38.4%	V2
UFB Asset Finance Ltd.	UK										S1
Special Purpose Entities											
Fortis Energy Leasing XI BV	Netherlands					S4	Full		-	-	V2
Fortis Energy Leasing X2 BV	Netherlands					S4	Full		-	-	V2
Fortis Energy Leasing XIV BV	Netherlands					S4	Full		-	-	V2

Name	Country	31 December 2013					31 December 2012				
		Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
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%		Full	(1)	100%	100%	
Cortal Consors (Germany branch)	Germany	Full	(1)	100%	100%		Full	(1)	100%	100%	
Cortal Consors (Italy branch)	Italy					S1	Full	(1)	100%	100%	
Cortal Consors (Spain branch)	Spain	Full	(1)	100%	100%		Full	(1)	100%	100%	
Geojit BNP Paribas Financial Services Ltd (Group)	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%	99.9%	V1	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 BNP Paribas Personal Finance SA	Portugal	Full		100%	100%		Full		100%	100%	
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%	
BGN Mercantil E Servicos Ltda	Brazil	Equity*		100%	100%		Equity*		100%	100%	E1
Bieffe 5 SPA	Italy	Full		100%	100%		Full		100%	100%	
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%	
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
Cetelem Algérie	Algeria	Equity*		100%	100%		Equity*		100%	100%	D1
Cetelem America Ltda	Brazil	Full		100%	100%		Full		100%	100%	
Cetelem Bank LLC (ex-BNP Paribas Vostok LLC)	Russia	Equity		26.0%	26.0%	V2	Equity		30%	30%	V2
Cetelem Benelux BV	Netherlands										S1
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					S4	Full		100%	100%	
Cetelem Serviços Ltda	Brazil	Full		100%	100%	E1					
Cetelem Slovensko AS	Slovakia	Full		100%	100%		Full		100%	100%	
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%	100%		Full	(1)	100%	100%	
Commerz Finanz	Germany	Full		50.1%	50.1%		Full		50.1%	50.1%	
Cosimo	France					S3	Full		100%	100%	
Credirama SPA	Italy					S3	Equity*		51.0%	51.0%	
Credisson Holding Ltd.	Cyprus										S1
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%	

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, gain of control or significant influence

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 Controlled but non material entities consolidated under the equity method as associates (cf. note 1.b)*

Miscellaneous

D1 Consolidation method change not related to fluctuation in voting or ownership interest
D2 105 Construction-Sale Companies (Real Estate programmes) of which 94 fully and 11 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.).
D4 The TEB group was previously consolidated under the proportional method, since the 31 December 2013 it is fully consolidated (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) Entites consolidated under the equity method for prudential purposes

		31 December 2013					31 December 2012				
Name	Country	Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
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	Equity*		100%	100%	D1	Full		100%	100%	
Effico Portugal	Portugal					S2	Equity*		100%	100%	
Eos Aremas Belgium SA	Belgium	Equity		50.0%	49.9%	V1	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)	100%	100%	V1	Full	(1)	51.0%	51.0%	
Fimestic Expansion SA	Spain	Full		100%	100%		Full		100%	100%	
Finalia	Belgium					S4	Full		100%	74.9%	V1
Findomestic Banca SPA	Italy	Full		100%	100%		Full		100%	100%	
Findomestic Banka AD	Serbia	Full		100%	100%		Full		100%	100%	
Gesellschaft für Capital & Vermögensverwaltung Gmbh (GCV)	Germany	Equity*		100%	99.9%	E1					
Inkasso Kodat Gmbh & Co KG	Germany	Equity*		100%	99.9%	E1					
LaSer - Cofinoga (Group)	France	Prop.		50.0%	50.0%		Prop.		50.0%	50.0%	
Leval 20	France	Full		100%	100%		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
Nissan Finance Belgium NV	Belgium	Full		100%	99.9%	V1	Full		100%	75.4%	V2
Norrsken Finance	France	Full	(1)	51.0%	51.0%		Full	(1)	51.0%	51.0%	
Oney Magyarorszag Zrt	Hungary	Equity		40.0%	40.0%	E1					
Prestacomer SA de CV	Mexico					S3	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
Sundaram BNP Paribas Home Finance Ltd.(ex-Sundaram Home Finance Ltd.)	India	Equity*		49.9%	49.9%		Equity*		49.9%	49.9%	
TEB Tuketici Finansman AS	Turkey	Full		100%	92.8%	D4	Full		92.8%	91.0%	
UCB Ingatlanhitel RT	Hungary	Full		100%	100%		Full		100%	100%	
UCB Suisse	Switzerland					S4	Full		100%	100%	
Union de Creditos Inmobiliarios - UCI (Group)	Spain	Prop.		50.0%	50.0%		Prop.		50.0%	50.0%	
Von Essen GmbH & Co. KG Bankgesellschaft	Germany	Full		100%	99.9%	V1	Full		100%	74.9%	
Special Purpose Entities											
Autonoria 2012 - 1 et 2	France	Full		-	-		Full		-	-	E2
Domos 2011 - A et B	France	Full		-	-		Full		-	-	
FCC Retail ABS Finance - Noria 2008	France										S1
FCC Retail ABS Finance - Noria 2009	France	Full		-	-		Full		-	-	
FCC Domos 2008	France	Full		-	-		Full		-	-	
FCC Master Domos	France										S1
FCC U.C.I 5 -18	Spain	Prop.		-	-		Prop.		-	-	
Fideicomiso Financiero Cetelem II et III	Argentina	Full		-	-	E2					
Florence 1 SRL (ex-Viola Finanza SRL)	Italy	Full		-	-		Full		-	-	
Florence SPV SRL	Italy	Full		-	-	E2					
Fundo de Investimento EM Direitos Creditorios BGN Life	Brazil					S1	Full		-	-	
Fundo de Investimento EM Direitos Creditorios BGN Premium	Brazil										S1
Phedina Hypotheken 2010 BV	Netherlands	Full		-	-		Full		-	-	
Phedina Hypotheken 2011-I BV	Netherlands	Full		-	-		Full		-	-	
Phedina Hypotheken 2013-I BV	Netherlands	Full		-	-	E2					
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
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%	
Bank of the West (Cayman Islands branch)	Cayman Islands	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
Center Club, Inc.	USA	Full		100%	100%		Full		100%	100%	
CFB Community Development Corporation	USA	Full		100%	100%		Full		100%	100%	
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%	
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%	
FHL Lease Holding Company Inc.	USA										S1
FHL SPC One, Inc.	USA	Full		100%	100%		Full		100%	100%	
First Bancorp	USA	Full		100%	100%		Full		100%	100%	
First Hawaïan Bank	USA	Full		100%	100%		Full		100%	100%	
First Hawaïan Bank (Cayman Islands branch)	Cayman Islands	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%	
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											
Claas Financial Services LLC	USA	Full		-	-		Full		-	-	
Commercial Federal Capital Trust 2	USA					S1	Full		-	-	
Commercial Federal Realty Investors Corporation	USA	Full		-	-		Full		-	-	
Commercial Federal Service Corporation	USA	Full		-	-		Full		-	-	
Equipment Lot Bombardier 1997A-FH	USA					S1	Full		-	-	
Equipment Lot FH	USA	Full		-	-		Full		-	-	
Equipment Lot Siemens 1997A-FH	USA					S2	Full		-	-	
Equipment Lot Siemens 1998A-FH	USA	Full		-	-		Full		-	-	
First Hawaiian Capital 1	USA	Full		-	-		Full		-	-	
FTS Acquisitions LLC	USA					S1	Full		-	-	
Glendale Corporate Center Acquisition LLC	USA	Full		-	-		Full		-	-	
LACMTA Rail Statutory Trust (FH1)	USA	Full		-	-		Full		-	-	
Laveen Village Center Acquisition LLC	USA					S1	Full		-	-	
Lexington Blue LLC	USA	Equity		-	-		Equity		-	-	
MNCRC Equipement Lot	USA	Full		-	-		Full		-	-	
NYCTA Equipement Lot	USA					S2	Full		-	-	
Riverwalk Village Three Holdings LLC	USA	Full		-	-		Full		-	-	
Santa Rita Townhomes Acquisition LLC	USA	Full		-	-		Full		-	-	
Southwest Airlines 1993 Trust N363SW	USA	Full		-	-		Full		-	-	
ST 2001 FH-1	USA	Full		-	-		Full		-	-	
SWB 98-1	USA										S1
SWB 99-1	USA	Full		-	-		Full		-	-	
VTA 1998-FH	USA	Full		-	-		Full		-	-	
1997-LRV-FH	USA					S2	Full		-	-	
1999-FH-1 (SNCF)	USA										S1
1999-FH-2 (SNCF)	USA										S1
Europe Mediterranean											
Banque de Nankin	China	Equity		16.2%	16.2%	V1	Equity		14.7%	14.7%	V1

Name	Country	31 December 2013				31 December 2012			
		Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
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 Cote 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	47.0%	47.0%	V1	Equity	46.7%	46.7%	
Banque Internationale du Commerce et de l'Industrie Guinée	Guinea	Equity	40.5%	40.5%	V1	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 Marocaine du Commerce et de l'Industrie	Morocco	Full	67.0%	67.0%		Full	67.0%	67.0%	
Banque Marocaine du Commerce et de l'Industrie Assurance	Morocco	Equity*	100%	67.0%		Equity*	100%	67.0%	
Banque Marocaine du Commerce et de l'Industrie Crédit Conso	Morocco	Full	99.9%	66.9%		Full	99.9%	66.9%	
Banque Marocaine du Commerce et de l'Industrie Gestion	Morocco	Equity*	100%	67.0%		Equity*	100%	67.0%	
Banque Marocaine du Commerce et de l'Industrie Leasing	Morocco	Full	86.9%	58.2%	V1	Full	72.0%	48.3%	
Banque Marocaine du Commerce et de l'Industrie Offshore	Morocco	Full	100%	67.0%		Full	100%	67.0%	
BNP Intercontinentale - BNPI	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Bank Polska SA	Poland	Full	99.9%	99.8%	V1	Full	99.9%	74.9%	
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%	99.9%	V1	Full	100%	74.9%	
BNP Paribas SAE	Egypt				S2	Full	95.2%	95.2%	
BNP Paribas Yatirimlar Holding Anonim Sirketi	Turkey	Full	100%	100%		Full	100%	100%	
Dominet SA	Poland	Full	100%	99.9%	V1	Full	100%	74.9%	
Fortis Bank Malta Ltd.	Malta				S3	Equity*	100%	74.9%	
Fortis Faktoring AS	Turkey				S4	Equity*	100%	74.9%	
Fortis Holding Malta BV	Netherlands				S3	Full	100%	74.9%	
Fortis Holding Malta Ltd.	Malta				S3	Full	100%	74.9%	
IC Axa Insurance	Ukraine	Equity*	49.8%	49.8%		Equity*	49.8%	49.8%	
IC Axa Ukraine	Ukraine								S4
Orient Commercial Bank	Viet Nam	Equity	20.0%	20.0%		Equity	20.0%	20.0%	
TEB Faktoring AS	Turkey	Full	70.5%	68.5%	D4				
TEB Holding AS	Turkey	Full	50.0%	50.0%	V1&D4	Prop.	50.0%	37.5%	
TEB Portfoy Yonetimi AS	Turkey	Full	38.6%	37.5%	D4				
TEB Yatirim Menkul Degerler AS	Turkey	Full	70.5%	68.5%	D4				
The Economy Bank NV	Netherlands	Full	96.0%	68.5%	D4				
Turk Ekonomi Bankasi AS	Turkey	Full	96.0%	68.5%	D4				
Turk Ekonomi Bankasi AS (Bahrain branch)	Bahrain	Full	70.5%	68.5%	D4				
TEB SH A	Kosovo	Full	100%	50.0%	D4				
Ukrainian Leasing Company	Ukraine				S3	Equity*	100%	100%	
UkrSibbank	Ukraine	Full	100%	100%		Full	100%	100%	
Union Bancaire pour le Commerce et l'Industrie	Tunisia	Full	50.1%	50.1%	V1	Full	50.0%	50.0%	
Special Purpose Entities									
K-Kollect LLC	Ukraine				S2	Full	-	-	
Investment Solutions									
BNP Paribas Suisse SA	Switzerland	Full	100%	100%		Full	100%	100%	
BNP Paribas Suisse SA (Guernsey branch)	Guernsey	Full	100%	100%		Full	100%	100%	

Name	Country	31 December 2013				31 December 2012			
		Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
BNP Paribas Suisse SA (Jersey branch)	Jersey	Full	100%	100%		Full	100%	100%	
Insurance									
AG Insurance (Group)	Belgium	Equity	25.0%	25.0%	V1	Equity	25.0%	18.7%	
BNP Paribas Cardif	France	Full (3)	100%	100%		Full (3)	100%	100%	
BNP Paribas Cardif BV	Netherlands	Full (3)	100%	100%		Full (3)	100%	100%	
BNP Paribas Cardif Emeklilik Anonim Sirketi	Turkey	Equity*	100%	100%		Equity*	100%	100%	
BNP Paribas Cardif Levensverzekeringen NV	Netherlands	Full (3)	100%	100%		Full (3)	100%	100%	
BNP Paribas Cardif Pojistovna A.S	Czech Republic	Full (3)	100%	100%		Full (3)	100%	100%	
BNP Paribas Cardif PSC Ltd.	UK	Equity*	100%	100%		Equity*	100%	100%	
BNP Paribas Cardif Seguros Generales SA	Chile	Full (3)	100%	100%		Full (3)	100%	100%	
BNP Paribas Cardif Seguros de Vida SA	Chile	Full (3)	100%	100%		Full (3)	100%	100%	
BNP Paribas Cardif Schadeverzekeringen NV (ex-Cardif Schadeverzekeringen NV)	Netherlands	Full (3)	100%	100%		Full (3)	100%	100%	
BNP Paribas Cardif TCB Life Insurance Company Ltd. (ex-BNP Paribas Assurance TCB Life Insurance Company Ltd.)	Taiwan	Equity	49.0%	49.0%		Equity	49.0%	49.0%	
BNP Paribas Cardif Vita Compagnia di Assicurazione E Riassicurazione S.P.A.	Italy				S4	Full (3)	100%	100%	
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 Assurances Risques Divers (Austria branch)	Austria	Full (3)	100%	100%		Full (3)	100%	100%	
Cardif Assurances Risques Divers (Belgium branch)	Belgium	Full (3)	100%	100%		Full (3)	100%	100%	
Cardif Assurances Risques Divers (Bulgaria branch)	Bulgaria	Full (3)	100%	100%		Full (3)	100%	100%	
Cardif Assurances Risques Divers (Germany branch)	Germany	Full (3)	100%	100%		Full (3)	100%	100%	
Cardif Assurances Risques Divers (Italy branch)	Italy	Full (3)	100%	100%		Full (3)	100%	100%	
Cardif Assurances Risques Divers (Japan branch)	Japan	Full (3)	100%	100%		Full (3)	100%	100%	
Cardif Assurances Risques Divers (Luxembourg branch)	Luxembourg	Full (3)	100%	100%		Full (3)	100%	100%	
Cardif Assurances Risques Divers (Poland branch)	Poland	Full (3)	100%	100%		Full (3)	100%	100%	
Cardif Assurances Risques Divers (Portugal branch)	Portugal	Full (3)	100%	100%		Full (3)	100%	100%	
Cardif Assurances Risques Divers (Romania branch)	Romania	Full (3)	100%	100%		Full (3)	100%	100%	
Cardif Assurances Risques Divers (Spain branch)	Spain	Full (3)	100%	100%		Full (3)	100%	100%	
Cardif Assurances Risques Divers (Switzerland branch)	Switzerland	Full (3)	100%	100%		Full (3)	100%	100%	
Cardif Assurances Risques Divers (Taiwan branch)	Taiwan	Full (3)	100%	100%		Full (3)	100%	100%	
Cardif Assurance Vie	France	Full (3)	100%	100%		Full (3)	100%	100%	
Cardif Assurance Vie (Austria branch)	Austria	Full (3)	100%	100%		Full (3)	100%	100%	
Cardif Assurance Vie (Belgium branch)	Belgium	Full (3)	100%	100%		Full (3)	100%	100%	
Cardif Assurance Vie (Bulgaria branch)	Bulgaria	Full (3)	100%	100%		Full (3)	100%	100%	
Cardif Assurance Vie (Germany branch)	Germany	Full (3)	100%	100%		Full (3)	100%	100%	
Cardif Assurance Vie (Italy branch)	Italy	Full (3)	100%	100%		Full (3)	100%	100%	
Cardif Assurance Vie (Japan branch)	Japan	Full (3)	100%	100%		Full (3)	100%	100%	
Cardif Assurance Vie (Portugal branch)	Portugal	Full (3)	100%	100%		Full (3)	100%	100%	
Cardif Assurance Vie (Romania branch)	Romania	Full (3)	100%	100%		Full (3)	100%	100%	
Cardif Assurance Vie (Spain branch)	Spain	Full (3)	100%	100%		Full (3)	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, gain of control or significant influence

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 Controlled but non material entities consolidated under the equity method as associates (cf. note 1.b)*

Miscellaneous

D1 Consolidation method change not related to fluctuation in voting or ownership interest
D2 105 Construction-Sale Companies (Real Estate programmes) of which 94 fully and 11 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.).
D4 The TEB group was previously consolidated under the proportional method, since the 31 December 2013 it is fully consolidated (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) Entites consolidated under the equity method for prudential purposes

Name	Country	31 December 2013 Method		31 December 2013 Voting (%)	31 December 2013 Interest (%)	31 December 2013 Ref.	31 December 2012 Method		31 December 2012 Voting (%)	31 December 2012 Interest (%)	31 December 2012 Ref.
Cardif Assurance Vie (Switzerland branch)	Switzerland	Full	(3)	100%	100%		Full	(3)	100%	100%	
Cardif Assurance Vie (Taiwan branch)	Taiwan	Full	(3)	100%	100%		Full	(3)	100%	100%	
Cardif Biztosito Magyarorszag Zrt	Hungary	Equity*		100%	100%		Equity*		100%	100%	
Cardif Colombia Seguros Generales	Colombia	Full	(3)	100%	100%	D1	Equity*		100%	100%	
Cardif del Peru Sa Compania de Seguros	Peru	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 Forsakring AB (Denmark branch)	Denmark	Equity*		100%	100%		Equity*		100%	100%	
Cardif Forsakring AB (Norway branch)	Norway	Equity*		100%	100%		Equity*		100%	100%	
Cardif Hayat Sigorta Anonim Sirketi	Turkey	Equity*		100%	100%		Equity*		100%	100%	
Cardif Holdings Inc.	USA										S3
Cardif Insurance Company	Russia	Full	(3)	100%	100%	D1	Equity*		100%	100%	
Cardif I-Services	France	Equity*		100%	100%		Equity*		100%	100%	
Cardif Leven	Belgium	Full	(3)	100%	100%		Full	(3)	100%	100%	
Cardif Life Insurance Co. Ltd.	Rep. of Korea	Full	(3)	85.0%	85.0%		Full	(3)	85.0%	85.0%	
Cardif Lux Vie	Luxembourg	Full	(3)	66.7%	55.3%	V1	Full	(3)	66.7%	51.1%	
Cardif Lux Vie (France branch)	France					S1	Full	(3)	100%	51.1%	
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 Ubezpieczen na Zycie SA	Poland	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 (Group)	Belgium	Equity		50.0%	50.0%		Equity		50.0%	50.0%	
Financial Telemarketing Services Ltd.	UK	Equity*		100%	100%		Equity*		100%	100%	
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%	
Natio Assurance	France	Equity*		50.0%	50.0%		Equity*		50.0%	50.0%	
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 Towarzystwo Emerytalne SA	Poland	Equity		33.3%	33.3%		Equity		33.3%	33.3%	
Poistovna Cardif Slovakia A.S	Slovakia	Equity*		100%	100%		Equity*		100%	100%	
Portes de Claye SCI	France	Equity		45.0%	56.9%	V2	Equity		45.0%	57.2%	E3
Rueil Caudron SCI	France										S3
SCOO SCI	France	Equity		46.4%	58.0%	V2	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)	-	-	
Wealth Management											
Bank Insinger de Beaufort NV	Netherlands	Full		63.0%	63.0%		Full		63.0%	63.0%	
Bank Insinger de Beaufort NV (UK branch)	UK	Full		100%	63.0%		Full		100%	63.0%	
Bank Insinger de Beaufort Safe Custody NV	Netherlands										S3
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 (Hong Kong branch)	Hong Kong	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNP Paribas Wealth Management (Singapore branch)	Singapore	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNP Paribas Wealth Management Monaco	Monaco	Full	(1)	100%	100%		Full	(1)	100%	100%	
Conseil Investissement SNC	France	Equity*		100%	100%		Equity*		100%	100%	
Fundamentum Asset Management (FAM)	Luxembourg										S3
Insinger de Beaufort Asset Management AG	Switzerland										S3
Insinger de Beaufort Asset Management NV	Netherlands										S3

Name	Country	31 December 2013 Method	31 December 2013 Voting (%)	31 December 2013 Interest (%)	31 December 2013 Ref.	31 December 2012 Method	31 December 2012 Voting (%)	31 December 2012 Interest (%)	31 December 2012 Ref.
Insinger de Beaufort Associates BV	Netherlands								S3
Insinger de Beaufort Consulting BV	Netherlands								S3
Klein Haneveld Consulting BV	Netherlands								S3
Sodefi Holding AG	Switzerland								S3
Investment Partners									
Alfred Berg Administration A/S	Denmark				S2	Full	100%	90.5%	
Alfred Berg Asset Management AB	Sweden	Full	100%	98.3%	V1	Full	100%	90.5%	
Alfred Berg Asset Management AB (Denmark branch)	Denmark	Full	100%	98.3%		Full	100%	90.5%	
Alfred Berg Asset Management AB (Finland branch)	Finland	Full	100%	98.3%		Full	100%	90.5%	
Alfred Berg Asset Management AB (Norway branch)	Norway	Full	100%	98.3%		Full	100%	90.5%	
Alfred Berg Asset Management Services AB	Sweden								S4
Alfred Berg Fonder AB	Sweden	Full	100%	98.3%	V1	Full	100%	90.5%	
Alfred Berg Fondsmaeglerselskab A/S	Denmark				S2	Full	100%	90.5%	
Alfred Berg Forvaltning AS	Norway				S4	Full	100%	90.5%	
Alfred Berg Kapitalförvaltning AB	Sweden	Full	100%	98.3%	V1	Full	100%	90.5%	
Alfred Berg Kapitalforvaltning AS	Norway	Full	100%	98.3%	V1	Full	100%	90.5%	
Alfred Berg Kapitalforvaltning Finland AB	Finland	Full	100%	98.3%	V1	Full	100%	90.5%	
Alfred Berg Rahastoyhtio Oy (ex-Alfred Berg Funds)	Finland	Full	100%	98.3%	V1	Full	100%	90.5%	
Antin Infrastructure Partners	France								S2
Arnhem Investment Management Pty Ltd.	Australia				S3	Equity	40.0%	36.2%	
Banco Estado Administradora General de Fondos	Chile	Equity*	50.0%	49.1%	V1	Equity*	50.0%	45.3%	
BNP Paribas Asset Management SAS	France	Full	100%	98.3%	V1	Full	100%	90.5%	
BNP Paribas Asset Management SAS (Austria branch)	Austria	Full	100%	98.3%		Full	100%	90.5%	
BNP Paribas Asset Management Brasil Ltda	Brazil	Full	100%	99.6%	V1	Full	100%	97.6%	
BNP Paribas Asset Management Inc.	USA	Full	100%	100%		Full	100%	100%	
BNP Paribas Asset Management India Private Ltd.	India	Equity*	100%	98.3%	V1	Equity*	100%	90.5%	
BNP Paribas Asset Management Uruguay SA	Uruguay								S3
BNP Paribas Clean Energy Partners GP Ltd.	UK				S2	Equity*	100%	90.5%	
BNP Paribas Investment Partners	France	Full	100%	98.3%	V1	Full	100%	90.5%	
BNP Paribas Investment Partners Asia Ltd.	Hong Kong	Full	100%	98.3%	V1	Full	100%	90.5%	
BNP Paribas Investment Partners (Australia) Ltd.	Australia	Equity*	100%	98.3%	V1&D1	Full	100%	90.5%	
BNP Paribas Investment Partners (Australia) Holdings Pty Ltd.	Australia	Full	100%	98.3%	V1	Full	100%	90.5%	
BNP Paribas Investment Partners BE Holding	Belgium	Full	100%	98.3%	V1	Full	100%	90.5%	
BNP Paribas Investment Partners Belgium	Belgium	Full	100%	98.3%	V1	Full	100%	90.5%	
BNP Paribas Investment Partners Belgium (Germany branch)	Germany	Full	100%	98.3%		Full	100%	90.5%	
BNP Paribas Investment Partners Funds (Nederland) NV	Netherlands	Full	100%	98.3%	V1	Full	100%	90.5%	
BNP Paribas Investment Partners Japan Ltd.	Japan	Full	100%	98.3%	V1	Full	100%	90.5%	
BNP Paribas Investment Partners Latam SA	Mexico	Equity*	99.0%	97.3%	V1	Equity*	99.0%	89.6%	E1
BNP Paribas Investment Partners Luxembourg	Luxembourg	Full	99.7%	98.0%	V1	Full	99.7%	90.2%	
BNP Paribas Investment Partners Netherlands NV	Netherlands	Full	100%	98.3%	V1	Full	100%	90.5%	
BNP Paribas Investment Partners NL Holding NV	Netherlands	Full	100%	98.3%	V1	Full	100%	90.5%	
BNP Paribas Investment Partners Singapore Ltd.	Singapore	Equity*	100%	98.3%	V1	Equity*	100%	90.5%	
BNP Paribas Investment Partners Societa di Gestione del Risparmio SPA	Italy	Full	100%	99.7%	V1	Full	100%	98.4%	
BNP Paribas Investment Partners UK Holdings Ltd	UK								S3
BNP Paribas Investment Partners UK Ltd.	UK	Full	100%	98.3%	V1	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%	
CamGestion	France	Full	100%	98.3%	V1	Full	100%	90.5%	
Fauchier General Partner Ltd.	Guernsey				S2	Full	100%	90.5%	

		31 December 2013				31 December 2012			
Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
Fauchier Partners Asset Management Ltd.	Guernsey				S2	Full	100%	90.5%	
Fauchier Partners Corporation	USA				S2	Full	100%	90.5%	
Fauchier Partners International Ltd.	Bermuda				S2	Full	100%	90.5%	
Fauchier Partners Ltd.	UK				S2	Full	100%	90.5%	
Fauchier Partners LLP	UK				S2	Full	87.2%	79.0%	V4
Fauchier Partners Management Company Ltd.	UK				S2	Full	100%	90.5%	
Fauchier Partners Management Ltd.	Guernsey				S2	Full	100%	90.5%	
Fauchier Partners SAS	France				S2	Full	100%	90.5%	
Fischer Francis Trees & Watts Inc.	USA	Full	100%	100%		Full	100%	100%	
Fischer Francis Trees & Watts Singapore Ltd.	Singapore								S4
Fischer Francis Trees & Watts UK Ltd.	UK	Equity*	100%	98.3%	V1	Equity*	100%	90.5%	D1
Fund Channel	Luxembourg	Equity*	50.0%	49.1%	V1	Equity*	50.0%	45.2%	
FundQuest Advisor (ex-FundQuest)	France	Equity*	100%	98.3%	V1&D1	Full	100%	90.5%	
FundQuest Advisor (UK branch)	UK	Equity*	100%	98.3%	E2				
FundQuest UK Ltd.	UK	Equity*	100%	98.3%	V1&D1	Full	100%	90.5%	
Haitong - Fortis Private Equity Fund Management Co. Ltd.	China	Equity	33.0%	32.4%	V1	Equity	33.0%	29.9%	
HFT Investment Management Co Ltd. (Group)	China	Equity	49.0%	48.2%	V1	Equity	49.0%	44.4%	
Impax Asset Management Group PLC	UK								S3
PT. BNP Paribas Investment Partners	Indonesia	Full	99.0%	97.3%	V1	Full	99.0%	89.6%	
Shinan BNP Paribas Asset Management Co Ltd.	Rep. of Korea	Prop.	35.0%	34.4%	V1	Prop.	35.0%	31.7%	
THEAM	France	Full	100%	98.3%	V1	Full	100%	90.6%	
TKB BNP Paribas Investment Partners Holding BV	Netherlands	Equity	50.0%	49.1%	V1	Equity	50.0%	45.3%	
Securities Services									
BNP Paribas Dealing Services (ex-BNP Paribas Fin' AMS)	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Dealing Services (UK branch)	UK	Full (1)	100%	100%	E2	(1)			
BNP Paribas Dealing Services Asia Ltd.	Hong Kong	Full	100%	100%		Full	100%	100%	E1
BNP Paribas Financial Services LLC	USA				S3	Equity*	100%	100%	
BNP Paribas Fund Services Australasia Pty Ltd.	Australia	Full	100%	100%		Full	100%	100%	
BNP Paribas Fund Services Australasia Pty Ltd. (New Zealand branch)	New Zealand	Full	100%	100%		Full	100%	100%	
BNP Paribas Fund Services Dublin Ltd.	Ireland	Equity*	100%	100%		Equity*	100%	100%	
BNP Paribas Fund Services France	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Fund Services Securities Pty	Australia				S1	Full	100%	100%	
BNP Paribas Securities Services - BP2S	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Australia branch)	Australia	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Belgium branch)	Belgium	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Germany branch)	Germany	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Greece branch)	Greece	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Guernsey branch)	Guernsey	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Hong Kong branch)	Hong Kong	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Hungary branch)	Hungary	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Ireland branch)	Ireland	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Isle of Man branch)	Isle of Man	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Italy branch)	Italy	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Jersey branch)	Jersey	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Luxembourg branch)	Luxembourg	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Netherlands branch)	Netherlands	Full (1)	100%	100%	E2				
BNP Paribas Securities Services - BP2S (Poland branch)	Poland	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Portugal branch)	Portugal	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Singapore branch)	Singapore	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Spain branch)	Spain	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (Switzerland branch)	Switzerland	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services - BP2S (UK branch)	UK	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Securities Services (Holdings) Ltd.	Jersey				S4	Full	100%	100%	
BNP Paribas Sundaram GSO Private Ltd.	India	Equity*	51.0%	51.0%		Equity*	51.0%	51.0%	E1
BNP Paribas Trust Company (Guernsey) Ltd.	Guernsey				S4	Equity*	100%	100%	
Real Estate Services									
Asset Partners (ex-Asset Partenaires)	France	Full	100%	96.8%		Full	100%	96.8%	
Atisreal Netherlands BV	Netherlands	Full	100%	100%		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 Residentiel	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Immobilier Residentiel Promotion Ile de France	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Immobilier Residentiel Promotion Mediterranée	France								S4
BNP Paribas Immobilier Residentiel Promotion Rhône Alpes	France								S4
BNP Paribas Immobilier Residentiel Promotion Sud Ouest	France								S4
BNP Paribas Immobilier Residentiel Residences Services	France								S4
BNP Paribas Immobilier Residentiel Residences Services BSA	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Immobilier Residentiel Residences Services Sofiane	France								S4
BNP Paribas Immobilier Residentiel Service Clients	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Immobilier Residentiel Transaction & Conseil	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Immobilier Residentiel 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 Paribas Real Estate Advisory Netherlands BV	Netherlands	Full	100%	100%	E3				
BNP PB Real Estate Advisory & Property Management Czech Republic SRO	Czech Republic	Full	100%	100%		Full	100%	100%	
BNP PB Real Estate Advisory & Property Management Hungary Ltd.	Hungary	Full	100%	100%		Full	100%	100%	
BNP PB Real Estate Advisory & Property Management Ireland Ltd.	Ireland	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, gain of control or significant influence

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 Controlled but non material entities consolidated under the equity method as associates (cf. note 1.b)*

Miscellaneous

D1 Consolidation method change not related to fluctuation in voting or ownership interest
D2 105 Construction-Sale Companies (Real Estate programmes) of which 94 fully and 11 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.).
D4 The TEB group was previously consolidated under the proportional method, since the 31 December 2013 it is fully consolidated (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) Entites consolidated under the equity method for prudential purposes

		31 December 2013					31 December 2012				
Name	Country	Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
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%	
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%	96.5%	V1	Full		100%	96.1%	
BNP Paribas Real Estate & Infrastructure Advisory Service Private Ltd.	India					S2	Full		71.1%	71.1%	
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 Germany GmbH	Germany	Full		94.9%	94.9%	E3					
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%	
BNP Paribas Real Estate Investment Management UK Ltd.	UK	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Investment Services	France	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Italy SRL	Italy	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Jersey Ltd.	Jersey	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Property Developpement Italy SPA	Italy	Full		100%	100%		Full		100%	100%	
BNP Paribas Real Estate Property Developpement UK Ltd.	UK	Full		100%	100%		Full		100%	100%	
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 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		96.5%	96.5%	V1	Full		96.4%	96.1%	
BNP Paribas Real Estate Valuation France	France	Full		100%	100%		Full		100%	100%	
FG Ingenierie 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%	
Partner's & Services	France	Full		100%	100%		Full		100%	100%	
Pyrotex GB 1 SA	Luxembourg	Full		100%	100%		Full		100%	100%	E1
Pyrotex SARL	Luxembourg	Full		100%	100%		Full		100%	100%	
S.C BNP Paribas Real Estate Advisory S.A	Romania	Full		100%	100%		Full		100%	100%	
Sesame Conseil SAS	France					S4	Full		95.3%	95.3%	
Siège Issy	France	Full		100%	100%		Full		100%	100%	
Tasaciones Hipotecarias SA	Spain	Full		100%	100%		Full		100%	100%	
Weatheralls Consultancy Services Ltd.	UK										S1
Special Purpose Entities											
San Basilio 45 SRL	Italy	Full		-	-	E2					
Construction-Sale companies	France	Full/ Prop.	D2	-	-		Full/ Prop.	D2	-	-	E1
Sviluppo HQ Tiburtina SRL	Italy	Full		-	-	E1					
Sviluppo Residenziale Italia SRL	Italy	Full		-	-		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 Arbitrage (UK branch)	UK	Full	(1)	100%	100%		Full	(1)	100%	100%	
BNP Paribas Arbitrage (USA branch)	USA	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%	
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%	99.9%	V1	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 Commodity Futures Ltd.	UK	Full		100%	100%		Full		100%	100%	
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%		Equity*		100%	100%	E1
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
Fidex Holdings Ltd.	UK										S3
GreenStars BNP Paribas	Luxembourg	Equity*		100%	100%		Equity*		100%	100%	E1
Harewood Holdings Ltd.	UK	Full		100%	100%		Full		100%	100%	
Hime Holding 1 SA	Luxembourg	Equity		26.4%	26.4%	E3					
Hime Holding 2 SA	Luxembourg	Equity		21.0%	21.0%	E3					
Hime Holding 3 SA	Luxembourg	Equity		20.6%	20.6%	E3					
Landspire Ltd.	UK	Full		100%	100%		Full		100%	100%	
Paribas Trust Luxembourg SA	Luxembourg	Full		100%	65.9%	V1	Full		100%	53.4%	
SC Nueva Condo Murcia SL	Spain	Equity*		100%	99.9%	V1	Equity*		100%	74.9%	E2
Utexam Logistics Ltd.	Ireland	Full		100%	100%		Full		100%	100%	
Utexam Solutions Ltd.	Ireland	Full		100%	100%		Full		100%	100%	E1
Verner Investissements (Group)	France	Equity		40.0%	50.0%		Equity		40.0%	50.0%	
Americas											
ACG Capital Partners II LLC	USA										S1
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
BNP Paribas Colombia Corporation Financiera SA	Colombia	Equity*		100%	100%		Equity*		100%	100%	E1
BNP Paribas Energy Trading Canada Corp	Canada	Equity*		100%	100%		Equity*		100%	100%	D1
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%	

Name	Country	31 December 2013 Method	Voting (%)	Interest (%)	Ref.	31 December 2012 Method	Voting (%)	Interest (%)	Ref.
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 Ulster Investments (UK) Ltd.	Cayman Islands								S3
Capstar Partners LLC	USA								S4
CooperNeff Group Inc.	USA				S3	Full	100%	100%	
Cronos Holding Company Ltd. (Group)	Bermuda	Equity	30.1%	30.0%	V1	Equity	30.1%	22.5%	
FB Transportation Capital LLC	USA	Full	100%	99.9%	V1	Full	100%	74.9%	
Fortis Funding LLC	USA	Full	100%	99.9%	V1	Full	100%	74.9%	
French American Banking Corporation - F.A.B.C	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%	
Petits Champs Participações e Serviços SA	Brazil				S4	Full	100%	100%	
RFH Ltd.	Bermuda				S2	Equity*	100%	74.7%	
SDI Media Central Holdings Corp.	USA				S2	Equity*	100%	100%	
TAP Ltd.	Bermuda								S2
TCG Fund I, L.P	Cayman Islands	Full	99.7%	99.6%	V1	Full	99.7%	74.7%	
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%	
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 Finance (Hong Kong) Ltd.	Hong Kong	Full	100%	100%		Full	100%	100%	
BNP Paribas India Holding Private Ltd.	India	Full	100%	100%		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%		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%	100%	V1	Full	100%	95.2%	V1
BNP Paribas Securities Japan Ltd.	Japan	Full	100%	100%		Full	100%	100%	
BNP Paribas Securities (Taiwan) Co Ltd.	Taiwan	Full	100%	100%		Full	100%	100%	
BNP Paribas Securities Korea Company Ltd.	Rep. of Korea	Full	100%	100%		Full	100%	100%	
BNP Paribas Securities (Singapore) Pte Ltd.	Singapore	Full	100%	100%		Full	100%	100%	
BNP Paribas SJ Ltd. (ex-BNP Paribas Securities (Japan) Ltd.)	Hong Kong	Equity*	100%	100%		Equity*	100%	100%	D1
BNP Paribas SJ Ltd. (Japan branch)	Japan	Equity*	100%	100%		Equity*	100%	100%	
BPP Holdings Pte Ltd.	Singapore	Full	100%	100%		Full	100%	100%	
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									
BNP Paribas Investment Company KSA	Saudi Arabia	Equity*	100%	100%		Equity*	100%	100%	

Name	Country	31 December 2013 Method	Voting (%)	Interest (%)	Ref.	31 December 2012 Method	Voting (%)	Interest (%)	Ref.
Africa									
BNP Paribas Cadiz Stockbroking	South Africa	Equity*	60.0%	60.0%	E1				
Special Purpose Entities									
54 Lombard Street Investments Ltd.	UK	Full	-	-		Full	-	-	
Alamo Funding II Inc.	USA	Full	-	-		Full	-	-	E1
Alandes BV	Netherlands				S3	Full	-	-	
Alectra Finance PLC	Ireland	Full	-	-		Full	-	-	
Antin Participation 8	France	Full	-	-		Full	-	-	
APAC NZ Holdings Ltd.	New Zealand								S3
Aquarius Capital Investments Ltd.	Ireland	Full	-	-		Full	-	-	
ARV International Ltd.	Cayman Islands								S3
Astir BV	Netherlands	Full	-	-		Full	-	-	
Atargatis	France	Full	-	-		Full	-	-	
Aura Capital Investment SA	Luxembourg								S1
Austin Finance	France	Full	-	-		Full	-	-	
Black Kite Investment Ltd.	Ireland								S1
BNP Paribas Complex Fundo de Investimento Multimercado	Brazil				S3	Full	-	-	
BNP Paribas EQD Brazil Fund Fundo Invest Multimercado	Brazil	Full	-	-		Full	-	-	
BNP Paribas Finance Inc.	USA	Full	-	-		Full	-	-	
BNP Paribas International Finance Dublin (ex-Fortis International Finance (Dublin))	Ireland	Full	-	-	E1				
BNP Paribas Investments N°1 Ltd.	UK	Full	-	-	E2				
BNP Paribas Investments N°2 Ltd.	UK	Full	-	-	E2				
BNP Paribas Proprietario Fundo de Investimento Multimercado	Brazil	Full	-	-		Full	-	-	
BNP Paribas VPG Adonis LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG Brookfin LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG Brookline Cre LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG BMC Select LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG CB Lender LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG CT Holdings LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG Freedom Communications LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG Lake Butler LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG Legacy Cabinets LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG Mark IV LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG Master LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG SDI Media Holdings LLC	USA	Full	-	-	E2				
BNP Paribas VPG Medianews Group LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG MGM LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG Modern Luxury Media LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG Northstar LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG PCMC LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG Reader's Digest Association LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG RHI Holdings LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG SBX Holdings LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG Semgroup LLC	USA	Full	-	-		Full	-	-	
BNP Paribas VPG Titan Outdoor LLC	USA	Full	-	-		Full	-	-	

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, gain of control or significant influence*

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 Controlled but non material entities consolidated under the equity method as associates (cf. note 1.b)*

Miscellaneous
- *D1 Consolidation method change not related to fluctuation in voting or ownership interest*
- *D2 105 Construction-Sale Companies (Real Estate programmes) of which 94 fully and 11 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.).*
- *D4 The TEB group was previously consolidated under the proportional method, since the 31 December 2013 it is fully consolidated (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) Entites consolidated under the equity method for prudential purposes*

		31 December 2013				31 December 2012			
Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
Boug BV	Netherlands	Full	-	-		Full	-	-	
Crossen SARL	Luxembourg	Full	-	-		Full	-	-	E1
Compagnie Investissement Italiens SNC	France	Full	-	-		Full	-	-	
Compagnie Investissement Opéra SNC	France	Full	-	-		Full	-	-	
Delphinus Titri 2010 SA	Luxembourg								S1
Epsom Funding Ltd.	Cayman Islands								S2
Euraussie Finance SARL	Luxembourg								S3
Fidex Ltd.	UK								S3
Financière des Italiens	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	-	-		Full	-	-	E3
Harewood Investments N°5 Ltd.	Cayman Islands				S1	Full	-	-	
Harewood Investments N°7 Ltd.	Cayman Islands				S1	Full	-	-	
Harewood Investments N°8 Ltd.	Cayman Islands				S1	Full	-	-	
Iliad Investments PLC	Ireland								S3
Leveraged Finance Europe Capital V BV	Netherlands	Full	-	-		Full	-	-	
Liquidity Ltd.	Cayman Islands								S3
Madison Arbor LLC	USA	Full	-	-	E2				
Marc Finance Ltd.	Cayman Islands	Full	-	-		Full	-	-	
Méditerranéa	France	Full	-	-		Full	-	-	
Omega Capital Investments PLC	Ireland	Full	-	-		Full	-	-	
Omega Capital Europe PLC	Ireland				S3	Full	-	-	
Omega Capital Funding Ltd.	Ireland	Full	-	-		Full	-	-	
Optichamps	France	Full	-	-		Full	-	-	
Participations Opéra	France	Full	-	-		Full	-	-	
Reconfiguration BV	Netherlands								S3
Renaissance Fund III	Japan				S1	Equity*	-	-	
Ribera del Loira Arbitrage	Spain	Full	-	-		Full	-	-	
Royale Neuve I Sarl	Luxembourg	Full	-	-		Full	-	-	
Royale Neuve II Sarl	Luxembourg				S3	Full	-	-	
Royale Neuve V Sarl	Luxembourg								S3
Royale Neuve VI Sarl	Luxembourg	Full	-	-	E1				S3
Royale Neuve VII Sarl	Luxembourg				S3	Full	-	-	
Royale Neuve Finance Sarl	Luxembourg								S3
Royale Neuve Investments Sarl	Luxembourg								S1
Scaldis Capital (Ireland) Ltd.	Ireland	Full	-	-		Full	-	-	
Scaldis Capital Ltd.	Jersey	Full	-	-		Full	-	-	
Scaldis Capital LLC	USA	Full	-	-		Full	-	-	
Smalt	Luxembourg				S4	Full	-	-	
Stradios FCP FIS	Luxembourg								S3
Sunny Funding Ltd.	Cayman Islands								S3
Tender Option Bond Municipal program	USA	Equity*	-	-		Equity*	-	-	D1
Thunderbird Investments PLC	Ireland								S3
VPG SDI Media LLC (ex-BNP Paribas VPG SDI Media LLC)	USA	Equity	-	-	S2	Full	-	-	

		31 December 2013				31 December 2012			
Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
Other Activities									
Private Equity (BNP Paribas Capital)									
Cobema	Belgium	Full	100%	100%		Full	100%	100%	
Compagnie Financière Ottomane SA	Luxembourg	Full	97.0%	97.0%	V1	Full	96.9%	96.9%	
Erbe	Belgium				S2	Equity	42.5%	42.5%	
Fortis Private Equity Belgium NV	Belgium	Full	100%	99.9%	V1	Full	100%	74.9%	
Fortis Private Equity Expansion Belgium NV	Belgium	Full	100%	99.9%	V1	Full	100%	74.9%	
Fortis Private Equity France Fund	France				S3	Full	99.9%	75.0%	
Fortis Private Equity Venture Belgium SA	Belgium	Full	100%	99.9%	V1	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%	
Foncière de la Compagnie Bancaire SAS	France								S4
Société Immobilière Marché Saint-Honoré	France	Full	99.9%	99.9%		Full	99.9%	99.9%	
Société d'Etudes Immobilières de Constructions - Setic	France								S4
Société Marloise Participations	France				S4	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 Mediterranée Innovation & Technologies	Morocco	Full	100%	96.7%		Full	100%	96.7%	
BNP Paribas Partners for Innovation (Group)	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 - C.I.P	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%	
Omnium de Gestion et de Developpement Immobilier - OGDI	France	Full	100%	100%		Full	100%	100%	
Plagefin - Placement, Gestion, Finance Holding SA	Luxembourg	Full	100%	65.9%	V1	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
Special Purpose Entities									
BNP Paribas Capital Trust LLC 6	USA				S1	Full	-	-	
BNP Paribas Capital Preferred LLC 6	USA				S1	Full	-	-	
BNP Paribas US Medium Term Notes Program LLC	USA	Full	-	-		Full	-	-	
BNP Paribas US Structured Medium Term Notes LLC	USA				S3	Full	-	-	
Klépierre									
Klépierre SA (Group)	France	Equity	21.8%	21.7%	V2	Equity	22.4%	22.3%	D3

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, gain of control or significant influence

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 Controlled but non material entities consolidated under the equity method as associates (cf. note 1.b)*

Miscellaneous
D1 Consolidation method change not related to fluctuation in voting or ownership interest
D2 105 Construction-Sale Companies (Real Estate programmes) of which 94 fully and 11 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.).
D4 The TEB group was previously consolidated under the proportional method, since the 31 December 2013 it is fully consolidated (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) Entites consolidated under the equity method for prudential purposes

8.c CHANGES 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

In millions of euros	31 December 2013		31 December 2012	
	Attributable to shareholders	Minority interests	Attributable to shareholders	Minority interests
Sale of assets by BNP Paribas Fortis branches to BNP Paribas SA branches, on the same territory	-	-	(7)	7
Sale of assets by BNP Paribas SA to BNP Paribas Fortis	78	(83)	-	-
Internal sale of BNP Paribas Leasing Solutions from BNP Paribas SA to BGL BNP Paribas	-	-	18	(18)
Other	-	-	(3)	-
TOTAL	**78**	**(83)**	**8**	**(11)**

➤ ACQUISITIONS OF ADDITIONAL INTERESTS AND PARTIAL SALES OF INTERESTS LEADING TO CHANGES IN MINORITY INTERESTS IN THE EQUITY OF SUBSIDIARIES

In millions of euros	31 December 2013		31 December 2012	
	Attributable to shareholders	Minority interests	Attributable to shareholders	Minority interests
BNP Paribas Fortis				
BNP Paribas SA bought out minority shareholders' interests representing 25% of the capital, lifting its interest percentage to 99.93%	911	(4,161)		
Other				(4)
TOTAL	**911**	**(4,161)**	**-**	**(4)**

➤ COMMITMENTS TO REPURCHASE MINORITY SHAREHOLDERS' INTERESTS

In connection with the acquisition of certain entities, the Group granted minority shareholders put options on their holdings at a predetermined price.

The total value of these commitments, which are recorded as a reduction in shareholders' equity, amounts to EUR 773 million at 31 December 2013, compared with EUR 133 million at 31 December 2012. The increase over the period is mainly explained by the recognition of the commitments towards TEB minority shareholders, in the framework of the acquisition of control presented in note 8.d.

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

Operations realised in 2013

TEB Holding

An amendment to the shareholders' agreement binding the BNP Paribas Group to the Colakoglu group in the holding structure of the TEB entities, was signed on 20 December 2013. This amendment leads to the full consolidation of the TEB ensemble.

The change in the consolidation method has a -EUR 2 million impact on the Group's profit and loss account. The goodwill related to the set of TEB entities amounts to TRY 708 million, or EUR 240 million.

The Group's balance sheet rose by EUR 5.9 billion as a result of the acquisition of control over the TEB ensemble, in particular, "Loans and receivables due from customers" increased by EUR 4.1 billion and "Amounts due to customers" was up by EUR 3.5 billion.

The Colakoglu group retains a put option which allows it to sell its interest in TEB Holding to BNP Paribas Group at the market value. This option includes a minimum price on the historical stake of the Colakoglu group reaching TRY 1.6 billion as of 1 April 2014.

Operations realised 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 net income from BNP Paribas' interest after the operation. An additional EUR 227 million gain from internal transactions revaluation was also recognised in Net gain on non-current assets. Following this operation, BNP Paribas owned 22.7% of the share capital of Klépierre valued at EUR 1,134 million on 14 March 2012, based on a market price of EUR 26.93 per share at the transaction date.

The consolidation of Klépierre under the equity method led the Group to recognise a EUR 29 million negative goodwill in the profit and loss account.

The loss of control over Klépierre led to EUR 10.4 billion of investment property being removed from the carrying value of investment property assets in the Group's balance sheet.

8.e COMPENSATION AND BENEFITS AWARDED TO THE GROUP'S CORPORATE OFFICERS

The remuneration and benefits policy relating to the Group's corporate officers, as well as the detailed information on an individual basis, are presented in chapter 2 Corporate Governance of the Registration document.

➤ REMUNERATION AND BENEFITS AWARDED TO THE GROUP'S CORPORATE OFFICERS

	Year to 31 Dec. 2013	Year to 31 Dec. 2012
Gross remuneration, including Directors' fees and benefits in kind		
payable for the year	€7,512,792	€8,507,349
paid during the year	€8,394,739	€6,616,370
Post-employment benefits		
Retirement bonuses: present value of the benefit obligation (payroll taxes excluded)	€652,156	€620,247
Contingent collective defined-benefit top-up pension plan: total present value of the benefit obligation	€19,40 m	€19,01 m
Defined contribution pension plan: contributions paid by BNP Paribas during the year	€2,037	€2,000
Welfare benefits: premiums paid by BNP Paribas during the year	€24,184	€23,429
Share-based payments		
Stock subscription options		
value of stock options granted during the year	Nil	Nil
number of options held at 31 December	1,322,380	1,887,974
Performance shares		
value of shares granted during the year	Nil	Nil
number of shares held at 31 December	9,330	13,470
Long-term compensation		
fair value(*) at grant date	€1,595,319	€1,047,002

(*) Valuation according to the method described in note 1.i.

➤ DIRECTORS' FEES PAID TO MEMBERS OF THE BOARD OF DIRECTORS

The Directors' fees paid in 2013 to all members of the Board of Directors amount to EUR 950,593, compared with EUR 814,995 in 2012. The amount paid in 2013 to members other than corporate officers was EUR 860,742.

➤ REMUNERATION AND BENEFITS AWARDED TO EMPLOYEE-ELECTED DIRECTORS

In euros	Year to 31 Dec. 2013	Year to 31 Dec. 2012
Gross remuneration paid during the year	81,636	114,370
Directors' fees (paid to the trade unions)	112,352	82,058
Premiums paid by BNP Paribas during the year into schemes related to Garantie Vie Professionnelle Accidents benefits and healthcare expense coverage	1,831	1,833
Contributions paid by BNP Paribas during the year into the defined-contribution plan	720	738

➤ LOANS, ADVANCES AND GUARANTEES GRANTED TO THE GROUP'S CORPORATE OFFICERS

At 31 December 2013, the total outstanding loans granted directly or indirectly to the Group's corporate officers and their spouses amounted to EUR 1,263,432 (EUR 2,700,091 at 31 December 2012). These loans representing normal transactions were carried out on an arm's length basis.

8.f OTHER 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

The list of companies consolidated by the BNP Paribas Group is provided in note 8.b *Scope of consolidation.* Transactions and outstanding balances between fully-consolidated entities are eliminated. The tables below show the portion of intra-group transactions not eliminated in consolidated accounts, related with companies accounted for by the proportional 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 2013		31 December 2012	
	Entities consolidated under the proportional method	Entities consolidated under the equity method	Entities consolidated under the proportional method	Entities consolidated under the equity method
ASSETS				
Loans, advances and securities				
On demand accounts	11	47	53	130
Loans	3,572	1,685	3,969	1,827
Securities	5	-	319	16
Finance leases	-	-	-	-
Securities held in non-trading portfolio	431	1	459	2
Other assets	**13**	**58**	**6**	**128**
TOTAL	**4,032**	**1,791**	**4,806**	**2,103**
LIABILITIES				
Deposits				
On demand accounts	60	512	25	726
Other borrowings	311	2,525	121	1,861
Debt securities	62	-	66	-
Other liabilities	2	60	8	40
TOTAL	**435**	**3,097**	**220**	**2,627**
FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS				
Financing commitments given	**41**	**2,027**	**100**	**2,523**
Guarantee commitments given	**131**	**3**	**189**	**102**
TOTAL	**172**	**2,030**	**289**	**2,625**

The Group also carries out trading transactions at arm's length 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. 2013		Year to 31 Dec. 2012	
	Entities consolidated under the proportional method	Entities consolidated under the equity method	Entities consolidated under the proportional method	Entities consolidated under the equity method
Interest income	**105**	**106**	**134**	**146**
Interest expense	*(1)*	*(37)*	*(4)*	*(28)*
Commission income	**13**	**382**	**18**	**351**
Commission expense	*(37)*	*(12)*	*(57)*	*(15)*
Services provided	**1**	**2**	**1**	**34**
Services received	*-*	*8*	*-*	*(63)*
Lease income	**2**	**6**	**2**	**6**
TOTAL	**83**	**455**	**94**	**431**

Group entities managing certain post-employment benefit plans offered to Group employees

In Belgium, BNP Paribas Fortis funds a number of pension schemes managed by AG Insurance in which the BNP Paribas Group has a 25% 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 2013, the value of plan assets managed by Group companies or by companies over which the Group exercises significant influence was EUR 3,476 million (EUR 3,420 million at 31 December 2012). Amounts received by Group companies in the year to 31 December 2013 totalled EUR 4 million, and were mainly composed of management and custody fees (EUR 4 million in 2012).

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 2013	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		101,066						101,066
Financial assets at fair value through profit or loss	671,687							671,687
Derivatives used for hedging purposes	8,426							8,426
Available-for-sale financial assets	17,283		12,627	11,003	13,908	58,783	89,809	203,413
Loans and receivables due from credit institutions	23	14,792	10,499	6,372	5,515	4,966	8,320	50,487
Loans and receivables due from customers	-	51,285	47,560	50,229	73,107	191,812	203,168	617,161
Remeasurement adjustment on interest-rate risk hedged portfolios	3,657							3,657
Held-to-maturity financial assets			-	229	888	4,549	4,215	9,881
FINANCIAL ASSETS BY MATURITY	**701,076**	**167,143**	**70,686**	**67,833**	**93,418**	**260,110**	**305,512**	**1,665,778**
Due to central banks		661						661
Financial liabilities at fair value through profit or loss	564,960		296	1,781	7,542	23,224	10,344	608,147
Derivatives used for hedging purposes	12,289							12,289
Due to credit institutions		14,914	21,229	18,130	9,155	20,007	1,586	85,021
Due to customers		357,409	106,414	35,444	25,550	22,864	10,222	557,903
Debt securities			14,979	43,686	49,236	46,675	28,931	183,507
Subordinated debt	1,722		68	585	714	7,002	1,937	12,028
Remeasurement adjustment on interest-rate risk hedged portfolios	924							924
FINANCIAL LIABILITIES BY MATURITY	**579,895**	**372,984**	**142,986**	**99,626**	**92,197**	**119,772**	**53,020**	**1,460,480**

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**

The majority of the financing and guarantee commitments given, which amounted to EUR 211,535 million and EUR 92,294 million respectively at 31 December 2013 (EUR 264,284 million and EUR 91,689 million respectively at 31 December 2012), 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 2013. 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 finance lease transactions, 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	Estimated fair value at 31 December 2013				Carrying value at 31 December 2013	Estimated fair value at 31 December 2012	Carrying value at 31 December 2012
	Level 1	Level 2	Level 3	Total			
FINANCIAL ASSETS							
Loans and receivables due from credit institutions *(note 5.f)*	-	50,290	109	50,399	50,487	40,349	40,406
Loans and receivables due from customers *(note 5.g)*[(1)]	3,655	41,587	557,833	603,075	591,962	608,252	603,524
Held-to-maturity financial assets *(note 5.j)*	10,861	130	75	11,066	9,881	11,583	10,284
FINANCIAL LIABILITIES							
Due to credit institutions *(note 5.f)*	-	85,090	-	85,090	85,021	112,599	111,735
Due to customers *(note 5.g)*	-	558,714	-	558,714	557,903	540,982	539,513
Debt securities *(note 5.i)*	69,096	116,091	-	185,187	183,507	176,466	173,198
Subordinated debt *(note 5.i)*	3,774	7,672	-	11,446	12,028	14,862	15,223

(1) *Finance leases excluded.*

The valuation techniques and assumptions used by BNP Paribas ensure that the fair value of financial assets and liabilities carried at amortised cost 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 *Summary of significant accounting policies applied by the BNP Paribas Group*. The description of the fair value hierarchy levels is also presented in the accounting principles (note 1.c.10). 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 of most regulated savings products, fair value equates to carrying amount. These instruments have been classified in Level 2, except for loans to customers, which are classified in Level 3.

8.i CONTINGENT LIABILITIES: LEGAL PROCEEDINGS AND ARBITRATION

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 alleged, 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 contended 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 was pleaded under the US Racketeer Influenced and Corrupt Organisations Act ("RICO") which allows treble damages if damages are awarded. The defendants, including BNP Paribas, moved to dismiss the action in its entirety on a number of different legal grounds. 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 US Bankruptcy Code and New York state law. In the aggregate, the amounts sought to be recovered in these actions approximates USD 1.3 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. and the subsequent communication on the subprimes exposure. The Bank is vigorously defending itself in these proceedings. Lately, a Court confirmed that Ageas was liable for mismanagement regarding its communication. The possibility cannot be ruled out that the outcome of such litigations or investigations might have an impact on BNP Paribas Fortis.

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 2013 *Excluding tax, in thousands of euros*	Deloitte		PricewaterhouseCoopers Audit		Mazars		Total	
	Total	%	Total	%	Total	%	Total	%
Audit								
Statutory audit and contractual audit, including								
Issuer	3,255	22%	3,580	19%	1,609	16%	8,444	19%
Consolidated subsidiaries	8,237	54%	9,815	52%	7,983	78%	26,035	58%
Other reviews and services directly related to the statutory audit engagement, including								
Issuer	271	0%	1,908	10%	146	1%	2,325	5%
Consolidated subsidiaries	1,195	8%	1,960	10%	267	3%	3,422	8%
Sub-total	**12,958**	**84%**	**17,263**	**91%**	**10,005**	**98%**	**40,226**	**90%**
Other services provided by the networks to fully- or proportionally-consolidated subsidiaries								
Tax and legal	24	0%	61	0%	7	0%	92	0%
Others	2,328	16%	1,652	9%	158	2%	4,138	10%
Sub-total	**2,352**	**16%**	**1,713**	**9%**	**165**	**2%**	**4,230**	**10%**
TOTAL	**15,310**	**100%**	**18,976**	**100%**	**10,170**	**100%**	**44,456**	**100%**

In 2012 *Excluding tax, in thousands of euros*	Deloitte		PricewaterhouseCoopers Audit		Mazars		Total	
	Total	%	Total	%	Total	%	Total	%
Audit								
Statutory audit and contractual audit, including								
Issuer	3,242	20%	3,359	19%	1,539	16%	8,140	18%
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	0%	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%**

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 1,488 thousand for the year 2013 (EUR 1,613 thousand in 2012).

Other work and services related directly to audit work, mainly include 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

4.7 Statutory Auditors' report on the consolidated financial statements

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

For the year ended 31 December 2013

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.

4

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 2013, 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 2013 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matters set out in note 3.g to the consolidated financial statements regarding the provision related to US dollar payments involving parties subject to US sanctions, and note 1.a to the consolidated financial statements, which describes the changes in accounting methods relating to the amendment to IAS 19 – Employee Benefits and IFRS 13 – Fair Value Measurement.

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, 3.f, 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, 3.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 2013, 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, 3.h and 5.k to the consolidated financial statements. We examined the main estimates and assumptions used to record the deferred tax assets.

Provisions for employee benefits

BNP Paribas raises provisions to cover its employee benefit obligations, as described in notes 1.h, 2 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, 7 March 2014

The Statutory Auditors

Deloitte & Associés	**PricewaterhouseCoopers Audit**	**Mazars**
Damien Leurent	Étienne 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:

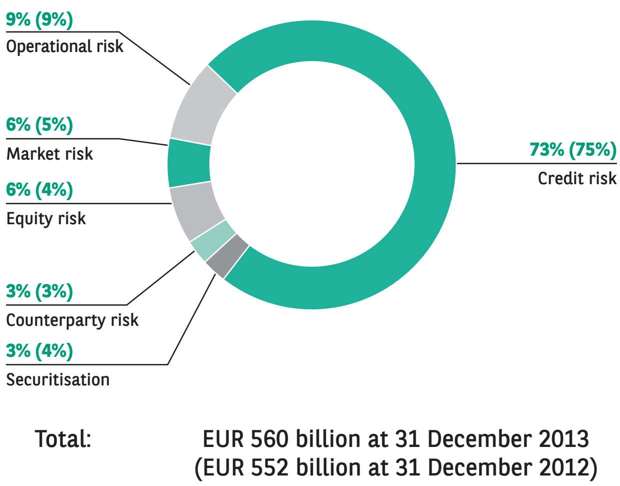
- the obligations set forth in Title IX of the French Decree of 20 February 2007[(1)] on capital requirements for credit institutions and investment firms which applies to the consolidated BNP Paribas Group (see article 1);
- the accounting standards requirements relating to the nature and the extent 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, then in 2013 and will meet the rest in the coming years according to their relevance to the Bank and the advance of its works.

5.1 Annual risk survey

KEY RISKS ARISING FROM THE GROUP'S BUSINESS

RISK-WEIGHTED ASSETS BY TYPE OF RISK AT 31 DECEMBER 2013

➤ FIGURE 1: RISK-WEIGHTED ASSETS BY RISK TYPE AT 31 DECEMBER 2013[(*)]



(*) *Numbers between brackets correspond to the breakdown as of 31 December 2012.*

(1) *Issued by the French Ministry of the Economy, Finance and Industry on 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 2013								
	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	190,827	44,330	76,130	10,092	73,882	12,020	3,377	410,658	See section 5.4
Securitisation	671	0	176	10,752	363	864	2,803	15,629	See section 5.5
Counterparty risk	2,593	15	389	13,238	1	252	20	16,508	See section 5.6
Equity risk	2,005	163	215	1,057	1,590	21,187	9,048	35,265	See section 5.7
Market risk	131	6	272	22,409	1,286	208	6,896	31,208	See section 5.7
Operational risk	12,583	3,894	6,120	16,968	4,468	5,539	792	50,364	See section 5.10
TOTAL	**208,810**	**48,408**	**83,302**	**74,516**	**81,590**	**40,070**	**22,936**	**559,632**	See section 5.2

	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 section 5.3.

Most of the Group's exposures give rise to credit risk. Market risk in the trading book is limited to 6% of the Group's risk-weighted assets. Pursuant to article 64 of the 2013 Notice "Methods for calculating the capital ratio" issued by the ACPR, the non-deducted portion of investments in insurance companies has been weighted as exposure to equity risk from 2013, thereby increasing the risk-weighted assets of the Investment Solutions division (in the positive amount of approximately EUR 20 billion). In addition, the split of risk-weighted assets by division reflects the Group's diversified business mix, with almost 61% devoted to Retail Banking (including 37% for the Domestic Markets) and 28% for Corporate and Investment Banking.

TOP RISKS OF THE YEAR

The identification and monitoring of top and emerging risks are central to BNP Paribas' approach to risk management.

Top risk is defined as a current, emerged risk which has, across a risk category, business area or geographical area, the potential to have a material impact on the financial results, reputation or sustainability or the business and which may crystallise within a short, perhaps one year horizon.

An emerging risk is defined as a risk which has large uncertain outcomes which may become certain in the longer term (probably beyond one year) and which could have a material effect on the business strategy if it were to occur.

Risks are identified, analysed and managed by Group Risk Management (GRM) in a structured framework via various activities, committees and decisions:

- a close follow-up of macroeconomic and financial conditions with a threefold objective: identifying current and potential future risks, organising them into a hierarchy - both with regard to the economic context and to consequences for BNP Paribas portfolio, designing adverse scenarios. This close monitoring is delivered quarterly to the General Management as well as to the Internal Control, Risk Management and Compliance Committee (CCIRC) through a dashboard presented by GRM management;
- analysis and monitoring of the regulatory framework evolution and its consequences for the Bank capital and liquidity management as well as business conduct;
- regular monitoring of the risk profile according to the guidelines/thresholds validated by the Board;
- transversal policies on concentrations, corporate social responsibilities, etc;
- portfolio decisions issued from Risk Committee, Capital Markets Risk Committee (CMRC), etc;
- key individual decisions taken in committees on specific transactions at the highest level;
- decisions proposed on new activities or new products;
- portfolio/business reviews through Risk Policy Committees, on risk topics selected by the Group Management through the Risk Committee for the upcoming year.

Current top risks of the Group are detailed below. They pertain to the following categories:

- macroeconomic risks;
- legislation and regulation applicable to financial institutions;
- reputation and image risk.

MACROECONOMIC RISK

Market and macroeconomic conditions affect the Bank's results. The nature of the Bank's business makes it particularly sensitive to market and macroeconomic conditions in Europe, which have been difficult and volatile in recent years.

In 2013, the global economy began to move towards equilibrium, with several emerging countries slowing down and a slight recovery in the developed countries. In 2013, global economic conditions remained generally stable as compared to 2012. IMF and OECD economic forecasts(1) for 2014 generally indicate a renewal of moderate growth in developed economies albeit less strong and uniform in the euro zone. Their analysts consider that uncertainties remain regarding the strength of the recovery, particularly in light of the US Federal Reserve's announcement in December 2013 that it would gradually reduce ("taper") its stimulus program, and in the euro zone, where a risk of deflation is not excluded.

Within the euro zone, sovereign credit spreads continued to decrease in 2013 following the decrease recorded in 2012 from the previous historically high levels.

(1) See in particular: IMF – World Economic Outlook Update – January 2014 and G20 Note on Global Prospects and Policy Challenges – February 2014; OECD – The Global Economic Outlook – November 2013.

LEGISLATION AND REGULATION APPLICABLE TO FINANCIAL INSTITUTIONS

Laws and regulations applicable to financial institutions that have an impact on the Bank have significantly evolved in the wake of the global financial crisis. The measures that were recently adopted, or in some cases proposed and still under discussion, that have or are likely to affect the Bank, include in particular the French Ordinance of 27 June 2013 relating to credit institutions and financing companies *(Sociétés de financement)*, which came into force on 1 January 2014 and the French banking law of 26 July 2013 on the separation and regulation of banking activities and the Ordinance of 20 February 2014 for the adaptation of French law to EU law with respect to financial matters; the EU Directive and Regulation on prudential requirements "CRD IV" dated 26 June 2013 and many of whose provisions have been applicable since 1 January 2014; the proposals of technical regulatory and execution rules relating to the Directive and Regulation CRD IV published by the EBA; the designation of the Bank as a systemically important financial institution by the FSB; the public consultation for the reform of the structure of the EU banking sector of 2013 and the European Commission's proposed regulation on structural measures designed to improve the strength of EU credit institutions of 29 January 2014; the proposal for a regulation on indices used as benchmarks in financial instruments and financial contracts; the European single supervisory mechanism; the European proposal for a single resolution mechanism and the proposal for a European Directive on bank recovery and resolution; the final rule for the regulation of foreign banks imposing certain liquidity, capital and other prudential requirements adopted by the US Federal Reserve; the proposal of the US Federal Reserve relating to liquidity ratios of large banks; and the "Volcker" Rule that was recently adopted by the US regulatory authorities.

REPUTATION AND IMAGE RISKS

Reputation and image risks, which by nature are difficult to quantify, remain a general key concern of the Bank. The Bank is seeking to minimise them as much as possible by adequate management and control procedures, and to actively promote, within the Bank, management principles based on risk awareness.

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. In recent years, the Bank has been, and may again in the future be, confronted with a significant deterioration of market and economic conditions resulting, among other things, from crises affecting sovereign debt, the capital markets, credit or liquidity, regional or global recessions, sharp fluctuations in commodity prices, currency exchange rates or interest rates, volatility in prices of financial derivatives, inflation or deflation, restructurings or defaults, corporate or sovereign debt rating downgrades or adverse political and geopolitical events (such as natural disasters, societal unrest, acts of terrorism and military conflicts). Such disruptions, 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. In 2014, the global macro-economic environment will be particularly sensitive to the expected slowdown (or "tapering") of government stimulus programs, including that of the United States. In Europe, the economic growth perspectives differ among member states and a risk of deflation exists.

Moreover, a resurgence of a sovereign debt crisis in certain countries remains possible. For example, 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. At several points in recent years these disruptions caused 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 had, and could again in the future have, an indirect impact on financial markets and, increasingly, economies, in Europe and worldwide, and more generally 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 a resurgence 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.

In recent periods, laws and regulations have been enacted or proposed, in France, Europe and the United Sates, in particular, with a view to introducing a number of changes, some permanent, in the financial environment. 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 (particularly for large global banking groups such as the Bank), taxes on financial transactions, restrictions and increased taxes on employee compensation over specified levels, restrictions or prohibitions on certain types of activities considered as speculative undertaken by commercial banks that will need to be ring-fenced in subsidiaries (particularly proprietary trading), restrictions or prohibitions on certain types of financial products or activities, increased internal control and reporting 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 have been adopted are already applicable to the Bank, such as the EU Directive and Regulation on prudential requirements "CRD / CRR IV" dated 26 June 2013, many of whose provisions took effect as of 1 January 2014. Moreover, the prudential ratio requirements announced by the European Banking Authority and the designation of the Bank as a systemically important financial institution by the Financial Stability Board increase the Bank's prudential 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. 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. Moreover, the European Central Bank announced in October 2013 that it will conduct an asset quality review and perform stress tests on the principal European banks, including the Bank, in 2014. The findings of this review are expected to be released in November 2014 and may result in recommendations and corrective measures applicable to the Bank or the banking industry.

In 2013 and at the beginning of 2014, France made significant changes to its legal and regulatory framework applicable to banking institutions. The French banking law of 26 July 2013 on the separation and regulation of banking activities provides in particular for a separation between economic financing activities and so-called "speculative" activities that must now be conducted by ring-fenced subsidiaries that must comply with specific capital and liquidity requirements on a stand-alone basis. The new banking law also modifies the mechanism for preventing and resolving banking crises, which will now be supervised by the French banking regulator (Autorité de Contrôle Prudentiel et de Résolution) whose powers have been expanded. In the event of a failure, the law provides for mechanisms such as the powers to require banks to adopt structural changes, issue new securities, cancel existing equity or subordinated debt securities and convert subordinated debt into equity, and to require the intervention of the French Deposit Guarantee and Resolution Fund (Fonds de Garantie des Dépôts et de Résolution) in order to, more generally, ensure that any losses are borne in priority by banks' shareholders and subordinated creditors (such mechanism is referred to as the "Bail-in" procedure). The Ordinance of 20 February 2014 provides in particular for the strengthening of the governance rules within banking institutions, a reinforced and harmonized at the EU level sanctions regime, an extended scope of prudential surveillance with in particular additional prudential requirements, a harmonization of the rules relating to the approval of credit institutions within the European Union, and an update of the rules relating to the consolidated surveillance and the exchange of information. At the European level, the European Union adopted, in October 2013, a single banking supervisory mechanism under the supervision of the European Central Bank, and a proposal for a European Directive on bank recovery and resolution that provides for a bail-in mechanism is currently being discussed. The Council of the European Union also announced on 18 December 2013 an agreement relating to the single resolution mechanism, which provides for the establishment of a single resolution authority and negotiations for the future establishment of a common resolution fund financed by banks at the national level. Finally, the European Commission's proposed regulation on structural measures designed to improve the strength of EU credit institutions of 29 January 2014 would prohibit certain proprietary trading activities by certain large European credit institutions and require them to conduct certain high-risk trading activities only through subsidiaries.

In the United States, the final rule for the regulation of foreign banks imposing certain liquidity, capital and other prudential requirements recently adopted by the U.S. Federal Reserve will require the Bank to create a new intermediate holding company for its U.S. subsidiaries, which will be required to comply with capital, liquidity and other prudential requirements on a stand-alone basis. Moreover, in October 2013, the Federal Reserve, together with other U.S. regulatory agencies, issued a proposed rule that strengthens the liquidity requirements of large U.S. banks by establishing a more restrictive liquidity coverage ratios. Finally, the "Volcker" Rule, recently adopted by the U.S. regulatory authorities, places certain restrictions on the proprietary trading activities of U.S. banking entities and on investments by U.S. banking entities in private equity and hedge funds; certain of these restrictions apply to non-U.S. banks as well.

While a large number of these legislative and regulatory measures, proposed in the wake of the financial crisis, have been adopted over the course of the past few years, some of them are still under discussion or subject to revision. These latter measures, if adopted, would need to be adapted to each country's regulatory framework by national legislators and/or regulators. It is therefore impossible to accurately predict which additional measures will be adopted or to determine the exact content of such measures and their ultimate impact on the Bank. In any case, all of these measures, whether already adopted or in the process of being 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. 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 business, its ability to attract and retain talent (particularly in its investment banking and financing businesses in light of the adopted and potential additional restrictions on compensation practices in the banking industry) 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 during the past few years. 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 at times increased substantially. If such adverse credit market conditions were to reappear in the event of a resurgence of the debt crisis, factors relating to 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, for instance, 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 seeks 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 also establishes provisions for contingencies and charges including in particular provisions for litigations. Any loss arising from a risk that has not already been provisioned or that is greater than the amount of the provision could have a negative impact on the Bank's results of operation 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, including through derivative contracts. 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, in spite of the existing limitation of risks and control systems, expose it to potentially substantial 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, in order to hedge transactions with clients and/or 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 significantly as a result of economic or financial changes that are unfavourable 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 the market downturns that occurred during the past few years (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 significant 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, such as the level of inflation and the monetary policies of states. 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, may 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 insolvency risk in the event of default of a group of the Bank's counterparties or clients. This risk could be exacerbated if the collateral held by the Bank cannot be realized or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to the Bank.

In addition, fraud or 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 that came to light in 2008, 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 and 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, fraud or 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. Such risks to reputation have recently increased as a result of the growing use of social networks within the economic sphere. 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, the Bank relies heavily on communications and information systems to conduct its business. This dependency has increased with the spread of mobile and online banking services, as illustrated by the recent launch of Hello bank!. 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, steal confidential data 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.

Moreover, the mandatory transition on 1 February 2014 to the Single Euro Payment Area ("SEPA") could cause technical difficulties for wire orders submitted by the Bank's clients and processed by the Bank.

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, a pandemic, 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 legal proceedings, fines and expenses (including fines and expenses in excess of current provisions), 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 involving 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.

In this respect, 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 conducted over several years an internal retrospective review of certain U.S. dollar payments involving countries, persons and entities that could have been subject to economic sanctions under U.S. law in order to determine whether the Bank had, in the conduct of its business, complied with such laws. The Bank has presented the findings of this review to the U.S. authorities and commenced subsequent discussions with them. (See note 3.g to the Bank's financial statements as of and for the year ended 31 December 2013 for more information in this respect, including as to the USD 1.1 billion (EUR 0.8 billion) provision recorded in such financial statements in relation to this matter.) No assurance can be given that the actual financial consequences to, or fines and penalties imposed on, the Bank in respect of this matter will not be different, possibly very different, from the amount of such provision or that such financial consequences, fines and/or penalties will not have a material adverse effect on the Bank's business, results of operations and financial condition.

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 and restrictions on activities considered as speculative;
- 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 makes acquisitions on a regular basis. 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 banking industry could intensify as a result of the ongoing consolidation of financial services that accelerated during the financial crisis or as a result of the presence of new players in the payment services area. 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 presence in the global marketplace of nationalized financial institutions, or financial institutions benefiting from State guarantees or other similar advantages, following the 2008/2009 financial crisis or the imposition of more stringent requirements (particularly capital requirements and activity restrictions) on large or systemically 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 as adopted by the European Union.

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 consolidated financial statements. It will be noted in particular that:

- insurance companies are consolidated using the equity method, and subject to a deduction from Tier 1 regulatory capital pursuant to Regulation CRBF 90-02 as amended 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 consolidated 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

In millions of euros	Accounting scope 31 December 2013	Insurance	Other	Prudential scope 31 December 2013
ASSETS				
Cash and amounts due from central banks	101,066	(16)	0	101,050
Financial instruments at fair value through profit or loss				
Trading securities	157,740	0	0	157,740
Loans and repurchase agreements	145,308	4,049	0	149,357
Instruments designated at fair value through profit or loss	67,230	(64,591)	0	2,639
Derivative financial instruments	301,410	(56)	0	301,354
Derivatives used for hedging purposes	8,426	(53)	0	8,373
Available-for-sale financial assets	203,413	(87,954)	0	115,459
of which equity investments in credit or financial institutions more than 10%-owned	897			897
Loans and receivables due from credit institutions	50,487	(910)	0	49,577
of which subordinated loans to credit or financial institutions more than 10%-owned	377			377
Loans and receivables due from customers	617,161	315	0	617,476
Remeasurement adjustment on interest-rate risk hedged portfolios	3,657	0	0	3,657
Held-to-maturity financial assets	9,881	(9,366)	0	515
Current and deferred tax assets	9,048	(61)	0	8,987
Accrued income and other assets	89,104	(5,115)	0	83,989
Investments in associates	5,747	4,837	0	10,584
of which investments in credit or financial institutions	1,727			1,727
of which goodwill	347	185		532
Investment property	713	(178)	0	535
Property, plant and equipment	17,177	(398)	0	16,779
Intangible assets	2,577	(143)	0	2,434
of which intangible assets excluding leasehold rights	2,494	(142)		2,352
Goodwill	9,994	(185)	0	9,809
TOTAL ASSETS	**1,800,139**	**(159,825)**	**0**	**1,640,314**

In millions of euros	Accounting scope 31 December 2013	Insurance	Other	Prudential scope 31 December 2013
LIABILITIES				
Due to central banks	662	0	0	662
Financial instruments at fair value through profit or loss				
Trading securities	69,803	0	0	69,803
Borrowings and repurchase agreements	195,933	0	0	195,933
Instruments designated as at fair value through profit or loss	45,329	1,919	0	47,248
of which liabilities qualifying as Tier 1 capital	241			241
of which liabilities qualifying as Tier 2 capital	855			855
Derivative financial instruments	297,081	(77)	0	297,004
Derivatives used for hedging purposes	12,289	(5)	0	12,284
Due to credit institutions	85,021	(2,460)	0	82,561
Due to customers	557,903	(3,747)	0	554,156
Debt securities	183,507	1,801	0	185,308
Remeasurement adjustment on interest-rate risk hedged portfolios	924	0	0	924
Current and deferred tax liabilities	2,632	(156)	0	2,476
Accrued expenses and other liabilities	78,676	(1,650)	0	77,026
Technical reserves of insurance companies	155,226	(155,226)	0	0
Provisions for contingencies and charges	11,963	(223)	0	11,740
Subordinated debt	12,028	112	0	12,140
of which liabilities qualifying as Tier 1 capital	1,017			1,017
of which liabilities qualifying as Tier 2 capital	9,968			9,968
TOTAL LIABILITIES	**1,708,977**	**(159,712)**	**0**	**1,549,265**
TOTAL CONSOLIDATED EQUITY	**91,162**	**(113)**	**0**	**91,049**
TOTAL LIABILITIES AND EQUITY	**1,800,139**	**(159,825)**	**0**	**1,640,314**

In millions of euros	Accounting scope 31 December 2012[1]	Insurance	Other	Prudential scope 31 December 2012
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
Loans and receivables due from credit institutions	40,406	(1,106)	0	39,300
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	8,732	(115)	0	8,617
Accrued income and other assets	99,207	(6,635)	0	92,572
Policyholders' surplus reserve	0	0	0	0
Investments in associates	7,031	4,680	0	11,711
Investment property	927	(182)	0	745
Property, plant and equipment	17,319	(401)	0	16,918
Intangible assets	2,585	(191)	0	2,394
Goodwill	10,591	(185)	0	10,406
TOTAL ASSETS	**1,907,200**	**(152,430)**	**26**	**1,754,796**

(1) *Data restated by applying the amendment to IAS 19 (see notes 1.a and 2 of chapter 4* Consolidated Financial Statements*).*

In millions of euros	Accounting scope 31 December 2012[(1)]	Insurance	Other	Prudential scope 31 December 2012
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
Derivative financial intruments	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	2,943	(126)	0	2,817
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	11,380	(209)	0	11,171
Subordinated debt	15,223	136	0	15,359
TOTAL LIABILITIES	**1,813,183**	**(152,347)**	**26**	**1,660,862**
TOTAL CONSOLIDATED EQUITY	**94,017**	**(83)**	**0**	**93,934**
TOTAL LIABILITIES AND EQUITY	**1,907,200**	**(152,430)**	**26**	**1,754,796**

(1) *Data restated by applying the amendment to IAS 19 (see notes 1.a and 2 of chapter 4* Consolidated Financial Statements*).*

SIGNIFICANT SUBSIDIARIES

The capital requirements of BNP Paribas' significant subgroups and subsidiaries are given in Appendix 2 to this chapter.

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 2013:

- BNP Paribas Fortis;
- Banca Nazionale del Lavoro (BNL);
- BancWest;
- BNP Paribas Personal Finance;
- BGL BNP Paribas;
- TEB group.

The risk-weighted assets reported correspond to the sub-consolidation scope of each group. Thus, BGL BNP Paribas and TEB subgroups are also included in BNP Paribas Fortis subgroup.

INDIVIDUAL MONITORING BY THE FRENCH SUPERVISOR

BNP Personal Finance subgroup and BNP Paribas Home Loan SFH are monitored individually by the French supervisor (Autorité de Contrôle Prudentiel et de Résolution), 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, 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:

1) half from Tier 1 capital and half from Tier 2 capital: the carrying amount of investments in credit institutions and finance companies accounted for by the equity method; the regulatory capital of credit institutions and finance companies more than 10% owned by the Group,

2) 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.

5

(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 3: REGULATORY CAPITAL

In millions of euros	31 December 2013	31 December 2012[1]
Consolidated equity[2]	**91,162**	**94,017**
of which Undated Super Subordinated Notes[2]	6,614	7,241
Subordinated debt eligible as equity[3]	**1,258**	**2,122**
Regulatory deductions	**(20,523)**	**(21,333)**
Goodwill	(10,341)	(10,933)
Intangible assets	(2,352)	(2,318)
50% deductions of non-eligible items	(1,504)	(1,574)
of which equity investments in non-consolidated credit or financial institutions more than 10%-owned	(449)	(501)
of which investments in credit or financial institutions associates	(864)	(821)
of which subordinated loans to credit or financial institutions more than 10%-owned	(188)	(248)
Positive equity accounting difference on insurance companies	(1,765)	(1,633)
Changes in fair value of available-for-sale financial assets and reclassified loans and receivables recognised directly in equity	(1,650)	(980)
Changes in fair value of hedging derivatives recognised directly in equity	(828)	(1,665)
Revaluation of own debt	29	17
Proposed dividend[4]	(1,864)	(1,858)
Non-eligible minority interests	(371)	(384)
Other	123	(5)
TIER 1 CAPITAL	**71,897**	**74,806**
Subordinated debt eligible as equity[3]	7,844	10,555
50% deductions of non-eligible items	(1,504)	(1,574)
of which equity investments in non-consolidated credit or financial institutions more than 10%-owned	(449)	(501)
of which investments in credit or financial institutions associates	(864)	(821)
of which subordinated loans to credit or financial institutions more than 10%-owned	(188)	(248)
Positive difference between provisions and expected losses	27	205
TIER 2 CAPITAL	**6,367**	**9,186**
TIER 3 CAPITAL	**1,784**	**1,460**
REGULATORY CAPITAL	**80,048**	**85,452**

(1) *Data restated by applying the amendment to IAS 19 (see notes 1.a and 2 of chapter 4* Consolidated Financial Statements*).*
(2) *See section 4.5 Statement of changes in shareholders' equity of chapter 4* Consolidated Financial Statements*.*
(3) *See note 5.i of chapter 4* Consolidated Financial Statements*.*
(4) *Dividend to be proposed at the Annual General Meeting of Shareholders.*

TABLE 4A: CHANGE IN ELIGIBLE DEBT

In millions of euros	31 December 2012	New issues	Redemptions	Prudential discount	Others	31 December 2013
T1 eligible debt	9,363	0	(1,582)	0	91	7,872
of which Undated Super Subordinated Notes recognised in equity	7,241	0	(637)	0	10	6,614
T2 eligible debt(1)	10,555	54	(1,197)	(1,536)	(32)	7,844
T3 eligible debt	1,460			324		1,784
TOTAL ELIGIBLE DEBT	**21,378**	**54**	**(2,779)**	**(1,212)**	**59**	**17,500**

(1) T2 qualifying debts before prudential discount amount to EUR 10,823 million as at 31 December 2013.

TABLE 4B: CHANGE IN REGULATORY DEDUCTIONS

In millions of euros	31 December 2012	Variation	31 December 2013
Goodwill	(10,933)	592	(10,341)
of which goodwill on fully and proportionately consolidated entities(1)	(10,406)	597	(9,809)
of which goodwill on associates	(527)	(5)	(532)
Intangibles	(2,318)	(34)	(2,352)
50% deductions of non-eligible items	(1,574)	70	(1,504)
of which equity investments in non-consolidated credit or financial institutions more than 10%-owned	(501)	52	(449)
of which investments in credit or financial institutions more than 10%-owned	(821)	(43)	(864)
of which subordinated loans to credit or financial institutions more than 10%-owned	(248)	60	(188)
Positive difference on insurance associates	(1,633)	(132)	(1,765)
TOTAL ASSETS DEDUCTED FOR PRUDENTIAL PURPOSES	**(16,458)**	**496**	**(15,962)**
Changes in fair value of available-for-sale financial assets and reclassified loans and receivables recognised directly in equity(2)	(980)	(670)	(1,650)
Changes in fair value of hedging derivatives recognised directly in equity(3)	(1,665)	837	(828)
Revaluation of own debt	17	12	29
Proposed dividend(4)	(1,858)	(6)	(1,864)
Non-eligible minority interests	(384)	13	(371)
Other	(5)	128	123
TOTAL OTHER REGULATORY DEDUCTIONS	**(4,875)**	**314**	**(4,561)**
TOTAL REGULATORY DEDUCTIONS	**(21,333)**	**810**	**(20,523)**

(1) The reduction in the level of deductions from goodwill is due essentially to the impact of changes in exchange rates and the effect of impairment (see note 5.o of chapter 4 Consolidated Financial Statements*).*
(2) Change in the fair value of available-for-sale financial assets and reclassified loans and receivables, which are recognised directly in equity, results essentially from the combined increase in the value of fixed and variable income securities.
(3) Change in the fair value of derivatives contracted as part of a hedging relationship is excluded from equity.
(4) Dividend to be proposed at the Annual General Meeting of Shareholders.

The Group holds a share greater than 10% in credit and financial institutions. The following list presents the main participations.

TABLE 5: NON CONSOLIDATED PARTICIPATIONS HIGHER THAN 10% IN CREDIT AND FINANCIAL INSTITUTIONS

In millions of euros	31 December 2013
CREDIT LOGEMENT	237
INSTITUTO PER IL CREDITO SPORTIVO	84
SICOVAM HOLDING	45
BNP PARIBAS FINANCE P.L.C.	39
COOPERNEFF GROUP, INC.	38
Others participations higher than 10% in non consolidated credit and financial institutions	454
SHARES HIGHER THAN 10% IN NON CONSOLIDATED CREDIT AND FINANCIAL INSTITUTIONS	**897**
of which deduction from Tier 1 capital (50%)[1]	449

(1) Table 3: Regulatory capital.

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 3: Regulatory capital.

Due to the classification of these entities as credit and financial institutions, those shares were deducted from the prudential equity.

CAPITAL REQUIREMENT 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].

At 31 December 2013, the total amount of Pillar 1 risk-weighted assets was EUR 560 billion, versus EUR 552 billion at 31 December 2012, broken down as follows by type of risk, calculation approach, and asset class:

(1) See note 1 section 5.1.

TABLE 6: PILLAR 1 RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENT

Explanations for the changes in 2013 can be found in the various appropriate sections.

In millions of euros	31 December 2013		31 December 2012		Variation	
	Risk-weighted assets	Capital Require-ment	Risk-weighted assets	Capital Require-ment	Risk-weighted assets	Capital Require-ment
Credit risk	**410,658**	**32,853**	**411,151**	**32,892**	**(493)**	**(39)**
Credit risk - IRB approach	**198,867**	**15,910**	**172,409**	**13,793**	**26,458**	**2,117**
Central governments and central banks	3,622	290	3,244	260	377	30
Corporates	146,304	11,705	121,986	9,759	24,318	1,946
Institutions	11,166	893	10,326	826	840	67
Retail	37,625	3,010	36,749	2,940	876	70
Real estate loans	*12,181*	*974*	*10,772*	*862*	*1,409*	*113*
Revolving exposures	*5,362*	*429*	*5,851*	*468*	*(489)*	*(39)*
Other exposures	*20,082*	*1,607*	*20,126*	*1,610*	*(44)*	*(4)*
Other non credit-obligation assets	150	12	104	8	46	4
Credit risk - Standardised approach	**211,791**	**16,943**	**238,742**	**19,099**	**(26,951)**	**(2,156)**
Central governments and central banks	3,189	255	3,742	299	(553)	(44)
Corporates	87,463	6,997	112,909	9,033	(25,446)	(2,036)
Institutions	8,189	655	8,508	681	(319)	(26)
Retail	80,694	6,455	80,589	6,447	105	8
Real estate loans	*27,143*	*2,171*	*26,276*	*2,102*	*867*	*69*
Revolving exposures	*2,112*	*169*	*3,137*	*251*	*(1,025)*	*(82)*
Other exposures	*51,439*	*4,115*	*51,176*	*4,094*	*263*	*21*
Other non credit-obligation assets	32,256	2,581	32,994	2,639	(737)	(58)
Banking book securitisation positions	**15,629**	**1,250**	**19,076**	**1,526**	**(3,447)**	**(276)**
Securitisation positions - IRB approach	14,588	1,167	17,153	1,372	(2,565)	(205)
Securitisation positions - Standardised approach	1,041	83	1,923	154	(883)	(71)
Counterparty risk	**16,508**	**1,321**	**20,533**	**1,643**	**(4,025)**	**(322)**
Counterparty risk - IRB approach	**15,234**	**1,219**	**18,633**	**1,491**	**(3,399)**	**(272)**
Central governments and central banks	370	30	222	18	148	12
Corporates	11,427	914	15,117	1,209	(3,690)	(295)
Institutions	3,437	275	3,294	264	143	11
Counterparty risk - Standardised approach	**1,274**	**102**	**1,900**	**152**	**(627)**	**(50)**
Central governments and central banks	0	0	27	2	(27)	(2)
Corporates	1,036	83	1,610	129	(574)	(46)
Institutions	225	18	254	20	(29)	(2)
Retail	13	1	9	1	3	0
Real estate loans	*0*	*0*	*9*	*1*	*(9)*	*(1)*
Other exposures	*13*	*1*	*0*	*0*	*13*	*1*
Equity risk	**35,265**	**2,821**	**24,377**	**1,950**	**10,888**	**871**
Internal model	32,900	2,632	21,496	1,720	11,404	912
Listed equities	*2,487*	*199*	*7,734*	*619*	*(5,248)*	*(420)*
Other equity exposures	*27,554*	*2,204*	*7,321*	*586*	*20,233*	*1,619*
Private equity exposures in diversified portfolios	*2,859*	*229*	*6,441*	*515*	*(3,581)*	*(287)*
Simple weighting method	1,531	122	1,733	138	(202)	(16)
Listed equities	*5*	*0*	*21*	*2*	*(16)*	*(1)*
Other equity exposures	*442*	*35*	*468*	*37*	*(27)*	*(2)*
Private equity exposures in diversified portfolios	*1,084*	*87*	*1,244*	*99*	*(160)*	*(13)*
Standardised approach	834	67	1,148	92	(314)	(25)
Market risk	**31,208**	**2,497**	**25,548**	**2,044**	**5,660**	**453**
Internal model	28,637	2,291	22,633	1,811	6,004	480
VaR	*6,346*	*508*	*5,440*	*435*	*906*	*72*
Stressed VaR	*14,889*	*1,191*	*11,179*	*894*	*3,709*	*297*
Incremental Risk Charge	*6,007*	*480*	*3,421*	*274*	*2,586*	*206*
Comprehensive Risk Measure	*1,395*	*112*	*2,593*	*208*	*(1,197)*	*(96)*
Standardised approach	1,751	140	2,652	212	(900)	(72)
Trading book securitisation positions	820	66	263	21	557	44
Operational risk	**50,364**	**4,029**	**51,154**	**4,092**	**(790)**	**(63)**
Advanced Measurement Approach (AMA)	36,873	2,950	35,586	2,847	1,287	103
Standardised approach	8,920	713	9,518	761	(598)	(48)
Basic indicator approach	4,571	366	6,050	484	(1,479)	(118)
TOTAL	**559,632**	**44,771**	**551,839**	**44,147**	**7,793**	**623**

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);
- parameters effect: contribution of changes in risk parameters;
- scope effect: impact of a change in scope of consolidation;
- 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).

TABLE 7: RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVERS

In millions of euros	31 December 2012	Type of effect						Total variation	31 December 2013
		Currency	Volume	Parameters	Perimeter	Method	Other		
Credit risk	411,151	(9,110)	3,729	(573)	4,665	1,782	(986)	(493)	410,658
Securitisation	19,076	(410)	(5,564)	2,967	0	(362)	(78)	(3,447)	15,629
Counterparty risk	20,533	(55)	(2,660)	(1,184)	73	315	(514)	(4,025)	16,508
Equity risk	24,377	(17)	(3,799)	(6,422)	(2,722)	22,779	1,069	10,888	35,265
Market risk	25,548	0	1,010	760	0	4,291	(401)	5,660	31,208
Operational risk	51,154	0	(1,649)	2,041	119	(1,249)	(53)	(790)	50,364
TOTAL	**551,839**	**(9,592)**	**(8,933)**	**(2,411)**	**2,135**	**27,556**	**(964)**	**7,792**	**559,632**

Explanations for the changes in 2013 can be found in the various appropriate sections.

The main impact (in the positive amount of approximately EUR 20 billion) stems from the incorporation of insurance entities on the basis of an internal model for weighting the difference between the equity-method value and the equity-method adjustment, pursuant to the 2013 Notice "Methods for calculating the capital ratio" issued by the ACPR.

CAPITAL ADEQUACY AND CAPITAL PLANNING

CAPITAL ADEQUACY UNDER CURRENT REGULATION

Under the European Union regulation transposed into French law by regulation no. 91-05, the Group's capital adequacy ratio must be at least 8% at all times, including a Tier 1 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 8: SOLVENCY RATIOS

In millions of euros	31 December 2013	31 December 2012(*)
TIER 1 CAPITAL	**71,897**	**74,806**
Tier 2 capital	6,367	9,186
Tier 3 capital	1,784	1,460
REGULATORY CAPITAL	**80,048**	**85,452**
Credit risk	410,658	411,151
Securitisation	15,629	19,076
Counterparty risk	16,508	20,533
Equity risk	35,265	24,377
Market risk	31,208	25,548
Operational risk	50,364	51,154
RISK-WEIGHTED ASSETS	**559,632**	**551,839**
TIER 1 RATIO	**12.8%**	**13.6%**
TOTAL CAPITAL RATIO	**14.3%**	**15.5%**

(*) Data restated by applying the amendment to IAS 19 (see notes 1.a and 2 of chapter 4 Consolidated Financial Statements*).*

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 2013, the capital surplus of the conglomerate was estimated at EUR 31.7 billion (compared with EUR 37.9 billion as of 31 December 2012).

CAPITAL PLANNING

In accordance with Basel 3 rules, as transposed by the CRD 4 package published by the European Commission on 26 June 2013, the BNP Paribas Group met the requirement of a common equity Tier 1 ratio of 9% on a fully loaded basis as of 1 January 2013. The capital adequacy ratio is calculated as follows: a common equity Tier 1 ratio of at least 4.5%, a capital buffer of 2.5% and an additional 2% for the Group as a Systemically Important Financial Institution (SIFI).

At end December 2013, the fully loaded CRD 4 CET 1 ratio was 10.3%.

RECOVERY AND RESOLUTION PLAN

In early August 2013, BNP Paribas submitted a third update of its Recovery and Resolution Plan (RRP) to the French banking regulator (Autorité de Contrôle Prudentiel et de Résolution). 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 23 July 2013. The Committee Chair presented this work to the Board of Directors on 30 July 2013.

The new version of the RRP includes updated figures and takes account of changes in the Group's organisation and activities. It has been further fleshed out compared with the 2012 version to take account of requests from authorities sitting on the resolution board and items known to feature in pending European and French regulations.

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 et de Résolution). It met twice during 2013.

On 1 July 2013, BNP Paribas also presented a resolution plan to the American authorities, pursuant to Rule 165(d) of the Dodd-Frank Act. This plan covers BNP Paribas' activities in the United States, and is also part of the Group-level plan[1].

(1) http://www.federalreserve.gov/bankinforeg/resolution-plans/bnp-paribas-2g-20130701.pdf.

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 optimising 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:

- a 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 2007, it is jointly chaired by the Chief Financial Officer and the Chief Risk Officer, with divisions and operational units Chief Financial Officers attending. Held on a quarterly basis, it reviews RWA and the upcoming quarterly solvency ratio trends;
- Capital Committee: created in 2009, it is chaired quarterly by the Executive Management, and addresses the following topics:
  - monitoring and anticipations of RWA and solvency ratio evolutions on a twelve to eigtheen months time span,
  - monitoring of the leverage ratio,
  - identifying of the required adjustments and optimisation (based e.g. on business models, processes and IT), and assessment of the associated impacts,
  - definition of short- and medium-term capital use guidelines, and proposal for options to the Executive Committee,
  - monitoring ACPR recommendations implementation that impact Group's RWAs and solvency.

Moreover, capital needs are also integrated into the Bank's risk policies:

- 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 Chief Financial Officers 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 Chief Executive Officers 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 et de Résolution, 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 (Internal Capital Adequacy Assessment Process) and SREP (Supervisory Review Process).

The Group's 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 of the risks 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 macroeconomic 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 conducted by the supervisor 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.

COMPREHENSIVE ASSESSMENT

As part of the implementation of the single supervisory mechanism from November 2014, the BNP Paribas Group is subject to the comprehensive assessment exercise organised by the ECB before assuming its supervisory functions. This exercise covers the following three areas:

- Risk Assessment, to assess the main risks in the balance sheet, including liquidity, leverage and refinancing;
- Asset Quality Review to examine the quality of the Bank's assets as of 31 December 2013;
- regulatory Stress Testing conducted in cooperation with the EBA to measure the Bank's capacity to absorb shocks.

5.3 Risk management [Audited]

GOVERNANCE

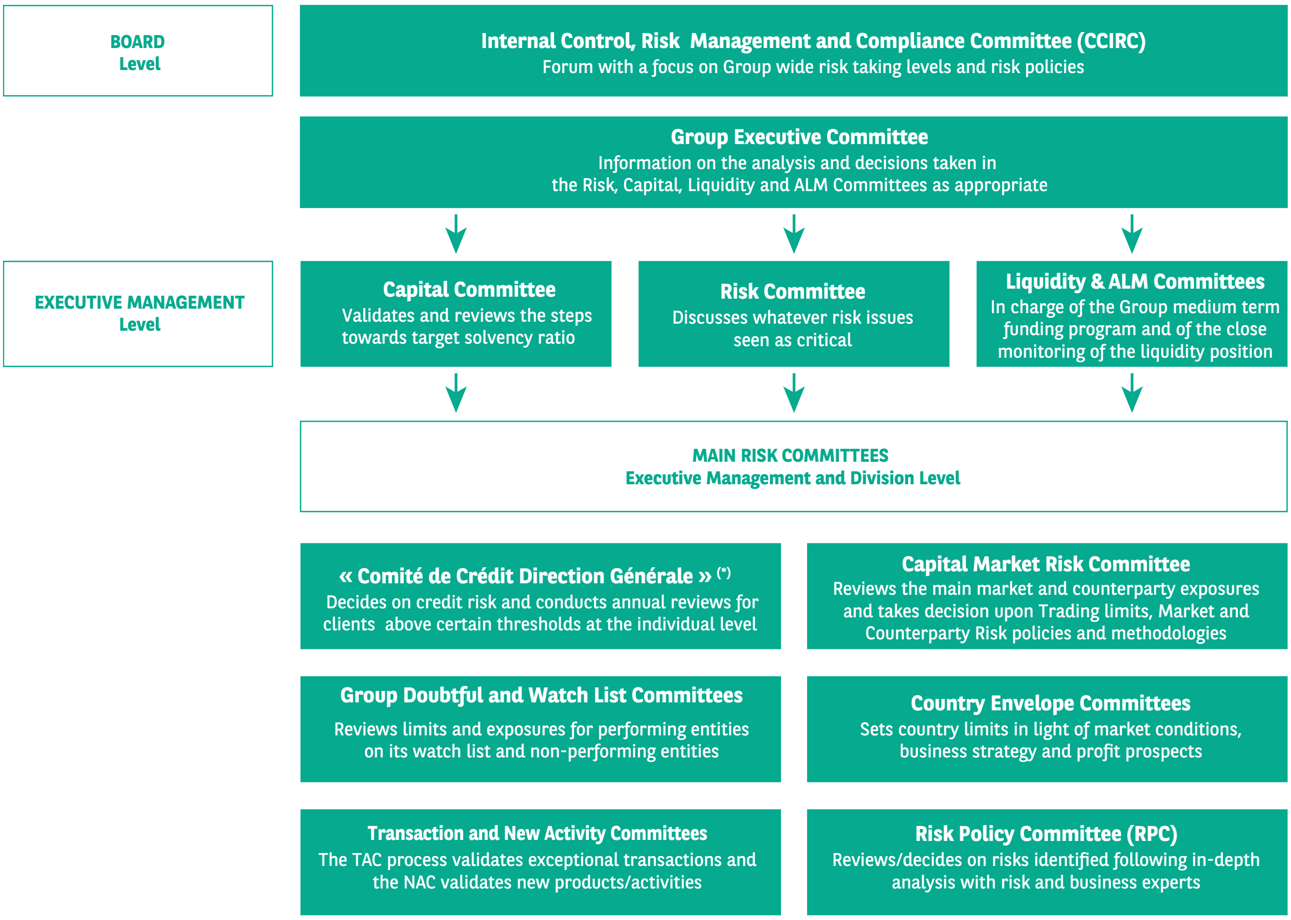
In line with the Group's Risk Profile policy, Executive Management is responsible for the major guidelines based on three key dimensions – Risk, Capital and Liquidity – through the following Committees that report to the Group's Executive Committee:

- Risk 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.

FIGURE 2: RISK COMMITTEES



(*) General Management Credit Committee.

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 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 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 definition 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.

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".

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 climate of crisis. In May 2010, BNP Paribas launched the Risk Academy, a cross-functional Group initiative, to help spread its risk management culture.

The Risk Academy is an open, group-wide venture, involving all business lines and functions. 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;
- encourage the free exchange of information and knowledge sharing.

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"*).

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 aim 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.

  The Group seeks to generate risk-adjusted results that are sustainable and based on its customers' needs. To be sustainable, profitability must be based on selectivity and controlled growth in BNP Paribas' assets, a search for diversified business activities and careful management of the Group's human resources and talents. The latter point includes the dissemination of a strong risk culture across the Group, and the adjustment of performance-based pay taking risk into account.

  Although the Group accepts a measure of volatility in its revenues, it consistently seeks to contain the amount of potential losses arising from adverse scenarios;

- capital adequacy.

  BNP Paribas has sufficient capital to cope with an adverse scenario and to meet regulatory requirements in force. As part of its banking activities, BNP Paribas agrees to take risks when they are accompanied by an appropriate return, projected over a suitable timeframe, and when their impact on the risk profile is acceptable;

- financing and liquidity.

  The Group ensures that the diversification of and balance between its resources and uses of funds represents a conservative funding strategy, allowing it to cope with adverse scenarios. The Group complies with regulatory liquidity ratios in force;

- concentrations.

  The Group builds and maintains a diversified portfolio of risks, avoiding concentration (counterparties, sectors and countries) and ensures that it complies with concentration policies in force;

- insurance activities.

  BNP Paribas Cardif is exposed mainly to credit, underwriting and market risks. The entity closely monitors its exposures and profitability, taking into account its risks and the adequacy of its capital with regard to regulatory requirements;
- non-quantifiable risks.

  Risks that are inherently difficult to quantify must be minimised as far as possible, through appropriate management and control procedures. Reputation and compliance risks, in particular, fall into this category.

These principles are completed by qualitative guidelines resulting from decisions taken by the Risk Strategy Committees.

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.

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 presented to the CCIRC.

RISKS CATEGORIES

SUMMARY OF RISKS

➤ TABLE 9: RISKS MONITORED BY THE BNP PARIBAS GROUP

			Pillar 1		ICAAP[(4)] (Pillar 2)		
Identified Risks	Risks affecting the Group's capital adequacy	Risks affecting the Group's value (share price)	Risk covered	Measurement and management method	Risk covered	Measurement and management method	Additional risk identified by BNP Paribas
Credit risk	✓		✓	Basel 2.5	✓	Basel 2.5	
Securitisation	✓		✓	Basel 2.5	✓	Basel 2.5	
Counterparty risk	✓		✓	Basel 2.5	✓	Basel 2.5	
Equity risk	✓		✓	Basel 2.5	✓	Basel 2.5	
Market 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	
Compliance and 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) Internal Capital Adequacy Assessment Process.

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.

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.

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. Most of these commitments are contained in the prudential banking book (section 5.5). Commitments contained in the trading book are set out in *Market risk* (section 5.7).

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 may vary over time in line with market parameters which impact the value of the relevant market transactions.

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, prices of securities and commodities (whether listed or obtained by reference to a similar asset), prices of derivatives, and other parameters that can be directly inferred from them, such as interest rates, 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-ascertainable in the market.

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.

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 compliance and reputation risks.

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.

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.

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, macroeconomic 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.

STRESS TESTING

To ensure dynamic risk supervision and management, the Group has implemented a comprehensive stress testing framework 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 (CCIRC) 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;
- regulatory requirements or requests: mainly ad hoc requests from the EBA, IMF or any other supervisor.

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.

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, whose responsibility it is to decide on strategic actions to mitigate the impact of a shock on risks.

Such actions can include:

- a reduction in the exposure of a sector, portfolio or geographical area;
- a change in the financing or liquidity policy, or in the amount of capital set aside for the Group or a subsidiary.

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.

A key process in the stress testing framework is that used to identify the most significant risks, such as macroeconomic risks, credit risk, liquidity risk, market risk and concentration risk. This is the step that results in the definition of appropriate scenarios (notably in terms of the severity of such shocks).

STRESS TEST SCENARIO DEFINITION

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 six quarters in addition to the current year. In 2013, a global scenario combined several consistent regional scenarios, covering the United States, euro zone, France, Italy, Belgium and Spain. 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 scenarios. 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) (or adverse).

An adverse scenario describes a potential shock to the economic and financial environment – i.e. the materialisation of one or a few risks to the baseline scenario – over the projection horizon. In order to build an adverse scenario, the economist has to answer the following question: if such an event occurred, how would macroeconomic variables evolve in the future?

Adverse scenarios reflect the risks to the economy are and their likely effects will be – i.e. which they don't reflect the most likely way we expect the economy to evolve. This is the reason why baseline scenarios are defined as sets of "forecasts" and adverse scenarios as sets of "projections".

It is important to note that these economic and financial variables are also used to build the Group's budget scenario. 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 scenarios are reviewed at

(1) The economic or financial variables are GDP and its components (consumer spending, investment, etc.), prices indices, unemployment rates, three-month interest rates, and ten-year government bond yields.

quarterly intervals by GRM, since stress testing is used in risk monitoring. They are also approved twice a year by Executive Management, during the budget process.

The scenarios 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 and risk-weighted assets due to events of default or adverse moves in equity prices. Credit risk stress tests are performed on the Bank's entire portfolio for all regions and all prudential portfolios, namely Retail, Corporate and Banks. The sovereign portfolio is stress tested on an as-needed basis through an expert approach;
- 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.

Lastly, it should be noted that stress testing is performed routinely, via the Internal Capital Adequacy Assessment Process, to determine the level of the Group's regulatory capital.

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 (revenues, 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.

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.

TABLE 10: EXPOSURE TO CREDIT RISK(*) BY BASEL ASSET CLASS AND APPROACH

In millions of euros	31 December 2013				31 December 2012				Variation	
	IRBA	Standardised Approach	Total	2013 Average Exposure	IRBA	Standardised Approach	Total	2012 Average exposure	Total	Average Exposure
Central governments and central banks	184,154	25,315	209,469	202,953	177,612	18,825	196,437	186,526	13,033	16,427
Corporates	388,983	122,574	511,557	513,392	360,242	154,986	515,228	540,804	(3,671)	(27,411)
Institutions(**)	71,928	18,098	90,026	89,303	61,814	26,765	88,579	98,092	1,447	(8,790)
Retail	195,063	162,958	358,021	360,389	195,891	166,865	362,756	367,990	(4,735)	(7,601)
Other non credit-obligation assets(***)	330	93,112	93,442	107,121	333	120,467	120,800	119,408	(27,358)	(12,287)
TOTAL EXPOSURE	**840,458**	**422,057**	**1,262,515**	**1,273,158**	**795,892**	**487,908**	**1,283,800**	**1,312,820**	**(21,285)**	**(39,662)**

(*) Securitisation 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 2013 (section 5.2, Table 2), credit risk exposures include the following amounts, net of impairment: deposits with central banks (EUR 101 billion), loans to customers (EUR 617 billion), loans to credit institutions (EUR 50 billion), available for sale assets (EUR 115 billion), held-to-maturity financial assets (EUR 0.5 billion), assets designated as at fair value through profit and loss (EUR 3 billion), property, plant & equipment and investment property (EUR 17 billion), accrual accounts and other assets (EUR 84 billion), and current and deferred tax assets (EUR 9 billion), plus funding commitments and guarantees given (EUR 304 billion).

These amounts are restated for impairment, as well as amounts subject to risk other than credit risk (securitisation, counterparty and market), valuation adjustments and other items deducted from own funds (EUR 98 billion).

In the rest of this section, references to credit risk exposure do not include other non credit-obligation assets (non-current assets, accrual accounts and residual value).

TRENDS IN CREDIT RISK EXPOSURE IN 2013

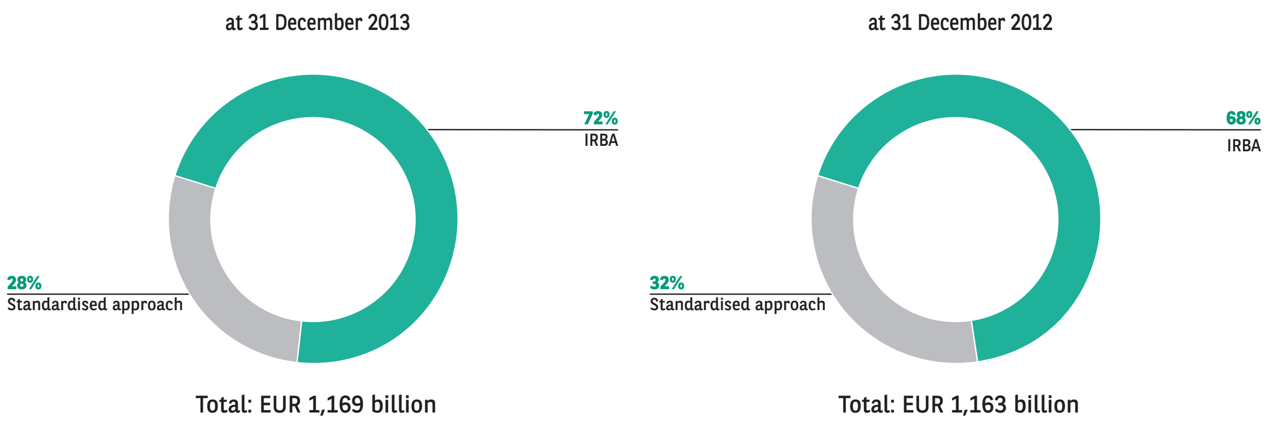
Excluding other non credit-obligation assets, exposures increased by EUR 6 billion, primarily on the Central governments and central banks prudential portfolio.

APPROACHES USED TO CALCULATE RISK-WEIGHTED ASSETS

BNP Paribas has opted for the most advanced approaches allowed under Basel 2. In accordance with the EU Directive and its transposition into French law, in 2007 the French banking supervisor (Autorité de Contrôle Prudentiel et de Résolution) 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 ACPR. An approach based on methods that have been approved by the French, Belgian or Luxembourg supervisors for each of the non-convergent perimeters was implemented at 31 December 2012.

For credit risk (excluding other non credit-obligation assets), the share of exposures under the IRB approach represents 72% at 31 December 2013, compared with 68% at 31 December 2012. 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 BNP Paribas Fortis and BGL BNP Paribas. BNL SpA's transition to IRBA has been approved in 2013 by the Bank of Italy for Sovereign and Corporate exposures. 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 securitisation.*

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

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 any relevant specific policies. Exceptions go through a specific approval process. All loans comply with the current laws and regulations. In particular, before making any commitments BNP Paribas carries out an in-depth review of any known development plans of the borrower, and ensures that it has thorough knowledge of all the structural aspects of the borrower's operations and that adequate monitoring will be possible.

The Group Credit Committee, chaired by one of the Chief Operating Officers or the Head of GRM, has ultimate decision-making authority for all credit and counterparty risks.

MONITORING 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.

The responsibilities of the control teams in charge of the second level checks include monitoring loan volumes for compliance with approved limits, covenants, guarantees, unusual syndications, etc., so as to identify any signs of deterioration to the risk profile approved by the

Credit Committee. Control teams flag up (to the GRM teams and business units) any exceptions that fail to comply with Credit Committee decisions and oversee their resolution. In some cases a specific alert is sent to GRM and business unit Senior Management. These are mainly where exceptions remain unresolved and/or where there are serious indications of deterioration in the risk profile compared with that approved by the Credit Committee.

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. This policy is described in the *Credit risk diversification* section (section 5.4).
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.

IMPAIRMENT PROCEDURES

GRM reviews all corporate, bank and sovereign loans in default at monthly intervals to determine the amount of any decrease in value to be recognised, either by reducing the carrying amount or by recording a provision for impairment, depending on the applicable accounting standards. The amount of the impairment loss is based on the present value of probable net recoveries, including from the possible realisation of collateral.

In addition, a collective impairment is established for each core business on a statistical basis. A committee comprising the Core Business Director, the Group Chief Financial Officer or his representative and the Head of GRM meets quarterly to determine the amount of the collective impairment. This is based on simulations of losses to maturity on portfolios of loans whose credit quality is considered as impaired, but where the customers in question have not been identified as in default (i.e. loans not covered by specific impairment). The simulations carried out by GRM use the parameters of the internal rating system described below.

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 et de Résolution).

RATING SYSTEM

The BNP Paribas Group uses an advanced Internal Ratings-Based Approach (IRBA) to credit risk for the retail, sovereign, institutions, corporate 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). BNL SpA has been authorized to use advanced methods for corporates and sovereigns. 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 et de Résolution) 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 (GRR) or its complement, Loss Given Default (LGD), 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 11: INDICATIVE MAPPING OF INTERNAL COUNTERPARTY RATING WITH AGENCY RATING SCALE AND AVERAGE EXPECTED PROBABILITY OF DEFAULT (PD)

	BNP Paribas Rating	LT Issuer / Unsecured issues ratings S&P / Fitch	Average expected PD
Investment Grade	1+	AAA	0.01%
	1	AA+	0.01%
	1-	AA	0.01%
	2+	AA-	0.02%
	2	A+/A	0.03%
	2-	A-	0.04%
	3+/3/3-	BBB+	0.06% to 0.10%
	4+/4/4-	BBB	0.13% to 0.21%
	5+/5/5-	BBB-	0.26% to 0.48%
Non Investment Grade	6+	BB+	0.69%
	6/6-	BB	1.00% to 1.46%
	7+/7	BB-	2.11% to 3.07%
	7-	B+	4.01%
	8+/8/8-	B	5.23% to 8.06%
	9+/9/9-	B-	9.53% to 13.32%
	10+	CCC	15.75%
	10	CC	18.62%
	10-	C	21.81%
Default	11	D	100.00%
	12	D	100.00%

The Group has developed an indicative equivalence between the Bank's internal 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.

CREDIT RISK STRESS TESTING

Quantitative models have been developed and are used to connect credit risk parameters with macroeconomic and financial variables laid down in stress testing scenarios (see section 5.3 *Stress testing*), for historical data as well as the relevant forecast period.

The quality of the methods used is guaranteed by strict governance in terms of the separation of duties and responsibilities, a review of existing systems (models, methodologies, tools) by an independent entity, and periodic evaluation of the effectiveness and pertinence of the system as a whole. This governance is based on internal policies and procedures, the supervision of the credit-risk stress testing models and methodologies committee and the full integration of the stress testing programme within the risk management system.

There is a Group-level credit-risk stress testing policy, approved by the Capital Committee in July 2013. It is used for different types of stress testing (regular, periodic and as needed).

In the central stress testing process, the approach is based on macroeconomic scenarios (central and adverse), which are fed into models projecting the default rates used to calculate:

- the Point-In-Time (PIT) Probability of Default (PD), in turn used to estimate the Cost of Risk; and
- the Through-the-Cycle (TTC) Probability of Default (PD), used to project risk-weighted assets;

as well as a rating migration methodology for scopes covered.

In the case of stress on risk-weighted assets, the Loss Given Default (LGD) is not stressed as it is considered as downturn LGD (see *Rating System* section). In that of stress on the cost of risk, the rate of loss (also known as PIT LGD) can be stressed through a link with macroeconomic and financial variables or with default rates.

Stress testing of credit risk is used in the evaluation of the Group's overall risk profile, and more specifically during portfolio reviews.

CREDIT RISK DIVERSIFICATION [Audited]

The Group's gross exposure to credit risk stands at EUR 1,169 billion at 31 December 2013, compared with EUR 1,163 billion at 31 December 2012. This portfolio, which is analysed below in terms of its diversification, comprises all exposures to credit risk shown in table 10 "Exposure to credit risk by Basel asset class" excluding other non credit-obligation assets[(1)]. A dedicated chapter (section 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.

This risk is mainly assessed through the monitoring of:

SINGLE NAME CONCENTRATION

The single name concentration risk of the portfolio is subject to regular monitoring. It is assessed by taking into account the aggregate commitments at a business group level. It is based on two main dimensions:

Monitoring of Large Exposures

All risk-weighted assets (specific to the Large Exposure regulation and more conservative that the Basel 2 Risk Weighted Assets) of a single business group must never exceed 25% of the Bank's equity.

Beneficiaries, whose individual risk exceeds 10% of shareholders' equity, with an exposure disclosure threshold set by the ACPR at EUR 300 million, are considered as Large Exposures.

BNP Paribas is well below the concentration thresholds laid down by the EU directive on Large Risks and no individual business group reaches the 10% ratio between the amount of risk weighted assets and the Bank's equity.

Monitoring through individual "single name" concentration policies

The single name concentration policies as part of the Group's concentration policies are meant to identify and closely monitor any single business group with an excessive concentration of risk to proactively manage individual concentrations within a risk profile framework developed objectively and consistently within the Bank.

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 12: GEOGRAPHIC BREAKDOWN OF CREDIT RISK BY COUNTERPARTY'S COUNTRY OF BUSINESS

	31 December 2013					
In millions of euros	Central governments and central banks	Corporates	Institutions	Retail	Total	%
Europe	**118,859**	**339,777**	**57,078**	**318,294**	**834,008**	**71%**
France	*44,938*	*115,119*	*20,998*	*152,414*	*333,469*	*28%*
Belgium	*26,639*	*45,529*	*8,648*	*62,238*	*143,054*	*12%*
Luxembourg	*2,627*	*9,864*	*1,354*	*5,780*	*19,625*	*2%*
Italy	*12,523*	*63,582*	*9,302*	*52,164*	*137,571*	*12%*
Other European countries	*32,132*	*105,683*	*16,776*	*45,698*	*200,289*	*17%*
North America	**54,235**	**82,083**	**10,253**	**23,111**	**169,682**	**15%**
Asia & Pacific	**25,073**	**42,324**	**14,927**	**220**	**82,544**	**7%**
Rest of the World	**11,302**	**47,373**	**7,768**	**16,396**	**82,839**	**7%**
TOTAL	**209,469**	**511,557**	**90,026**	**358,021**	**1,169,073**	**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 2012	
	Central governments and central banks	Corporates	Institutions	Retail	Total	%
Europe	**130,652**	**344,526**	**58,146**	**322,728**	**856,052**	**73%**
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 European countries	*26,931*	*110,834*	*17,648*	*45,688*	*201,101*	*17%*
North America	**35,252**	**82,743**	**14,831**	**23,367**	**156,193**	**14%**
Asia & Pacific	**19,882**	**40,789**	**8,187**	**440**	**69,298**	**6%**
Rest of the World	**10,651**	**47,170**	**7,415**	**16,221**	**81,457**	**7%**
TOTAL	**196,437**	**515,228**	**88,579**	**362,756**	**1,163,000**	**100%**

The geographic breakdown of the portfolio's exposure is balanced and globally stable. The Group's main focuses of concern were peripheral European countries, geopolitical risks in some countries and the economic performance of the emerging economies. As a result, such countries were more frequently reviewed in order to closely monitor the evolving political and economic situations and proactively manage the Group's exposure by anticipating the risk of deterioration.

INDUSTRY DIVERSIFICATION

➤ TABLE 13: BREAKDOWN OF CREDIT RISK CORPORATE ASSET CLASS BY INDUSTRY

In millions of euros	31 December 2013		31 December 2012	
	Exposure	%	Exposure	%
Agriculture, Food, Tobacco	25,331	5%	25,325	5%
Insurance	12,859	3%	8,810	2%
Chemicals excluding Pharmaceuticals	11,205	2%	10,329	2%
Construction	27,261	5%	27,771	5%
Retailers	25,190	5%	23,159	5%
Energy excluding Electricity	30,125	6%	28,920	6%
Equipment excluding IT Electronic	27,603	5%	27,532	5%
Finance	28,880	6%	37,716	7%
Real estate	51,204	10%	47,982	9%
IT & Electronics	11,949	2%	11,504	2%
Metal & Mining	30,689	6%	27,112	5%
Wholesale & Trading	48,595	9%	53,806	11%
Healthcare & Pharmaceuticals	9,141	2%	9,191	2%
B to B services	48,089	10%	52,784	10%
Communication services	12,560	2%	11,949	2%
Transportation & Logistics	32,737	6%	35,484	7%
Utilities (electricity, gas, water, etc.)	28,808	6%	30,705	6%
Other	49,331	10%	45,150	9%
TOTAL	**511,557**	**100%**	**515,228**	**100%**

Sector risks were monitored in terms of gross exposure and RWA. The Group remains diversified. No one sector makes up more than 10% of total corporate lending or more than 4% of total lending in 2013 (see Table 10, section 5.4). The most sensitive sectors are regularly reviewed in dedicated committees.

RISK-WEIGHTED ASSETS

TABLE 14: CREDIT RISK-WEIGHTED ASSETS

	Risk-weighted assets		
In millions of euros	31 December 2013	31 December 2012	Variation
Credit risk - IRBA approach	**198,867**	**172,409**	**26,458**
Central governments and central banks	3,622	3,244	377
Corporates	146,304	121,986	24,318
Institutions	11,166	10,326	840
Retail	37,625	36,749	876
Real estate loans	*12,181*	*10,772*	*1,409*
Revolving exposures	*5,362*	*5,851*	*(489)*
Other exposures	*20,082*	*20,126*	*(44)*
Other non credit-obligation assets	150	104	46
Credit risk - Standardised approach	**211,791**	**238,742**	**(26,951)**
Central governments and central banks	3,189	3,742	(553)
Corporates	87,463	112,909	(25,446)
Institutions	8,189	8,508	(319)
Retail	80,694	80,589	105
Real estate loans	*27,143*	*26,276*	*867*
Revolving exposures	*2,112*	*3,137*	*(1,025)*
Other exposures	*51,439*	*51,176*	*263*
Other non credit-obligation assets	32,256	32,994	(737)
TOTAL CREDIT RISK	**410,658**	**411,151**	**(493)**

BNL SpA's transition to the advanced method was the cause of a large proportion of transfers of risk-weighted assets from the standardised approach to the IRB approach in the Corporates category.

TABLE 15: CREDIT RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER

		Type of effect							
In millions of euros	31 December 2012	Currency	Volume	Parameters	Perimeter	Method	Other	Total variation	31 December 2013
Credit Risk-Weighted Assets	411,151	(9,110)	3,729	(573)	4,665	1,782	(986)	(493)	410,658

Risk-weighted credit exposures fell by -EUR 0.5 billion in 2013. The currency effect of -EUR 9.1 billion was mainly due to the depreciation of the Turkish lira and the US dollar. The scope effect of EUR 4.6 billion primarily related to the change in TEB group's consolidation method.

TABLE 16: GEOGRAPHIC BREAKDOWN OF CREDIT RISK WEIGHTED ASSETS BY COUNTERPARTY'S COUNTRY OF BUSINESS

In millions of euros	31 December 2013						
	Central governments and central banks	Corporates	Institutions	Retail	Other non credit -obligation assets	Total	%
Europe	2,372	158,812	12,020	95,980	27,289	296,473	72%
France	*421*	*55,292*	*3,579*	*36,521*	*10,512*	*106,325*	*26%*
Belgium	*110*	*15,342*	*862*	*12,825*	*4,398*	*33,537*	*8%*
Luxembourg	*17*	*4,126*	*263*	*1,226*	*659*	*6,291*	*2%*
Italy	*101*	*42,963*	*4,396*	*26,650*	*5,890*	*80,000*	*19%*
Other European countries	*1,723*	*41,089*	*2,920*	*18,758*	*5,830*	*70,320*	*17%*
North America	40	37,417	1,602	12,377	2,962	54,398	13%
Asia & Pacific	612	13,329	2,495	160	665	17,261	4%
Rest of the World	3,787	24,209	3,238	9,802	1,490	42,526	11%
TOTAL	**6,811**	**233,767**	**19,355**	**118,319**	**32,406**	**410,658**	**100%**

In millions of euros	31 December 2012						
	Central governments and central banks	Corporates	Institutions	Retail	Other non credit -obligation assets	Total	%
Europe	2,080	165,125	11,812	94,870	27,740	301,627	73%
France	*309*	*55,886*	*3,370*	*38,288*	*10,897*	*108,750*	*27%*
Belgium	*100*	*17,040*	*750*	*11,636*	*4,524*	*34,050*	*8%*
Luxembourg	*34*	*4,001*	*200*	*1,229*	*587*	*6,051*	*1%*
Italy	*66*	*47,662*	*4,540*	*25,521*	*5,800*	*83,589*	*20%*
Other European countries	*1,571*	*40,536*	*2,952*	*18,196*	*5,932*	*69,187*	*17%*
North America	55	37,143	1,704	12,494	3,019	54,415	14%
Asia & Pacific	358	10,765	1,305	326	835	13,589	3%
Rest of the World	4,493	21,862	4,013	9,648	1,504	41,520	10%
TOTAL	**6,986**	**234,895**	**18,834**	**117,338**	**33,098**	**411,151**	**100%**

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 BNP Paribas Fortis and BGL BNP Paribas. BNL SpA's Corporate and Sovereign loan books had also received IRBA approval in 2013.

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. 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 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.

The Group has developed specific internal models adapted for the most common categories of exposure and third party in its loan portfolio. BNP Paribas bases these developments on internal data gathered over long periods. Each of these models is developed and maintained by a specialist team, in conjunction with relevant risk and business line experts. The Bank does not use models developed by external suppliers, with the exception of some historical Fortis models which are due to be replaced in the near future.

(1) Within the Group, the Corporate book includes institutions, corporates, specialised financing and sovereign states.

The main asset classes covered by one or more models are as follows:

TABLE 17: MAIN MODELS

Modelled parameter	Portfolio	Nb of models	Model and methodology	Number of years default/ loss data	Basel asset class	Regulatory thresholds
PD	Large corporate	1	Quantitative + expert based. Calibrated on internal data	> 10 years	Corporate	
	Real estate non retail in France	1	Qualitative	> 10 years	Corporate	
	Energy & Commodities transactional financing	1	Quantitative + expert based. Calibrated on internal data	> 10 years	Corporate	
	Specialised finance	4	Quantitative + expert based. Calibrated on internal data	> 10 years	Corporate	
	Sovereigns	1	Qualitative	> 10 years	Sovereign	
	Banks	1	Quantitative + expert based. Calibrated on internal & external data	> 10 years	Bank	
	French Retail Bank Real Estate loans to individuals	6	Logistic regression. PDs calibrated on internal long-run default data	> 10 years	Retail morgage and other retail	
	French Retail Bank investment and RE loans to SME	6	Logistic regression. PDs calibrated on internal long-run default data	> 10 years	Retail & Corporate SME	
	Personal Finance Revolving and Personal loans (France, Spain, Germany, Hungary and Czech Republic)	1 model per country	Classification tree. PDs calibrated on internal long-run default data	> 10 years	Retail QRE and other retail	
	Retail Bank Belgium Residential Mortgages	1	Quantitative behavioural model based on a discriminant analysis on internal historical default data	7 years	Retail morgage and other retail	
	Retail Bank Belgium Public Banking	1	Rule based expert model	7 years	Bank, Sovereign, Corporate, Corporate SME	PD floor of 0.03%
	Retail Bank Belgium Commercial Banking (SME / Midcap)	2	Quantitative model based on a discriminant analysis on internal historical default data, including a pooling approach for clients with a very specific behaviour (clients with negative equity, ex defaulted clients, ...)	7 years	Corporate, Corporate & Retail SME	
	Retail Bank Belgium Banque des entrepreneurs (small companies, self-employed and liberal professions)	8	Quantitative model based on a discriminant analysis on internal historical default data, including a pooling approach for clients with a very specific behaviour (clients with negative equity, ex defaulted clients, ...)	7 years	Corporate, Corporate & Retail SME, Mortgage, other Retail	

Modelled parameter	Portfolio	Nb of models	Model and methodology	Number of years default/ loss data	Basel asset class	Regulatory thresholds
LGD	Large corporate	1	Quantitative	> 10 years	Corporate	
	Real estate non retail in France	1	Qualitative	> 10 years	Corporate	
	Energy & Commodities transactional financing	1	Qualitative, depends on transaction structure	> 10 years	Corporate	
	Specialised finance	5	Qualitative, depends on transaction structure	> 10 years	Corporate	
	Sovereigns	1	Fixed value	> 10 years	Sovereign	
	Banks	1	Fixed value	> 10 years	Bank	
	French Retail Bank Real Estate loans to individuals	1	Segmentation. LGDs calibrated on long-run internal default and loss data. Prudential margin covers downturn of last economic crises	> 10 years	Retail mortgage and other retail	LGD floor of 10% at portfolio level
	French Retail Bank investment and RE loans to SME	1	Multiple linear regression. LGDs calibrated on internal long-run default and loss data. Prudential margin covers downturn of last economic crises	> 10 years	Retail & Corporate SME	
	Personal Finance Revolving and Personal loans (France, Spain, Germany, Hungary and Czech Republic)	1 model per country	Classification tree. LGDs calibrated on internal long-run default and loss data including a downturn effect when considered appropriate	> 10 years	Retail QRE and other Retail	
	Retail Bank Belgium Residential Mortgages	1	Quantitative model including a probability of loss based upon a logistic regression	7 years	Retail mortgage and other retail	LGD floor of 10% at portfolio level
	Retail Bank Belgium Public Banking	1	Quantitative model including a probability of loss based upon a logistic regression. Haircuts for collaterals are benchmarked on internal historical default data	7 years	Bank, Sovereign, Corporate, Corporate SME	
	Retail Bank Belgium Commercial Banking (SME / Midcap) & Banque des entrepreneurs (small companies, self-employed and liberal professions)	1	Quantitative model including a probability of loss based upon a logistic regression. Haircuts for collaterals are benchmarked on internal historical default data	7 years	Corporate, Corporate & Retail SME, Mortgage, other Retail	

Modelled parameter	Portfolio	Nb of models	Model and methodology	Number of years default/ loss data	Basel asset class	Regulatory thresholds
CCF/EAD	CCF for corporate, banks & sovereign	1	CCF calibrated on internal observation for confirmed credit lines, regulatory parameter used for the rest	> 10 years	all	
	French Retail Bank Real Estate loans to individuals	-	CCF = 100%	5 years	Retail mortgage and other retail	EAD must be at least equivalent to current utilisation.
	French Retail Bank investment and RE loans to SME	-	CCF = 100%	5 years	Retail & Corporate SME	
	Personal Finance Revolving and Personal loans (France, Spain, Germany, Hungary and Czech Republic)	1 model per country	Classification tree. CCFs calibrated on internal long-run default and loss data including a downturn effect when considered appropriate	> 10 years	Retail QRE and other Retail	
	Retail Bank Belgium Residential Mortgages	1	Rule based model validated on historical data	7 years	Retail mortgage and other retail	
	Retail Bank Belgium Public Banking	1	Regression based models that determine a CCF for different product families	7 years	Bank, Sovereign, Corporate, Corporate SME	
	Retail Bank Belgium Commercial Banking (SME / Midcap) & Banque des entrepreneurs (small companies, self-employed and liberal professions)	1	Regression based models that determine a CCF for different product families	7 years	Corporate, Corporate & Retail SME, Mortgage, other Retail	

BACKTESTING

Each of the three credit risk parameters (PD, LGD, CCF/EAD) 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 is also verified.

This backtesting work revealed that actual default rates on Corporate[(1)] IRBA scope are significantly lower than estimated default rates across the entire cycle (average annual default rate of 0.72% between 2001 and 2012 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.

The table below presents the 2012 backtesting results of the PD & LGD models covering the material exposures of the Group under the advanced IRB Approach but excluding low default portfolios. This scope represents around 65% of the Group Credit Risk IRBA RWAs (excluding securitisation).

These results consist in the comparison of, on the one hand, the expected and the observed one-year default rates and, on the other hand, the expected and the observed LGDs.

Each category of counterparty / exposure can aggregate several rating or LGD models on the basis of the Group internal classification, and therefore does not necessarily corresponds to regulatory classification.

Expected as well as observed values have been averaged over several years depending on the available information for each model, and in most cases cover a full economic cycle.

For models that have been fully recalibrated, all historical expected values are based on the most recent calibration. For SMEs and Large Corporates & Specialised Lending portfolio, the prevailing risk parameters at each reporting date have been used.

The expected LGD values are measured on a scope that is consistent with the observed values, i.e. on defaulted exposures only. As a consequence, these expected values are not directly comparable with the LGD values reported on the performing portfolio.

➤ TABLE 18: BACKTESTING OF AVERAGE PD AND LGD FOR 2012

	Estimated PD	Default Rate	Ratio	Estimated LGD	Observed LGD	Ratio
Residential Real Estate	0.80%	0.48%	1.66	15%	11%	1.37
Professionals & SME	2.42%	2.35%	1.03	46%	31%	1.49
Large Corp & Specialised Lending	2.10%	0.84%	2.50	34%	30%	1.16

(1) Excluding SME.

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 is used to estimate 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. Backtesting is also certified internally by an independent team and the results sent to the ACPR.

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.

INTERNAL RATING SYSTEM - CORPORATE

[Audited]

The IRBA for the Corporate book (i.e. sovereigns, banks, corporates and specialised financing) 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 specialised 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 (Rating 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.

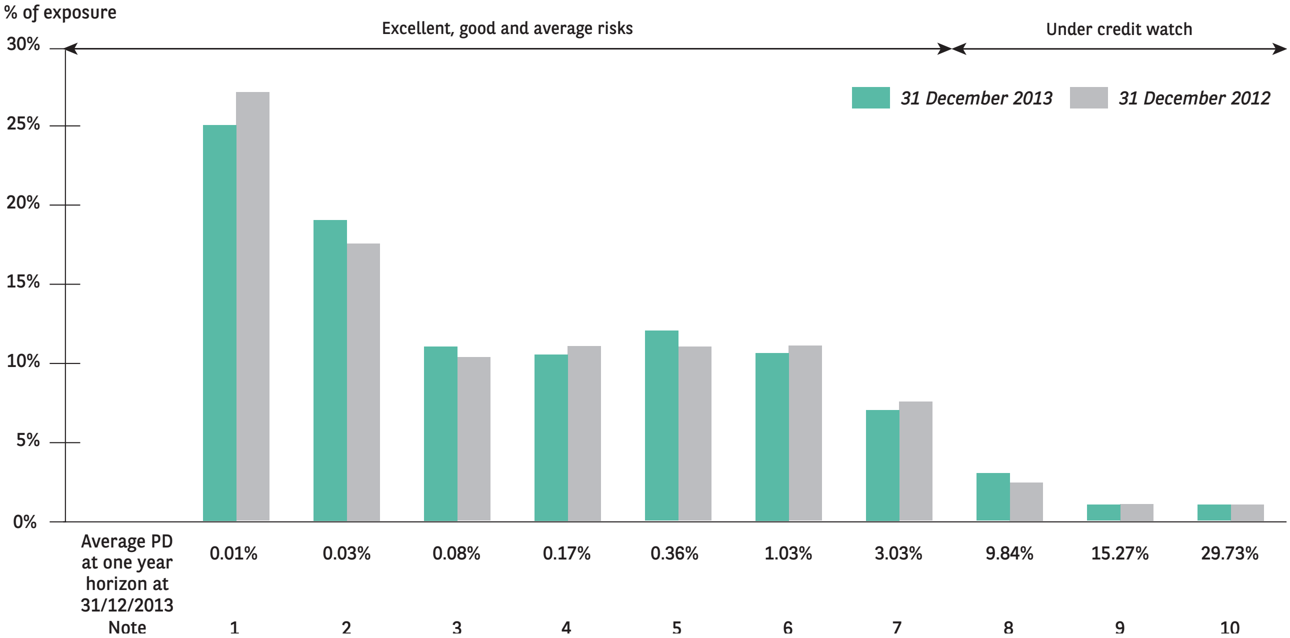
The same definition of default is used consistently throughout the Group for each asset class. For local counterparties (SMEs, local authorities), this definition may be adapted slightly to meet any specific local regulatory requirements, particularly as regards the length of past-due or the materiality threshold.

The chart below shows a breakdown by credit rating of performing loans and commitments in the Corporate book (asset classes: central governments and central banks, institutions, corporates) for all the Group's business lines, measured using the Internal Ratings Based Approach.

This exposure represented EUR 626 billion of the gross credit risk at 31 December 2013 compared with EUR 587 billion at 31 December 2012.

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, institutions and corporates.*

CORPORATE PORTFOLIO BY ASSET 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, institutions and corporates) for all the Group's business lines using the advanced IRB Approach. This exposure represented EUR 645 billion of the gross credit risk at 31 December 2013, including EUR 626 billion of performing loans and EUR 19 billion of non-performing loans, compared with EUR 600 billion at 31 December 2012, including EUR 587 billion of performing loans and EUR 13 billion of non-performing loans, and concerns CIB and business units French Retail Banking, Belgian Retail Banking, Luxembourg Retail and Corporate Banking and BNL banca commerciale, as well as BNP Paribas Securities Services (BP2S) within the Investment Solutions Division. BNL SpA's transition to IRBA contributed to the increase in the exposures set out below.

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 19: BREAKDOWN OF IRBA CORPORATE EXPOSURES BY ASSET CLASS AND INTERNAL RATING

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
											31 December 2013
Central governments and central banks	1	0.01%	140,496	139,376	1,120	64%	139,419	1%	0%	0	302
	2	0.03%	31,557	31,460	97	71%	31,529	1%	0%	0	116
	3	0.08%	4,240	4,174	66	61%	4,215	17%	12%	1	500
	4	0.20%	2,576	1,095	1,481	56%	1,923	8%	9%	0	178
	5	0.41%	1,934	1,868	66	70%	1,914	21%	29%	1	552
	6	0.80%	1,037	913	124	56%	982	34%	71%	2	695
	7	3.47%	1,175	1,096	79	68%	1,150	13%	37%	5	421
	8	8.12%	542	494	48	72%	528	6%	21%	2	111
	9	16.05%	420	265	155	54%	349	58%	156%	15	544
	10	20.46%	174	103	71	64%	148	24%	137%	7	202
	11	100.00%	3	3	0		3		22%	3	1
	12	100.00%	0	0	0		0		0%	0	0
TOTAL		**0.12%**	**184,154**	**180,847**	**3,307**	**60%**	**182,160**	**2%**	**2%**	**36**	**3,622**
Institutions	1	0.03%	4,080	3,736	344	65%	3,962	20%	6%	0	233
	2	0.03%	40,335	30,799	9,536	75%	37,935	23%	6%	3	2,448
	3	0.08%	10,853	8,837	2,016	64%	10,139	29%	15%	2	1,572
	4	0.16%	4,828	3,062	1,766	52%	3,984	33%	26%	2	1,024
	5	0.35%	5,991	3,926	2,065	53%	5,036	36%	42%	6	2,130
	6	1.08%	2,636	2,092	544	56%	2,399	35%	68%	10	1,640
	7	2.95%	1,094	722	372	42%	878	40%	111%	10	976
	8	8.79%	842	518	324	42%	656	35%	88%	10	575
	9	14.17%	213	133	80	36%	161	25%	96%	4	155
	10	19.52%	313	62	251	43%	170	41%	205%	14	349
	11	100.00%	574	459	115	93%	565		11%	166	64
	12	100.00%	169	169	0	100%	170		0%	174	0
TOTAL		**1.43%**	**71,928**	**54,515**	**17,413**	**66%**	**66,055**	**26%**	**17%**	**401**	**11,166**
Corporates	1	0.03%	12,315	6,115	6,200	54%	9,494	24%	8%	1	784
	2	0.03%	48,420	7,863	40,557	59%	31,899	34%	12%	4	3,958
	3	0.08%	51,603	16,033	35,570	58%	36,798	38%	23%	11	8,360
	4	0.17%	60,789	25,430	35,359	58%	45,784	35%	30%	26	13,938
	5	0.36%	64,710	34,541	30,169	56%	51,465	31%	41%	56	21,022
	6	1.04%	62,863	41,820	21,043	57%	53,510	27%	57%	147	30,263
	7	3.01%	43,735	29,032	14,703	55%	36,965	28%	84%	307	31,029
	8	9.96%	15,044	10,132	4,912	51%	12,646	38%	99%	204	12,542
	9	15.25%	5,948	4,686	1,262	54%	5,363	37%	130%	164	6,959
	10	30.34%	5,433	4,539	894	61%	5,086	40%	154%	287	7,835
	11	100.00%	12,854	11,791	1,063	60%	12,813		57%	4,208	7,283
	12	100.00%	5,269	5,033	236	66%	5,189		45%	3,830	2,331
TOTAL		**7.69%**	**388,983**	**197,015**	**191,968**	**57%**	**307,012**	**32%**	**48%**	**9,245**	**146,304**
TOTAL		**4.46%**	**645,065**	**432,377**	**212,688**	**58%**	**555,227**	**21%**	**29%**	**9,682**	**161,092**

		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**

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.

INTERNAL RATING SYSTEM SPECIFIC TO RETAIL CUSTOMERS [Audited]

Retail operations are carried out by the BNP Paribas network of branches in France and by various subsidiaries, particularly in 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 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 customers.

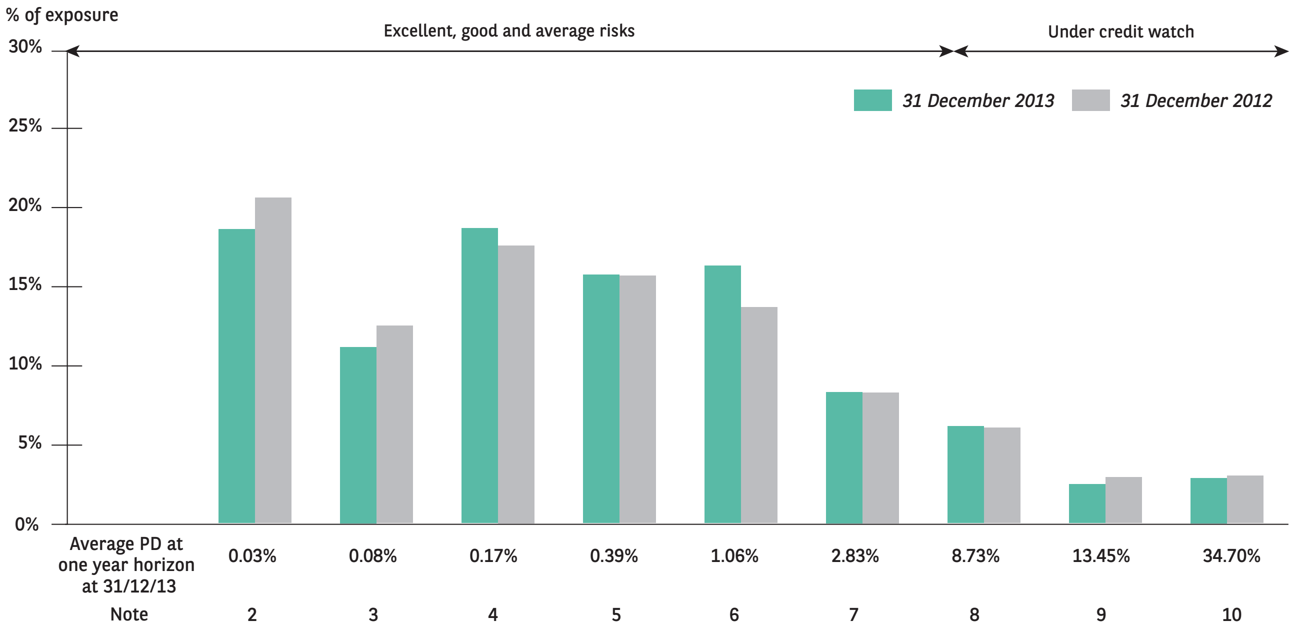
For the portion of the BNP Paribas Personal Finance book eligible for the IRBA, the risk parameters are determined by the Risk Management Department on a statistical basis according to customer type and relationship history.

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 187 billion of the gross credit risk at 31 December 2013, lightly decreased compared with 31 December 2012 (EUR 188 billion).

FIGURE 5: BREAKDOWN OF IRBA RETAIL EXPOSURES BY CREDIT RATING



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 without effect on the book's risk-weighted assets.

RETAIL PORTFOLIO BY ASSET 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. Total exposure was EUR 195 billion at 31 December 2013, a slight reduction compared with 31 December 2012, 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 20: BREAKDOWN OF IRBA RETAIL EXPOSURES BY ASSET CLASS AND INTERNAL RATING

		31 December 2013									
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
Mortgages	2	0.03%	27,759	27,045	714	92%	27,703	12%	1%	1	352
	3	0.08%	13,666	13,321	345	96%	13,652	12%	3%	1	406
	4	0.16%	21,825	21,221	604	102%	21,838	13%	5%	5	1,097
	5	0.37%	17,574	16,962	612	99%	17,566	13%	11%	8	1,887
	6	1.06%	9,987	9,610	377	102%	9,994	13%	22%	14	2,161
	7	2.71%	4,645	4,526	119	102%	4,647	13%	42%	17	1,938
	8	10.88%	2,548	2,499	49	114%	2,555	22%	66%	23	1,688
	9	14.34%	1,309	1,277	32	100%	1,309	16%	81%	23	1,057
	10	35.74%	1,065	1,053	12	104%	1,065	16%	97%	42	1,036
	11	100.00%	901	896	5	98%	901		62%	23	559
	12	100.00%	686	686	0		686		0%	186	0
TOTAL		**2.73%**	**101,965**	**99,096**	**2,869**	**98%**	**101,916**	**13%**	**12%**	**343**	**12,181**
Revolving exposures	2	0.04%	414	114	300	89%	2,042	52%	1%	0	29
	3	0.08%	2,259	100	2,159	66%	1,529	51%	3%	1	41
	4	0.18%	3,275	143	3,132	67%	2,247	49%	5%	2	112
	5	0.38%	799	132	667	84%	972	53%	10%	2	97
	6	1.30%	5,877	1,463	4,414	30%	2,784	44%	22%	16	608
	7	2.85%	1,210	641	569	90%	1,152	46%	40%	15	463
	8	7.10%	3,552	1,966	1,586	25%	2,366	45%	71%	74	1,686
	9	12.01%	689	554	135	99%	688	49%	106%	40	726
	10	30.67%	953	833	120	75%	923	45%	130%	128	1,198
	11	100.00%	1,101	1,071	30	43%	1,084		37%	627	402
	12	100.00%	511	511	0		512		0%	341	0
TOTAL		**13.55%**	**20,640**	**7,528**	**13,112**	**67%**	**16,299**	**48%**	**33%**	**1,246**	**5,362**
Other exposures	1	0.03%	10	10	0	50%	10	47%	5%	0	0
	2	0.04%	6,578	5,620	958	98%	6,563	29%	4%	1	237
	3	0.07%	4,895	4,192	703	83%	4,774	29%	6%	1	292
	4	0.18%	9,775	8,530	1,245	101%	9,793	34%	13%	6	1,302
	5	0.40%	11,001	9,622	1,379	103%	11,039	28%	18%	12	2,038
	6	1.02%	14,563	13,281	1,282	99%	14,547	30%	32%	43	4,632
	7	2.89%	9,644	8,789	855	100%	9,646	29%	43%	82	4,138
	8	8.44%	5,354	5,013	341	126%	5,445	34%	44%	95	2,401
	9	13.38%	2,607	2,464	143	93%	2,679	37%	65%	109	1,737
	10	35.53%	3,309	3,247	62	89%	3,139	28%	62%	246	1,938
	11	100.00%	2,637	2,603	34	78%	2,840		48%	1,424	1,367
	12	100.00%	2,085	2,021	64	101%	2,086		0%	1,290	0
TOTAL		**10.13%**	**72,458**	**65,392**	**7,066**	**101%**	**72,561**	**31%**	**28%**	**3,309**	**20,082**
TOTAL		**6.47%**	**195,063**	**172,016**	**23,047**	**81%**	**190,776**	**22%**	**20%**	**4,898**	**37,625**

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
		31 December 2012								
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
TOTAL		**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**

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. In 2013, an add-on has been implemented for the risk-weighted assets on the Belgian mortgage portfolio.

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.

The risk parameters used to calculate the expected one-year losses (EL) in accordance with the Basel principles, as disclosed in the tables above, are statistical estimates through the cycle (TTC); by contrast, realised losses by nature relate to prior year, and as such to a particular point in time (PIT).

For the scope analysed under the IRB approach, the expected one-year loss and the cost of risk are not comparable.

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 et de Résolution).

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.

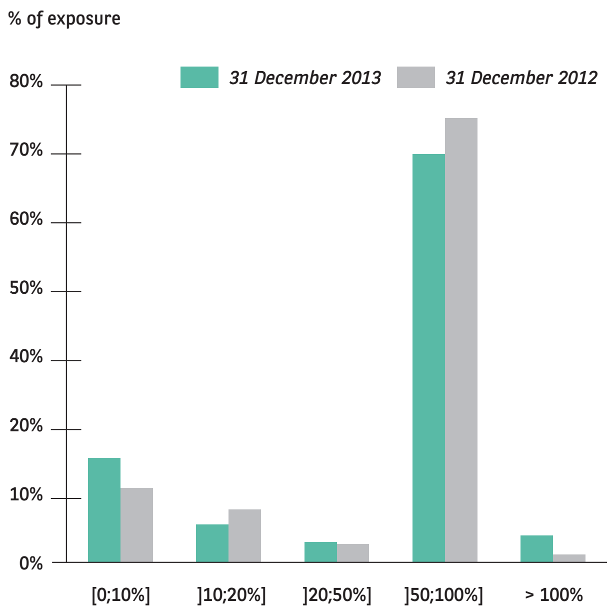
At 31 December 2013, standardised approach exposure represents 28% of the BNP Paribas Group's total gross exposures, compared with 32% at 31 December 2012. The main entities that used the standardised approach at 31 December 2013 are BNL SpA (excepted Sovereigns and Corporates), BancWest, BNP Paribas 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 Bpost banque in Belgium.

CORPORATE PORTFOLIO [Audited]

The following chart shows a breakdown by risk weight of performing loans and commitments in the Corporate book (exposure classes: central governments and central banks, institutions, corporates) for all the Group's business lines, measured using the standardised approach.

This exposure represented EUR 157 billion of the gross credit risk at 31 December 2013 compared with EUR 188 billion at 31 December 2012.

➤ FIGURE 6: BREAKDOWN OF CORPORATE(*) EXPOSURES 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 standardised approach represented EUR 163 billion at 31 December 2013, compared with EUR 167 billion at 31 December 2012.

TOTAL PORTFOLIO

The following table gives the breakdown by counterparty credit rating of the loans and commitments for all the Group's business lines using the standardised approach. This exposure represented EUR 329 billion of the gross credit risk at 31 December 2013, compared with EUR 367 billion at 31 December 2012.

TABLE 21: CREDIT RISK EXPOSURE BY CLASS AND EXTERNAL RATING IN THE STANDARDISED APPROACH

		31 December 2013			31 December 2012		
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-	17,310	17,312	14	11,227	11,216	13
	A+ to A-	885	881	8	746	746	38
	BBB+ to BBB-	5,147	5,139	1,499	1,823	1,753	508
	BB+ to BB-	360	360	355	2,628	2,626	1,133
	B+ to B-	155	155	155	898	888	888
	CCC+ to D	28	11	16			
	No external rating	1,430	1,427	1,142	1,503	1,486	1,162
TOTAL		**25,315**	**25,285**	**3,189**	**18,825**	**18,715**	**3,742**
Institutions	AAA to AA-	6,581	5,986	1,210	13,723	12,960	1,590
	A+ to A-	101	88	44	240	211	100
	BBB+ to BBB-	7,744	6,136	5,593	9,424	7,279	4,956
	BB+ to BB-	1,388	1,021	345	975	801	801
	B+ to B-	85	53	52	269	245	176
	CCC+ to D	3	1	2	6	5	8
	No external rating	2,196	2,054	943	2,128	1,996	877
TOTAL		**18,098**	**15,339**	**8,189**	**26,765**	**23,497**	**8,508**
Corporates	AAA to AA-	157	156	31	80	79	16
	A+ to A-	866	501	251	1,875	1,295	648
	BBB+ to BBB-	1,496	880	876	2,498	1,736	1,709
	BB+ to BB-	423	326	325	337	213	212
	B+ to B-	194	129	193	308	252	378
	CCC+ to D	52	42	63	17	14	20
	No external rating	119,386	88,585	85,724	149,871	113,043	109,926
TOTAL		**122,574**	**90,619**	**87,463**	**154,986**	**116,632**	**112,909**
Retail	No external rating	162,958	139,549	80,694	166,865	142,534	80,589
TOTAL		**162,958**	**139,549**	**80,694**	**166,865**	**142,534**	**80,589**
TOTAL		**328,945**	**270,792**	**179,535**	**367,440**	**301,378**	**205,748**

(*) According to Standard and Poor's.
(**) Balance sheet and off-balance sheet.

The reduction in exposures under the standardised approach in the Corporates category is attributable largely to BNL SpA's transition to the IRB approach. 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 22: LOANS WITH PAST-DUE INSTALMENTS, WHETHER IMPAIRED OR NOT, AND RELATED COLLATERAL OR OTHER SECURITY

(See *note 5.h to the Consolidated Financial Statements: Notes to the balance sheet at 31 December 2013*).

➤ TABLE 23: EXPOSURE IN DEFAULT BY GEOGRAPHIC BREAKDOWN

In millions of euros		31 December 2013				
			Exposure in default(*)			
		Gross exposure	Standardised approach	IRB approach	Total	Specific provisions
Europe		**834,008**	**18,722**	**22,826**	**41,548**	**20,399**
	France	333,469	3,205	7,407	10,612	5,437
	Belgium	143,054	184	3,367	3,551	1,326
	Luxembourg	19,625	26	582	608	261
	Italy	137,571	12,374	5,828	18,202	8,885
	United Kingdom	36,562	87	761	848	477
	Netherlands	30,256	135	245	380	60
	Other West European countries	104,552	1,604	3,705	5,309	2,630
	Eastern Europe	28,919	1,107	931	2,038	1,323
North America		**169,682**	**414**	**1,564**	**1,978**	**802**
	United States	163,360	414	1,528	1,942	767
	Canada	6,322	0	36	36	35
Asia & Pacific		**82,544**	**98**	**381**	**479**	**196**
	Japan & Australia	27,534	2	208	210	128
	Emerging Asian countries	55,010	96	173	269	68
Rest of the World		**82,839**	**1,626**	**2,020**	**3,646**	**2,096**
	Turkey	30,512	394	2	396	269
	Mediterranean	15,835	615	239	854	506
	Gulf States & Africa	20,481	494	1,537	2,031	995
	Latin America	16,011	123	242	365	326
TOTAL		**1,169,073**	**20,860**	**26,791**	**47,651**	**23,493**

(*) *Gross exposure (balance sheet and off-balance sheet) before collateral and other security.*

In millions of euros		31 December 2012				
			Exposure in default[(*)]			
		Gross exposure	Standardised approach	IRB approach	Total	Specific provisions
Europe		**856,052**	**21,354**	**16,360**	**37,714**	**19,262**
	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
	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
	Eastern Europe	29,654	1,584	762	2,346	1,587
North America		**156,193**	**482**	**1,926**	**2,408**	**843**
	United States	148,983	482	1,890	2,372	807
	Canada	7,210	0	36	36	36
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
Rest of the World		**81,457**	**1,503**	**2,153**	**3,656**	**2,191**
	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
	Latin America	16,502	181	274	455	319
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.

TABLE 24: EXPOSURES IN DEFAULT AND PROVISIONS BY BASEL ASSET CLASS, AND COST OF RISK

The cost of risk below relates to credit risk only and does not include impairments of counterparty risk on market financial instruments (see *note 3.f to the Financial Statements, Cost of risk*). Elements pertaining to banking book securitisations exposures are presented in section 5.5.

	31 December 2013				
		Exposure in default(*)			
In millions of euros	Gross exposure	Standardised approach	IRB approach	Total	Specific provisions
Central governments and central banks	209,469	16	3	19	10
Corporates	511,557	8,805	18,123	26,928	12,344
Institutions	90,026	203	744	947	410
Retail	358,021	11,836	7,921	19,757	10,729
TOTAL	**1,169,073**	**20,860**	**26,791**	**47,651**	**23,493**

(*) *Gross exposure (balance sheet and off-balance sheet) before collateral or other security.*

	31 December 2012				
		Exposure in default(*)			
In millions of euros	Gross exposure	Standardised approach	IRB approach	Total	Specific provisions
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**

(*) *Gross exposure (balance sheet and off-balance sheet) before collateral or other security.*

Provision on a portfolio basis totalled EUR 3.8 billion at 31 December 2013, compared with EUR 4.3 billion at 31 December 2012. The cost of risk was -EUR 4.1 billion in 2013, compared with -EUR 3.9 billion in 2012.

TABLE 25: UNIMPAIRED EXPOSURES WITH PAST DUE INSTALMENTS BY BASEL ASSET CLASS AND CALCULATION APPROACH

	31 December 2013				
	Maturities of unimpaired past-due loans(*)				
In millions of euros	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	23	0	0	1	24
Corporates	3,890	73	22	25	4,010
Institutions	255	3	2	5	265
Retail	3,627	127	10	6	3,770
TOTAL STANDARDISED APPROACH	**7,795**	**203**	**34**	**37**	**8,069**
Central governments and central banks	29	0	0	1	30
Corporates	2,539	76	34	33	2,682
Institutions	194	0	0	19	213
Retail	2,368	3	0	0	2,371
TOTAL IRB APPROACH	**5,130**	**79**	**34**	**53**	**5,296**
TOTAL PRUDENTIAL SCOPE	**12,925**	**282**	**68**	**90**	**13,365**

(*) *Based on FINREP, gross exposure (balance sheet) before collateral or other security.*

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 collateral or other security.

RESTRUCTURED LOANS

➤ TABLE 26: RESTRUCTURED LOANS

When a borrower is in financial difficulties, his loans are classified as doubtful. The table below shows the net carrying amount at 31 December 2013 of doubtful loans that have been restructured[1], as well as restructured loans that have been reclassified as non-doubtful loans following a period of observation.

In millions of euros	Total restructured loans 31 December 2013
Loans and receivables (not including repurchase agreements)	**9,433**
Restructured doubtful loans - before specific impairment provisions	*7,352*
Restructured doubtful loans - specific impairment provisions	*(3,433)*
Restructured doubtful loans - net value	3,919
Restructured loans reclassified as non-doubtful	5,514
Off-balance sheet items	**329**
TOTAL	**9,762**

(1) Note 1.c.5 to the Consolidated Financial Statements.

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 CIB, Portfolio Management (PM) 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 27: 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.

	31 December 2013				31 December 2012			
		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	184,154	4,703	85	4,788	177,612	4,695	240	4,935
Corporates	388,983	63,383	53,971	117,354	360,242	60,875	55,744	116,619
Institutions	71,928	3,267	1,038	4,305	61,814	4,021	899	4,920
TOTAL	**645,065**	**71,353**	**55,094**	**126,447**	**599,668**	**69,591**	**56,883**	**126,474**

➤ TABLE 28: 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 2013				31 December 2012			
		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	25,315				18,825	0	7	7
Corporates	122,574	138	6,101	6,239	154,986	821	5,673	6,494
Institutions	18,098		55	55	26,765	4,933	8	4,942
TOTAL	**165,987**	**138**	**6,156**	**6,294**	**200,575**	**5,754**	**5,688**	**11,442**

5.5 Securitisation in the banking book

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 to the Consolidated 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 notes 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-securitisations 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 embedded in securitisation structures are recognised in the Securitisation scope, except for some positions that continue to be managed as counterparty risk.

BNP PARIBAS SECURITISATION ACTIVITY [Audited]

The Group's activities in each of its roles as originator, sponsor and investor, are described below:

➤ **TABLE 29: SECURITISED EXPOSURES AND SECURITISATION POSITIONS (HELD OR ACQUIRED) BY ROLE**

In millions of euros	31 December 2013		31 December 2012	
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	1,781	1,579	11,669	2,227
Sponsor	1	12,046	384	12,731
Investor	0	9,929	0	17,651
TOTAL	**1,782**	**23,554**	**12,053**	**32,609**

(*) 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.

Securitised exposures originated by BNP Paribas were reduced by -EUR 10.3 billion in 2013, of which -EUR 8.3 billion following the sale of Royal Park Investments and -EUR 2.0 billion in relation to BNL portfolio securitisations that are no longer effective and, as a result, are treated as a credit risk.

Securitisation positions held or acquired by the Group were reduced by -EUR 9.0 billion in 2013, notably following the exercise of the call on the Dutch RMBS of BNP Paribas Fortis, the sale of Royal Park Investments and the amortisation of the investor securitisation portfolio.

PROPRIETARY SECURITISATION (ORIGINATOR UNDER BASEL 2.5)

Exposures retained in securitisation positions originated by BNP Paribas amounted to EUR 1.6 billion at 31 December 2013, including positions in efficient securitisation.

As part of the day-to-day management of its liquidity, the Group can securise loans granted to Retail Banking customers (mortgages, consumer loans), as well as loans granted to corporate customers, in order to transform them into liquid assets. At 31 December 2013, only two main transactions are efficient under Basel 2.5 due to significant risk transfer, and are included in the table 29.

When BNP Paribas acquired the Fortis Group entities, the riskiest portion of their structured asset portfolio was sold to a dedicated SPV, Royal Park Investments. Its securitised exposures at 31 December 2012 amounted to EUR 8.3 billion. The Group retained EUR 0.7 billion in securitisation positions in the SPV at 31 December 2012. The Group sold its shares in Royal Park Investments during the second quarter of 2013.

In 2013, BNP Paribas Personal Finance also finalised the securitisation of mortgage loans in the Netherlands. Total customer assets securitised amounted to EUR 1 billion, with EUR 0.6 billion in securities issued and sold on the markets. This transaction will not have a lessening impact on the calculation of regulatory capital, as it did not give rise to a significant transfer of risk. The relevant exposures are therefore included in the section on credit risk (see section 5.4).

36 transactions, totalling a securitised exposure (Group BNP Paribas' share) of EUR 62.8 billion, were outstanding at 31 December 2013. They include EUR 21.1 billion for BNP Paribas Personal Finance, EUR 0.2 billion for Leasing Solutions, EUR 5.0 billion for BNL and EUR 36.5 billion for BNP Paribas Fortis. As these transactions are inefficient under Basel rules, the exposures are included in customer loans. These exposures remain included in customer loans from an accounting point of view.

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 12.0 billion at 31 December 2013, of which EUR 1 million correspond to originated exposures. They are distributed such as below.

Short-term refinancing

At 31 December 2013, two non-consolidated multiseller conduits (Starbird 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 two conduits amounted to EUR 7.0 billion at 31 December 2013, compared with EUR 7.2 billion at 31 December 2012.

BNP Paribas Fortis has also granted liquidity facilities to the Scaldis multiseller conduit, totalling EUR 2.5 billion at 31 December 2013 compared with EUR 3.3 billion at 31 December 2012.

Medium/long-term refinancing

In Europe and North 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 2013, unchanged compared with 31 December 2012.

During 2013, BNP Paribas continued to manage CLO (Collateralised Loan Obligation) conduits for third-party investors as part of its Structured Finance business. Securitisation positions retained amounted to EUR 31 million at 31 December 2013, compared with EUR 24 million at 31 December 2012.

SECURITISATION AS INVESTOR

The BNP Paribas Group's securitisation business as an investor (within the meaning of the regulations) fell from EUR 17.7 billion at 31 December 2012 to EUR 9.9 billion at 31 December 2013, 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 1.6 billion at 31 December 2013 compared with EUR 2.7 billion at 31 December 2012. 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 0.1 billion at 31 December 2013, compared with EUR 0.3 billion at 31 December 2012.

In addition, Fixed Income also houses Negative Basis Trade (NBT) positions representing an exposure at default of EUR 3.2 billion, compared with EUR 4.5 billion at 31 December 2012.

CIB Portfolio Management (PM) maintained its activity as securitisation investor in 2013. The exposure of the PM-managed portfolio stands at EUR 0.4 billion at 31 December 2013 vs EUR 0.04 billion at 31 December 2012. This increase results from the pursuit of the investment program started December 2012.

During 2013, Investment Solutions reduced securitisation exposure from EUR 1 billion on 31 December 2012 to EUR 0.6 billion on 31 December 2013 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 2013, BancWest's securitisation positions amounted to EUR 0.4 billion, unchanged compared with 31 December 2012.

BNP Paribas Fortis' portfolio of structured loans, which was not assigned to a business line and is housed in "Corporate Centre", is worth EUR 3.3 billion, compared with EUR 4.7 billion at 31 December 2012. In addition, BNP Paribas Fortis' investments in Dutch RMBS were cleared following call exercise in 2013.

SECURITISED EXPOSURES

➤ TABLE 30: 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 2013**	**31 December 2012**
Traditional	IRBA	51	8,644
	Standardised	169	2,389
SUB-TOTAL		**220**	**11,033**
Synthetic	IRBA	1,562	1,020
TOTAL		**1,782**	**12,053**

TABLE 31: SECURITISED EXPOSURES BY BNP PARIBAS BY SECURITISATION TYPE AND UNDERLYING ASSET CATEGORY(*)

	31 December 2013				
	Originator		Sponsor(**)		
In millions of euros	Traditional	Synthetic	Traditional	Synthetic	Total
Residential mortgages			8,592	96	8,688
Consumer loans			418		418
Credit card receivables			896		896
Loans to corporates		1,562	4,381	1	5,944
Commercial and industrial loans			2,681		2,681
Commercial real-estate properties			1,016		1,016
Finance leases			3,337		3,337
Other assets	219		1,529		1,748
TOTAL	**219**	**1,562**	**22,850**	**97**	**24,728**

	31 December 2012				
	Originator		Sponsor(**)		
In millions of euros	Traditional	Synthetic	Traditional	Synthetic	Total
Residential mortgages	10,467		8,393	96	18,956
Consumer loans			370		370
Credit card receivables			1,125		1,125
Loans to corporates		1,020	4,912	4	5,936
Commercial and industrial loans			2,681		2,681
Commercial real-estate properties			744		744
Finance leases			3,311		3,311
Other assets	182		1,269		1,451
TOTAL	**10,649**	**1,020**	**22,805**	**100**	**34,574**

(*) This breakdown is based on the predominant underlying asset of the securitisation.
(**) Within the securitised exposures on behalf of clients, EUR 1 million corresponds to originated exposures (from BNP Paribas balance sheet) at 31 December 2013 (compared with EUR 384 million at 31 December 2012).

At 31 December 2013, the main securitisations efficient from a Basel 2.5 perspective are the following:

- 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;
- one transaction initiated in 2013 by CIB PM on a portfolio of corporate loans in the amount of EUR 0.5 billion.

Operations on residential mortgages (Vela Home 2, Vela Home 3, Vela Home 4 and Vela ABS) originated by BNL became ineffective in 2013.

Furthermore, the securitisation exposures of the special purpose vehicle Royal Park Investments (RPI), EUR 8.3 billion, essentially made up of residential mortgages as final underlying asset were sold in 2013.

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.

At 31 December 2013, no assets were awaiting securitisation.

SECURITISATION POSITIONS

➤ TABLE 32: SECURITISATION POSITIONS HELD OR ACQUIRED, BY UNDERLYING ASSET CATEGORY

In millions of euros		Securitisation positions held or acquired (EAD)					
		31 December 2013			31 December 2012		
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
	Loans to corporates	1,569		1,569	1,052		1,052
	Other assets	10		10	2		2
TOTAL ORIGINATOR		**1,579**		**1,579**	**2,180**	**47**	**2,227**
Sponsor	Residential mortgages	1,043	317	1,360	1,010	354	1,364
	Consumer loans	182	555	737	143	462	605
	Credit card receivables	470	430	900	600	518	1,118
	Loans to corporates	2,093	743	2,836	2,538	842	3,380
	Commercial and industrial loans		3,390	3,390		3,326	3,326
	Commercial real-estate properties	50	492	542	52	494	546
	Finance leases	853	1,122	1,975	813	773	1,586
	Other assets	75	231	306	163	643	806
TOTAL SPONSOR		**4,766**	**7,280**	**12,046**	**5,319**	**7,412**	**12,731**
Investor	Residential mortgages	2,079	165	2,244	6,645	399	7,044
	Consumer loans	2,264	148	2,412	2,752	304	3,056
	Credit card receivables	1		1	4		4
	Loans to corporates	3,465	2	3,467	4,696		4,696
	Commercial real-estate properties	1,460	45	1,505	2,484	43	2,527
	Finance leases	167		167	144		144
	Other assets	133		133	180		180
TOTAL INVESTOR		**9,569**	**360**	**9,929**	**16,905**	**746**	**17,651**
TOTAL		**15,914**	**7,640**	**23,554**	**24,404**	**8,205**	**32,609**

(*) Based on the predominant asset class in the asset pool of the securitisation in which the position is held. If the underlying asset is a securitisation or re-securitisation position, CRD 3 regulations require the ultimate underlying asset of the relevant program to be reported.

TABLE 33: SECURITISATION POSITIONS, EXPOSURE IN DEFAULT BY UNDERLYING ASSET'S COUNTRY, AND PROVISIONS

	31 December 2013				
		EAD in default			
In millions of euros	EAD	Standardised approach	IRB approach	Total	Specific provisions
Europe	13,109	35	335	370	93
France	*2,950*		*36*	*36*	*0*
Belgium	*248*				*0*
Italy	*928*	*4*	*27*	*31*	*4*
Other European countries	*8,983*	*31*	*272*	*303*	*89*
North America	9,748	6	45	51	15
Asia & Pacific	654				0
Rest of the World	43		6	6	6
TOTAL	**23,554**	**41**	**386**	**427**	**114**

	31 December 2012				
		EAD in default			
In millions of euros	EAD	Standardised approach	IRB approach	Total	Specific provisions
Europe	18,816	101	957	1,058	533
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*
North America	12,820	6	101	108	28
Asia & Pacific	923				0
Rest of the World	50	0	6	6	6
TOTAL	**32,609**	**107**	**1,064**	**1,172**	**567**

The decline in specific provisions on securitisation transactions stemmed from the disposal of Royal Park Investments (Belgium) and the inefficiency of BNL securitisations, reclassified as credit risk (Italy).

Provision on a portfolio basis totalled EUR 136 billion at 31 December 2013, compared with EUR 174 billion at 31 December 2012.

TABLE 34: BANKING BOOK SECURITISATION POSITION QUALITY

In millions of euros	Securitisation positions held or acquired (EAD)	
Tranche quality	**31 December 2013**	**31 December 2012**
Senior tranche	21,713	29,892
Mezzanine tranche	1,319	2,227
First-loss tranche	522	490
TOTAL	**23,554**	**32,609**

At 31 December 2013, 92% of the securitisation positions held or acquired by the Group were senior tranches, unchanged compared with 31 December 2012, reflecting the high quality of the Group's portfolio. The corresponding risk weights are given in the following tables. The reduction in the highest tranche was primarily due to the Dutch RMBS call being exercised.

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 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 portfolio 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 2013, the IRB Approach is used for positions held by the CIB Division, France Retail Banking 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 35: SECURITISATION POSITIONS AND RISK-WEIGHTED ASSETS BY CALCULATION APPROACH

In millions of euros	31 December 2013		31 December 2012		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	22,294	14,588	30,131	17,153	(7,837)	(2,565)
Standardised	1,260	1,041	2,478	1,923	(1,218)	(883)
TOTAL	**23,554**	**15,629**	**32,609**	**19,076**	**(9,055)**	**(3,447)**

Risk-weighted assets corresponding to securitisation positions held or acquired by the Group amounted to EUR 15.6 billion at 31 December 2013, or less than 3% of BNP Paribas total risk-weighted assets, compared with EUR 19.1 billion at 31 December 2012 (3% of Group total risk-weighted assets).

➤ TABLE 36: SECURITISATION RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER

In millions of euros	31 December 2012	Type of effect						Total variation	31 December 2013
		Currency	Volume	Parameters	Perimeter	Method	Other		
Securitisation Risk- Weighted Assets	19,076	(410)	(5,564)	2,967	0	(362)	(78)	(3,447)	15,629

The drop in securitisation risk-weighted assets was mainly due to divestments or amortisation of programmes.

TABLE 37: SECURITISATION POSITIONS BY APPROACH, CALCULATION METHOD, AND RISK WEIGHT

IRB Approach

In millions of euros	31 December 2013			
	Exposure at default		Risk-weighted assets	
Risk-weight	Securitisation positions	Re-securitisation positions(*)	Securitisation positions	Re-securitisation positions(*)
7% - 10%	6,803		534	
12% - 18%	902		137	
20% - 35%	846	1,134	241	331
40% - 75%	307	869	173	369
100%	197	90	169	95
150%		10		15
225%		90		214
250%	117		222	
350%		231		858
425%	201		598	
500%		35		84
650%	49	4	144	11
750%				
850%		55		278
External ratings based method	**9,422**	**2,518**	**2,218**	**2,255**
1,250%	**270**	**443**	**2,300**	**5,363**
Internal Assessment Approach	**612**		**82**	
[0 - 7%]	6,697	0	456	0
[7% - 100%]	1,875	76	514	20
[100% - 350%]	76	212	81	447
[350% - 1,250%]	94	0	853	0
Supervisory Formula Approach	**8,742**	**288**	**1,904**	**467**
TOTAL	**19,046**	**3,249**	**6,504**	**8,085**

(*) CRD 3 definition.

In millions of euros	31 December 2012			
	Exposure at default		Risk-weighted assets	
Risk-weight	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**

(*) CRD 3 definition.

Out of the EUR 11.9 billion of securitisation positions with an external rating:

- 57% of EAD was rated above A+ and therefore had a risk weight of less than 10% at 31 December 2013, compared with 65% at 31 December 2012;
- the vast majority (81% of EAD) was rated above BBB+ at 31 December 2013 (82% at 31 December 2012).

Standardised approach

In millions of euros	31 December 2013			
	Exposure at default		Risk-weighted assets	
Risk-weight	Securitisation positions	Re-securitisation positions(*)	Securitisation positions	Re-securitisation positions(*)
20%	493		98	
40%		9		4
50%	262		131	
100%	346	17	193	17
225%		24		52
350%	42		117	
External ratings based method	**1,143**	**50**	**539**	**73**
1,250%	**66**		**428**	
Weighted Average method				
Look-through approach	**1**		**1**	
TOTAL	**1,210**	**50**	**968**	**73**

In millions of euros	31 December 2012			
	Exposure at default		Risk-weighted assets	
Risk-weight	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**

(*) *CRD 3 definition.*

Following the sale of Royal Park Investments, guarantees on securitisation positions amounted to EUR 0.2 billion at 31 December 2013, compared with EUR 4.4 billion at 31 December 2012.

5.6 Counterparty risk

INTRODUCTION

Counterparty risk, as defined in section 5.3, is the translation of the credit risk embedded in the market, investment and/or payment transactions. The counterparty risk lies in the risk that a counterparty will default on its obligations to pay the bank the full present value of a transaction for which the bank is a net receiver. The counterparty risk is also linked to the replacement cost of a derivative when the counterpart defaults. It can be seen as a market risk in case of default or a contingent risk.

COUNTERPARTY EXPOSURE VALUATION

Exposure to counterparty risk is measured using two approaches:

Modelled approach:

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 movements in exposure value. The stochastic processes used are sensitive to parameters including volatilities and correlations, and are calibrated on historical market data.

The potential future counterparty risk exposures are measured using a system based on internal models which can simulate thousands of potential market scenarios and perform the valuation of each counterparty trading portfolio at several points in the future (from 1 day to more than thirty 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.

Non-modelled approach:

For non-modelled counterparty risk exposures, the Exposure at Default (EAD) is based on market price evaluation (Net Present Value + Add On).

LIMIT / MONITORING FRAMEWORK

A counterparty risk limit framework is in place with appropriate escalation mechanisms. Potential Future Exposures calculated by the system are compared with the limits assigned to each counterpart on a daily basis. In addition, this system 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. This is complemented by sets of guidelines (e.g. guidelines for contingent market risk sensitivities per counterparty which are extracted from the market risk system) which provide further tools in the monitoring of counterparty risk and the prevention of systemic risk concentrations.

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 collateralised with 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).

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 Equities & Commodity Derivatives) includes credit value adjustments. A Credit Value Adjustment (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 and the estimated recovery rate.

Counterparty risk exposures on derivative instruments cover all derivative portfolio exposures of BNP Paribas, all underlyings and all business lines combined. Fixed Income exposures represent the large majority of these exposures.

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.

STRESS TESTING AND GENERAL WRONG WAY RISK

The monitoring of counterparty risk is complemented by single factor and multi factor (holistic) counterparty stress testing and also a policy and analysis approach for General Wrong Way Risk. Such risk analysis is present within the management reporting framework which shares some common forums with the market risk reporting set up (such as the CMRC core risk committee for market and counterparty risk).

The BNP Paribas counterparty risk stress testing framework comprises a bottom up and a top down approach, aligned with the market risk framework (as presented within the market risk section). As such, the counterparty stress testing framework is implemented in conjunction with the market risk stress testing and employs consistent market shifts where scenarios are shared. Testing also comprises factors specific to counterparty risk such as deteriorations in counterparty credit quality and shocks or the volatility used in the counterparty risk forward simulation pricing engine.

In terms of governance, both counterparty and market risk stress testing frameworks are covered by the same committee, the Stress Testing Steering Committee.

As per the counterparty risk stress testing framework, the General Wrong Way Risk (GWWR) monitoring and analysis approach combines top down and bottom up aspects. The results of the GWWR analysis are reported to the senior management of the Bank, including at the level of the CMRC.

- For the top down approach, the GWWR policy defines the generic rules and criteria to be used to detect GWWR. These criteria are based on the countries of incorporation of the counterparties, the region of which they are part and the industries in which they are involved. Various market risk positions that counterparties may have with BNP Paribas have been defined as the situations where GWWR should be analysed and reported.
- For the bottom up approach, due to the complexity of GWWR and the very specific correlation sometimes observed between a given market parameter and the creditworthiness of counterparty, the GWWR framework also relies upon a robust bottom up approach with the expertise of the counterparty credit analysts specifically needed.

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 38: EXPOSURE AT DEFAULT FOR COUNTERPARTY RISK BY BASEL ASSET CLASS OF DERIVATIVES AND SECURITIES LENDING/BORROWING INSTRUMENTS

	31 December 2013				31 December 2012				Variation	
In millions of euros	IRBA	Standardised Approach	Total	2013 Average EAD	IRBA	Standardised Approach	Total	2012 Average EAD	Total	Average EAD
Central governments and central banks	13,642	0	13,642	13,918	14,160	34	14,194	12,669	(552)	1,249
Corporates	39,972	1,028	41,000	46,169	49,531	1,808	51,339	49,574	(10,339)	(3,404)
Institutions(*)	22,356	884	23,240	24,462	25,078	605	25,683	31,324	(2,443)	(6,862)
Retail	-	18	18	15	-	13	13	16	5	(1)
TOTAL EAD	**75,970**	**1,930**	**77,900**	**84,564**	**88,769**	**2,460**	**91,229**	**93,583**	**(13,329)**	**(9,019)**

(*) 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 98% at 31 December 2013, compared with 97% at 31 December 2012.

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.

EXPOSURES AT DEFAULT (EAD) BY CALCULATION APPROACH

TABLE 39: EXPOSURES AT DEFAULT (EAD) BY CALCULATION APPROACH

	31 December 2013						
	Internal model (EEPE)(*)			NPV(**) + Add-On			
In millions of euros	IRBA	Standardised	Sub-total	IRBA	Standardised	Sub-total	Total
Derivatives	56,279	4	**56,283**	0	1,771	**1,771**	**58,054**
Securities financing transactions and deferred settlement transactions	19,687	0	**19,687**	4	155	**159**	**19,846**
TOTAL	**75,966**	**4**	**75,970**	**4**	**1,926**	**1,930**	**77,900**

	31 December 2012						
	Internal model (EEPE)(*)			NPV(**) + Add-On			
In millions of euros	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**

(*) *Effective Expected Positive Exposure.*
(**) *Net Present Value.*

The measure of the Exposure at Default (EAD) for counterparty risk is based on the Counterparty Credit Risk internal model (see § *Counterparty exposure valuation*). Exposure at default included in the internal model represents 98% of total EAD and, since 2012 has included the BNP Paribas Fortis scope following the agreement by Belgian and French regulators (BNB and ACPR) to extend the BNP Paribas model to BNP Paribas Fortis.

For the perimeter not covered by internal models (now limited mainly to subsidiaries BNL, BancWest, TEB and BGL BNP Paribas), EAD is calculated using the market price valuation method (Net Present Value + Add-On).

The decrease in EAD during 2013 is mainly related to the evolution of Interest rates over the year (in particular EUR and US rates).

Collateral guarantees used in the standardised approach to reduce the EAD totalled EUR 652 million at 31 December 2013, compared with EUR 837 million at 31 December 2012.

Risk-weighted assets linked to counterparty credit risk are computed by multiplying EAD by an appropriate weighting according to the approach used (standardised or IRB).

As a general rule, 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 40: COUNTERPARTY RISK-WEIGHTED ASSETS

In millions of euros	Risk-weighted assets 31 December 2013	31 December 2012	Variation
Counterparty risk - IRBA	**15,234**	**18,633**	**(3,399)**
Central governments and central banks	370	222	148
Corporates	11,427	15,117	(3,690)
Institutions	3,437	3,294	143
Counterparty risk - Standardised approach	**1,274**	**1,900**	**(627)**
Central governments and central banks	0	27	(27)
Corporates	1,036	1,610	(574)
Institutions	225	254	(29)
Retail	13	9	3
Real estate loans	*0*	*9*	*(9)*
Other exposures	*13*	*0*	*13*
TOTAL COUNTERPARTY RISK	**16,508**	**20,533**	**(4,025)**

TABLE 41: COUNTERPARTY RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER

In millions of euros	31 December 2012	Type of effect: Currency	Volume	Parameters	Perimeter	Method	Other	Total variation	31 December 2013
Counterparty Risk-Weighted Assets	20,533	(55)	(2,660)	(1,184)	73	315	(514)	(4,025)	16,508

The decline in risk-weighted assets in respect of counterparty risk was attributable mainly to declines in EEPE related to changes in interest rates.

NOTIONAL DERIVATIVES EXPOSURE

(See note 5 to the Consolidated Financial Statements: Notes to the balance sheet at 31 December 2013).

5.7 Market risk

MARKET RISK RELATED TO TRADING ACTIVITIES

INTRODUCTION [Audited]

Market risk, as defined in section 5.3, arises mainly from trading activities carried out by the Fixed Income and Global Equities & 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]

The market risk management system aims to track and control market risks as well as control financial instrument valuation whilst ensuring that the control functions remain totally independent from the business lines.

Within GRM, Risk-Investment and Markets (Risk-IM) has the responsibility 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 and financial instrument valuation monitoring is structured around several formal 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 Chief Executive Officer or by one of the Bank's Chief Operating Officers;
- the Product and Financial Control Committee (PFC) is the arbitration and pricing decision-making committee regarding financial instrument valuation matters. 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.

VALUATION CONTROL [Audited]

Financial instruments in the prudential trading book are valued and reported at market or model value through P&L, in compliance with applicable accounting standards. Such can also be the case of financial instruments classified in the banking book.

Portfolio valuation control is performed in accordance with the Charter of Responsibility for Valuation, which defines the division of responsibilities. These governance policies and practices apply to all Treasury activities.

In addition to the Charter of Responsibility, the relevant valuation controls are detailed in specific policies. The main processes that together form the valuation control governance mechanism are set out below.

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 (MAP) review – Independent Price Verification

Price verification is managed jointly by Valuation and Risk Control (V&RC) and Risk-IM. 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 for Valuation as well as specialised global policies such as the Global Marking and Independent Price Verification Policy and MAP Review Principles. 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 in 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 accounting records. The results are communicated to the Trading management during the Valuation Review Committees, where final decision or escalation is 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, including following any modification of the valuation methodology called a "Valuation Model Event". In all cases, the approval decisions are 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 there is a need for a collective debate or for stakeholder information, a meeting of the Model Approval Committee can be called;
- 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;
- control of the use and implementation of models, which is continuous control of the correct parameterisation or configuration of the models as well as their suitability for the relevant products.

Reserve and other valuation adjustments

Risk-IM defines and calculates "reserves". These are adjustments to the market or model value affecting both the accounting valuation and regulatory capital. They can be considered either as the exit cost of a position or as premium for risks that cannot be diversified or hedged, as appropriate.

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.

Additional valuation reserves (to reflect the costs or benefits associated with financing transactions for instance) are being defined by the European Banking Authority. Some reserves affect regulatory capital without being incorporated into accounting fair value. The framework defined by the new regulation is compatible with the reserves recorded by BNP Paribas.

Day One profit or loss

Some transactions are valued with "non-observable" parameters. IAS 39 requires the recognition of any day one P/L for non-observable transactions to be deferred where the initial model value has to be calibrated with the transaction price. The deferred net margin on reserves is recognised through profit or loss in proportion to the anticipated duration of the transaction or the period for which the inputs will be non-observable.

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, which are moreover 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 disclosures required by the IFRS 7.

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.

Risk monitoring set up and limit setting

The Group uses an integrated system to follow the trading positions on a daily basis and manage VaR calculations. This system not only tracks the VaR, but also detailed positions and sensitivities to market parameters based on various criteria (such as by currency, product, counterparty). This system 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 order of decreasing importance, CMRC, Business Line and Activity hence delegation exists from CMRC level right down to trading heads. 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 dashboards, 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 G10 rates and FX & Local Markets), 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, market and counterparty risk 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.

VaR (Value at Risk)

The Value at Risk (VaR) is the worst loss expected for a given portfolio over a given time horizon and within a given confidence interval due to normal market movements. The VaR is a statistical measure corresponding to a level of confidence. It is not a maximum loss and it can potentially be exceeded in some cases, for example in the event of abnormal market conditions.

The BNP Paribas VaR methodology aims to accurately compute a one-day Value at Risk at the 99% confidence level. The BNP Paribas VaR calculation is based on an internal model which has been approved by the banking supervisor.

The VaR calculation is based on a Monte-Carlo approach, which not only performs normal or log-normal simulations but also accounts for the non-normality often observed in financial markets as well as correlation between risk factors. A one year rolling window of historical market data (updated every month) is used to calibrate the Monte Carlo simulation.

The principle groups of simulated factors includes: interest rates, credit spreads, exchange rates, equity prices, commodities prices, and associated volatilities.

The precise valuation method used varies depending not upon the product but upon the type of risk we are capturing. To generalise, the methods used are either sensitivity based or full revaluation based on grid interpolation to incorporate both linear and, especially for derivatives, non-linear effects.

The algorithms, methodologies and sets of indicators are reviewed and improved regularly to take into account the capital market evolution.

Following the agreement of the Belgian and French regulators (BNB and ACPR), the BNP Paribas internal model also covers BNP Paribas Fortis. The VaR internal model is also used by BNL.

Evolution of the VaR (one-day, 99%)

The VaR 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 one-day time horizon and a 99% confidence interval.

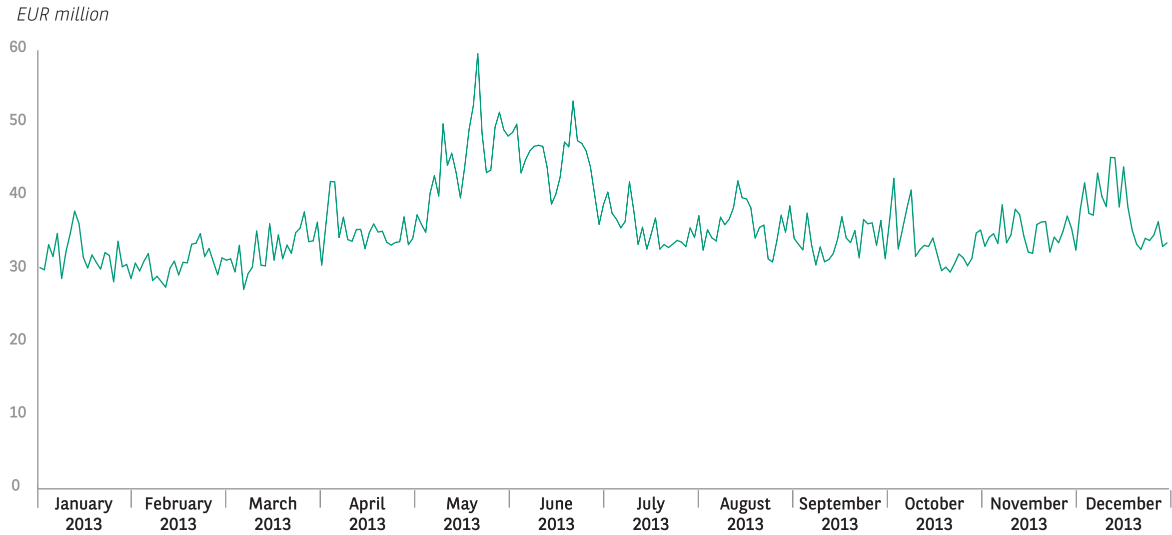
In 2013, total average VaR for BNP Paribas is EUR 36 million (with a minimum of EUR 27 million and a maximum of EUR 60 million), after taking into account the -EUR 42 million netting effect between the different types of risks. These amounts break down as follows:

TABLE 42.A: VALUE AT RISK (ONE-DAY, 99%) - BREAKDOWN BY RISK TYPE

	Year to 31 Dec. 2013				Year to 31 Dec. 2012	
In millions of euros	Minimum	Average	Maximum	31 December 2013	Average	31 December 2012
Interest rate risk	17	24	49	21	32	24
Credit risk	12	16	24	17	23	14
Foreign exchange risk	7	14	26	17	14	11
Equity price risk	11	21	42	19	19	17
Commodity price risk	3	4	5	3	5	5
Netting Effect(*)		*(42)*		*(44)*	*(52)*	*(40)*
TOTAL VALUE AT RISK	**27**	**36**	**60**	**34**	**42**	**30**

(*) Note that the minimum and maximum figures shown above for the various risk types are computed on a standalone basis (i.e. independently from each other as well as the total VaR). While the minimum or maximum for each risk type may not necessarily observed on the same date, minimum/ maximum Netting Effect are not considered relevant. For minima and maxima, total VaR cannot be read as the sum of VaR by risk type.

FIGURE 7: CHANGE IN VAR (ONE-DAY, 99%) IN MILLIONS OF EUROS IN 2013



GRM continuously tests the accuracy of its internal model through a variety of techniques, including a regular comparison over a long-term horizon between actual daily losses on capital market transactions and one-day 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. Over 2013, there was one day of real losses greater than the VaR observed in June 2013, this outlier resulting from exceptional or tail-risk market moves observed over this period (as a reminder no real P&L backtesting excess were observed over 2012).

Evolution of the VaR (ten-day, 99%)

The VaR 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 2013, total average VaR for BNP Paribas is EUR 114 million (with a minimum of EUR 86 million and a maximum of EUR 188 million), after taking into account the -EUR 133 million netting effect between the different types of risks. These amounts break down as follows:

➤ TABLE 42.B: VALUE AT RISK (TEN-DAY, 99%) - BREAKDOWN BY RISK TYPE

In millions of euros	Year to 31 Dec. 2013				Year to 31 Dec. 2012	
	Minimum	Average	Maximum	31 December 2013	Average	31 December 2012
Interest rate risk	54	77	156	68	101	76
Credit risk	37	51	76	53	74	43
Foreign exchange risk	22	43	83	53	44	34
Equity price risk	35	65	133	61	61	55
Commodity price risk	8	11	17	10	15	16
Netting Effect(*)		*(133)*		*(139)*	*(163)*	*(128)*
TOTAL VALUE AT RISK	**86**	**114**	**188**	**106**	**132**	**95**

(*) Note that the minimum and maximum figures shown above for the various risk types are computed on a standalone basis (i.e. independently from each other as well as the total VaR). While the minimum or maximum for each risk type may not necessarily observed on the same date, minimum/maximum Netting Effect are not considered relevant. For minima and maxima, total VaR cannot be read as the sum of VaR by risk type.

CRD 3 REQUIREMENTS

Stressed VaR

A Stressed VaR (SVaR) is calibrated over a one year period including a crisis period. A twelve 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 quarterly review.

➤ TABLE 43.A: STRESSED VALUE AT RISK (ONE-DAY, 99%)

In millions of euros	Year to 31 Dec. 2013				Year to 31 Dec. 2012	
	Minimum	Average	Maximum	31 December 2013	Average	31 December 2012
Stressed Value at Risk	46	67	141	76	64	70

➤ TABLE 43.B: STRESSED VALUE AT RISK (TEN-DAY, 99%)

In millions of euros	Year to 31 Dec. 2013				Year to 31 Dec. 2012	
	Minimum	Average	Maximum	31 December 2013	Average	31 December 2012
Stressed Value at Risk	144	212	446	240	201	220

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.

This approach is used to capture the incremental default and migration risks on all non-securitised products.

The model is currently used in the risk management processes. This model was approved by the French banking supervisor.

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 reviewed by Risk-IM. 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 44: INCREMENTAL RISK CHARGE CAPITAL REQUIREMENT

In millions of euros	Year to 31 Dec. 2013				Year to 31 Dec. 2012	
	Minimum	Average	Maximum	31 December 2013	Average	31 December 2012
Incremental Risk Charge	278	423	681	481	258	274

Comprehensive Risk Measure (CRM) for Credit Correlation Portfolio

The corporate correlation activity is an activity that consists of trading and risk managing mainly bespoke corporate CDOs and their hedges using single name CDS, CDS indices and index tranches. This activity falls under the structured credit activity trading within BNP Paribas Fixed Income.

The valuation framework uses both market observable prices (particularly used for CDS, index and index tranche) and model prices to value the bespoke CDO.

TABLE 45: COMPREHENSIVE RISK MEASURE CAPITAL REQUIREMENT

In millions of euros	Year to 31 Dec. 2013				Year to 31 Dec. 2012	
	Minimum	Average	Maximum	31 December 2013	Average	31 December 2012
Comprehensive Risk Measure	112	144	202	112	238	161

Securitisation positions in trading book outside Correlation portfolio

For securitisation positions treated as financial assets at fair value for accounting purposes, changes in market value, except accrued interest on fixed income securities, are recognised in the profit and loss account under "Net gain/loss on financial instruments at fair value through profit or loss".

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 therefore calculated by applying a weighting to the risk-weighted assets (RWA), which is determined on the basis of the asset's external rating. Capital calculations are based on the second worst rating of the three rating agencies.

TABLE 46: BREAKDOWN OF TRADING BOOK SECURITISATION POSITIONS OUTSIDE CORRELATION BOOK BY ASSET TYPE

In millions of euros	Securitisation positions held or acquired (EAD)			
	31 December 2013		31 December 2012	
Asset category	Short positions	Long positions	Short positions	Long positions
Residential mortgages	-	405	-	372
Consumer loans	-	4	-	20
Credit card receivables	-	23		
Loans to corporates	-	241	-	78
Commercial real-estate properties	-	35	-	1
Finance leases	-	57	-	36
Other assets	-	55	-	9
TOTAL BALANCE SHEET	**-**	**820**	**-**	**516**
Other assets	58	1	131	1
TOTAL OFF-BALANCE SHEET	**58**	**1**	**131**	**1**
TOTAL	**58**	**821**	**131**	**517**

TABLE 47: QUALITY OF TRADING BOOK SECURITISATION POSITIONS OUTSIDE CORRELATION BOOK

In millions of euros	Securitisation positions held or acquired (EAD)			
	31 December 2013		31 December 2012	
Tranche quality	Short positions	Long positions	Short positions	Long positions
Senior tranche	-	577	-	490
Mezzanine tranche		207		21
First-loss tranche	58	37	131	6
TOTAL	**58**	**821**	**131**	**517**

TABLE 48: BREAKDOWN OF TRADING BOOK SECURITISATION POSITIONS OUTSIDE CORRELATION BOOK BY TYPE, APPROACH AND RISK WEIGHT

In millions of euros	31 December 2013								
	Securitisation positions held or acquired (EAD)						Capital requirement		
	Short positions			Long positions					
Risk-weight	Securitisation	Re-securitisation	Total	Securitisation	Re-securitisation	Total	Short positions	Long positions	Total
7% - 10%	-		-	479		479	-	3	3
12% - 18%	-		-	137		137	-	2	2
20% - 35%	-		-	48		48	-	1	1
40% - 75%	-	-	-	41	9	50	-	3	3
100%	-	-	-	11	7	18	-	1	1
225%		-	-		5	5	-	1	1
250%	-		-	12		12	-	2	2
300%		-	-		1	1	-		
425%	-		-	26		26	-	10	10
500%		-	-		2	2	-	1	1
650%	-		-	4		4	-	2	2
External ratings based method	-	-	-	758	24	782	-	26	26
1,250%	-	58	58	36	3	39	1	40	40
TOTAL	**-**	**58**	**58**	**794**	**27**	**821**	**1**	**66**	**66**

In millions of euros	31 December 2012								
	Securitisation positions held or acquired (EAD)						Capital requirement		
	Short positions			Long positions					
Risk-weight	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**

CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS 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 49: CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS FOR MARKET RISK

	Capital requirement			Risk-weighted assets		
In millions of euros	31 December 2013	31 December 2012	Variation	31 December 2013	31 December 2012	Variation
Internal model	**2,291**	**1,811**	**480**	**28,637**	**22,633**	**6,004**
VaR	508	435	72	6,346	5,440	906
Stressed VaR	1,191	894	297	14,889	11,179	3,709
Incremental Risk Charge	480	274	206	6,007	3,421	2,586
Comprehensive Risk Measure	112	208	(96)	1,395	2,593	(1,197)
Standardised approach	**140**	**212**	**(72)**	**1,751**	**2,652**	**(900)**
Trading book securitisation positions	**66**	**21**	**44**	**820**	**263**	**557**
TOTAL MARKET RISK	**2,497**	**2,044**	**453**	**31,208**	**25,548**	**5,660**

➤ TABLE 50: MARKET RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER

		Type of effect							
In millions of euros	31 December 2012	Currency	Volume	Parameters	Perimeter	Method	Other	Total variation	31 December 2013
Market Risk-Weighted Assets	25,548	0	1,010	760	0	4,291	(401)	5,660	31,208

The method effect is related on the one hand to the incorporation of the time factor Theta in the model for calculating VaR and Stressed VaR to meet a requirement of the ACPR, and on the other hand to methodological changes in respect of the IRC in the final quarter of the year.

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 Level Scenarios (top down) comprise the evaluation of a set of global level stress tests. These scenarios assess the impact of severe market moves on BNP Paribas 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 eight different stress tests. The results of these scenarios are reviewed at each Capital Markets Risk Committee.

  - Scenario 1: unexpected rate hike, 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, low GDP expectations, potential threat of a country leaving the Euro and a significant weakening of the currency,
  - Scenario 6: Oil shock driven by severe geopolitical turmoil within the Middle East region with severe consequences on energy markets,
  - Scenario 7: US crisis, mostly based on a structural US crisis spreading round the globe,
  - 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 (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 bottom up process also facilitates the classification of risk areas into those where there may be less liquidity or where the risk may be more structural in nature.

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.

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.

Stress testing is the core element of the tail risk analysis, which is also captured through the stressed Value at Risk, the Incremental Risk Charge and the Comprehensive Risk Measure. Furthermore, the risk of a rare event used in the form of the "average loss in addition to VaR" (Expected Shortfall) in allocating capital in respect of market risk between business lines is an additional element allowing tail risk in the management and monitoring of market risk to be taken into account.

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 the Chief Operating Officer in charge of Finance. Group ALM-Treasury has functional authority over the ALM- 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 51: BREAKDOWN OF RISK EXPOSURE BY INVESTMENT OBJECTIVE

	Exposure (*)	
In millions of euros	31 December 2013	31 December 2012
Strategic objective	7,700	2,891
Medium term return on investment objective	3,949	5,249
Equity investments related to business	4,521	6,075
TOTAL	**16,170**	**14,215**

(*) *Fair value (balance sheet + off-balance sheet).*

Exposures at 31 December 2013 amounted to EUR 16.2 billion, versus EUR 14.2 billion at 31 December 2012. Insurance entities included in the scope of risks on equity investments in 2013 are allocated in accordance with the strategic management objective. Off-balance sheet items amounted to EUR 3.1 billion at 31 December 2013, versus EUR 4.5 billion at 31 December 2012. Guarantees given to UCITS shareholders amounted to EUR 2.4 billion at 31 December 2013.

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.10 *Determination of market value*.

TABLE 52: EXPOSURE(*) TO EQUITY RISK

In millions of euros	31 December 2013	31 December 2012
Internal model	**14,771**	**12,385**
listed equities	3,504	3,813
other equity exposures	9,858	5,906
private equity in diversified portfolios	1,409	2,666
Simple weighting method	**692**	**788**
listed equities	2	7
other equity exposures	119	127
private equity in diversified portfolios	571	654
Standardised approach	**707**	**1,042**
TOTAL	**16,170**	**14,215**

(*) *Fair Value.*

Total gains and losses

Total unrealised gains and 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. For this perimeter, the model allows for the estimation of the value at risk of the Group at a 99% confidence level on a 3-month horizon.

Risk factors selected for estimating equity risk holdings depend on the level of availability and usability of the price data:

- listed securities for which the historical price series is 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.

TABLE 53: EQUITY RISK-WEIGHTED ASSETS

	Risk-weighted assets		
In millions of euros	31 December 2013	31 December 2012	Variation
Internal model	**32,900**	**21,496**	**11,404**
listed equities	2,487	7,734	(5,248)
other equity exposures	27,554	7,321	20,233
private equity exposures in diversified portfolios	2,859	6,441	(3,581)
Simple weighting method	**1,531**	**1,733**	**(202)**
listed equities	5	21	(16)
other equity exposures	442	468	(27)
private equity exposures in diversified portfolios	1,084	1,244	(160)
Standardised approach	**834**	**1,148**	**(314)**
TOTAL EQUITY RISK	**35,265**	**24,377**	**10,888**

➤ TABLE 54: EQUITY RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER

In millions of euros	31 December 2012	Type of effect							Total variation	31 December 2013
		Currency	Volume	Parameters	Perimeter	Method	Capital gain	Other		
Equity Risk-Weighted Assets	24,377	(17)	(3,799)	(6,422)	(2,722)	22,779	862	207	10,888	35,265

The main change stems from the integration of insurance entities on the basis of an internal model for weighting the difference between the equity-method value and the equity-method adjustment, pursuant to the 2013 Notice "Methods for calculating the capital ratio" issued by the ACPR.

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 is to hedge portfolio exposure to liquid currencies, while at the same time maintaining the prudential ratio's limited sensitivity to exchange rate fluctuations. This policy is implemented by borrowing amounts in the same currency as the equity investment. 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 related to the banking intermediation activities and investment is managed by ALM-Treasury.

Transactions initiated by each BNP Paribas entity 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 transferred in this way.

The main decisions concerning positions arising from banking intermediation activities are taken at monthly or quarterly committee meetings for each entity or business line. These meetings are attended by the management of the business line, the local ALM-Treasury, a representative of the Group ALM-Treasury, Group Finance and GRM. Management of interest-rate risk is done locally within each entity. The Board of Directors is quarterly informed on the principles governing interest rate policy and the Group's position through the Internal Control, Risk and Compliance Committee (CCIRC).

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, which are used to measure global interest-rate risk over all timeframes, 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.

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. The existence of partial or zero correlations between customer interest rates and market rates coupled with volume sensitivity to interest rates 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 regularly presented to committees.

These indicators are systematically presented to the ALM Committees, and are used 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 retained 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 and for all currencies to which the Group is exposed. It relies on reasonable activity assumptions over the same horizon as the indicator.

The consolidated 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 a decrease of about 0.3% in the Group's revenues, all currencies combined.

➤ TABLE 55: SENSITIVITY OF REVENUES TO GENERAL INTEREST-RATE RISK BASED ON A 100 BASIS POINT INCREASE IN INTEREST RATES

	31 December 2013		
In millions of euros	Euros	Other currencies	Total
Sensitivity of 2013 revenues	(98)	(28)	(126)

	31 December 2012		
In millions of euros	Euros	Other currencies	Total
Sensitivity of 2012 revenues	354	10	364

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 value sensitivity of these books is calculated in compliance with regulatory requirements. The value sensitivity of the banking book to a change of 200 basis point in interest rates (with a floor set at zero) is 1.2% of the Group's regulatory capital.

HEDGING OF INTEREST RATE AND FOREIGN EXCHANGE RISKS [Audited]

Hedges initiated by the Group consist mainly 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 either as 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. The aim is to ensure the stability and regularity of the interest margin. This procedure requires an extremely accurate assessment of the risks incurred so that the Bank can determine the 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.

In the United States, improving growth prospects and the anticipated tapering of the Fed's securities purchase programme has resulted in an increase in long-term rates. In the euro zone, the increase in long-term rates was more muted in a context of narrowing spreads on the debt of southern European countries, a more uncertain economic outlook and reduced anticipations in terms of inflation. Short-term rates felt little impact from the ECB's reduction in its policy rate from 0.75% at the beginning of the year to 0.25% at year-end: they have remained very low.

The key interest rate positions in the banking book are derived from the retail networks. In 2013, the balance sheet structure of these networks was marked by an overall increase in the ratio of customer loans to customer deposits: in France and Italy, the imbalance was significantly reduced, while the surplus of customer deposits in relation to customer loans increased in the Belgian and Luxembourg networks.

The issue of the decline in margins stemming from the long period of low interest rates, combined with floor rates on savings products, has tended to compound spontaneously. The Group accordingly increased its hedges against the risks associated with a low interest rate environment, through firm strategies (swaps) as well as optional hedges. More specifically in France, hedging strategies on Livret A savings accounts were modified to take into account the fact that the theoretical formula for determining the interest rate has not been strictly applied in the prevailing context of low inflation.

Structural foreign exchange risk

Currency hedges are contracted by the ALM-Treasury in relation to 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.

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 main businesses of the Group's 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.

Individual assets hedging consist mainly of available-for-sale securities; individual liabilities hedging consist mainly of fixed income securities 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.

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 56: CASH FLOWS HEDGED

In millions of euros	31 December 2013				31 December 2012			
Period to realisation	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**	**Less than 1 year**	**1 to 5 year**	**More than 5 years**	**Total**
Hedged cash flows	417	940	351	1,708	309	888	546	1,743

In the year ended 31 December 2013, several hedges of future income representing a non-material impact on balance-sheet and 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.

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 (interest 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 46.6 billion at 31 December 2013, before revaluation and including accrued interest. This compares to an exposure of EUR 44.0 billion at 31 December 2012.

Securities of non-EEA sovereign issuers held within the banking book amounted to EUR 15.9 billion as of 31 December 2013 compared with EUR 19.2 billion at 31 December 2012.

Sovereign exposures held by the Group are presented in the table below:

TABLE 57: BANKING AND TRADING BOOKS SOVEREIGN EXPOSURES BY GEOGRAPHICAL BREAKDOWN

31 December 2013	Banking Book[1]			Trading Book		
	Central Governments			Central Governments Issuer risk		Sovereign counterparty risk[2]
In millions of euros	Securities	Loans	CDS	Cash[2]	Derivatives [3]	
Eurozone						
Austria	436	0	0	595	(626)	21
Belgium	15,400	603	0	(393)	708	198
Cyprus	5	0	0	0	(2)	0
Estonia	0	0	0	0	(3)	0
Finland	195	0	0	192	(207)	69
France	10,446	33	0	(1,752)	1,215	7
Germany	1,423	0	0	3,845	309	218
Italy	11,910	424	102	928	532	3,358
Luxembourg	131	0	0	341	0	0
Malta	0	0	0	0	0	0
Netherlands	3,344	1,000	0	(149)	516	(2,028)
Slovakia	29	0	0	6	(182)	0
Slovenia	5	0	0	74	(37)	59
Spain	2,382	0	0	288	(187)	29
Programme countries						
Greece	0	0	0	29	0	186
Ireland	298	0	0	(59)	(7)	70
Portugal	609	0	43	25	(14)	29
TOTAL EUROZONE	**46,613**	**2,060**	**145**	**3,970**	**2,015**	**2,216**
Other EEA countries						
Bulgaria	1	0	0	0	28	0
Czech Republic	164	0	0	12	(8)	0
Denmark	0	0	0	15	(22)	0
Hungary	0	0	0	98	98	0
Iceland	0	0	0	24	26	0
Latvia	0	0	0	(1)	21	0
Liechtenstein	0	0	0	0	0	0
Lithuania	10	0	7	16	42	14
Norway	59	0	0	59	(45)	0
Poland	859	0	0	295	7	0
Romania	0	36	0	40	54	0
Sweden	0	0	0	36	(22)	5
United Kingdom	611	0	0	(307)	116	0
OTHER EEA COUNTRIES	**1,704**	**36**	**7**	**287**	**295**	**19**
TOTAL EEA 30	**48,317**	**2,096**	**152**	**4,257**	**2,310**	**2,235**
United States	7,847	355	0	1,822	(905)	0
Japan	2,308	0	0	2,416	92	8
Others	5,718	2,644	40	4,723	1,155	93
TOTAL	**64,190**	**5,095**	**192**	**13,218**	**2,652**	**2,336**

(1) Banking book are reported in accounting value before impairment for depreciation.
(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 event of default of the sovereign (assuming zero recovery).

31 December 2012	Banking Book[1]			Trading Book		
	Central Governments			Central Governments Issuer risk		Sovereign 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**

(1) *Banking book are reported in accounting value before impairment for depreciation.*
(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 event 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 supervisors; (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 (CCIRC) 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 by the Chief Executive Officer. 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 programmes. It is also informed of any crisis situation, and is responsible for deciding on the allocation of crisis management roles and approving emergency plans.

After validation by Group ALM Committee, ALM-Treasury is responsible for implementing the policy throughout the Group. The business line and entity ALM-Treasury 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-Treasury 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:

- bank's cash balance sheet;
- indicators of the funding requirements of the Group's various businesses;
- 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 2013

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 under the equity method and excluding efficient securitisation vehicles (see Table 2 section 5.2);

2) netting of derivative financial instruments accounts (including hedging instruments), repurchase agreements and other financial instruments measured at fair value through profit or loss and payables/receivables, recognised as assets under the heading "Trading assets with clients";

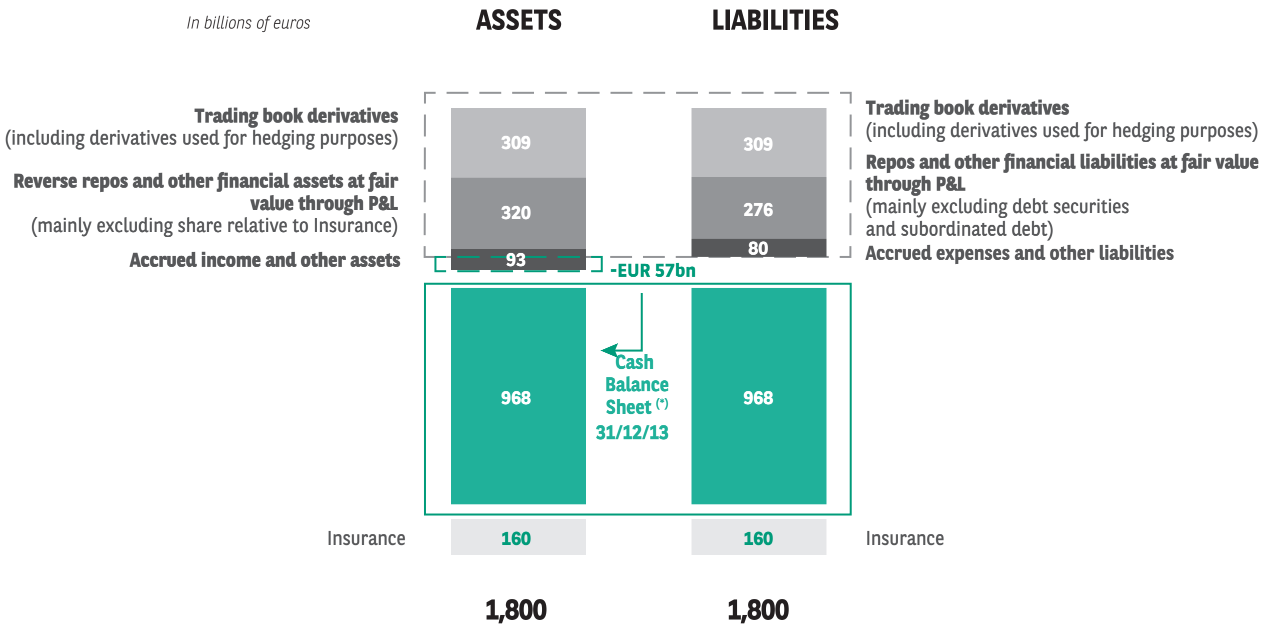
3) netting of some banking book repos mostly with debt securities recognised as assets under the heading "Trading assets with clients";

4) reclassification of certain balance sheet items:

- **a)** the Group's debt securities placed with retail clients transferred to customer deposits, (see Table 58);
- **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.

FIGURE 8: CONSOLIDATED BALANCE SHEET TO CASH BALANCE SHEET RECONCILIATION



(*) Excluding repurchase agreements (EUR 7 billion), 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:

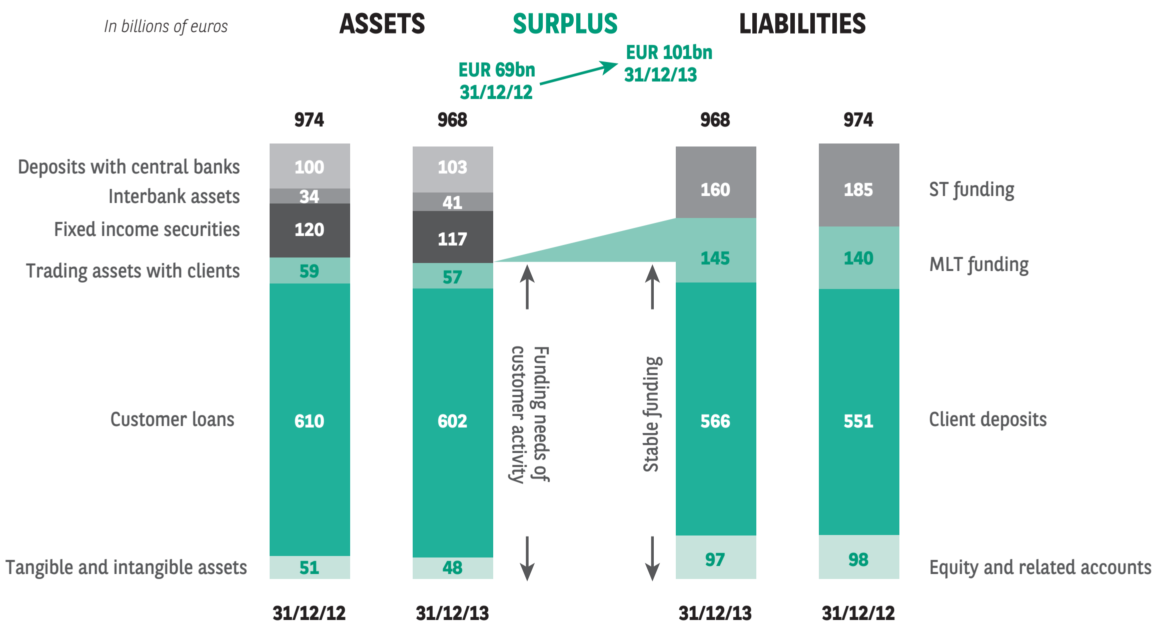
- the funding needs of the business (customer loans, trading assets with clients and Group's tangible and intangible assets) in a total amount of EUR 707 billion at end-2013;
- the Group's stable funding consists of customer deposits, medium- and long-term funding and equity and similar items, in a total amount of EUR 808 billion;
- the excess of EUR 101 billion reflects the surplus of customer and medium- to long-term funding relative to funding needs of customer business, which is mainly invested in liquid assets to contribute to the Bank's liquidity reserve;
- short-term funding invested primarily in liquid assets (deposits with central banks, interbank assets, debt securities).

In 2013, the surplus of medium- to long-term stable funding (customer deposits) relative to customer assets increased by EUR 32 billion, from EUR 69 billion (110% expressed as a ratio) at end-2012 to EUR 101 billion at end-2013 (114% expressed as a ratio). This change was attributable mainly to:

- an increase of EUR 15 billion in customer deposits and a decline of EUR 8 billion in customer loans, notably at the CIB;
- an increase of EUR 5 billion in medium- to long-term funding in the amount under the preparation of the 2016 plan.

This led to an increase of EUR 32 billion in the surplus of short-term or liquid assets in relation to short-term funding in 2013, stemming from the decline of EUR 25 billion in short-term funding including repayments of LTROs.

FIGURE 9: CASH BALANCE SHEET TREND



INDICATORS OF THE FUNDING REQUIREMENTS OF THE GROUP'S VARIOUS BUSINESSES

The cash balance sheet is a synthetic restatement of some of the indicators used for internal liquidity management for the Group's businesses and entities, ensuring systematic reconciliation with the Group's consolidated financial statements.

Consumption of liquidity associated with the activity of the Group's businesses is managed in particular in measuring the difference between commercial funding requirements (notably trading assets, customer loans and overdrafts) and commercial financing resources (notably trading liabilities, customer deposits, sale of the Group's debt securities to customers).

This indicator is monitored for the various businesses of BNP Paribas by major currency and by Group entity.

In addition to this commercial liquidity indicator, the Group also continuously monitors the funding needs and resources of ALM-Treasury and the Group's structural resources.

Medium and long-term liquidity management is mainly based on the medium and long-term assets vs. liabilities mismatch analysis.

Indicators for monitoring the consumption of liquidity of the business lines in the Group's central macroeconomic scenario were completed by indicators incorporating the Basel 3 crisis scenarios in respect of bank liquidity. These liquidity consumption indicators were included into the Group's budget framework in 2013.

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 use of various distribution networks, entities and collateralised or non-collateralised financing programmes.

The financing structure can also be improved by extending maturities, and targeting more stable funding sources.

➤ TABLE 58: TRENDS IN MLT WHOLESALE FUNDING IN THE CASH BALANCE SHEET

In billions of euros	At 31 December 2012	New origination	Run-offs	Redemptions	Exercise of calls	FX effect and other	At 31 December 2013
MLT debt securities issued	139.4	36.1	(21.6)	(5.6)	(1.3)	(0.8)	146.2
Other funding	47.4	6.7	(9.7)	(0.9)	(1.3)	0.2	42.4
TOTAL MLT FUNDING	**186.8**	**42.8**	**(31.3)**	**(6.5)**	**(2.6)**	**(0.6)**	**188.6**
MLT debt placed with clients	(46.8)						(43.8)
MLT funding in the cash balance sheet	140.0						144.8

Funding raised by the Group in the markets with an initial maturity of over one year came to EUR 42.8 billion in 2013 (EUR 39.3 billion in 2012).

The amount of debt securities issued classified as MLT funding comprises debt securities measured at fair value through profit or loss, (EUR 43.1 billion) and debt securities measured at amortised cost with an initial maturity of more than one year (EUR 103 billion) excluding perpetual subordinated debt, as presented in note 5.i to the *consolidated financial statements*. In the cash balance sheet, these amounts are adjusted for the debt securities subscribed by Group entities that do not belong to the Bank's prudential scope.

➤ TABLE 59: BREAKDOWN OF FUNDING

The breakdown of funding by currency (after cross-currency swaps) corresponds to the Group's requirements and a diversification objective.

In billions of euros				31 December 2013
	EUR	USD	Others	All currencies
Short-term funding	98	29	33	160
Medium to long-term funding	88	50	7	145
TOTAL	**186**	**79**	**40**	**305**

MLT collateralised wholesale funding

MLT collateralised wholesale funding(*) is measured by separating out assets representing securities and loans:

➤ TABLE 60: MLT COLLATERALISED WHOLESALE FUNDING

In billions of euros		31 December 2013		31 December 2012
	Collateral used(**)	Funding raised(***)	Collateral used(**)	Funding raised(***)
Loans and receivables	51.3	40.0	53.6	42.1
Securities	7.6	6.3	12.2	10.6
TOTAL	**58.9**	**46.3**	**65.8**	**52.7**

(*) 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 25% of the total Group's MLT funding. The Bank carefully manages its proportion of secured funding and the associated overcollateralisation in order to protect creditors holding unsecured debt, particularly in the context of a possible European bail-in regulation.

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 61: LIQUIDITY RESERVE

In billions of euros	2013 Average	31 December 2013	31 December 2012
Eligible assets	**190**	**185**	**189**
Utilisations	41	41	68
o/w monetary policy	*16*	*17*	*42*
o/w repos	*21*	*20*	*22*
o/w other	*4*	*4*	*4*
Available eligible assets	**149**	**144**	**121**
Central bank deposits	**85**	**103**	**100**
o/w mandatory reserves	*10*	*11*	*9*
TOTAL LIQUIDITY RESERVE	**234**	**247**	**221**

The increase in available eligible assets in 2013, excluding central bank deposits, was attributable to a decline in uses, particularly the use of monetary policy following LTRO repayments. The Bank also kept its central bank deposits close to their 2012 level, pending clarification of liquid assets included in the calculation of regulatory liquidity ratios. .

In 2013, the balance of the month-end liquidity reserve fluctuated between EUR 213 billion and EUR 253 billion, with an average of EUR 234 billion.

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 Treasury 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 one-month liquidity ratio is calculated monthly for the parent company BNP Paribas SA (French operations and branches).

The average one-month regulatory liquidity ratio for BNP Paribas SA (parent company and branches) was 175% in 2013 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:

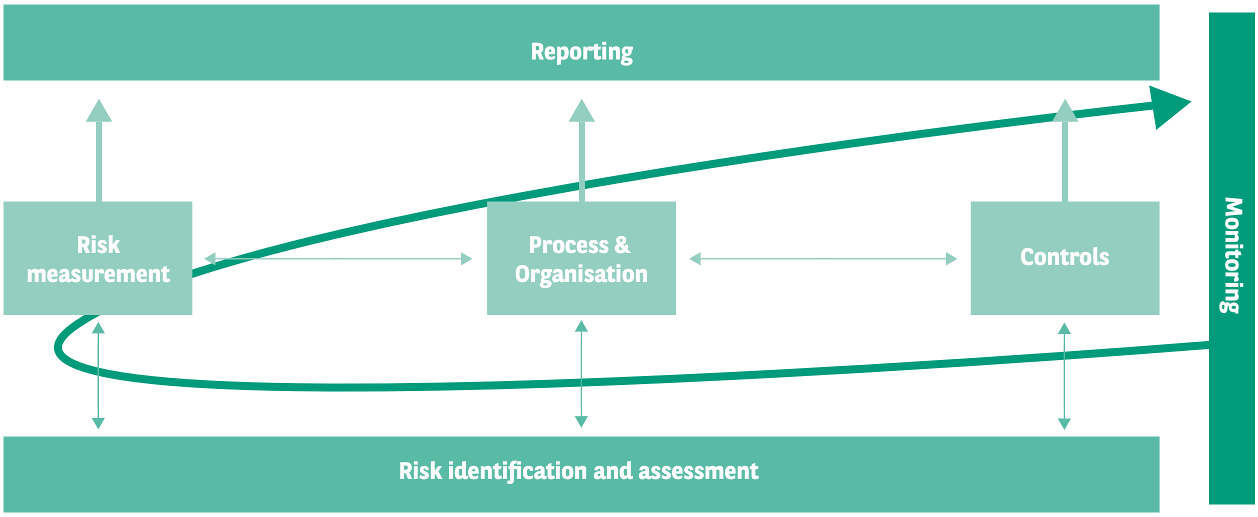
- the Basel Committee regulation, which sets the rules for calculating the capital requirement in respect of operational risk;
- regulation CRBF 97-02 as amended, which requires implementation of a risk management system covering all types of risk and an internal control system that ensures the effectiveness 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 an iterative risk management process based on the following items:

- 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: PROCESS OF EVALUATION AND MANAGING 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 et de Résolution) 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, 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.

More than 300 employees on a full-time equivalent basis are responsible for these supervisory activities.

Issues that arise in relation to permanent operational risk management and business continuity are discussed with the Group's Executive Committee on a regular basis, and periodically with the Internal Control Coordination Committee. This committee is chaired by the Internal Control Coordinator and brings together key players in the internal control process. The Group's core businesses, operational entities, business lines and functions, as well as the subsidiaries, tailor this governance structure to their own organisations, with the participation of Executive Management.

Scope and nature of risk reporting and measurement

Group Executive Committees, core businesses, operational entities, business lines, functions and subsidiaries 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.

The Legal Function is organised as follows:

- a governance model based on:
  - the Executive Legal Affairs Committee, which defines and oversees compliance with the legal function's overall strategy,
  - the 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,
  - the 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;
- a legal coordination mechanism allowing the sharing of information and expertise, whose main components are:
  - the France and Europe Legislation Tracking Committees, which organise the monitoring of draft legislation and provide analysis and interpretation of the texts of new laws and regulations, as well as details of changes in French, European and competition case law,
  - the Legal Practice Groups, by business line, and thematic working groups;
- a management of legal risks via:
  - the provision of internal procedures addressing legal issues, in liaison with the Compliance Function for all matters that also fall under its responsibility, and governing 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,
  - an extended training offer targeting the Group's legal and operational staff,
  - internal risk reporting tools and analytical models, which the Group's Legal unction upgrades on an ongoing basis, and which contribute to identifying, assessing and analysing operational risk of a legal nature,
  - supervision of operational risk and internal audit recommendations on the scope of responsibilities of the Legal Function.

To this end, the Group's Chief Legal Officer can count on a community of lawyers and paralegals working in approximately 60 countries. The implementation of a knowledge management system provides a good flow of information and expertise within this community and among the Group's operational staff.

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.

In 2013, the contribution of the Legal Function to the Group's financial security obligations was redefined, leading to changes in the Legal Affairs Department. The second stage of this development aims to increase the centralisation of litigation risk and regulatory investigations within the Group, to ensure more optimal treatment of these issues by increasing the foresight of the legal function and improving the treatment of systemic risk.

At the same time, over the past year, the legal function has continued to refine its policy of reliance on external legal advice. It also took part in the Group's review with the aim of achieving its strategic objectives and specifying the relationship uniting the key players of the Group's various functions, whether they work at central level or within the various divisions, businesses or other functions.

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 practices and the monitoring of tax risk globally. In view of the financial and reputational stakes, the Finance and Compliance Functions are involved in this monitoring process.

To fulfil its mission, the Group Tax Department:

- has drawn up procedures covering all divisions, designed to ensure that tax risks are identified, addressed and controlled appropriately;
- relies on a network of local tax specialists and tax correspondents in all countries where the Group operates;
- has implemented a process of feedback aimed at contributing to the control of local tax risk;
- regularly reports to Executive Management on compliance with internal standards.

A Tax Coordination Committee, involving the Finance and Compliance Functions and, on an as-needed basis, the businesses, is tasked with analysing the main tax issues facing the Group, and the transactions it performs.

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 the 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 structures. 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.

Each legal entity of the prudential scope of the BNP Paribas Group has a calculation of its capital requirement. 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 scenarios to calculate capital requirements, with a predominance for scenarios 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

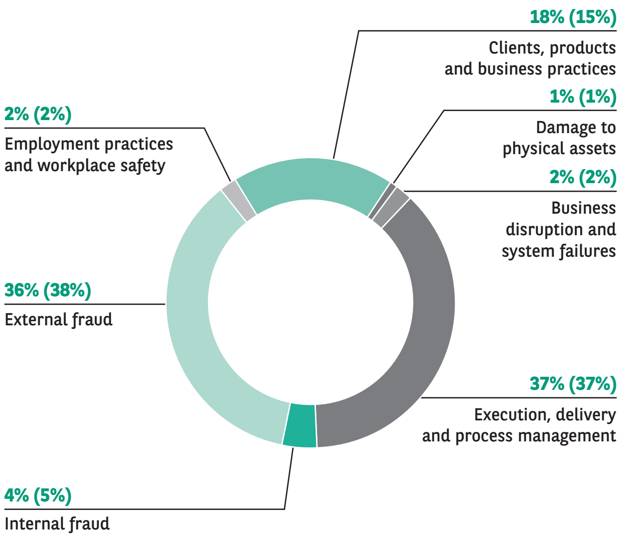
BNP Paribas uses fixed-parameter approaches (basic or standardised) to calculate the capital requirements for entities in the Group's scope of consolidation that are not integrated in the internal model:

- 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. To make this calculation, the Group has divided all its business lines into the eight business categories, without exception or 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 2013)(*)



(*) Percentages in brackets correspond to average loss by type of event for the 2008-2012 period.

External fraud and process failures, typically arising from execution or transaction processing errors, represent the two main operational loss events. 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. Events associated with business and professional practices, the prevalence of which is tending upwards over time, are the third-largest type of loss events in financial terms. Internal fraud accounts for approximately 4% 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 62: OPERATIONAL RISK CAPITAL REQUIREMENT

	Capital requirement		
In millions of euros	31 December 2013	31 December 2012	Variation
Advanced Measurement Approach (AMA)	2,950	2,847	103
Standardised approach	713	761	(48)
Basic indicator approach	366	484	(118)
TOTAL OPERATIONAL RISK	**4,029**	**4,092**	**(63)**

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, 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, 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 components:

- 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, macroeconomic 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 is 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 2013, the Solvency I ratio stands at 121% before unrealised gains on assets and technical provisions. Including unrealised gains, the Solvency I ratio is superior to 140%. 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 Assurance 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. In 2013, the average guaranteed rate was above 1.30%, down slightly compared with 2012 (1.41%). 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 2013, 2012 or 2011 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 (each representing 50% of the portfolio of Cardif Assurance Vie). 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 10%) to sovereign risk in the peripheral euro zone countries.

TABLE 63: BNP PARIBAS CARDIF BONDS EXPOSURES BY COUNTRY

In millions of euros	Govies		Agencies & supra sovereign		Financial Corporate		Covered		Other Corporate		Total	
	31 December 2013											
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	12,796	14,045	2,766	3,056	9,866	10,679	3,875	4,394	3,392	3,724	**32,697**	**35,899**
Italy	4,420	4,854	230	241	1,301	1,339	572	610	1,210	1,290	**7,733**	**8,333**
Netherlands	1,006	1,164	423	465	1,771	1,929	146	167	334	372	**3,680**	**4,097**
Spain	2,101	2,192	0	0	802	791	1,378	1,449	455	487	**4,736**	**4,917**
Germany	1,126	1,289	24	29	193	210	253	264	925	1,024	**2,521**	**2,816**
Austria	1,701	1,955	0	0	0	0	0	0	0	0	**1,701**	**1,955**
Belgium	3,785	4,069	94	98	273	279	51	51	103	111	**4,306**	**4,608**
United Kingdom	0	0	0	0	1,899	2,107	395	458	35	38	**2,329**	**2,603**
Ireland	642	691	0	0	32	32	33	34	33	37	**739**	**795**
United States of America	0	0	0	0	1,393	1,521	51	57	777	833	**2,222**	**2,410**
Portugal	270	252	153	156	0	0	0	0	177	169	**600**	**577**
Others	1,368	1,539	872	961	1,451	1,577	49	55	1,119	1,241	**4,859**	**5,373**
TOTAL	**29,216**	**32,048**	**4,561**	**5,007**	**18,980**	**20,464**	**6,803**	**7,538**	**8,562**	**9,326**	**68,122**	**74,383**

In millions of euros	Govies		Agencies & supra sovereign		Financial Corporate		Covered		Other Corporate		Total	
	31 December 2012											
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**

TABLE 64: BNP PARIBAS CARDIF BONDS EXPOSURES BY EXTERNAL RATINGS

31 December 2013												
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	1,444	1,634	691	777	1	1	2,891	3,310	18	21	**5,045**	**5,743**
AA+	2,707	3,119	1,093	1,211	174	174	1,593	1,783	308	323	**5,876**	**6,609**
AA	12,796	14,045	1,411	1,522	0	0	212	233	221	252	**14,640**	**16,051**
AA-	3,879	4,178	609	701	1,572	1,725	57	57	343	390	**6,460**	**7,052**
A+	253	289	160	165	313	324	51	57	1,860	2,071	**2,638**	**2,905**
A	163	182	174	191	9,997	10,832	558	595	757	827	**11,649**	**12,628**
A-	540	613	0	0	1,497	1,595	436	473	1,521	1,661	**3,994**	**4,342**
BBB+	0	0	41	43	786	850	0	0	1,573	1,702	**2,401**	**2,595**
BBB	4,420	4,854	230	241	2,501	2,641	646	666	1,222	1,310	**9,018**	**9,712**
BBB-	2,101	2,192	85	89	1,258	1,357	259	261	271	292	**3,974**	**4,191**
BB+	642	691	0	0	336	362	96	100	268	283	**1,342**	**1,436**
BB	0	0	0	0	296	352	0	0	0	0	**296**	**352**
BB-	270	252	68	68	0	0	0	0	41	40	**378**	**360**
B+	0	0	0	0	7	7	0	0	54	44	**61**	**51**
CCC	0	0	0	0	32	26	0	0	0	0	**32**	**26**
NR	0	0	0	0	133	137	2	3	104	109	**239**	**248**
TOTAL	**29,216**	**32,048**	**4,561**	**5,007**	**18,980**	**20,464**	**6,803**	**7,538**	**8,562**	**9,326**	**68,122**	**74,383**

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**

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.

Cardif Assurance Vie's unrealised gains and losses are as follows:

➤ TABLE 65: CARDIF ASSURANCE VIE UNREALISED GAINS AND LOSSES

In millions of euros		31 December 2013	31 December 2012
	Govies	2,833	3,442
	Agencies & supra sovereign	445	449
	Financial Corporate	1,484	1,119
	Covered	735	637
	Other Corporate	765	1,075
TOTAL BONDS		**6,262**	**6,722**
	Equity	1,202	210
	Real estate	790	675
	Alternatives	99	12
	Other	67	20
TOTAL OTHER ASSETS		**2,158**	**916**
TOTAL		**8,420**	**7,638**

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.

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 fourty 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 2013 liquidity study, 61% of Cardif Assurance 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 Assurance Vie's essential strengths;
- the return on financial assets is protected mainly through the use of hedging instruments.

In 2013, BNP Paribas Cardif generated more than EUR 2,900 million of net new business on the general funds.

TABLE 66: AVERAGE LAPSE RATES FOR BNP PARIBAS CARDIF GENERAL FUNDS

2013	Annual redemption rate
France	6.5%
Italy	11.0%
Luxembourg	15.0%

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 7 million at 31 December 2013 (versus EUR 12 million at 31 December 2012).

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 mortgage 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.

Reinsurance is a complementary element of the underwriting risk management system. Its objective is to protect BNP Paribas Cardif against three main risks:

1) so-called "peak" risk from exposure to an individual risk exceeding a certain threshold, called "full retention". In personal insurance, this threshold is currently set at two millions of euros per life. The reinsurance of peak risk may take the form of surplus or excess of loss treaties;
2) the catastrophe risk associated with exposure to a single low occurrence event, but very strong financial impact (concentration risk). This risk can be reinsured in the form of a catastrophe excess of loss treaty;
3) risk on new products, linked to insufficient pooling, lack of mastery of the technical foundations or uncertainty on beneficiaries' data. This risk can be reinsured in the form of quota share, stop loss or excess of loss treaties, depending on the level of risk identified.

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 2013	Amount of securitised assets	Amount of notes	Securitised positions held	
In billions of euros			First losses	Others
Personal Finance	**6.4**	**6.5**	**0.2**	**2.3**
o/w Residential loans	5.2	5.3	0.2	1.9
o/w Consumer loans	1.0	1.0	0.0	0.2
o/w Lease receivables	0.2	0.1	0.0	0.1
BNL	**1.9**	**1.7**	**0.1**	**0.2**
o/w Residential loans	1.9	1.7	0.1	0.2
o/w Consumer loans	-	-	-	-
o/w Lease receivables	-	-	-	-
o/w Public sector	-	-	-	-
TOTAL	**8.3**	**8.2**	**0.3**	**2.5**

Of the securitisation exposures originated by BNP Paribas, loans refinanced through securitisations identified as potentially "sensitive" amounted to EUR 8.3 billion at 31 December 2013, compared with EUR 8.2 billion at 31 December 2012.

EUR 2.5 billion of securitised positions were held at the end of 2013 (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 2013		Gross outstanding					Allowances		
In billions of euros		Consumer	First Mortgage Full Doc	First Mortgage Alt A	Home Equity Loans	Total	Portfolio	Specific	Net exposure
US		10.1	6.2	0.2	2.4	18.9	(0.2)	(0.1)	18.5
Super Prime	FICO(*) > 730	7.7	4.1	0.1	1.7	13.6	-	-	13.6
Prime	600<FICO(*)<730	2.3	1.9	0.1	0.7	4.9	-	-	4.9
Subprime	FICO(*) < 600	0.1	0.3	0.0	0.0	0.4	-	-	0.4
UK		1.0	0.2	-	-	1.2	(0.0)	(0.1)	1.1
Spain		3.8	5.6	-	-	9.5	(0.2)	(1.0)	8.3

(*) At origination.

At 31 December 2013, the Group's personal loan portfolio classified as sensitive was characterised by:

- the good quality of the US portfolio, which represented net exposure of EUR 18.5 billion, down EUR 0.6 billion compared with 31 December 2012. The quality of the consumer loan portfolio is good;
- moderate exposure to the UK market (EUR 1.1 billion);
- well-secured exposure to risks in Spain through property collateral on the mortgage portfolio and a growing proportion of auto loans in the consumer loan portfolio.

COMMERCIAL REAL ESTATE

At 31 December 2013	Gross exposure					Allowances		
In billions of euros	Home Builders	Non residential developers	Property companies	Others(*)	Total	Portfolio	Specific	Net exposure
US	0.5	0.6	0.1	4.6	5.8	(0.0)	(0.0)	5.8
BancWest	0.5	0.4	-	4.6	5.5	(0.0)	(0.0)	5.5
CIB	-	0.1	0.1	-	0.3	-	-	0.3
UK	0.0	0.1	0.3	0.8	1.2	(0.0)	(0.0)	1.2
Spain	-	-	0.3	0.6	0.9	(0.0)	(0.0)	0.9

(*) Excluding owner-occupied and real estate backed loans to corporates.

The Group's commercial real estate loan portfolio was characterised at 31 December 2013 by:

- granular, diversified exposure to the US, stable compared with 31 December 2012 (+EUR 0.1 billion), including an exposure of EUR 4.6 billion to the other sectors of commercial real estate (-EUR 0.2 billion compared with 31 December 2012) 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 0.2 billion compared with 31 December 2012;
- still limited exposure to a Spanish commercial real estate risk.

REAL-ESTATE RELATED ABS AND CDO EXPOSURES

BANKING AND TRADING BOOKS

Net Exposure	31 December 2012	31 December 2013		
In billions of euros	Net exposure	Gross exposure(*)	Allowances	Net exposure
TOTAL RMBS	6.8	2.8	(0.1)	2.7
US	0.0	0.0	0.0	0.0
Subprime	0.0	-	-	
Mid-prime	0.0	-	-	
Alt-A	-	-	-	
Prime(**)	0.0	0.0	0.0	0.0
UK	1.0	1.0	0.0	1.0
Conforming	0.1	0.1	-	0.1
Non conforming	0.9	0.9	0.0	0.9
Spain	0.9	0.8	0.0	0.7
The Netherlands	4.2	0.4	0.0	0.3
Other countries	0.7	0.6	(0.1)	0.6
TOTAL CMBS	1.8	1.1	0.0	1.1
US	0.9	0.6	0.0	0.6
Non US	0.9	0.5	0.0	0.5
TOTAL CDOs (cash and synthetic)	1.0	0.6	0.0	0.6
RMBS	0.6	0.4	0.0	0.4
US	0.1	0.0	-	0.0
Non US	0.5	0.4	0.0	0.4
CMBS	0.3	0.1	0.0	0.1
CDO of TRUPs	0.0	0.0	-	0.0
TOTAL	**9.6**	**4.5**	**(0.2)**	**4.3**
o/w Trading Book	0.3	-	-	0.5
TOTAL SUBPRIME, ALT-A, US CMBS AND RELATED CDOS	**0.9**	**0.6**	**0.0**	**0.6**

(*) Entry price + accrued interests – amortisation.
(**) Excluding Government Sponsored Entity backed securities.

At 31 December 2013, the net exposure to ABSs and CDOs in the real estate banking book totalled EUR 4.3 billion, down sharply compared with 31 December 2012 (-EUR 5.3 billion), mainly due to the reduction of the Dutch RMBS portfolio following the redemption of bonds at their call date and sales and amortisation or sales in the CMBS portfolio. 56% of the banking book assets are rated A or higher[1].

The assets are booked at amortised cost with the appropriate provision in case of prolonged impairment.

(1) Based on lowest of the S&P, Moody's &Fitch ratings.

EXPOSURE TO PROGRAMME COUNTRIES

GREECE

In billions of euros	Total[(a)]	Sovereign	Corporates	Other[(b)]
Exposure net of collateral and provisions	0.7	0.0	0.4	0.3

(a) *Excluding exposure to companies related to Greek interests (e.g. shipping) that are not dependent on the country's economic situation (EUR 1.3 bn).*
(b) *Including Personal Finance, Arval, Wealth Management.*

PORTUGAL

In billions of euros	Total[(a)]	Sovereign	Corporates	Other[(b)]
Exposure net of collateral and provisions	4.9	0.6	1.7	2.5

(a) *Excluding exposure to companies related to Portuguese interests that are not dependent on the country's economic situation (EUR 0.5 bn).*
(b) *Including Personal Finance, Arval, Leasing Solutions.*

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 2013		31 December 2012	
	Risk-weighted assets	Capital Requirement	Risk-weighted assets	Capital Requirement
Credit risk	**98,914**	**7,913**	**91,306**	**7,305**
Credit risk - IRB approach	**48,638**	**3,891**	**46,758**	**3,741**
Central governments and central banks	1,194	96	1,347	108
Corporates	32,391	2,591	31,223	2,498
Institutions	1,796	144	2,275	182
Retail	13,107	1,048	11,809	945
Real estate loans	*7,887*	*631*	*6,424*	*514*
Revolving exposures	*89*	*7*	*82*	*7*
Other exposures	*5,131*	*410*	*5,303*	*424*
Other non credit-obligation assets	150	12	104	8
Credit risk - Standardised approach	**50,276**	**4,022**	**44,548**	**3,564**
Central governments and central banks	1,157	93	1,324	106
Corporates	24,455	1,956	19,065	1,525
Institutions	1,861	149	2,092	167
Retail	16,377	1,310	15,381	1,231
Real estate loans	*1,465*	*117*	*1,921*	*154*
Revolving exposures	*136*	*11*	*125*	*10*
Other exposures	*14,776*	*1,182*	*13,335*	*1,067*
Other non credit-obligation assets	6,426	514	6,686	535
Securitisation positions	**3,203**	**256**	**4,157**	**333**
Securitisation positions - IRB approach	3,203	256	3,838	307
Securitisation exposures - standardised approach	0	0	319	26
Counterparty risk	**2,010**	**161**	**3,177**	**254**
Counterparty risk - IRB approach	**1,707**	**137**	**2,753**	**220**
Central governments and central banks	15	1	23	2
Corporates	1,408	113	2,393	191
Institutions	284	23	337	27
Counterparty risk - Standardised approach	**303**	**24**	**424**	**34**
Central governments and central banks	0	0	26	2
Corporates	214	17	239	19
Institutions	76	6	149	12
Retail	13	1	10	1
Other exposures	*13*	*1*	*10*	*1*
Equity risk	**7,990**	**639**	**5,106**	**409**
Internal model	5,643	451	2,238	179
Other equity exposures	*5,643*	*451*	*2,232*	*179*
Private equity exposures in diversified portfolios	*0*	*0*	*6*	*0*
Simple weighting method	1,532	123	1,733	139
Listed equities	*5*	*0*	*21*	*2*
Other equity exposures	*442*	*36*	*468*	*38*
Private equity exposures in diversified portfolios	*1,085*	*87*	*1,244*	*99*
Standardised approach	815	65	1,135	91
Market risk	**337**	**27**	**980**	**78**
Standardised approach	337	27	980	78
Operational risk	**9,995**	**800**	**10,866**	**869**
Advanced Measurement Approach (AMA)	6,123	490	7,040	563
Standardised approach	995	80	920	74
Basic indicator approach	2,877	230	2,906	232
TOTAL	**122,449**	**9,796**	**115,592**	**9,248**

BNL

In millions of euros	31 December 2013		31 December 2012	
	Risk-weighted assets	Capital Requirement	Risk-weighted assets	Capital Requirement
Credit risk	**55,516**	**4,442**	**67,151**	**5,372**
Credit risk - IRB approach	**27,461**	**2,197**	**154**	**12**
Central governments and central banks	17	1	0	0
Corporates	27,444	2,196	154	12
Credit risk - Standardised approach	**28,055**	**2,245**	**66,998**	**5,360**
Central governments and central banks	11	1	57	5
Corporates	3,202	256	42,540	3,403
Institutions	3,784	303	4,424	354
Retail	17,872	1,430	16,909	1,353
Real estate loans	*8,490*	*679*	*7,657*	*613*
Other exposures	*9,382*	*751*	*9,252*	*740*
Other non credit-obligation assets	3,186	255	3,068	245
Securitisation positions	**0**	**0**	**239**	**19**
Securitisation positions - standardised approach	0	0	239	19
Counterparty risk	**619**	**49**	**845**	**68**
Counterparty risk - IRB approach	**4**	**0**	0	0
Corporates	4	0	0	0
Counterparty risk - Standardised approach	**615**	**49**	**845**	**68**
Corporates	511	41	788	63
Institutions	104	8	57	5
Equity risk	**622**	**50**	**815**	**65**
Internal model	622	50	815	65
Listed equities	*0*	*0*	*2*	*0*
Other equity exposures	*622*	*50*	*813*	*65*
Market risk	**1**	**0**	**13**	**1**
Standardised approach	1	0	13	1
Operational risk	**2,802**	**224**	**3,205**	**256**
Advanced Measurement Approach (AMA)	2,703	216	2,860	229
Standardised approach	60	5	275	22
Basic indicator approach	39	3	70	6
TOTAL	**59,560**	**4,765**	**72,268**	**5,781**

BANCWEST

In millions of euros	31 December 2013		31 December 2012	
	Risk-weighted assets	Capital Requirement	Risk-weighted assets	Capital Requirement
Credit risk	**42,648**	**3,412**	**41,925**	**3,354**
Credit risk - Standardised approach	**42,648**	**3,412**	**41,925**	**3,354**
Central governments and central banks	1	0	2	0
Corporates	27,527	2,202	26,280	2,102
Institutions	495	40	632	51
Retail	12,388	991	12,559	1,005
Real estate loans	*4,998*	*400*	*5,269*	*422*
Revolving exposures	*348*	*28*	*454*	*36*
Other exposures	*7,042*	*563*	*6,835*	*547*
Other non credit-obligation assets	2,237	179	2,453	196
Securitisation positions	**176**	**14**	**212**	**17**
Securitisation positions - standardised approach	176	14	212	17
Counterparty risk	**204**	**16**	**398**	**32**
Counterparty risk - Standardised approach	**204**	**16**	**398**	**32**
Corporates	192	15	398	32
Institutions	12	1		
Equity risk	**6**	**0**	**47**	**4**
Internal model	6	0	47	4
Market risk	**8**	**1**	**5**	**0**
Standardised approach	8	1	5	0
Operational risk	**3,285**	**263**	**3,273**	**262**
Standardised approach	3,285	263	3,273	262
TOTAL	**46,327**	**3,706**	**45,862**	**3,669**

5

BNP PARIBAS PERSONAL FINANCE

In millions of euros	31 December 2013		31 December 2012	
	Risk-weighted assets	Capital Requirement	Risk-weighted assets	Capital Requirement
Credit risk	**40,132**	**3,211**	**39,435**	**3,155**
Credit risk - IRB approach	**9,851**	**788**	**9,839**	**787**
Retail	9,851	788	9,839	787
Revolving exposures	*4,411*	*353*	*4,738*	*379*
Other exposures	*5,440*	*435*	*5,102*	*408*
Credit risk - Standardised approach	**30,281**	**2,423**	**29,595**	**2,368**
Central governments and central banks	38	3	46	4
Corporates	386	31	283	23
Institutions	383	31	382	31
Retail	28,225	2,258	27,704	2,216
Real estate loans	*12,177*	*974*	*11,493*	*919*
Revolving exposures	*1,447*	*116*	*1,350*	*108*
Other exposures	*14,601*	*1,168*	*14,861*	*1,189*
Other non credit-obligation assets	1,249	100	1,180	94
Securitisation positions	**0**	**0**	**57**	**5**
Securitisation positions - standardised approach	0	0	57	5
Counterparty risk	**15**	**1**	**13**	**1**
Counterparty risk - Standardised approach	**15**	**1**	**13**	**1**
Institutions	15	1	13	1
Equity risk	**154**	**12**	**193**	**15**
Internal model	154	12	193	15
Other equity exposures	*154*	*12*	*193*	*15*
Market risk	**12**	**1**	**176**	**14**
Standardised approach	12	1	176	14
Operational risk	**3,398**	**272**	**4,391**	**351**
Advanced Measurement Approach (AMA)	2,295	184	1,982	159
Standardised approach	586	47	505	40
Basic indicator approach	517	41	1,904	152
TOTAL	**43,711**	**3,497**	**44,264**	**3,541**

BGL BNP PARIBAS

In millions of euros	31 December 2013		31 December 2012	
	Risk-weighted assets	Capital Requirement	Risk-weighted assets	Capital Requirement
Credit risk	**22,883**	**1,831**	**24,066**	**1,925**
Credit risk - IRB approach	**4,686**	**375**	**5,432**	**435**
Central governments and central banks	333	27	440	35
Corporates	2,757	220	3,397	272
Institutions	224	18	222	18
Retail	1,282	103	1,300	104
Real estate loans	*748*	*60*	*596*	*48*
Other exposures	*534*	*43*	*704*	*56*
Other non credit-obligation assets	90	7	74	6
Credit risk - Standardised approach	**18,197**	**1,456**	**18,634**	**1,491**
Central governments and central banks	3	0	6	1
Corporates	9,201	736	9,061	725
Institutions	221	18	357	29
Retail	6,799	544	7,005	560
Real estate loans	*4*	*0*	*5*	*0*
Other exposures	*6,795*	*544*	*7,000*	*560*
Other non credit-obligation assets	1,973	158	2,205	176
Securitisation positions	**81**	**6**	**100**	**8**
Securitisation positions - IRB approach	81	6	38	3
Securitisation exposures - standardised approach	0	0	62	5
Counterparty risk	**72**	**6**	**99**	**8**
Counterparty risk - Standardised approach	**72**	**6**	**99**	**8**
Central governments and central banks	0	0	26	2
Corporates	51	4	2	0
Institutions	21	2	69	6
Retail	0	0	2	0
Other exposures	*0*	*0*	*2*	*0*
Equity risk	**662**	**53**	**507**	**41**
Internal model	233	19	336	27
Listed equities	*233*	*19*	*336*	*27*
Simple weighting method	343	27	86	7
Listed equities	*5*	*0*	*5*	*0*
Other equity exposures	*338*	*27*	*82*	*7*
Standardised approach	86	7	84	7
Market risk	**56**	**4**	**86**	**7**
Standardised approach	56	4	86	7
Operational risk	**1,320**	**106**	**1,362**	**109**
Advanced Measurement Approach (AMA)	1,021	82	1,048	84
Standardised approach	151	12	146	12
Basic indicator approach	148	12	168	13
TOTAL	**25,074**	**2,006**	**26,221**	**2,098**

TEB GROUP

In millions of euros	31 December 2013	
	Risk-weighted assets	Capital Requirement
Credit risk	**17,042**	**1,363**
Credit risk - IRB approach	**47**	**3**
Corporates	47	3
Credit risk - Standardised approach	**16,995**	**1,360**
Central governments and central banks	1,081	86
Corporates	8,970	718
Institutions	994	80
Retail	5,537	443
Real estate loans	*333*	*27*
Other exposures	*5,204*	*416*
Other non credit-obligation assets	413	33
Counterparty risk	**179**	**14**
Counterparty risk - Standardised approach	**179**	**14**
Corporates	111	9
Institutions	55	4
Retail	13	1
Other exposures	*13*	*1*
Equity risk	**7**	**1**
Standardised approach	7	1
Market risk	**131**	**11**
Standardised approach	131	11
Operational risk	**1,599**	**128**
Basic indicator approach	1,599	128
TOTAL	**18,958**	**1,517**

Appendix 3: Glossary

Acronyms	
ABCP	Asset-Backed Commercial Paper
ABS	Asset-Backed Securities
ACPR	Autorité de Contrôle Prudentiel et de Résolution
ALCO	Asset and Liability Committee
ALM	Asset and Liability Management
AMA	Advanced Measurement Approach
BNB	Banque Nationale de Belgique
CCF	Credit Conversion Factor
CDO	Collaterised Debt Obligations
CDS	Credit Default Swap
CEBS	Committee of European Banking Supervisors
CLO	Collaterised Loan Obligations
CMBS	Commercial Mortgage Backed Securities
CRBF	Comité de Réglementation Bancaire et Financière
CRD	Capital Requirement Directive
CRM	Comprehensive Risk Measure
CRR	Capital Requirement Regulation
CVA	Credit Value Adjustment
EAD	Exposure at Default
EBA	European Banking Authority
ECB	European Central Bank
EDTF	Enhanced Disclosure Task Force
EEPE	Effective Expected Positive Exposure
EL	Expected Loss
FBF	Fédération Bancaire Française
GDP	Gross Domestic Product
GRR	Global Recovery Rate
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IRBA	Internal Rating Based Approach
IRC	Incremental Risk Charge
ISDA	International Swaps and Derivatives Association
LGD	Loss Given Default

Acronyms	
LTRO	Long Term Refinancing Operation
MTN	Medium Term Note
NPV	Net Present Value
PD	Probability of Default
RMBS	Residential Mortgage-Backed Securities
RW	Risk weight
SIFI	Systemically Important Financial Institution
SME	Small and Medium Enterprises
SREP	Supervisory REview Process
TRS	Total Return Swap
VaR	Value at Risk

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 2013

In millions of euros	Note	2013	2012
Interest income	2.a	14,904	18,173
Interest expense	2.a	(10,417)	(13,561)
Income on equities and other variable instruments	2.b	3,832	2,779
Commission income	2.c	4,431	4,720
Commission expense	2.c	(1,061)	(864)
Gains (losses) on trading account securities	2.d	2,867	2,472
Gains (losses) on securities available for sale	2.e	428	1,627
Other banking income		227	251
Other banking expenses		(189)	(137)
REVENUES		**15,022**	**15,460**
Salaries and employee benefit expenses	5.a	(5,275)	(5,697)
Other administrative expenses		(3,420)	(3,281)
Depreciation, amortisation, and provisions on tangible and intangible assets		(541)	(529)
GROSS OPERATING INCOME		**5,786**	**5,953**
Cost of risk	2.f	(552)	(500)
Provision for US dollar payments in countries subject to US sanctions	2.g	(798)	
OPERATING INCOME		**4,436**	**5,453**
Net gain (loss) on disposals of long-term investments	2.h	979	1,581
Net addition to regulated provisions		47	51
INCOME BEFORE TAX		**5,462**	**7,085**
Corporate income tax	2.i	(466)	(1,273)
NET INCOME		**4,996**	**5,812**

BALANCE SHEET AT 31 DECEMBER 2013

In millions of euros, at	Note	31 December 2013	31 December 2012
ASSETS			
Cash and amounts due from central banks and post office banks		80,360	81,515
Treasury bills and money-market instruments	3.c	89,545	93,283
Due from credit institutions	3.a	259,165	270,480
Customer items	3.b	316,197	316,407
Bonds and other fixed-income securities	3.c	69,802	67,433
Equities and other variable-income securities	3.c	3,047	1,867
Investments in subsidiaries and equity securities held for long-term investment	3.c	4,452	4,869
Investments in affiliates	3.c	56,144	55,157
Leasing receivables		14	44
Intangible assets	3.j	6,181	6,282
Tangible assets	3.j	2,247	2,142
Treasury shares	3.d	138	164
Other assets	3.h	177,043	200,881
Accrued income	3.i	72,333	86,789
TOTAL ASSETS		**1,136,668**	**1,187,313**
LIABILITIES			
Due to central banks and post office banks		520	594
Due to Credit institutions	3.a	293,886	331,153
Customer items	3.b	291,270	284,801
Debt securities	3.f	157,307	145,278
Other liabilities	3.h	246,235	260,984
Accrued income	3.i	69,909	88,376
Provisions	3.k	4,366	3,633
Subordinated debt	3.l	11,044	13,276
TOTAL LIABILITIES		**1,074,537**	**1,128,095**
SHAREHOLDERS' EQUITY	6.b		
Share capital		2,490	2,485
Additional paid-in capital		23,026	22,924
Retained earnings		31,619	27,997
Net income		4,996	5,812
TOTAL SHAREHOLDERS' EQUITY		**62,131**	**59,218**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,136,668**	**1,187,313**

Off-balance sheet items	Note	31 December 2013	31 December 2012
Commitments given			
Financing commitments	4.a	151,705	159,363
Guarantee commitments	4.b	119,261	117,425
Commitments given on securities		350	326
Commitments received			
Financing commitments	4.a	99,474	79,267
Guarantee commitments	4.b	226,323	240,080
Commitments received on securities		544	370

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.

Since 1 January 2013, BNP Paribas SA has applied recommendation 2013-02, issued 7 November 2013, of the Autorité des Normes Comptables (ANC, French Accounting Standards Authority) on the measurement and accounting treatment of retirement and similar benefits, which goes part way toward implementing Revised IAS 19 as adopted by the EU in June 2012 and effective from 1 January 2013. The corridor method is abandoned and actuarial gains and losses are now recognised in full. The change of method results in a net reduction in shareholders' equity at 1 January 2013 of EUR 282 million. Actuarial gains and losses after 1 January 2013 and the effect of limits on assets are recognised immediately in profit or loss. Expected gains from investments are calculated at the discount rate of the corresponding commitments. Applying this method in 2012 would have led to a EUR 108 million rise in net income for the year.

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 amortization". 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 FINANCIAL INSTITUTIONS AND CUSTOMER DEPOSITS

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 NON-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 prorata 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. 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.

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 *prorata* 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 *prorata* 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 various parameters, tailored to the country in question, 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 only recognised if it represents a future economic benefit in the form of a reduction in future contributions or a future partial refund of amounts paid into the plan.

The amount of the obligation under a plan, and the value of the plan assets, may show significant fluctuations from one period to the next due to changes in actuarial assumptions, thereby giving rise to actuarial gains and losses. Until 31 December 2012, BNP Paribas SA applied 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. Since 1 January 2013, BNP Paribas SA has applied recommendation 2013-02, issued 7 November 2013, of the Autorité des Normes Comptables (ANC, French Accounting Standards Authority) on the measurement and accounting treatment of retirement and similar benefits. The corridor method is abandoned and actuarial gains and losses are now recognised in full.

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 *prorata* 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.

TRANSLATION OF FINANCIAL STATEMENTS EXPRESSED IN FOREIGN CURRENCIES

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 NOTES TO THE 2013 PROFIT AND LOSS ACCOUNT

2.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 according to the effective interest rate method (interest, commision and expenses) 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.

In millions of euros	2013 Income	2013 Expenses	2012 Income	2012 Expenses
Credit institutions	**3,519**	**(2,934)**	**4,557**	**(4,771)**
Demand accounts, loans and borrowings	3,273	(2,599)	4,132	(4,242)
Securities given/received under repurchase agreements	141	(335)	299	(529)
Subordinated loans	105		126	
Customers	**7,479**	**(2,357)**	**8,731**	**(3,237)**
Demand accounts, loans, and term accounts	7,342	(2,260)	8,585	(2,965)
Securities given/received under repurchase agreements	123	(97)	137	(272)
Subordinated loans	14		9	
Finance leases	**3**	**(1)**	**10**	**(5)**
Debt securities	**208**	**(4,268)**	**571**	**(4,421)**
Bonds and other fixed-income securities	**3,695**		**4,304**	
Trading account securities	344		520	
Securities available for sale	3,263		3,655	
Debt securities held to maturity	88		129	
Macro-hedging instruments		**(857)**		**(1,127)**
INTEREST INCOME AND EXPENSE	**14,904**	**(10,417)**	**18,173**	**(13,561)**

2.b INCOME ON EQUITIES AND OTHER VARIABLE INSTRUMENTS

In millions of euros	2013	2012
Securities available for sale	53	36
Investments in subsidiaries and equity securities held for long-term investment	245	299
Investments in affiliates	3,534	2,444
INCOME ON EQUITIES AND OTHER VARIABLE INSTRUMENTS	**3,832**	**2,779**

2.c COMMISSIONS

In millions of euros	2013 Income	2013 Expenses	2012 Income	2012 Expenses
Commissions on banking and financing transactions	**1,914**	**(755)**	**2,176**	**(606)**
Customer items	1,373	(87)	1,531	(100)
Other	541	(668)	645	(506)
Commissions on financial services	**2,517**	**(306)**	**2,544**	**(258)**
COMMISSION INCOME AND EXPENSE	**4,431**	**(1,061)**	**4,720**	**(864)**

2.d GAINS (LOSSES) ON TRADING ACCOUNT SECURITIES

In millions of euros	2013	2012
Fixed Income instruments and transactions in trading account securities	1,945	2,021
Currency instruments	87	(99)
Credit instruments	380	143
Other variable income financial instruments and transactions in trading account securities	455	407
GAINS (NET) ON TRADING ACCOUNT SECURITIES	**2,867**	**2,472**

2.e GAINS (LOSSES) ON SECURITIES AVAILABLE FOR SALE

In millions of euros	2013		2012	
	Income	Expenses	Income	Expenses
Divestments	384	(107)	670	(286)
Provisions	261	(110)	1,341	(98)
TOTAL	**645**	**(217)**	**2,011**	**(384)**
GAINS (NET) ON SECURITIES AVAILABLE FOR SALE	**428**		**1,627**	

2.f 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	2013	2012
Net additions to or write-backs from provisions	**(464)**	**(414)**
Customer items and credit institutions	(501)	(459)
Off-balance sheet commitments	67	139
Securities	(11)	(4)
Doubtful loans	(4)	(2)
Financial instruments for market activities	(15)	(88)
Irrecoverable loans not covered by provisions	**(146)**	**(156)**
Recoveries of loans written-off	**58**	**70**
COST OF RISK	**(552)**	**(500)**

In millions of euros	2013	2012
Balance at 1 January	**8,264**	**10,877**
Net additions to or write-backs from provisions	464	414
Write-offs during the period covered by provisions	(690)	(2,962)
Effect of movements in exchange rates and other	(151)	(65)
PROVISION FOR CREDIT RISKS	**7,887**	**8,264**

The provisions break down as follows:

In millions of euros	2013	2012
Provisions deducted from assets	**7,254**	**7,504**
For amounts due from credit institutions (*note 3.a*)	399	299
For amounts due from customers (*note 3.b*)	6,511	6,751
For leasing transactions	1	7
For securities	281	298
For financial instruments for market activities	62	149
Provisions recognised as liabilities (*note 3.k*)	**633**	**760**
For off-balance sheet commitments	589	669
For doubtful loans	44	91
PROVISION FOR CREDIT RISKS	**7,887**	**8,264**

2.g PROVISION FOR US DOLLAR PAYMENTS IN COUNTRIES SUBJECT TO US SANCTIONS

Following discussions with the US Department of Justice and the New York County District Attorney's Office, among other US regulators and law enforcement and other governmental authorities, the Bank conducted over several years an internal, retrospective review of certain US dollar payments involving countries, persons and entities that could have been subject to economic sanctions under US law in order to determine whether the Bank had, in the conduct of its business, complied with such laws.

The review identified a significant volume of transactions that, even though they were not prohibited by the laws of the countries of the Bank entities that initiated them, could be considered impermissible under US laws and regulations including, in particular, those of the Office of Foreign Assets Control (OFAC).

The Bank has presented the findings of this review to the US authorities and commenced subsequent discussions with them. Although the amount of financial consequences, fines or penalties cannot be determined at this stage, the Bank has recorded a provision of USD 1.1 billion (EUR 0.8 billion) in its financial statements at 31 December 2013. There have been no discussions with the US authorities about the amount of any fines or penalties and the US authorities have not approved or passed upon the adequacy or reasonableness of such provision. There therefore remains considerable uncertainty as to the actual amount of fines or penalties that the US authorities could impose on the Bank following completion of the ongoing process, the timing of which is uncertain. The actual amount could thus be different, possibly very different, from the amount of the provision.

Given its exceptional nature and significant amount, this provision has been set out as a specific line item in the income statement within operating income.

2.h GAINS (LOSSES) ON DISPOSALS OF LONG-TERM INVESTMENTS

	2013		2012	
In millions of euros	Income	Expenses	Income	Expenses
Investments in subsidiaries and equity securities held for long-term investment	**1,184**	**(337)**	**1,249**	**(114)**
Divestments	164	(329)	698	(33)
Provisions	1,020	(8)	551	(81)
Investments in affiliates	**333**	**(305)**	**762**	**(324)**
Divestments	270	(31)	644	(36)
Provisions	63	(274)	118	(288)
Operating assets	**171**	**(67)**	**11**	**(3)**
TOTAL	**1,688**	**(709)**	**2,022**	**(441)**
NET GAIN ON DISPOSALS OF LONG-TERM INVESTMENTS	**979**		**1,581**	

2.i CORPORATE INCOME TAX

In millions of euros	2013	2012
Current tax expense	**(342)**	**(453)**
Deferred tax expense	**(124)**	**(820)**
CORPORATE INCOME TAX	**(466)**	**(1,273)**

The basic tax consolidation agreements between BNP Paribas SA and the subsidiaries belonging to its tax group are designed to be tax neutral for every party. Each Group subsidiary recognises in its own books, over the full term of its consolidation, corporate income tax income or expense, additional contributions, IFA and all current or future taxes covered by the scope of tax consolidation just as they would if they were not part of a tax group. BNP Paribas SA, as the parent company, records the impact of Group tax savings from tax consolidation in France in current tax expense.

Note 3 NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2013

3.a AMOUNTS DUE FROM AND DUE TO CREDIT INSTITUTIONS

In millions of euros, at	31 December 2013	31 December 2012
Loans and receivables	**167,028**	**171,447**
Demand accounts	6,286	6,605
Term accounts and loans	154,459	159,060
Subordinated loans	6,283	5,782
Securities received under repurchase agreements	**92,536**	**99,332**
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS BEFORE IMPAIRMENT	**259,564**	**270,779**
of which accrued interest	*796*	*843*
of which irrecoverable loans	*122*	*141*
of which potentially recoverable doubtful loans	*246*	*285*
Impairment on receivables due from credit institutions ***(note 2.f)***	**(399)**	**(299)**
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS NET OF IMPAIRMENT	**259,165**	**270,480**

In millions of euros, at	31 December 2013	31 December 2012
Deposits and borrowings	**182,134**	**213,597**
Demand deposits	10,339	11,594
Term accounts and borrowings	171,795	202,003
Securities given under repurchase agreements	**111,752**	**117,556**
DUE TO CREDITS INSTITUTIONS	**293,886**	**331,153**
of which accrued interest	*977*	*1,264*

3.b CUSTOMER ITEMS

In millions of euros, at	31 December 2013	31 December 2012
Loans and receivables	**260,786**	**275,381**
Commercial and industrial loans	2,557	2,312
Demand accounts	12,269	9,869
Short-term loans	53,231	54,745
Mortgages	70,644	71,268
Equipment loans	45,863	49,838
Export loans	8,447	15,945
Other customer loans	65,682	68,551
Subordinated loans	2,093	2,853
Securities received under repurchase agreements	**61,922**	**47,777**
CUSTOMER ITEMS BEFORE IMPAIRMENT – ASSETS	**322,708**	**323,158**
of which accrued interest	*671*	*639*
of which loans eligible for refinancing by the Banque de France	*101*	*202*
of which potentially recoverable doubtful loans and receivables	*4,887*	*4,798*
of which irrecoverable loans and receivables	*6,563*	*5,854*
Impairment on receivables due from customers (*note 2.f*)	**(6,511)**	**(6,751)**
CUSTOMER ITEMS NET OF IMPAIRMENT – ASSETS	**316,197**	**316,407**

The following table gives the loans and receivables net of impairment due from customers by counterparty:

In millions of euros, at	31 December 2013				31 December 2012			
		Doubtful loans net of provisions				Doubtful loans net of provisions		
	Sound loans	Potentially recoverable	Irrecoverable	Total	Sound loans	Potentially recoverable	Irrecoverable	Total
Financial institutions	27,069	13	7	27,089	31,253	650	210	32,113
Corporates	143,528	2,318	2,614	148,460	151,209	2,021	1,076	154,306
Entrepreneurs	11,025	50	221	11,296	9,513	44	170	9,727
Individuals	61,194	245	648	62,087	63,885	499	566	64,950
Other non-financial customers	5,337	3	3	5,343	7,452	60	22	7,534
TOTAL LOANS AND RECEIVABLES NET OF IMPAIRMENT	**248,153**	**2,629**	**3,493**	**254,275**	**263,312**	**3,274**	**2,044**	**268,630**

In millions of euros, at	31 December 2013	31 December 2012
Deposits	**246,227**	**236,745**
Demand deposits	84,233	74,515
Term deposits	103,996	105,924
Regulated savings accounts	57,998	56,306
of which demand regulated savings accounts	*44,157*	*43,098*
Securities given under repurchase agreements	**45,043**	**48,056**
CUSTOMER ITEMS – LIABILITIES	**291,270**	**284,801**
of which accrued interest	*967*	*863*

3.c SECURITIES HELD BY BNP PARIBAS SA

In millions of euros, at	31 December 2013		31 December 2012	
	Net carrying amount	Market value	Net carrying amount	Market value
Trading account securities	57,007	57,007	61,538	61,538
Securities available for sale	32,189	34,162	31,396	31,620
of which provisions	*(58)*		*(174)*	
Debt securities held to maturity	349	349	349	349
TREASURY BILLS AND MONEY-MARKET INSTRUMENTS	**89,545**	**91,518**	**93,283**	**93,507**
of which receivables corresponding to loaned securities	*17,179*		*22,803*	
of which goodwill	*1,122*		*1,254*	
Trading account securities	39,358	39,358	39,240	39,240
Securities available for sale	28,406	28,467	25,468	26,111
of which provisions	*(323)*		*(386)*	
Debt securities held to maturity	2,038	2,191	2,725	2,735
of which provisions	*(55)*		*(57)*	
BONDS AND OTHER FIXED-INCOME SECURITIES	**69,802**	**70,016**	**67,433**	**68,086**
of which unlisted securities	*7,402*	*7,490*	*6,554*	*6,609*
of which accrued interest	*906*		*969*	
of which receivables corresponding to loaned securities	*3,879*		*10,502*	
of which goodwill	*(91)*		*(104)*	
Trading account securities	876	876	228	228
Securities available for sale and equity securities available for sale in the medium term	2,171	2,310	1,639	1,799
of which provisions	*(335)*		*(326)*	
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	**3,047**	**3,186**	**1,867**	**2,027**
of which unlisted securities	*1,664*	*1,793*	*1,495*	*1,641*
of which receivables corresponding to loaned securities	*394*			
Investment in Subsidiaries	4,120	4,774	4,595	5,183
of which provisions	*(201)*		*(963)*	
Equity securities held for long-term investment	332	408	274	355
of which provisions	*(43)*		*(121)*	
INVESTMENTS IN SUBSIDIARIES AND EQUITY SECURITIES HELD FOR LONG-TERM	**4,452**	**5,182**	**4,869**	**5,538**
of which unlisted securities	*1,975*	*2,324*	*1,970*	*2,323*
Investments in affiliates	56,144	80,338	55,157	82,201
of which provisions	*(2,273)*		*(2,070)*	
INVESTMENTS IN AFFILIATES	**56,144**	**80,338**	**55,157**	**82,201**

BNP Paribas SA's equity investments and affiliate interests in credit institutions totalled EUR 1,473 million and EUR 32,470 million, respectively at 31 December 2013, compared with EUR 1,612 million and EUR 29,658 million, respectively, at 31 December 2012.

3.d TREASURY SHARES

In millions of euros, at	31 December 2013 Gross value amount	31 December 2013 Net carrying amount	31 December 2012 Net carrying amount
Trading account securities	8	8	6
Securities available for sale	68	68	96
Investment in subsidiaries	62	62	62
TREASURY SHARES	**138**	**138**	**164**

The sixth resolution of the Shareholders' General Meeting of 15 May 2013, which replaced the fifth resolution of the Shareholders' General Meeting of 23 May 2012, 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 (as previously). The shares could be acquired for the following purposes: for subsequent cancellation in accordance with conditions set by the Shareholders' General Meeting of 15 May 2013; 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 2013, 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 2013, BNP Paribas SA held 1,648,092 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 156,332 BNP Paribas shares classified as trading account securities at 31 December 2013. This market-making agreement is consistent with the Code of Ethics recognised by the AMF.

3.e LONG-TERM INVESTMENTS

In millions of euros	Gross value 1 Jan. 2013	Gross value Purchases	Gross value Disposals and redemptions	Gross value Transfers and other movements	Gross value 31 Dec. 2013	Provisions 1 Jan. 2013	Provisions Additions	Provisions Write-back	Provisions Other movements	Provisions 31 Dec. 2013	Carrying amount 31 Dec. 2013	Carrying amount 31 Dec. 2012
Debt securities held to maturity *(note 3.c)*	3,131	52	(668)	(73)	2,442	57	3	(14)	9	55	2,387	3,074
Investments in subsidiaries and equity securities held for long-term investment *(note 3.c)*	5,953	93	(2,255)	905	4,696	1,084	2	(841)	(1)	244	4,452	4,869
Investments in affiliates *(note 3.c)*	57,227	3,496	(606)	(1,700)	58,417	2,070	283	(70)	(10)	2,273	56,144	55,157
Treasury shares *(note 3.d)*	62				62						62	62
LONG-TERM INVESTMENTS	**66,373**	**3,641**	**(3,529)**	**(868)**	**65,617**	**3,211**	**288**	**(925)**	**(2)**	**2,572**	**63,045**	**63,162**

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 2013		31 December 2012	
			Carrying value	Market or model value	Carrying value	Market or model value
Financial assets reclassified out of the trading portfolio		**7,164**	**1,849**	**1,859**	**2,584**	**2,568**
To debt securities held to maturity	1 October 2008	4,404	867	861	1,044	1,004
To debt securities held to maturity	30 June 2009	2,760	982	998	1,540	1,564

Without these reclassifications, BNP Paribas SA's 2013 net income would have included a gain of EUR 44 million rather than the EUR 70 million actually recorded (2012 figures: EUR 106 million and EUR 75 million, respectively).

3.f DEBT SECURITIES

In millions of euros, at	31 December 2013	31 December 2012
Negotiable debt securities	150,713	139,243
Bond issues	6,214	5,661
Other debt securities	380	374
DEBT SECURITIES	**157,307**	**145,278**
of which unamortised premiums	*925*	*928*

3.g BOND ISSUES

The following table gives the contractual maturity schedule for bonds issued by BNP Paribas SA as of 31 December 2013:

In millions of euros	Outstanding 31 Dec. 2013	2014	2015	2016	2017	2018	2019 to 2023	After 2023
Bond issues	6,214	380	2,197	1,058	520	954	923	182

3.h OTHER ASSETS AND LIABILITIES

In millions of euros, at	31 December 2013	31 December 2012
Options purchased	136,712	156,371
Settlement accounts related to securities transactions	3,196	3,402
Deferred tax assets	963	1,124
Miscellaneous assets	36,172	39,984
OTHER ASSETS	**177,043**	**200,881**
Options sold	132,325	150,135
Settlement accounts related to securities transactions	4,249	2,024
Liabilities related to securities transactions	81,666	76,875
Deferred tax liabilities	47	47
Miscellaneous liabilities(1)	27,948	31,903
OTHER LIABILITIES	**246,235**	**260,984**

(1) Accounts payable by BNP Paribas SA excluding foreign branches amounted to EUR 3 million at 31 December 2013 versus EUR 12.2 million at 31 December 2012. The breakdown by maturity of BNP Paribas' accounts payable excluding foreign branches shows that 70% were less than 60 days old.

3.i ACCRUED INCOME

In millions of euros, at	31 December 2013	31 December 2012
Remeasurement of currency instruments and derivatives	46,210	60,786
Accrued income	13,759	14,089
Collection accounts	220	105
Other accrued income	12,144	11,809
ACCRUED INCOME	**72,333**	**86,789**
Remeasurement of currency instruments and derivatives	46,249	64,390
Accrued expenses	13,238	14,284
Collection accounts	797	989
Other accrued expenses	9,625	8,713
ACCRUED EXPENSES	**69,909**	**88,376**

3.j OPERATING ASSETS

In millions of euros, at	31 December 2013			31 December 2012
	Gross value	Dep., amort. and provisions	Net value	Net value
Software	2,586	(1,941)	645	613
Other intangible assets	5,596	(60)	5,536	5,669
INTANGIBLE ASSETS	**8,182**	**(2,001)**	**6,181**	**6,282**
Land and buildings	2,412	(807)	1,605	1,647
Equipment, furniture and fixtures	2,053	(1,696)	357	403
Other property, plant, and equipment	285		285	92
TANGIBLE ASSETS	**4,750**	**(2,503)**	**2,247**	**2,142**

3.k PROVISIONS

In millions of euros, at	31 December 2012	Additions	Reversals	Other movements	31 December 2013
Provision for employee benefit obligations	**566**	**106**	**(327)**	**363[(1)]**	**708**
Provision for doubtful loans (*note 2.f*)	**91**	**5**	**(7)**	**(45)**	**44**
Provision for off-balance sheet commitments (*note 2.f*)	**669**	**42**	**(109)**	**(13)**	**589**
Other provisions					
■ for banking transactions	1,113	997	(407)	(38)	1,665
■ for non-banking transactions	1,194	326	(157)	(3)	1,360
PROVISIONS	**3,633**	**1,476**	**(1,077)**	**264**	**4,366**

(1) *Early adoption of ANC recommendation 2013-02, issued 7 November 2013, on the measurement and accounting treatment of retirement and similar commitments had the initial effect of increasing the stock of provisions by EUR 407 million.*

➤ PROVISIONS FOR RISKS ON REGULATED SAVINGS PRODUCTS

In millions of euros, at	31 December 2013	31 December 2012
Deposits collected under home savings accounts and plans	**15,390**	**14,946**
of which for home savings plans	12,639	12,076
Aged more than 10 years	*4,837*	*5,374*
Aged between 4 and 10 years	*3,906*	*4,491*
Aged less than 4 years	*3,896*	*2,211*
Outstanding loans granted under home savings accounts and plans	**303**	**379**
of which for home savings plans	57	76
Provisions for home savings accounts and plans	**84**	**150**
of which discount on home savings accounts and plans	7	10
of which provisions for home savings accounts and plans	77	140
of which provisions for plans aged more than 10 years	*44*	*63*
of which provisions for plans aged between 4 and 10 years	*6*	*28*
of which provisions for plans aged less than 4 years	*14*	*31*
of which provisions for home savings accounts	*13*	*18*

➤ CHANGE IN PROVISIONS FOR REGULATED SAVINGS PRODUCTS

	2013		2012	
In millions of euros	Provisions for - home savings plans	Provisions for - home savings accounts	Provisions for - home savings plans	Provisions for - home savings accounts
Provisions at start of period	**122**	**28**	**224**	**19**
Additions to provisions during the period	-	-	-	9
Provision reversals during the period	(58)	(8)	(102)	-
Provisions at end of period	**64**	**20**	**122**	**28**

3.l SUBORDINATED DEBT

In millions of euros, at	31 December 2013	31 December 2012
Redeemable subordinated debt	**4,081**	**5,166**
Undated subordinated debt	**6,961**	**8,078**
Undated Super Subordinated Notes	6,283	7,063
Undated Floating-Rate Subordinated Notes	453	790
Undated Participating Subordinated Notes	225	225
Related debt	**2**	**32**
SUBORDINATED DEBT	**11,044**	**13,276**

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 2012, five subordinated debt lines were redeemed under a call option, in accordance with the date specified in the issue notice. These transactions reduced outstanding redeemable subordinated debt by EUR 2,451 million.

In 2013, four subordinated debt lines were redeemed either at maturity or under a call option, in accordance with the date specified in the issue notice. These transactions resulted in the reduction in outstanding redeemable subordinated debt of EUR 1,085 million.

The following table gives the maturity schedule for redeemable subordinated debt as of 31 December 2013:

In millions of euros	Outstanding 31 Dec. 2013	2014	2015	2016	2017	2018	2019 to 2023	After 2023
Redeemable subordinated debt	4,081	363	533	286	1,963	85	751	100

Undated subordinated debt

Undated Super Subordinated Notes

At 31 December 2013 BNP Paribas SA had issued Undated Super Subordinated Notes representing a total amount of EUR 6,283 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.

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. 2013	31 Dec. 2012
June 2005	USD	1,070	Half-yearly	5.186%	10 years	USD 3-month Libor +1.680%	775	811
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%	290	303
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%	541	554
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%	196	201
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%	435	455
June 2007	USD	1,100	Half-yearly	7.195%	30 years	USD 3-month Libor +1.290%	798	833
October 2007	GBP	200	Yearly	7.436%	10 years	GBP 3-month Libor +1.850%	240	246
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
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%	51	53
December 2009	USD	0.5	Yearly	7.384%	10 years	USD 3-month Libor +4.750%	1	1
UNDATED SUPER SUBORDINATED NOTES							**6,283**	**7,063**

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.

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. 2013	31 Dec. 2012
October 1985	EUR	305	TMO -0.25%	-	-	254	254
September 1986	USD	500	6-month Libor +0.075%	-	-	199	207
January 2003	EUR	328	5.868%	10 years	3-month Euribor +2.48%	-	329
UNDATED FLOATING-RATE SUBORDINATED NOTES						**453**	**790**

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 contained 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 were not subject to any interest step-up clause. Payment of interest was obligatory, but the Board of Directors could postpone interest payments if the Ordinary Shareholders' General Meeting had decided 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. The number of notes outstanding was 1,434,092 at 31 December 2013.

Note 4 FINANCING AND GUARANTEE COMMITMENTS

4.a FINANCING COMMITMENTS

In millions of euros, at	31 December 2013	31 December 2012
Credit institutions	40,875	39,213
Customers	110,830	120,150
Confirmed letters of credit	57,774	63,929
Other commitments given to customers	53,056	56,221
FINANCING COMMITMENTS GIVEN	**151,705**	**159,363**
Credit institutions	94,275	67,426
Customers	5,199	11,841
FINANCING COMMITMENTS RECEIVED	**99,474**	**79,267**

4.b GUARANTEE COMMITMENTS

In millions of euros, at	31 December 2013	31 December 2012
Credit institutions	41,732	32,073
Customers	77,529	85,352
GUARANTEE COMMITMENTS GIVEN	**119,261**	**117,425**
Credit institutions	69,076	76,910
Customers	157,247	163,170
GUARANTEE COMMITMENTS RECEIVED	**226,323**	**240,080**

4.c FINANCIAL INSTRUMENTS GIVEN AND RECEIVED AS GUARANTEES

➤ FINANCIAL INSTRUMENTS GIVEN AS COLLATERAL

In millions of euros, at	31 December 2013	31 December 2012
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	59,474	57,357
■ Used as collateral with central banks	3,160	21,128
■ Available for refinancing transactions	56,314	36,409
Other financial assets pledged as collateral for transactions with banks and financial customers or subscribers to collateralised loan obligations issued by the Group	68,303	75,426

At 31 December 2013, the Bank had EUR 59,474 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 57,537 million at 31 December 2012). This amount includes EUR 47,658 million deposited with the Banque de France (vs. EUR 43,800 million at 31 December 2012) under the Banque de France's comprehensive collateral management system to cover Eurosystem monetary policy transactions and intraday loans. At 31 December 2013 the Bank had used as collateral EUR 3,160 million of the amount deposited with central banks (vs. EUR 21,128 million at 31 December 2012), including EUR 3,000 million of the amount deposited with the Banque de France (vs. EUR 20,688 million at 31 December 2012).

The other assets that the Bank has pledged as collateral with credit institutions and financial customers totalled EUR 49,968 million at 31 December 2013 (vs. EUR 51,540 million at 31 December 2012), 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 2013	31 December 2012
Financial instruments received as collateral	6,096	24,338

Note 5 SALARIES AND EMPLOYEE BENEFITS

5.a SALARIES AND EMPLOYEE BENEFIT EXPENSES

In millions of euros	2013	2012
Salaries	(3,630)	(3,769)
Tax and social security charges	(1,444)	(1,702)
Employee profit-sharing and incentive plans	(201)	(226)
TOTAL SALARIES AND EMPLOYEE BENEFIT EXPENSES	**(5,275)**	**(5,697)**

The following table gives the breakdown of BNP Paribas SA's employees:

Headcount, at	31 December 2013	31 December 2012
Employees in Metropolitan France	38,393	39,736
of which managers	*22,617*	*22,459*
Employees outside Metropolitan France	9,169	9,160
TOTAL BNP PARIBAS SA	**47,562**	**48,896**

5.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 on retirement in addition to the pension paid by nationwide schemes.

In the rest of the world, defined benefit plans have been closed to new employees in most of the countries in which the Group operates (primarily the United States, Germany, Luxembourg, the United Kingdom, Ireland, Norway and Australia). These employees are now offered defined contribution plans. Under these plans, the Group's obligation is essentially limited to paying a percentage of the employee's annual salary into the plan.

The amount paid into defined-contribution post-employment plans in France and other countries for the year to 31 December 2013 was EUR 241 million, compared with EUR 249 million for the year to 31 December 2012.

Post-employment benefits under defined benefit 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.

Provisions set up to cover obligations under defined benefit post employment plans totalled EUR 386 million at 31 December 2013 after application of ANC recommendation 2013-02 (against EUR 289 million at 31 December 2012 before the application of recommendation 2013-02), comprised of EUR 295 million for French plans and EUR 91 million for other plans.

If recommendation 2013-02 had been applied, the provisions for postemployment plans would have been EUR 635 million at 31 December 2012.

At 31 December 2013, BNP Paribas recognised EUR 8 million of retirement plan assets (recognised surplus and reimbursement rights).

Pension plans and other post-employment benefits

Pension plans

In France, BNP Paribas pays a top-up banking industry pension arising from rights acquired to 31 December 1993 by 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 or Paribas 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, 7.2% equities and 9.1% 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 2013, 88% of the gross obligations under these plans related to plans in the United Kingdom, United States and Hong Kong. The fair value of the related plan assets was split as follows: 39% equities, 54% bonds, and 7% other financial instruments.

Other post-employment benefits

BNP Paribas SA 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 an insurer that is independent from BNP Paribas SA.

Post-employment healthcare benefits

In France, BNP Paribas has no longer any obligation 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 11 million at 31 December 2013, compared to EUR 9 million at 31 December 2012.

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

In France, the Bank encourages voluntary early retirement by employees meeting 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.

Provisions for these plans totalled EUR 22 million at 31 December 2013.

In millions of euros, at	31 December 2013	31 December 2012
Provision for voluntary departure, early retirement plans, and headcount adaptation plan	22	59

Note 6 ADDITIONAL INFORMATION

6.a CHANGES IN SHARE CAPITAL

Resolutions of the Shareholders' General Meeting valid for 2013

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 2013:

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2013
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 on the date of the decision of the award, i.e. less than 0.5% a year.* *This authorisation was granted for a period of 38 months.*	This authorisation was not used during the period
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 on the date of the decision of the award, 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 (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 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 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 6th resolution of the Shareholders' General Meeting of 15 May 2013.*	Under the market-making agreement, 1,225,783 shares with a par value of EUR 2 were acquired and 1,236,283 shares with a par value of EUR 2 were sold between 1 January and 15 May 2013.
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.*	This authorisation was not used during the period

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2013
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 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.*	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.*	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.*	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.*	This authorisation was not used during the period
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 carried out immediately and/or in the future 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 and EUR 10 billion for debt instruments.*	Not applicable

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2013
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.*	This authorisation was not used during the period
Shareholders' General Meeting of 15 May 2013 (6th 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 (as previously) would be intended to fulfil several objectives 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 15 May 2013 (14th 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 recognised by 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 23 May 2012.*	Under the market-making agreement, 1,420,418 shares with a par value of EUR 2 were acquired and 1,403,418 shares with a par value of EUR 2 were sold between 16 May and 31 December 2013.
Shareholders' General Meeting of 15 May 2013 (14th 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 21st resolution of the Shareholders' General Meeting of 23 May 2012.*	This authorisation was not used during the period

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 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 Dec. 2012	-
NUMBER OF SHARES OUTSTANDING AT 31 DECEMBER 2012	**1,242,261,961**	**2**	**2,484,523,922**			
Increase in share capital by exercise of stock subscription options	2,172,596	2	4,345,192	(1)	(1)	1 January 2012
Increase in share capital by exercise of stock subscription options	728,252	2	1,456,504	(1)	(1)	1 January 2013
NUMBER OF SHARES OUTSTANDING AT 31 DECEMBER 2013	**1,245,162,809**	**2**	**2,490,325,618**			

(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.*

6.b STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY BETWEEN 31 DECEMBER 2011 AND 31 DECEMBER 2013

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 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**
Dividend payout for 2012			(1,863)	(1,863)
Capital increases	5	102	1	108
Impact of ANC recommendation 2013-02			(282)	(282)
Other changes			(46)	(46)
Net income for 2013			4,996	4,996
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2013	**2,490**	**23,026**	**36,615**	**62,131**

6.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 porfolio

In millions of euros, at	31 December 2013	31 December 2012
Currency derivatives	2,567,767	2,249,553
Interest rate derivatives	36,072,404	42,236,269
Credit derivatives	1,162,668	1,253,646
Equity derivatives	1,969,259	2,142,608
Other derivatives	79,336	75,533
FORWARD FINANCIAL INSTRUMENTS IN THE TRADING PORTFOLIO	**41,851,434**	**47,957,609**

Financial instruments traded on organised markets accounted for 56% of the Bank's derivatives transactions at 31 December 2013 (vs. 58% at 31 December 2012).

Hedging strategy

The total notional amount of derivatives used for hedging purposes stood at EUR 647,437 million at 31 December 2013, compared with EUR 695,910 million at 31 December 2012.

Derivatives used for hedging purposes are primarily contracted on over the-counter markets.

Market value

The market value of the Bank's positive net position on firm transactions was approximately EUR 2,000 million at 31 December 2013, compared with a negative net position of EUR 6,000 million at 31 December 2012. The market value of the Bank's net long position on conditional transactions was approximately EUR 3,100 million at 31 December 2013, compared with a net long position of EUR 6,450 million at 31 December 2012.

6.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 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
France	287,641	311,341	223,359	228,943	**511,000**	**540,284**
Other countries in the European Economic Area	65,019	81,430	46,215	46,456	**111,234**	**127,886**
Countries in the Americas and Asia	75,189	51,251	44,752	38,801	**119,941**	**90,052**
Other countries	1,221	1,256	1,885	2,251	**3,106**	**3,507**
TOTAL USES OF FUNDS	**429,070**	**445,278**	**316,211**	**316,451**	**745,281**	**761,729**
France	225,012	265,497	176,485	179,838	**401,497**	**445,335**
Other countries in the European Economic Area	38,966	37,959	57,503	62,323	**96,469**	**100,282**
Countries in the Americas and Asia	28,189	26,432	52,375	37,471	**80,564**	**63,903**
Other countries	2,239	1,859	4,907	5,169	**7,146**	**7,028**
TOTAL SOURCES OF FUNDS	**294,406**	**331,747**	**291,270**	**284,801**	**585,676**	**616,548**

91% of BNP Paribas SA's revenues in 2013 came from counterparties in the European Economic Area (90% in 2012).

6.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	79,461	899	-	-	-		**80,360**
Treasury bills and money-market instruments	179	21,977	11,538	23,004	32,847	(58)	**89,545**
Due from credit institutions	16,013	130,026	33,863	48,086	31,177	(399)	**259,165**
Customer and leasing transactions	15,616	113,538	35,792	79,904	71,361	(6,512)	**316,211**
Bonds and other fixed-income securities	1,262	15,964	6,945	28,989	16,642	(378)	**69,802**
Sources of funds							
Amounts due to credit institutions, central banks, and post office banks	34,584	165,560	22,181	54,154	17,927		**294,406**
Customer items	70,019	180,550	20,153	15,808	4,740		**291,270**
Debt securities	739	40,136	42,663	42,851	30,918		**157,307**

6.f NON-COOPERATIVE 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 and the Order issued 17 January 2014 amending the list of uncooperative states. 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	98.29	SDN BHD (Private Limited Company)	Investment Advisor License	Asset Management
BVI				
BNP Paribas Trust Corporation	100.00	SARL	Class I Trust Licence	Trustee Services

6.2 Appropriation of income for the year ended 31 December 2013 and dividend distribution

At the Annual General Meeting of 14 May 2014, the Board of Directors will propose an allocation of income for the year ended 31 December 2013 and dividend distribution under the following terms:

In millions of euros	
Net income	4,996
Unappropriated retained earnings	22,451
TOTAL INCOME TO BE APPROPRIATED	**27,447**
Dividend	1,868
Retained earnings	25,579
TOTAL APPROPRIATED INCOME	**27,447**

The total proposed dividend to be paid to BNP Paribas shareholders is EUR 1,868 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 2014.

6.3 BNP Paribas SA five-year financial summary

	2009	2010	2011	2012	2013
Share capital at year-end					
■ Share capital *(in euros)*	2,370,563,528	2,397,320,312	2,415,491,972	2,484,523,922	2,490,325,618
■ Number of shares in issue	1,185,281,764	1,198,660,156	1,207,745,986	1,242,261,961	1,245,162,809
■ 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	33,104	28,426	31,033	30,015	26,704
■ Earnings before taxes, depreciation, amortisation and impairment	7,581	7,193	7,366	6,349	6,183
■ Income tax expense	(540)	(118)	300	(1,273)	(466)
■ Earnings after taxes, depreciation, amortisation and impairment	4,009	3,465	3,466	5,812	4,996
■ Total dividend payout[1]	1,778	2,518	1,449	1,863	1,868
Earnings per share					
■ Earnings after taxes before depreciation, amortisation and impairment	5.94	5.90	6.35	4.09	4.59
■ Earnings after taxes, depreciation, amortisation and impairment	3.38	2.89	2.87	4.68	4.01
■ Dividend per share[1]	1.50	2.10	1.20	1.50	1.50
Employee data					
■ Number of employees at year-end	46,801	49,671	49,784	48,896	47,562
■ Total payroll expense (in millions of euros)	3,812	3,977	3,829	3,915	3,772
■ Total social security and employee benefit charges (in millions of euros)	1,750	1,141	1,212	1,488	1,359

(1) Subject to approval at the Annual General Meeting of 14 May 2014.

6.4 Subsidiaries and associated companies of BNP Paribas SA

Name	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	Interest held by BNP Paribas SA	Ref.
		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	(19)	30	100.00%	(1)
Arval Service Lease	EUR	66	815	306	99.24%	(2)
Austin Finance	EUR	868	152	43	92.00%	(1)
Banca Nazionale del Lavoro SPA	EUR	2,077	3,413	115	100.00%	(1)
Banco BNP Paribas Brasil SA	BRL	644	783	170	100.00%	(2)
BancWest Corporation	USD	1	11,306	364	99.00%	(2)
BNL International Investment SA	EUR	110	314	0	100.00%	(2)
BNP Intercontinentale – BNPI	EUR	31	4	1	100.00%	(1)
BNP Paribas (China) Ltd.	USD	653	288	(3)	100.00%	(2)
BNP Paribas BDDI Participations	EUR	46	58	32	100.00%	(1)
BNP Paribas Canada	CAD	533	390	25	100.00%	(2)
BNP Paribas Capital (Asia Pacific) Ltd.	HKD	672	(3)	(5)	100.00%	(2)
BNP Paribas Cardif	EUR	150	3,828	75	100.00%	(1)
BNP Paribas Colombia Corporation Financiera SA	COP	103,721	(10,471)	9,630	94.00%	(2)
BNP Paribas Commodity Futures Ltd.	USD	75	216	23	100.00%	(2)
BNP Paribas Développement	EUR	115	326	19	100.00%	(1)
BNP Paribas El Djazair	DZD	10,000	6,896	3,280	84.17%	(2)
BNP Paribas Equities France	EUR	6	21	(1)	100.00%	(2)
BNP Paribas Espana SA	EUR	52	21	0	99.62%	(2)
BNP Paribas Factor	EUR	6	28	20	100.00%	(2)
BNP Paribas Factor Portugal	EUR	13	70	5	64.26%	(2)
BNP Paribas Fortis	EUR	9,375	3,826	641	99.93%	(1)
BNP Paribas Home Loan SFH	EUR	285	1	1	100.00%	(1)
BNP Paribas India Holding Private Ltd.	INR	2,608	94	83	100.00%	(2)
BNP Paribas Investment Partners	EUR	23	2,363	36	66.67%	(1)
BNP Paribas Ireland	EUR	902	418	40	100.00%	(2)
BNP Paribas Lease Group Leasing Solutions SPA	EUR	204	84	(36)	95.94%	(2)
BNP Paribas Malaysia Berhad	MYR	602	(33)	15	100.00%	(2)
BNP Paribas Personal Finance	EUR	453	3,811	132	98.94%	(1)
BNP Paribas Real Estate	EUR	380	171	68	100.00%	(2)
BNP Paribas Réunion	EUR	25	25	7	100.00%	(2)

(1) Non-audited social details at the 12/31/2013.
(2) Adopted details in the consolidated financial statements of the Group at the 12/31/2013.
(3) Social details at the 12/31/2012.

Name	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	Interest held by BNP Paribas SA	Ref.
		In millions of the currency unit			in %	
BNP Paribas SB Re	EUR	450	66	16	100.00%	(2)
BNP Paribas Securities (Asia) Ltd.	HKD	2,429	(212)	(642)	100.00%	(2)
BNP Paribas Securities Japan Ltd.	JPY	201,050	(11,615)	798	100.00%	(2)
BNP Paribas Securities Korea Company Ltd.	KRW	250,000	(3,165)	16,445	100.00%	(2)
BNP Paribas Securities Services – BP2S	EUR	165	462	100	94.44%	(1)
BNP Paribas SJ Ltd. (ex-BNP Paribas Securities (Japan) Ltd.)	JPY	30,800	15	34	100.00%	(2)
BNP Paribas Suisse SA	CHF	320	2,950	154	99.99%	(2)
BNP Paribas UK Holdings Ltd.	GBP	1,227	14	37	100.00%	(2)
BNP Paribas Wealth Management	EUR	103	189	(17)	100.00%	(1)
BNP Paribas Yatirimlar Holding Anonim Sirketi	TRY	1,032	1	0	100.00%	(2)
BNP Paribas ZAO	RUB	5,798	1,041	464	100.00%	(2)
BNP PUK Holding Ltd.	GBP	257	33	0	100.00%	(2)
Cobema	EUR	439	1,831	27	99.20%	(2)
Compagnie d'Investissements de Paris - C.I.P.	EUR	395	248	9	100.00%	(2)
Compagnie Financière Ottomane SA	EUR	9	286	10	96.97%	(2)
Cortal Consors	EUR	58	287	33	94.21%	(1)
Financière BNP Paribas	EUR	227	31	6	100.00%	(1)
Financière des Italiens	EUR	412	(191)	0	100.00%	(1)
Financière du Marché Saint Honoré	EUR	49	25	(1)	100.00%	(1)
Grenache et Cie SNC	EUR	946	(16)	49	70.28%	(2)
Harewood Helena 1 Ltd.	USD	69	25	3	100.00%	(3)
Harewood Holdings Ltd.	GBP	150	12	25	100.00%	(2)
International Factors Italia SPA – Ifitalia	EUR	56	407	57	99.65%	(2)
Natiocrédibail	EUR	32	29	16	100.00%	(2)
Omnium de Gestion et de Developpement Immobilier – OGDI	EUR	459	50	20	100.00%	(1)
Optichamps	EUR	411	(168)	0	100.00%	(1)
Paribas North America Inc.	USD	1,282	238	105	100.00%	(2)
Parilease	EUR	54	261	(6)	100.00%	(2)
Participations Opéra	EUR	410	(183)	0	100.00%	(1)
PT Bank BNP Paribas Indonésia	IDR	726,320	459,128	61,762	99.00%	(2)
Royale Neuve I Sarl	GBP	0	488	57	100.00%	(2)
Sagip	EUR	218	1,079	25	100.00%	(2)
Société Orbaisienne de Participations	EUR	311	(61)	(11)	100.00%	(1)
Taitbout Participation 3 SNC	EUR	792	37	3	100.00%	(1)
UCB Entreprises	EUR	97	99	2	100.00%	(1)
UkrSibbank	UAH	1,774	127	(393)	100.00%	(2)
Wa Pei Finance Company Ltd.	HKD	341	6	0	100.00%	(3)

(1) Non-audited social details at the 12/31/2013.
(2) Adopted details in the consolidated financial statements of the Group at the 12/31/2013.
(3) Social details at the 12/31/2012.

Name	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	Interest held by BNP Paribas SA	Ref.
		In millions of the currency unit			in %	
2. Associated companies (10% to 50%-owned)						
Banque de Nankin	CNY	2,969	17,604	3,980	16.18%	(3)
BGL BNP Paribas	EUR	713	4,711	146	15.96%	(2)
BNP Paribas Leasing Solutions	EUR	1,820	816	257	50.00%	(2)
Crédit Logement	EUR	1,260	124	104	16.50%	(3)
Geojit BNP Paribas Financial Services Ltd.	INR	228	3,548	301	33.58%	(2)
Klépierre SA	EUR	279	2,426	515	10.45%	(3)
Pargesa Holding SA	CHF	1,699	593	233	11.15%	(3)
Verner Investissements	EUR	15	328	40	50.00%	(2)

(1) Non-audited social details at the 12/31/2013.
(2) Adopted details in the consolidated financial statements of the Group at the 12/31/2013.
(3) Social details at the 12/31/2012.

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	20,816	37,630	1,141	3,240
Net value	19,977	36,196	1,130	3,051
Loans and advances given by BNP Paribas SA	75,285	6,855	79	1,077
Guarantees and endorsements given by BNP Paribas SA	34,135	16,985	46	12
Dividends received	2,311	1,206	71	161

6.5 Disclosures of investments in BNP Paribas SA in 2013 affecting at least 5% of share capital of French companies

Change in interest to more than 5% of the capital		
Not listed	ALLIANSYS	SA
Change in interest to more than 10% of the capital		
Not listed	PHITRUST PARTENAIRES	SAS
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		
Not listed	GALLIENI SF2-4	SASU
Not listed	SCI MARINA	SCI
Change in interest to more than 66.66% of the capital		
Not listed	ARVAL SERVICE LEASE	SA
Not listed	SCI KAZANOU 2	SCI

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 2013

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 2013, 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 2013 and of the results of its operations for the year then ended in accordance with French accounting principles.

Without qualifying our opinion, we draw your attention to the matters set out in note 2.g to the financial statements, regarding the provision related to US dollar payments involving parties subject to US sanctions, and note 1, which describes the change in accounting methods relating to French accounting standards authority (Autorité des normes comptables – ANC) recommendation no. 2013-02 of 7 November 2013 concerning the measurement and recognition of pension and other employee benefit obligations.

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, 2.f, 3.a, 3.b, 3.c and 3.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, equity securities held for long-term investment and affiliates

Investments in non-consolidated undertakings, equity securities held for long-term investment and affiliates are measured at value in use based on a multi-criteria approach as described in notes 1, 2.h, 3.c and 3.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, 3.k and 5.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, 7 March 2014

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
Damien Leurent	Étienne 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 Chief Executive Officer. 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 was distributed to all of the Group's employees and numerous clients. This charter was updated in 2014 to be consistent with the developments that have occurred in the past two years and with the Group's 2014-2016 business development plan. It attests to BNP Paribas' ongoing commitment to acting as a responsible bank.

THE BNP PARIBAS CHARTER: OUR MISSION, OUR RESPONSIBILITY

The BNP Paribas Group is the product of successive bank mergers which began to make their mark on European economic history back in the 19th century. Nurtured over a long period of time, the trust that clients place in us is our most precious asset. We lead and steer the Group in accordance with the commitments that are essential to deserve that trust, and also to act as a responsible bank.

OUR ECONOMIC RESPONSIBILITY

Remaining true to our primary mission: long-term service to our clients

BNP Paribas' primary vocation is to serve our clients by creating long-term relationships and helping them to fulfil their plans and projects. On the one hand, we help individuals to manage their finances and savings on a day-to-day basis; and on the other, we are the banking partner of choice for companies of all sizes and for institutional clients. Our business model is that of a universal bank, because this model best meets the multiple needs of our clients around the world. BNP Paribas operates in three main business areas, with staff working together across these areas on a daily basis.

Retail Banking is made up of local multichannel networks—branches, Business Centres, wealth-management centres and digital banking. All deposits are channeled into lending activities. Retail Banking is also made up of international, specialised businesses that serve trade and industry. These include consumer lending, office and equipment leasing, and vehicle fleet-leasing services. **Corporate and Investment Banking** (CIB) does business all over the world, aiming to be a long-term strategic partner to companies and institutional clients. CIB supports their growth and business-development needs, through both direct financing and the capital markets, and through risk management and advisory services. The **Investment Solutions** (IS) Division consists of a range of complementary business lines, including insurance, asset management, real estate, and investor services. IS develops innovative products and services for both its own clients and for those in other Group businesses.

BNP Paribas is also "the bank for a changing world". In all our activities, we aim to drive and anticipate innovation, and we are committed to helping and supporting our clients as they face change. For individual customers, this includes online and mobile banking, together with new payment methods. For companies, our 'One Bank for Corporates' network is designed to support the globalisation of their businesses.

And for those wishing to set up their own business, we are there to help them bring their plans to fruition. In order to be able to carry out these various missions in a context of sharply increasing regulatory and capital requirements, BNP Paribas doubled its capital base between 2008 and 2013 and further strengthened its liquidity position. The Group also retains and reinvests the major part of its profits each year so as to continue strengthening its financial position and meet customer demand for credit, yet deliver regular returns to the shareholders who place their confidence in the Bank.

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 rigorous risk control is part of its responsibility, whether to 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 and based on a strong, shared risk culture which pervades 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—these are assessed on a daily basis, tested against stress scenarios, and subject to limits. As a strongly diversified Group, both in terms of geography and businesses, BNP Paribas is able to balance risks and outcomes as they materialise. The Group is organised and managed in such a way that any difficulties arising in one business area will not jeopardise another.

Following a strict ethical code

Compliance with rules and following a strict ethical code are as important to BNP Paribas as rigorous risk control. The Group refuses to work with any client or organisation that is involved in fraud, corruption or illicit dealings. This determination also of course includes obeying the law and complying with the regulations of countries in which we work. However, the Group's Internal Rules, especially the Code of Conduct that applies to every employee, can be even more demanding. BNP Paribas set up a Compliance Department in 2005 (long before the crisis) that has existed in its current form since its founding. The Head of Compliance is a member of the Group Executive Committee. The department's staff numbers have increased fourfold since 2005 and today 2,000 people work there.

However, we do not claim to be infallible. The Group has many businesses and departments, which are subject to many different national regulatory frameworks. We have a duty to maintain a vigilance that is ongoing and assisted by our Audit & Control teams and the General Inspection office. Where lapses are identified, immediate corrections are applied, together with sanctions where appropriate, and in full cooperation with the relevant public authorities.

BNP Paribas is also determined to do its civic duty in the field of taxation. The Bank is one of the biggest taxpayers in France and a sizeable taxpayer in the main countries where it does business. The Group has withdrawn from all tax havens identified as such by international public bodies. We also strive to foster compliance with tax obligations among our clients, notably through our policy on responsible Private Banking.

At BNP Paribas, loyalty to our clients is another fundamental principle that underpins our ethics. Each and every one of the Group's employees strives wholeheartedly to help our clients to be successful, taking as great a care of their interests as those of the Bank. Whether it concerns savings, loans, insurance or payment systems, a BNP Paribas employee would not offer a product or transaction knowing it is not in the customer's best interest.

BNP Paribas takes a particularly supportive attitude to clients if they get into difficulty. Our approach is always to look beyond the current crisis to the future. The Group measures Customer Satisfaction across all business lines and we regularly adjust our Quality policy to ensure that our ratings remain high. Nevertheless, a bank is made up of men and women who may have great talent and skills but who may sometimes make mistakes. When this happens, BNP Paribas admits its errors and takes steps to remedy any unfavourable consequences for the client.

OUR SOCIAL RESPONSIBILITY, CIVIC RESPONSIBILITY AND ENVIRONMENTAL RESPONSIBILITY

In all the regions where the Group does business, it is closely involved in the local community. First of all, the Bank lives up to its **economic responsibilities**, as outlined above, by working to finance clients' plans and projects. In addition, BNP Paribas recognises that it has responsibilities in three other areas:

- **social responsibility** means treating the Group's 185,000 employees in a fair and loyal manner, and engaging in serious and meaningful dialogue with staff and union representatives. BNP Paribas recruits and trains some 20,000 new staff each year. The Group has made a strong, conscious commitment to fostering diversity in all its forms, including setting objectives for promoting women. BNP Paribas' employment policy includes prioritising redeployment of existing staff through 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 have always enabled us to avoid forced redundancies;
- **civic responsibility** means helping to combat social exclusion and to promote 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 sensitive areas; microcredit; and support for charitable organisations and social-economy enterprises. Our investment in microfinance and lending to the social economy are rising constantly and will exceed EUR 200 million in 2015. Our civic engagement is also manifested in the corporate-philanthropy work of the BNP Paribas Foundation, whose charity initiatives encompass education, culture and research. An annual budget of nearly EUR 40 million is allocated to its activities. These include the BNP Paribas 'Rescue & Recover' Fund, which partners with three humanitarian NGOs. Last but not least, our business lines and branch networks organise financial-literacy programmes in order to give as many citizens as possible a better grasp of money matters;
- **environmental responsibility** means paying particular attention to the direct and indirect impacts on the environment that arise from the Bank's activities around the world. BNP Paribas has drawn up detailed criteria relating to financing and investing in sensitive fields of industry and trade, including power-generation and forestry. In addition, the Group has set clear objectives for reducing the environmental impact of its own day-to-day operations, including the reduction of paper consumption by 15% by 2015. Lastly, the Group supports, through the BNP Paribas Foundation, research programmes that aim to expand human knowledge on climate change and help manage the consequences. BNP Paribas has set numerical targets in all these areas. Part of the long-term compensation package of managers at the Group is linked to achieving these targets.

These commitments are reflected in a clear set of BNP Paribas management principles: Client Focus, Risk-Aware Entrepreneurship, People Care, and Lead by Example. They serve to inspire the Group's 2014-2016 Development Plan. The teams at BNP Paribas strive each day to ensure success for those who place their trust in the Bank and also to promote the good of society. At BNP Paribas we are proud to be a responsible Bank and we take great pride in our profession. This is our vision for the bank.

Baudouin Prot	Jean-Laurent Bonnafé
Chairman	Chief Executive Officer

OUR STRATEGIC VISION

Since 2012, BNP Paribas's responsibility policy has been built on four 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 of the Group's business lines, networks, subsidiaries and countries apply this policy, using the same structure while adapting it to their specific characteristics. Accordingly, BNP Paribas Investment Partners has positioned itself as a responsible investor while BNP Paribas Leasing Solutions has introduced a Positive Leasing strategy and BNP Paribas Personal Finance is pursuing it responsible credit policy®.

BNP PARIBAS' 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

THE CSR MANAGEMENT INDICATORS

In 2013, BNP Paribas used thirteen management indicators and set a goal for each one by 2015. The Group's Executive Committee will review the achievement of these objectives annually. Nine of these thirteen indicators are used in calculating the deferred variable compensation of the Group's top 5,000 managers and account for 20% of the conditions for attributing this compensation.

BNP PARIBAS' CORPORATE SOCIAL RESPONSIBILITY INDICATORS

Pillar	Indicator	2012 Value	2013 Value	2015 Objective
Economic Responsibility	Cumulative credit growth since 2008 compared to the cumulative growth of real GDP over the period	France +21% vs +5% Italy +7.9% vs -0.6% Belgium/Lux +15.9% vs +11.6%	France +18.7% vs +6.7% Italy +14.6% vs -1% Belgium/Lux +18.5% vs +14%	Remain above the cumulative growth of real GDP since 2008 (rate of growth of total average outstandings)
	Overall satisfaction scores of individual customers from the 4 Domestic Markets (on a scale from 1 to 10)	BDDF 7.5 BNP Paribas Fortis 7.7 BNL 7.1 BGL BNP Paribas 7.4	BDDF 7.5 BNP Paribas Fortis 7.7 BNL 7.1 BGL BNP Paribas 7.4	2013-2015 maintain score
	Annual growth of SRI assets under management compared to the annual growth of total assets	+33.8% vs. +0.5%	-1.7% vs.-8.6%	Growth of SRI assets higher than that of total assets under management
Social Responsibility	Percentage of women in senior management	21.3%	22%	25% (objective by end-2014)
	Percentage of employees with a positive opinion on the Group's implementation of the 4 management principles	69%	70%	71%
	Number of mobility assignments between entities and business lines	4,500	4,580	4,700(*) (annual average between 2013 and 2015)
Civic Responsibility	Amount of Group's support to social entrepreneurship and microfinance	EUR 103 million	EUR 168 million	EUR200 million excluding loans to social enterprises
	Number of beneficiaries of the financial education courses designed or given by the Group	91,727	234,652	180,000
	BNP Paribas Group's annual corporate sponsorship budget	EUR 38.83 million	EUR 40.5 million	Average annual budget over 2013/2015 greater or equal to the 2012 budget
Environmental Responsibility	Percentage of employees trained on-line on sector policies	5,000 employees directly involved in implementing policies	6,150 employees trained	Train 66% of the 5,000 employees
	GHG assessment	3.21 teq CO_2/employee	3.06 teq CO_2/employee or a 4.8% decrease	2.89 teq CO_2/employee (-10% compared with 2012)
	Total paper consumption (internal and client)/employee	165kg/employee	154kg/employee or a 6.7% decrease	140kg/employee (-15% compared with 2012)
Governance and Steering	Percentage of employees having a favourable opinion on the way the Group conducts its corporate responsibility (indicator summarising 4 questions)	70.5%	71%	73%

(*) *The 2015 target was recalculated on the basis of an error in the 2012 base line.*

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 75 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);
- Businesses for Human Rights (Entreprises pour les Droits de l'Homme, EDH);
- Businesses for the Environment (Entreprises pour l'Environnement, EpE);
- Businesses and Health.

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.

Finally, the Group also sought to formalise its voluntary commitments through:

- a Responsibility Charter setting forth its commitments to earn the trust of its clients;
- a Commitment to the Environment;
- BNP Paribas' Statement regarding Human Rights;
- a policy of combating corruption;
- a Charter for Responsible Representation with respect to public authorities, formalising the transparency of the business ethics rules that must be followed. BNP Paribas is the first European bank to have adopted, as early as 2012, an internal charter providing a framework for its lobbying practices;
- BNP Paribas Suppliers' CSR Charter;
- financing and investment policies for palm oil, defence, nuclear energy, paper pulp, coal-fired power, mineral extraction and oil sands.

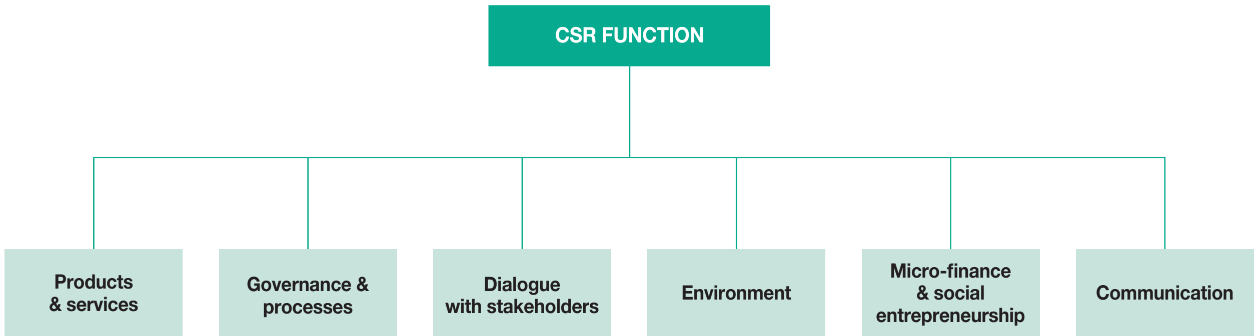
PROGRESS ACKNOWLEDGED BY EXTRA-FINANCIAL RATING AGENCIES

BNP Paribas has very high rankings in the authoritative CSR indices and has recorded significant progress in 2013:

- BNP Paribas is no. 1 in the banking sector for CSR according to the Vigeo ranking, with a score of 63/100 compared to 59/100 in 2011. This is why the Group is listed on the NYSE Euronext Vigeo World 120, Europe 120 and France 20 indices. BNP Paribas is also included on the Dow Jones Sustainability Index;
- in 2013, the Group obtained a score of 93/100 for its carbon performance (quality reporting) and A/A (quality strategy) vs. 86 and a C in 2012 by the Carbon Disclosure Project. This stellar performance enabled BNP Paribas to be included in the Carbon Performance Leadership Index and the Carbon Disclosure Leadership Index. BNP Paribas is also ranked in other benchmark indices such as the Ethibel Sustainability Index (Excellence Global And Excellence Europe), FTSE4GOOD Index Series and Stoxx Global ESG Leaders;
- finally BNP Paribas is also included in the new UN Global Compact 100 Index and has been awarded ESG (Environmental, Social, Governance) investment status by Oekom.

CSR TAKEN TO THE HIGHEST LEVEL IN THE ORGANISATION

Since 2012, CSR has been a Group function overseen by the Group's Chief Operating Officer. The Group's Executive Committee decides on CSR themes at least twice a year and the Board of Directors is often given a presentation on the CSR strategy. 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.

In 2013, several CRS committees were set up in the various business lines and geographic regions such as in Asia, a region covering 14 countries where a CSR Council has been established. Chaired by the region's Chief Executive Officer, it has 13 members including several business executives. Local CSR committees have also been set up in each of the major countries in this region (Australia and New Zealand, China, India, Japan, South Korea, etc.).

The exchange of best practice remains a priority for the organisation. In 2013, the Group's CSR Function brought together CIB and IRB's CSR managers not only at seminars but also at training sessions at which nearly 100 members of the CSR community attended remotely.

DIALOGUE WITH STAKEHOLDERS

BNP Paribas' CSR approach takes into account 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 (173,606 employees surveyed in 2013, with a 74% response rate). In 2013, 71% of surveyed employees had a favourable opinion on how their company acted responsibly. This score reached 83% when the surveyed employees held senior management positions. The goal is to reach 73% by 2015.

  The Group has organised numerous CSR awareness-raising events for employees. In 2013, the head-office CSR team had the opportunity to educate more than 3,500 employees at various types of meetings;
- using the CSR questionnaires submitted during calls for tender, BNP Paribas regularly evaluates the CSR performance of its **suppliers** in its four Domestic Markets (France, Italy, Luxembourg and Belgium). These analyses are then taken into account when adding a supplier by including each supplier's overall score. In 2013, 1,083 CSR performance evaluations were conducted on the Group's service providers in all four countries. In addition, BNP Paribas' Real Estate Residential also had its service providers (55 at end-2013) sign an Eco-Supplier Charter whose goal is to encourage ethical practices and meet a minimum of ESG (Environment, Social, Governance) criteria among the 40 proposals. In the United Kingdom, BNP Paribas CIB has entrusted the Chartered Institute of Purchase and Supply with introducing an independent rating of its suppliers. In Hungary, Arval conducts annual CSR audits on its workshop partners;

  During 2013, two referrals were made to the BNP Paribas internal mediator for supplier relations both of which were resolved in a satisfactory manner for the parties.

- BNP Paribas meets with the **SRI (Socially Responsible Investing) investors** several times a year to present the Group's CSR strategy and it regularly updates extra-financial analysts on the latest developments. In 2013, 26 SRI investors were met with at least once, representing 68% of BNP Paribas' capital held in the SRI funds;
- BNP Paribas maintains a dialogue with **numerous NGOs** throughout the world. In 2013, 21 meetings were held in France and Belgium. The head-office CSR team received nearly 50 information or meeting requests and kept dialogue active on numerous issues, such as the environmental impact of financing provided by the Group, the financing and investment policies published and applied by BNP Paribas, human rights, food security and BNP Paribas' position on low-tax countries. These exchanges made significant headway such as in the defence sector with Handicap International or in the palm oil sector with the organisation "Les Amis de la Terre".

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, which drive economic development and job creation. With its leading positions in financial services in the 75 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.

The information contained in this Chapter was compiled by the CSR Function through specific requests addressed to the Group's functions, business lines or territories or by using the Group's internal management tools. It is expressly noted when the scope covered by information differs from that of the entire BNP Paribas Group.

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, PLANNING AHEAD FOR THE NEW REGULATIONS

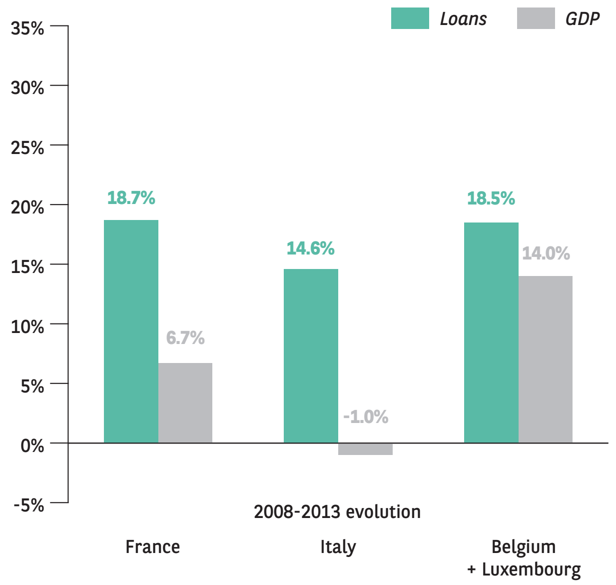
In order to be able to provide financing to the current economy over the long term, it is paramount that BNP Paribas can ensure its economic stability, whatever the financial context.

BNP Paribas has exceeded its objective with respect to capitalisation: attain by the end of 2012 a fully-loaded Basel 3 common equity Tier 1 (CET1) ratio due in 2019. As at 31 December 2013, this ratio was 10.3% (compared to the required 9%) and was one of the highest among international banks. Therefore, BNP Paribas succeeded in 2013 in reinforcing its financial strength and its lending capacity. Its solvency is now one of the highest in the banking industry.

AN INCREASE IN LOANS TO INDIVIDUALS AND CORPORATE CLIENTS IN THE GROUP'S FOUR DOMESTIC MARKETS GREATER THAN THE GDP GROWTH IN THESE COUNTRIES

Despite the unfavourable economic context, BNP Paribas has increased its lending to corporate clients and individuals in the past five years in its four **Domestic Markets**, at a rate exceeding the GDP growth in each of these countries.

EVOLUTION OF THE OUTSTANDING LOANS TO CORPORATE CLIENTS AND INDIVIDUAL CUSTOMERS COMPARED TO THE REAL GDP GROWTH RATE OF THE COUNTRY



In this chart, the changes in GDP are based on information available at http://epp.eurostat.ec.europa.eu/

The Bank's mission is to support the development of businesses, particularly SMEs, by providing them with financial resources and strategic advice.

In France, there has continued to be a particular focus on **SMEs and small businesses clients**:

- the commitment to finance 40,000 projects using a total of EUR 5 billion worth of new loans between 1 July 2012 and 30 June 2013 was exceeded: a total of nearly 61,500 projects had been financed, reaching a total amount of EUR 6.7 billion. In 2014, BNP Paribas will continue to make every effort to support the development of SMEs by making available to them a minimum total of EUR 10 billion worth of new loans of which EUR 4 billion will be used for cash solutions;
- to meet the expectations of business clients, BNP Paribas has committed to responding immediately to equipment loan requests of less than EUR 25,000 and to make the funds available within 48 hours if the request was made on-line: at the end of June 2013, 5,400 current loans had thus been granted;
- a refusal can only be made following a second review by a higher management level. In such case, a personalised and detailed response is systematically sent to its SME clients;
- BNP Paribas invested EUR 102 million in the equity of SMEs at the end of June 2013.

In Belgium, the amount of loans granted to SMEs increased 1% over 2012.

In Italy, outstanding loans declined by 3.6% compared to 2012 amidst an ongoing economic recession. However, BNL stepped up its support of large businesses using the wide range of the Group's products.

In the United States, business loans at BancWest rose sharply (+9.5% compared to 2012 at constant scope and exchange rates) due to the strengthening of its sales network.

In Africa, the Group was particularly engaged in supporting the economic development of the countries where it operates:

- in **Mali and Senegal**, BICIM and BICIS (international banks of commerce and industry) signed portfolio guarantees with the Agence Française de Développement (French Agency for Development) on nearly CFA Franc 1 billion and 3.4 billion respectively, aimed at financing investments of the local SMEs;
- in **Guinea**, BICIGUI has since November 2013 been the first bank to offer finance leases to its customers. This product is particularly well-suited to local development needs given the volume of capital assets necessary for the country's intense mining activity (ports, airports, transportation, industry, etc.).

NUMEROUS INITIATIVES TO SUPPORT ECONOMIC GROWTH

In addition to its lending and advisory activities, BNP Paribas supports economic development through a broad range of products and services, tailored to meet each specific need.

Access to capital markets

Companies – both medium-sized and large – are increasingly looking for capital market financing solutions. In 2013, **20 companies** took their first steps into these markets, with support from the Group's experts throughout Europe. This brings the total amount of capital raised by the 62 new entrants advised since 2010 to EUR 26.7 billion.

Sovereign debt issues

In 2013, BNP Paribas conducted several debt issues to finance the infrastructures in the developing countries including Rwanda. More than USD 10 billion was raised to support their development.

Mergers-acquisitions

According to *Dealogic*, the aggregate amount of corporate repurchases, sales or merger deals in France announced in 2013 totalled EUR 95 billion, an increase of 52% compared to 2012. The prestigious Agefi ranking (ranking of completed transactions) puts BNP Paribas in 1st place for 2013, with a total of 58 transactions representing EUR 23.4 billion.

Investment funds

In order to effectively support the long-term development of French companies, several innovative funds were created and made their first investments in 2013:

- the **Strategic Equity Fund**, created in 2012 by BNP Paribas Cardif and three other French life insurers, invested over the long term (for at least five years) in two French companies: Arkema and the SEB group. This fund makes it possible to channel funds into listed companies that had previously been locked up in other vehicles and thus contribute to the strategic development of these companies;
- **BNP Paribas France Crédit** mutual fund, created in 2012, to invest assets gathered by the Group's Insurance subsidiary into a fund managed by its asset management subsidiary made it possible in 2013 to invest EUR 85 million in nine French SMEs;
- BNP Paribas Investment Partners won the management mandate for SME and mid-tier company bond funds initiated in 2013 by the Caisse des Dépôts and 17 insurance companies. Expected to reach EUR 1 billion, its goal is to invest in debt securities in French SMEs and mid-tier companies so as to support their development.

Tailored advice and support

Women entrepreneurs

In France, BNP Paribas encourages in particular women to pursue their plans for setting up and developing innovative businesses. While the **female participation rate is among the highest** in Europe and one in five women is considering starting a business (APCE 2012 survey), only 32% actually take the plunge (compared with 48% in the United States).

To boost this rate, BNP Paribas signed a partnership with **Fédération Pionnières**, a support organisation for women with a plan to set up a business in innovative services for individuals and companies. BNP Paribas also organised with Women Business Mentoring Initiative a workshop which 100 female business owners, managers or executives took part in.

Outside France

BNP Paribas has introduced numerous initiatives to support the companies wherever it operates:

- subsidiaries of French companies opened 865 accounts worldwide at the end of June 2013, including 674 in Europe. With One Bank for Corporates, 4,000 new accounts were opened in the past three years across all of the Bank's networksworldwide by Domestic Markets corporate clients;
- **in Guinea**, BICIGUI inaugurated in Conakry the first Business Centre entirely dedicated to companies in the Guinean banking sector;
- **in Italy**, in partnership with Ret Impresa and Legacoop Nazionale, BNL encourages, through numerous training sessions, companies to work together in a network as it leads to increased competitiveness and stronger resistance against cyclical downturns.

Innovation and business creation

- **In France**, BNP Paribas reaffirmed its commitment to entrepreneurs by introducing 12 innovation centres in 2013, whose aim is to facilitate the development of innovative businesses. Six hundred educational workshops were organised on starting a business or turning around an existing business and a contest among business entrepreneurs was held with the organisations, 100,000 Entrepreneurs and Croissance Plus;
- **in Luxembourg**, the Lux Futur Lab, an incubator for innovative start-ups founded in 2012, has become one of the largest in the country: at the end of 2013, 15 companies were hosted, employing about one hundred people. A pitching day for the start-ups was organised to bring together business incubators and investors;
- **in Belgium**, BNP Paribas Fortis participated in numerous initiatives to foster entrepreneurial spirit and assist young creators of innovative businesses, such as the Byro programme that supports 240 entrepreneurs per year or the student contest *Bataille des Talents* (Battle of Talents);
- **in Burkina Faso**, the BICIAB organised a 2013 Best Business Plan contest and the winning projects received an exceptional interest rate of 3% from the Bank.

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, voluntary codes, policies and measures provide a framework for the Group to manage the impacts on society or the environment that some of its financing or investments may have 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 2013, the measures already initiated were consolidated, extended or improved.

IMPROVE TRANSPARENCY OF PRODUCTS AND SERVICES AND STRENGTHEN PROTECTION OF CUSTOMER INTERESTS

Customer satisfaction: the absolute priority

This has materialised in 2013 by reinforcing its dialogue and monitoring systems and implementing strict commercial rules.

In France, in Retail Banking the dialogue with consumer rights associations has continued. Meetings were held with the French consumer rights associations, UFC, UNAF and CLCV to heighten mutual awareness, share information and discuss the recurring requests of customers. Discussions were also held with national mediation associations.

In 2013, a new principle on targets and commissions was introduced. It aims to focus the commercial activity on knowing more about the customer and meeting his or her expectations while developing the advantage given to safeguarding the customer's interests and providing excellent daily service.

Twenty-two pilot groups have adopted this approach in 2013 and the general roll-out is expected to take place by 2015. Some of its key points:

- the advisors no longer have individual sales targets but still have individual goals on sales efforts (number and % of customer meetings, needs analysis, etc.) while collective targets with respect to sales and sales efforts are set for the branch;
- the individual commission remains with an increase in the number of products to the two-stage commission (at time of sale and at the time of client's use) and a commission by universe of customer needs to ensure a neutral approach. In addition, the portion related to the collective goals increases in the total variable portion;
- the principle of safeguarding the customer's interest is applied throughout all contacts (*e.g.*, sales documentation pointing out all the "drawbacks" of the product, the number of sales offers defined in agreement with the customer, etc.) and branch employees have been given sales compliance training.

Cetelem's "New Generation Revolving Loan" offering, which will gradually replace the existing revolving loan offering, **was certified in 2013 as "responsible"** for an 18-month period by Vigeo, the leading European extra-financial audit firm. Vigeo analysed the responsible nature of the product: transparent information, advice provided during the marketing and loan granting phases, verification of customer solvency, fit with customer interests throughout the term of the contract, allowance made for the impact of consumer credit on society.

One of the indicators of responsible credit is also the refusal rate which attests to the selectivity in the grant of loans to a customer in relation to his or her financial profile. In 2013, for example, it was 34.8% in France and 56% in Portugal.

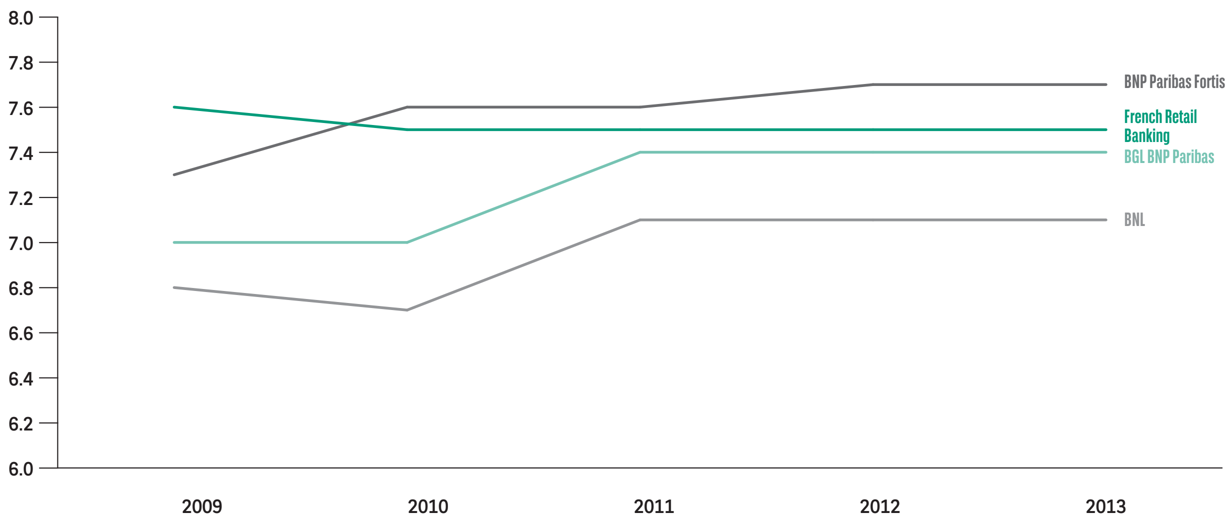
Cetelem's new revolving loan offering:

- Meets customers' expectations for a flexible, transparent and responsive product that helps them manage their cash flow;
- Goes beyond the Lagarde law: allowing customers to choose from among six repayment options (with different terms and associated rates). The customer can decide on the repayment period and have transparency over the pricing and costs. The customer can easily switch between options and is notified by an SMS if the monthly repayment exceeds a set limit.

- **In Belgium**, more than 150 projects to improve customer satisfaction were introduced in 2013 and nine best practices were presented at the 2013 Quality Reality Day, including how to handle claims and integrate quality criteria in the audits;
- at BNP Paribas **Cardif**, the Customer Centric Program introduced in France in 2009 was rolled out in 32 countries during 2013. Close to 400 customer satisfaction initiatives were listed in the action plans such as redrafting documents in plain and easily understandable language, removal of exceptions, introducing customer satisfaction surveys, etc. Cardif Pinnacle in the **United Kingdom** launched Treating Customers Fairly, a global programme featuring quantitative objective indicators;
- at **Cetelem**, a full system has been put in place and includes the following:
  - **customer complaint service with three levels**: customer service, consumer service and an independent mediator for a total of 1,654 handled requests (as at October 2013);
  - **102 undercover visits (July 2013)** at point of sales to evaluate customer experience (from the time of entering the store up until subscribing to or retracting the loan);
  - **meetings/workshops with external stakeholders** (associations and institutions) including an annual meeting with the Executive Management to work toward ongoing improvement;
- at **BNP Paribas Leasing Solutions**, several improvement plans have made it possible to step up the training of the sales teams, drive the partner distribution networks using original and better adapted incentive and loyalty programmes, produce more modern and individualised sales literature and media;
- **in the United States**, **Bank of the West** assisted its customers who are government employees impacted by the closure of the federal government by granting them a one-month extension on their loan repayments and a one-month tolerance on mortgage loan payments.

All of these programs have contributed to customer satisfaction particularly in the Group's Domestic Markets, where the overall satisfaction rating has remained stable in each country despite a strained economic situation.

➤ OVERALL SATISFACTION SCORES OF INDIVIDUAL CUSTOMERS(*) (ON A SCALE OF 1 TO 10)



(*) Customers who indicated that the bank was their primary bank.

At Cetelem in France, customer satisfaction is measured at different stages of the relationship:

- **measurement monitoring customer satisfaction:** In percentage of satisfied and very satisfied customers: Satisfaction: 91%/Image 91%/ Loyalty 62%/Recommendation 87%;
- **measurement of satisfaction of customers in debt recovery (2nd year):** in percentage of satisfied and very satisfied customers:
  - satisfaction since time of subscription: 78%/in amicable debt recovery: 72% (+3 points),
  - Satisfaction on the solutions offered: 69% (+2 points)/Impression of being targeted by too many sales offers: 28%.

Satisfaction of corporate and institutional clients is also a Group objective.

- In 2013, **BNP Paribas Securities Services** continued the deployment of its customer satisfaction management programme in 15 countries. It includes the introduction of a single management procedure, performance indicators, quarterly management indicators as well as action plans rolled out by the Quality Managers of the entities.
- At **BNP Paribas Leasing Solutions**, two satisfaction surveys were conducted with its major partners (in the technological equipment and rolling stock sectors) in eight countries. These surveys revealed an overall satisfaction rate on the rise and demonstrated the high level

of expertise and professionalism of the teams, their attentiveness and pro-activeness and the reliability of the IT platforms.

Greater transparency in the Bank's offering

Since 2011, Retail Banking has multiplied the number of initiatives for its customers while prioritising the protection of their interests.

This is reflected in dialogue mechanisms and educational workshops set up to improve the transparency of the Bank's offering and customer understanding of banking products.

- **In France "Straight Talk" (*Parlons Vrai*):** For more than three years, BNP Paribas has been offering its customers and potential customers free "Straight Talk" educational workshops for informational purposes on themes such as: "buying on-line", "the main savings vehicles" or "students – a user's guide". All materials were developed in collaboration with the independent association *La Finance pour tous* (Finance for Everyone), which specialises in educating the public on banking matters. Close to 3,500 workshops have been organised. In 2013, more than 670 workshops were organised on the new theme: "Preparing for Retirement".
- **In Belgium**, BNP Paribas Fortis launched the "Easy Bank": financial information sessions were offered to customers and potential customers. The employee-led workshops were a great success: 300 sessions attracted more than 2,100 participants in 2013.
- **In Germany**, Cortal Consors publicly discloses the remuneration policy of its advisors to avoid any conflicts of interest and pays back to the customer the commissions collected by the asset managers.
- **Cetelem** offers various supports to its customers in France to help them manage their budget: a repository of standard letters (i.e., contract cancellations) on cetelem.fr, detailed information on bank overdrafts and "useful tips" on the website jegeremesfinsdemois.com and a web magazine, touslesbudgets.com, which addresses lifestyles and consumer trends by incorporating the concepts of buying power and budget management.

CONTROL THE IMPACT OF FINANCIAL PRODUCTS AND SERVICES ON SOCIETY

Financing sensitive industries and operating in countries whose legal and governance systems are not as developed, the Group 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 finance and investment policy for this sector. Published in 2010, this policy 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.

In 2013, BNP Paribas updated its exclusion and watch list of companies with respect to this policy. It now includes 90 listed and non-listed companies that have been excluded and 31 that are being watched. The Group is currently engaging in a discussion with certain companies on the list.

In a similar approach and in accordance with the recommendations of the *Agence Française de la Gestion Financière* (French Asset Management Association), BNP Paribas Investment Partners became in January 2014 the first player in the industry to adopt the indices excluding controversial weapons as a reference for its range of open index funds. This has been a major breakthrough which came about from discussions with the NGO Handicap International as part of its advocacy work.

Under the "defence" policy, 135 sensitive transactions required a specific review by the Group's CSR correspondents in 2013.

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. The Group also made the commitment 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-2013, assets invested in food commodities on behalf of third parties amounted to EUR 160 million, or 0.04% of total Group assets under management[1].

Integration of ESG criteria into lending policies

To better understand and take into account the extra-financial risks, Group Risk Management progressively started, at the time of their review in 2012, to 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.

At the end of 2013, nine policies included ESG criteria and four were under review.

Successful anti-corruption mechanism and a policy for locating Group offices dictated by the objective of optimising customer service

Combating corruption: Increased attention to training

In 2013, key procedures were published: a procedure issued in March 2013 on training requirements with respect to anti-money laundering, financing of terrorism, and compliance with international sanctions. It lists the employees by type of training in relation to their risk exposure, the programme's content and the reporting requirements. Two new training modules on business ethics and social engineering were rolled out for the Group's employees.

(1) *Which include assets under management and assets advised to external clients.*

The location of the Group's offices is driven, not by tax considerations, but in the interest of serving customers around the world

BNP Paribas is located near its clients throughout the world, particularly in the four large European Domestic Markets where the Group operates: France, Belgium, Luxembourg and Italy as well as abroad where BNP Paribas serves its local individual customers and corporate clients in North America, in Asia, in Turkey and in Africa.

BNP Paribas is one of France's biggest tax payers.

In 2013, BNP Paribas' effective tax rate was 33.9%[1]. BNP Paribas is one of the biggest tax payers in France. For 2013, the total amount of taxes and duties paid in France reached EUR 2.3 billion.

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 15,500 employees, a network of 908 branches, 3 million retail customers, and more than 12,000 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 CREDIT AND SAVINGS PRODUCTS

In 2013, BNP Paribas developed its range of responsible products and services for retail customers and institutional investors. The process of integrating ESG criteria into its savings and loan products was maintained and made it possible to exclude investments in companies whose practices are in breach of its responsible investment criteria.

At the same time, the Group enlarged its range of products aimed at the more vulnerable and underbanked populations.

INTEGRATING ESG CRITERIA INTO CREDIT AND SAVINGS PRODUCTS

A signatory to the Principles for Responsible Investment (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, protection of the environment and fight against corruption. The principles are complemented by rules for investing in controversial sectors or products.

This approach excludes businesses that do not conform to these criteria and/or initiates dialogue to encourage them to adopt better practices with respect to governance and social and environmental responsibility.

In 2013, BNP Paribas Investment Partners systematically exercised its shareholder voting rights, participating at over 1,200 Annual General Meetings and voting on more than 15,000 draft resolutions, abstaining from, opposing or voting against close to 20% of them.

BNP Paribas Cardif, which regroups the life and non-life insurance subsidiary of BNP Paribas, continued with the approach, adopted in 2008, of integrating ESG criteria in the selection of investments for its main euro fund, Cardif Assurance Vie (EUR 92 billion as at 31 December 2013).

> The criteria are systematically taken into account in investment or divestment decisions and are an integral part of the management process. The SRI performance of the portfolio is managed on a quarterly basis and is reviewed by the Asset Management Committee once a year. 46% of the main euro fund run by BNP Paribas Cardif (1.7 million customers) was screened through an ESG filter as at 31 December 2013 compared to 40% as at 31 December 2012, according to its monitoring indicator.

Designing and promoting Socially Responsible Investment (SRI) funds

BNP Paribas continues to develop and promote its range of SRI products. Its expertise is based on two complementary approaches: one is focused on committed issuers ("best-in-class"); while the second is a theme-

7

(1) *Average rate of 30.8%, not including the impact of the provision relating to the retrospective review of payments in US dollars affecting countries subject to economic sanctions by the United States.*

based approach targeting activities, products and services related to environmental protection and/or social well-being.

27 SRI labels were awarded in 2013

- ten SRI funds received a Novethic label, certifying a transparent SRI management process integrating ESG criteria in selecting portfolio assets;
- four funds received the Novethic Green Fund label: introduced the first time this year, this label recognises thematic funds which invest in companies that bring significant environment benefits;
- four funds were awarded the Environment LuxFLAG label for their close involvement in the environment sector and their high level of investor transparency;
- four funds received the Finansol label for their investments in the social business and microfinance;
- five were awarded the CIES (Comité Intersyndical de l'Épargne Salariale) label dedicated to employee savings plans.

These labels support BNP Paribas Investment Partners in its long-term commitment to develop and promote its range of SRI products.

➤ BNP PARIBAS SRI FUNDS APPROVED IN 2013

	Labels				
Fund name	Novethic Label (renewed annually in September)		LuxFLAG Label (renewed annually in December)	Finansol	CIES
	novethic LABEL ISR 2013	novethic LABEL 2013 FONDS VERT	LUXFLAG Label ENVIRONMENT	finansol label de la finance solidaire	CIES
BNP Paribas Etheis	X				
Parvest Sustainable Equity Europe	X				
MAIF Investissement Responsable Europe	X				
BNP Paribas Euro Valeurs Durables	X				
Parvest Sustainable Bond Euro	X				
BNP Paribas Obli Etheis	X			X	
BNP Paribas Obli État	X				
Parvest Sustainable Bond Euro Corporate	X				
BNP Paribas Mois ISR	X				
BNP Paribas Aqua		X	X		
Parvest Environmental Opportunities		X	X		
Parvest Global Environment		X	X		
BNP Paribas L1 Equity Aqua		X	X		
BNP Paribas Retraite	X (Retraite Horizon)				
Multipar Funds				X (two funds)	X (five funds)
SAUR Épargne Solidaire ISR				X	

Around EUR 20 billion assets managed by BNP Paribas Investment Partners as at 31 December 2013

In 2013, the amount of SRI assets declined slightly compared to 2012 (-1.7%), but at a slower pace than the total amount of assets under management[(1)] (-8.6%).

In 2013, the BNP Paribas Développement Humain fund collected EUR 200 million among French retail customers seeking to invest in companies engaged in mitigating the impact of major social phenomena such as rapid demographic changes, urbanisation and food security.

Having reached its five-year milestone, BNP Paribas AQUA has surpassed the EUR 500 million threshold in assets under management and has earned 1st place in 2013 in retail network collection.

Over the past several years, BNP Paribas Wealth Management has also implemented a real strategy in developing its SRI offer with growing success: the assets invested in SRI by its clients have doubled in a year and a half, reaching EUR 2 billion at the end of 2013.

- BNP Paribas Wealth Management was nominated "Best Private Bank" for its portfolio of Socially Responsible Investments by the magazines *Professional Wealth Management/The Banker* (Financial Times Group).

(1) Which include assets under management and assets advised to external clients.

BNP Paribas Fortis launched in May 2013 an investment product called BP2F SRI Note 2020. This innovative note enables individual investors to:

1) get 100% of the performance of 30 European ethical and socially responsible shares tracked on the Ethical Europe Equity index, an index developed in partnership with Viageo and reviewed on a quarterly basis in collaboration with Forum Ethibel, two high-ranking SRI actors;

2) be ensured that the Bank uses the money to finance high value-added social, charitable and environmental projects. Forum Ethibel certifies that the money has been correctly reinvested.

After only six months from its launch, this product recorded one of the best performances within BNP Paribas Fortis in terms of attracted customers, with a subscription amount of nearly EUR 100 million at the end of 2013.

Decision-making tools provided to customers

BNP Paribas continued to develop in 2013 several information and assessment tools in order to measure the impact of its savings products on society:

- clients of either Cortal Consors France, an online broker or Wealth Management can refer to the *Révélateur ISR* (SRI revealer) to gauge the SRI intensity of a fund;
- thanks to its renewed partnership with Novethic, they can choose from 104 SRI-labelled funds and 6 "Green Label Funds";
- they have also access to a "Green Rating", which measures carbon emissions by companies listed in the 330 European equity funds and an "Employment Rating", which has measured since 2011 the number of jobs created or destroyed during the year;
- as far as securities are concerned, the Ethic label was updated using BNP Paribas IP's extra-financial analysis. Twelve listed European companies have gained distinction in their sectors for their ESG performance;
- at Cortal Consors Germany, clients can use the "SRI Funds Finder", an online tool which allows users to select funds according to positive criteria (environmental protection, social values) or exclude them based on negative criteria (exclusion of controversial sectors).

PRODUCTS WITH A POSITIVE IMPACT ON SOCIETY

Following the initiatives launched in the past years, BNP Paribas has introduced innovative products and services especially designed for vulnerable customers or those with particular needs. It also pursued its philanthropic advisory activity aimed at directing its customers towards investments with high added-value for society.

Products for specific clients

- Since 2011, **Cetelem** has offered **personal loans to young people working on fixed-term contracts**. This offer made credit accessible to individuals who previously had no access to it, thus allowing them to start out their professional life and finance their projects (car, home improvements, etc.). The term, interest rates and repayment schedules for these loans are tailored to the customer's budget. In 2013, BNP Paribas Personal Finance provided over EUR 40 million worth of loans to 5,839 customers working on fixed-term contracts.
- **BNP Paribas Cardif** France continued its proactive approach for improving access to insurance for people facing a serious health risk. Improvements in medicine and medical care are taken into account in fine-tuning the pricing scale according to type of illness. Since 2008, an adjusted pricing scale has been offered to individuals suffering from asthma, paraplegia or tetraplegia, heart disease or rheumatic diseases.
- **Bank of the West** offers Fresh Start Checking Accounts for individuals whose credit history does not allow them to easily access funding. By taking courses on financial literacy, they can once again get access to a bank account and payment methods.

In emerging countries, the Group has finalised solutions adapted to the needs of local populations.

In numerous countries (North Africa, Sub-Saharan Africa, etc.) the low access to banking services hinders the development of local economies. Teams from the **International Retail Banking** Division have therefore been developing simplified forms of access to banking services, at prices well below those charged for the usual packages.

- The Group's BICIs (International Banks of Commerce and Industry) launched the **"Pack Trankil"**, in a joint advertising campaign in Senegal, Ivory Coast, Mali and Burkina Faso, a product aimed for persons on low income. The €1.5 monthly offer includes a bank account, a withdrawal card, an SMS service for secure, remote monitoring of their account and advisory services at a customer relations centre. In 2013, the Group had 42,104 Pack Trankil customers.
- In a similar move the **"Pack Mertah"**, launched in 2011 **in Morocco**, offers a bank account, a withdrawal card, a saving account, an SMS alert system and an overdraft facility. 2,383 retail customers benefited from this product in 2013.
- The mobile network plays an important role in increasing access to banking services in countries where the latter is still low. BNP Paribas therefore entered into partnerships with telephone operators in Africa which offer a mobile money transfer service. Currently available in Mali, Senegal, Ivory Coast and Guinea, the **"Orange Money"** service is used by more than 5 million customers. With similar initiatives in Gabon, **BICIG Mobile**, and in Burkina Faso, **MobiCash**, the Group had more than 5.3 million mobile banking customers at the end of 2013.

Philanthropic advisory services

BNP Paribas Wealth Management continued to develop innovative solutions by offering its clients the possibility to acquire the bare ownership of a new real estate asset for which a subsidised housing landlord has the right to use for a period of 15 to 20 years. This helps to increase the number of subsidised housing rentals in France. The first transaction is for a 30-unit programme in Lyon.

BNP Paribas Wealth Management was awarded for the second consecutive year "Best Private Bank for Philanthropy Services" among 103 participating private banks during the 5th edition of the 2013 Global Private Banking Award, an event organised by the magazines *Professional Wealth Management* and *The Banker* (Financial Times Group).

Finally, in early 2014, BNP Paribas Wealth Management published the 2nd edition of the *Individual Philanthropy Index* which measures philanthropists' commitment throughout the world. This index is based on a study of more than 400 wealthy individuals in Europe, Asia, the Middle East and the United States whose wealth exceeds USD 5 million.

7.3 Social responsibility: pursuing a committed and fair human resources policy

In 2013, BNP Paribas followed a particularly active mobility policy, in order to address employees' demands. While it continues to recruit several thousand new employees each year worldwide, the Group favours mobility and is committed to developing all talent. In terms of respect for people and the promotion of diversity, the Group is committed to acting fairly towards its staff and maintaining a high-quality dialogue with them, and prioritises redeployment. Mobility, as the focus of Human Resources management, is therefore a strong expectation among employees. It is a lever for valuing and developing all talent and a precondition for responsible employment management, and is reflected in respect for the following BNP Paribas commitments:

- commitment 4: Recruitment and training;
- commitment 5: Diversity;
- commitment 6: Responsible employment management.

The information presented in this section was collected from the Group's Human Resources' computer systems and was completed by declared data (18%) and a specific survey, which was sent to the HR departments of the Group's entities in 42 countries (30 countries in 2012). It is expressly noted when the scope covered by information differs from that of the entire BNP Paribas Group.

THE GROUP'S CORE VALUES AND MANAGEMENT PRINCIPLES

When BNP and Paribas were integrated, the Group identified four core values (Reactivity, Creativity, Commitment, Ambition), complemented by four key management principles, with the aim of creating a shared understanding of the Group and the challenges it faces and thus reinforce the sense of belonging. An explicit presentation of the managerial practices has strengthened Group cohesion.

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.

LISTENING TO EMPLOYEES THROUGH THE *GLOBAL PEOPLE SURVEY* (GPS)

The Group's internal GPS survey showed that one third of employees wish to progress to another business and 50% would relocate to improve their skills. Since external recruitment is now very selective, internal mobility has become the main method used by managers to strengthen their team and remains the primary basis for career management.

The GPS confirmed a high level of pride among employees for belonging to the Group (84% since 2011), which continues to increase (+3 points in five years). The participation rate reached a new record of 74% of completed surveys (+3 points) thus representing the increasing involvement of 128,864 employees who wanted to express their opinion in 69 countries and in 23 languages. They reaffirmed their confidence in their managers (71% / +4 points in five years) and just as many fully agree with the ambitions and objectives of the Group (+3 points in five years).

70% of employees have a positive opinion on the implementation of the four management principles (+1 point) and 71% have a favourable opinion of the way in which the Group exercises it corporate responsibility, in line with the targets set, which were 71% and 73% respectively for the end of 2015.

The strong commitment of the employees increases over time, since 80% fully agree with the Company's core values and 89% expressed their willingness to work over and beyond what is asked of them to ensure the success of the Company. Employees also underlined the positive impact of CSR and Diversity policies, two major assets, which increased to 65% for the promotion of Diversity (+10 points in five years) and 77% for respect for the environment (+9 points in five years).

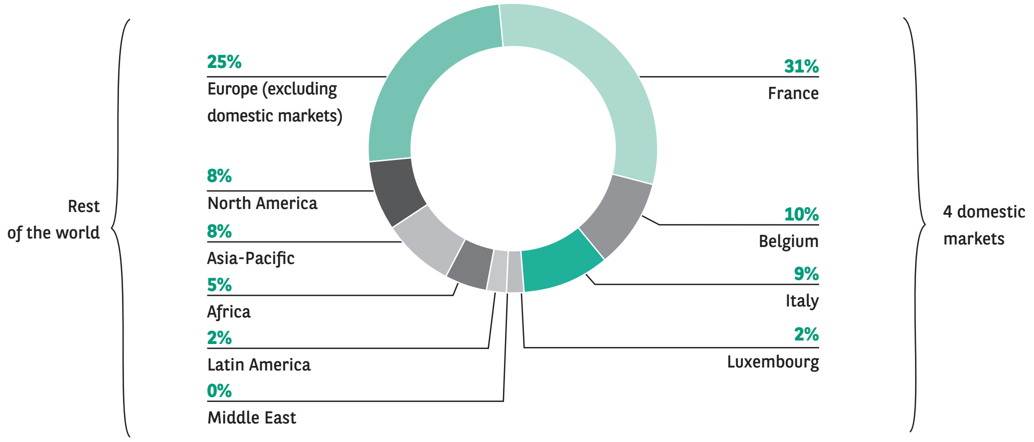
In recent years, the GPS had already detected a concern regarding BNP Paribas' operating efficiency and also contributed to the implementation and monitoring of the Simple & Efficient programme developed throughout the Group.

RECRUITMENT AND TRAINING: TWO IMPORTANT LEVERS TO ENCOURAGE MOBILITY

WORKFORCE EVOLUTION

At the end of 2013, the workforce managed by the Group totalled 184,545 FTE (Full-Time Equivalent – financial headcount of 173,334[1]), this was lower than in 2012 (188,551 FTE), as a result of the disposal of the business in Egypt and natural turnover, which generated a reduction of 4,006 in workforce. At year-end 2011, the workforce managed by the Group totalled 198,423 FTE.

➤ BREAKDOWN BY GEOGRAPHIC AREA



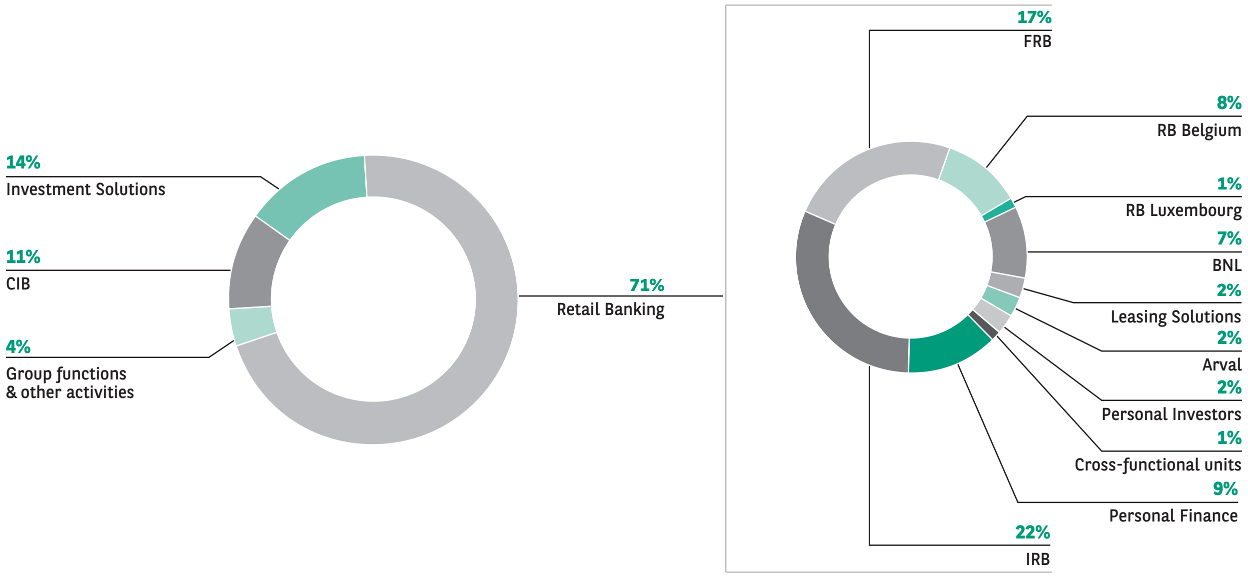
In 2013, the Group's workforce featured 153 nationalities across 75 countries, and the breakdown by geographic area was relatively stable compared with 2012. The workforce outside Europe increased slightly, due to new recruitment based on increased economic activity, although the share of the four Domestic Markets fell slightly to 52% as a result of a natural increase in retirement departures.

➤ WORKFORCE EVOLUTION IN THE LAST TEN YEARS

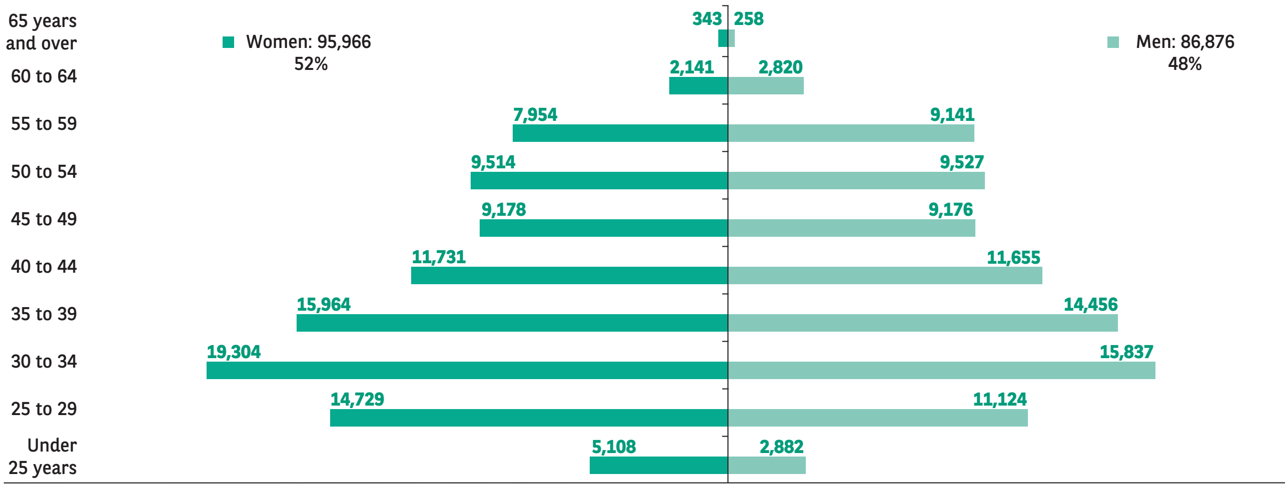
	2003	2008	2013		
France	53,020	64,217	56,794	4 Domestic Markets 96,317	Europe 141,502
Italy	3,255	19,397	18,194		
Belgium	537	855	17,390		
Luxembourg	1,047	1,445	3,939		
Europe (excluding Domestic Markets)	13,400	46,845	45,185		
North America	9,713	15,222	15,160		Rest of the world 43,043
Asia-Pacific	4,738	10,173	14,734		
Africa	5,418	8,883	9,049		
Latin America	1,715	3,957	3,512		
Middle East	665	2,194	588		
TOTAL	**93,508**	**173,188**	**184,545**		**184,545**

(1) *It is the full-time equivalent (managed FTE in consolidated entities) weighted by the consolidation rate of the entity in the consolidated accounts.*

BREAKDOWN OF THE WORKFORCE BY BUSINESS LINE



BREAKDOWN OF THE GROUP WORKFORCE BY AGE AND GENDER(*)



(*) *Physical headcount taking into account 96% of Group headcount.*

The average age of Group employees is 40.2 years and their average length of service is 12.1 years. The Group's age structure remains balanced overall.

RECRUITMENT

With 18,553 recruitments, including 1,585 in France, the Group's commitment to recruit more than 15,000 new employees has been comfortably surpassed, even though the Group systematically favours internal recruitment through the promotion of mobility before external recruitment.

In a demanding backdrop, BNP Paribas continues to recruit while prioritising internal mobility.

With 54% of the new recruits in Europe, including 9% in France, BNP Paribas has bolstered its European banking business even more. However, the countries with the highest recruitment levels were, in decreasing order, the United States, Turkey, India, the Ukraine, which recorded a high turnover, and France, followed by the UK and Germany. External recruitment remained high in a context where priority is still given to mobility and training.

To increase its ability to attract and retain promising candidates, BNP Paribas has developed its "employer brand"

The Group obtained five local certifications in 2013 (Belgium, France, Italy, Poland and Turkey), and was awarded the **Top Employer Europe** label in March 2014. The Group was also recognised locally, for example, in **Turkey** it achieved the Great place to work certificate, the 2013 award for Employer Branding Excellence in **Poland**, which won first place in the Perfect Internal Image Campaign, the "RiseUp" project, in which employees can coach reinserted youths was recognised in the **United Kingdom** in the Responsible Business Awards organised by Business In The Community. Despite the deterioration of the banking sector's image, BNP Paribas remains the most attractive bank for French students.

Digital is still an important tool in our recruitment. **In France**, the new Facebook app "Job trotteur" allows you to locate school forums in which the Bank participates and with Backstage employees can respond online to candidate questions. Dr. Job provides help and support when preparing for interviews and Pinterest broadcasts employee pinterviews. **In Italy**, the People not numbers campaign targets the younger generations and distributes a more human message using Generation Y tools and graphic codes. **In Morocco**, the Bank now recruits online and allows candidates to follow the progress of their application in real-time.

At the same time, the Group wants to make its relationships with schools and universities more efficient. It has strengthened its partnership with the Community of European Management Schools, which groups together 29 schools of excellence, companies and NGOs to prepare talented young people for an international career. In **Luxembourg**, the Summer School project received the "Innovation Luxembourg" award. This project helps young people discover the roles of the future with the help of more than 50 volunteer employees. In **Asia-Pacific**, the Group conducted a large-scale communication campaign with universities on its recent Graduate Program. Talented young people employed within the Group benefit from a two-year made-to-measure development programme, with training, tutoring and co-development. Finally, graduates.bnpparibas.com posts job offers for young potential candidates, young graduates or those looking for work placements or VIE (International Volunteer Programme) positions at **CIB** in Paris and London.

By combining global visibility and local initiatives, the Group portrays a coherent employee brand and confirms its position as a leading international employer.

Changes in headcounts

➤ CHANGES IN HEADCOUNTS: NEW RECRUITS ON PERMANENT CONTRACTS(*)

	Men	Women	Total 2013
New hires on permanent contracts	8,117	9,186	17,303
Fixed-term contracts converted into permanent contracts	503	747	1,250
TOTAL	**8,620**	**9,933**	**18,553**
%	46.5%	53.5%	
o/w in Domestic Markets	48.7%	51.3%	2,493
o/w in France	45.9%	54.1%	1,585

(*) Physical headcount.

➤ CHANGES IN HEADCOUNT: REASONS FOR PERMANENT EMPLOYEE DEPARTURES(*)

	Men	Women	Total 2013
Retirement/early retirement	1,747	1,570	3,317
Resignation	5,283	6,188	11,471
Dismissal(*)	1,299	1,918	3,217
Mutually agreed departures	199	274	473
Assisted departure plans	479	435	914
Other terminations of permanent contracts (unspecified, end of trial period, death)	935	1,009	1,944
TOTAL	**9,942**	**11,394**	**21,336**

(*) In France, the grounds for the 456 dismissals (390 in 2012) were professional failings, unsuitability and misconduct.

Organisation of working hours

TYPE OF CONTRACT(*)

	Men	Women	Total 2013	%
Number of permanent contracts	87,765	91,373	179,138	97%
Number of fixed-term contracts	1,994	3,413	5,407	3%
TOTAL	**89,759**	**94,786**	**184,545**	**100%**

(*) Full-Time Equivalent.

PART-TIME(*)

	Men	Women	Total 2013	%
Number of part-time employees	1,853	13,389	15,242	
Part-time employees working 80% or more	1,193	9,176	10,369	68.0%
% of part-time employees	2.5%	16.6%		9.8%
% of part-time employees by gender	12.2%	87.8%		

(*) Physical headcount taking into account 82% of Group headcount.

Absenteeism

The Group's absenteeism rate[1], based on 29 countries representing 87% of the Group workforce in 2013, was 3.1%, in addition to an absenteeism rate of 2.5% for maternity/paternity leave. In the Domestic Markets, absenteeism totalled 2.4% in France[2], plus 2.2% for maternity/paternity leave (3.5% and 2.2% in 2012); 2.5% in Italy, plus 1.9% for maternity/paternity (2.5% and 1.6% in 2012); 2.7% in Belgium, plus 0.5% for maternity/paternity (unchanged from 2012); and 2.9% in Luxembourg, plus 0.7% for maternity/paternity (2.5% and 1.2% in 2012).

MOBILITY AS THE FOCUS OF THE HUMAN RESOURCES POLICY

This year, Human Resources management practices were focused on mobility. This is in response to the high level of demand expressed by the Group's employees in the GPS. The number of transversal movements between the Group's units and business lines grew from 4,513 to 4,580, a rise of 11% in France. The objective is to rise to a yearly average of 4,700[3] in 2014 and 2015.

The Group uses an online community to promote mobility

Internal mobility has become the most frequent method used to fill vacant posts and remains an essential basis for career management. BNP Paribas focuses on its cross-functional and international character in order to offer rich and diversified careers. It aims to improve overall efficiency and performance and professional growth to help motivate employees. Therefore, the principles of mobility, which were drawn up at the end of 2012, were distributed in 2013 with a view to create a group dynamic and community while respecting the specific characteristics of each country. An innovative communication tool was used to distribute the principles, in six languages and with a high view rate and mobility days organised in four countries.

Increased communication on mobility has resulted in a rise in the use of internal mobility tools, including e-jobs, which have been rolled out in 36 countries with a coverage rate of approximately 77% of Group employees. The number of e-jobs published increased by more than 31% compared to 2012 and rose in all countries. Internal candidatures received through these tools follow the same thread and represent 33% of posts filled, up from 28%, notably in France and in the United Kingdom, which significantly improved their publication processes, which have yet to be improved in other countries.

(1) The absenteeism rate includes illness, work accidents and occupational illnesses.
(2) Excluding all other authorised absences.
(3) To take into account a baseline error in 2012.

➤ TOTAL NUMBER OF POSTS PUBLISHED

	2012			2013				
	Number of posts published	Posts filled internally	%	2013/2012	Number of posts published	2013/2012	Posts filled internally	%
France	2,187	1,092	50%	42%	3,109	45%	1,580	51%
Belgium (BNP Paribas Fortis)	556	306	55%	3%	573	-3%	298	52%
Italy	77	57	74%	173%	210	5%	60	29%
Luxembourg (BGL BNP Paribas)	170	110	65%	-4%	164	-11%	98	60%
United Kingdom	336	145	43%	165%	889	103%	294	33%
Poland (BNP Paribas Bank Polska)	384	27	7%	20%	461	122%	60	13%
Ukraine	519	122	24%	2%	529	9%	133	25%
Turkey (TEB)	228	54	24%	41%	321	98%	107	33%
United States (Bank of the West)	1,499	n/a(*)	n/a	-5%	1,427	n/a	n/a	n/a
United States (BNP Paribas CIB)	200	22	11%	113%	426	373%	104	24%
Other countries	1,258	352	28%	-47%	673	-46%	191	28%
TOTAL	**7,414**	**2,287**	**30%**	**18%**	**8,782**	**28%**	**2,925**	**33%**

(*) n/a: not available.

In France, in order to optimise employment management based on active mobility and make transversal mobility more fluid, a centralised process was implemented based on eight areas (Conformity, Communication, Finance, Legal, Human Resources, Marketing, Risks and Organisation/Project Management). A dedicated team centralises the offers and manages them up to the preselection of candidates. The final decision is made by the business lines. This approach has increased by 45% the number of posts filled internally in France in response to the posts advertised.

TRAINING POLICY

Training and developing the skills of all its employees is a major concern for the Group

Given its large size, the wide-ranging geographical scope and the quick-paced development of the Group, communicating the Group culture, its core values and management principles is an essential. It ensures that BNP Paribas performs its business in the same spirit all over the world and promotes a sense of belonging among employees, ensuring their loyalty and allowing them to develop.

Forging and strengthening the Group's corporate culture

The Group Campuses

BNP Paribas now has two "Group Campuses", one in Louveciennes in the Paris region, which has been in existence since 1992, and the other in Singapore, which opened in January 2014. The Campuses welcome employees from all over the world and all the business lines, in particular they allow for the communication of the Group strategy and culture.

Training centres

The Group has many training centres, both physical (Italy, Turkey, etc.) or online (CIB digital campus) and a shared services centre in the Ivory Coast. These sites welcome both local and regional employees and help communicate the strategy of the business lines represented in that country. The aim of the shared services centre is to train a team of trainers who are then responsible for providing training in Sub-Saharan Africa.

Group Academies

The Group has two Academies to strengthen the corporate culture and manager performance:

- **the Risk Academy** continues to share the Group's risk management culture, promote training and professional development, and, with 110 correspondents worldwide, to encourage the sharing of knowledge and communities of practices;
- **the Management Academy** is primarily aimed at senior managers(1) to develop a feeling of belonging, to communicate and share the Group strategy and to provide support for management development. It offers online content on its Intranet portal (worksheets, e-learning, videos, management kits, quizzes, lectures, interviews, etc.) and meetings (seminars, conferences).

All of the above helps to develop employees' skills and offers them a framework for exchange and the sharing of best practices. They allow employees to take part in business-specific or transversal training as well as important events for the Group.

(1) The Group's Senior Management consists of staff occupying the 2,300 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.

➤ TRAINING: TOTAL NUMBER OF HOURS AND EMPLOYEES(*)

	2012	2013
Total number of employees trained	136,918	148,875
Total number of training hours	4,208,901	4,697,071

(*) *Physical headcount for 90% of the scope in 33 countries.*

The total number of training hours totalled 25 on average per Group employee. The number of training hours in the four Domestic Markets, which correspond to 54% of the total hours, and the accessibility of data allow for a more detailed analysis:

➤ TRAINING: FOCUS ON FOUR DOMESTIC MARKETS

		Training method(1)		Training content(2)			
2013	Average number of hours per employee	Classroom based	E-learning	Business techniques & functions	Risks	Group culture & awareness	Individual skills & management
France	30	76%	18%	47%	20%	18%	14%
Belgium (BNP Paribas Fortis)	18	42%	56%	33%	35%	6%	19%
Italy (BNL)	41	15%	75%	66%	19%	11%	3%
Luxembourg	22	43%	55%	25%	41%	18%	13%

(1) *% of employees trained per method from the total number of training sessions provided.*
(2) *% of employees trained per content from the total number of training sessions provided.*

A developing offering in line with use to better develop skills

Training is offered to meet the needs of the employees and the business lines. The Group is therefore developing diverse formats and, in particular, it has deployed e-learning and blended-learning.

Significant development of e-learning

In an effort to ensure their quality and variety, there are more and more e-learning training sessions available in simple or more sophisticated formats. For example **TEB**, the Group's subsidiary in Turkey, has developed a fun e-learning course on management skills using the edutainment format. A mix of simulation and a game, the employee is immersed into a spaceship and must pass eight management levels based on real-life scenarios. TEB was awarded the "Best Use of Games for Learning" and "Best Custom Content" for this programme at the Brandon Hall Awards, the most prestigious awards in the training field.

The e-learning programme now features 1,440 new modules, on a total offer of 2,785 modules. They are available in seven languages and to all employees. 67% of users have completed more than one module and 15% more than ten, including 43% of training courses dedicated to risks, 32% to business skills and 11% to Group culture and awareness.

➤ E-LEARNING

	2011	2012		2013	
Number of employees trained	37,185	66,241		84,729	
% of employees trained	n/a(*)	Men: 50.5%	Women: 49.5%	Men: 50.4%	Women: 49.6%
Number of modules completed	81,588	238,962		441,237	

(*) *n/a: not available.*

Deployment of *blended-learning* actions

Blended-learning combines classroom-based training and e-learning modules with other types of training, such as collaborative work and/or video supports or virtual classrooms, etc. Dealing with the same content from different angles and using different formats aids learning. Therefore, **Personal Finance** offers project manager training to experienced employees at international level. This training includes an assessment questionnaire, a refresher e-learning module, classroom case studies and mentor support.

The Group is testing other formats such as ***learning expeditions***, which aim to immerse a team in an environment which is outside their comfort zone. **BNP Paribas Fortis** ran a pilot for 30 HR managers who went to discover the daily life and help educate street children in Romania. This experience allowed them to explore collaboration, the feedback culture and learn how to detect opportunities in a context outside their normal remit.

DIVERSITY

The fight against all types of discrimination was reaffirmed by Executive Management and the promotion of Diversity intensified as measures were implemented throughout the Group. Executive Management continues to work towards its goal of 25% women in senior manager positions by the end of 2014, which was at 22% at the end of 2013.

BNP Paribas' Diversity policy is based on one key principle: valuing each individual and respecting all differences through Group and local diversity initiatives. A mapping on 35 countries shows that most entities promote a local or regional Diversity policy that is communicated to the teams. Almost half of them have also put in place training or awareness measures.

DIVERSITY AMONG EXECUTIVE BODIES AND SENIOR MANAGEMENT

- **Board of Directors**

  At 31 December 2013, women made up 30.75% 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. Three nationalities are represented on the Board.

- **Executive Committee**

  Since 1 December 2011, there is one woman and three non-French members, thus an internationalisation rate of 17.6%.

- **The G100**

  The Group's 100 top executive managers (known as the "G100" group) now include people from eight nationalities, 13 women and 23 non-French people. They work in 15 different countries.

- **Feminisation and internationalisation of senior management**

  The proportion of female senior managers increased and totalled 22% at the end of 2013. Since gender diversity is a factor for efficiency, in 2009 the Chief Executive Officer made a commitment that 20% of senior manager posts would be held by women by the end of 2012. This goal has therefore been surpassed (compared to 16% in 2009). Similarly, with 45% non-French senior managers (compared to 38% in 2012), the Group and its senior management are truly international.

GROUP DIVERSITY GOVERNANCE

The Group Diversity Committee was created one year ago and now includes 28 Diversity Officers; the committee met twice and was attended by the Group HR Manager. The committee coordinates working groups on transversal issues such as gender equality. The widespread dissemination of Diversity governance within the Group shows its effects and numerous measures to fight against discrimination and in favour of diversity are being developed worldwide. The best practices are presented in the newsletter *Diversit-e-News*.

ESTABLISHING LOCAL AND/OR REGIONAL POLICIES

International Retail Banking (IRB)

IRB launched its Diversity Action Plan based on two major areas, the promotion of equal opportunities and the internationalisation of teams, and three programmes aimed at creating a Diversity community, the conducting of a survey in the different IRB sites and the development of visible and simple actions. The Chief Executive Officer of IRB sent a letter of commitment to Diversity to the Chief Executive Officers of all IRB countries, and the IRB HR Manager announced the action plan to all HR departments. One of the first events brought together female senior managers from all IRB countries in Paris where they met with the Chief Executive Officer of IRB and the HR Manager.

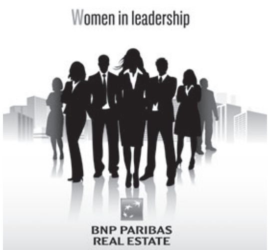
Asia-Pacific Region (APAC)

An APAC Diversity Committee sponsored by the Regional HR Manager was created. This committee meets twice a year to take an inventory of the situation, review the initiatives and record progress. Two Diversity Officers were appointed in Australia and Japan and thus join the Group Diversity Committee.

In France, **BNP Paribas SA**'s first diversity agreement was signed, prioritising four areas of action: effective compensation, career promotion, training and balance between work and family responsibilities. The agreement groups together all the provisions negotiated in terms of equal opportunities for men and women and sets out the objectives for the promotion of women at all levels within the Group. It includes issues such as recruitment and working conditions, as well as diversity in terms of ethnic background, sexual orientation and identity and aims to promote the inclusion of all types of diversities. The agreement was signed for three years from 1 June 2013. The **BNP Paribas SA** Diversity audit showed significant progress between 2008 and 2012 in terms of diversity of background, equal opportunities, the employment and insertion of disabled persons and age diversity.

PROMOTING EQUAL OPPORTUNITIES FOR MEN AND WOMEN

In **France**, women make up 45.8% of managers and 31.8% of executives. **Leasing Solutions** signed a Gender equality agreement reaffirming their willingness to promote equal opportunities in recruitment, professional training, career management and promotion, compensation, working conditions and professional life/private life balance. The agreement sets out commitments to gender diversity in management, objectives, actions and indicators to measure progress. **BNP Paribas Real Estate** was awarded the special Equal Opportunities prize during the first edition of the Responsible Training Awards for training offered as part of is international Women in Leadership programme, completed by 80 women in Europe in just two years.



CIB GECD and **Fixed Income** organised "Young Women for a Changing World" in Paris, an event bringing together students from the best universities and international schools offering advice, exchanges on women's careers and the opportunity to take part in people-care activities. BNP Paribas, represented by the Head of **BDDF** signed an agreement with the Minister for Women's Rights on equal opportunities. By means of this agreement, the Bank committed to continue to raise awareness in SMEs and VSEs of the challenges of gender diversity and to follow its own policy for the promotion of women. This action is part of the extension of numerous partnerships in favour of female entrepreneurship, in particular Paris Pionnières, Normandie Pionnières, Women Business Mentoring Initiative (WBMI) or even Women Equity for Growth.

In **Italy**, **BNL** launched its Leadership Programme for women, which aims to support female talent, improve career development for women and increase the number of female senior managers. **BNL** also developed a *Moms@work* programme to help female employees during pregnancy and facilitate their return from maternity leave.

In the **United Kingdom**, BNP Paribas held an innovative conference called "Opportunities 4 Women" attended by 140 influential women and dedicated to the development of women's careers in financial services. Forty women from the Group joined managers of many City banks and benefitted from coaching sessions and advice from peers.

RAISING AWARENESS AND TRAINING

BNP Paribas Personal Finance extended its diversity training to all managers to remind them of the issues linked to the risk of discrimination and help them develop good instincts. **BNP Paribas Fortis** invited all its managers to complete the e-learning course "Managing diverse teams" to encourage diversity and create a culture of dialogue. One of its six "Sustainability" objectives is the participation of more than 60% of managers and this has a direct impact on overall variable compensation. In **France**, an awareness brochure was sent to all **BNP Paribas SA** employees along with their pay slip to remind them of the Group's Diversity policy, the Diversity agreement, the 19 discrimination criteria and the means available to report such cases via the Bank's alert procedure.

Diversity Week/Day

In the **United Kingdom**, BNP Paribas organised the second edition of Diversity Week, opened by the Fixed Income Manager. The event included key speakers and round tables discussing issues such as "Are internal role models necessary?" or "Management of the Bank in the United Kingdom – Diversity Week, one year on". Diversity activities took place in all English offices (CIB, IS and Retail).

In **France**, the first Diversity Day was organised in Paris with four conferences on gender diversity, cultural diversity, sexual orientation and intergenerational diversity. There were also stands on parenthood, disability and youth sponsorship. The event was opened by the Chief Executive Officer of BNP Paribas who reminded the audience of managers of the Group's commitment to an inclusive diversity policy that embraces all differences.

Networking

The success of the **BNP Paribas MixCity** association was confirmed with 700 members in France, over 1,000 in Belgium (of which 17% are men) and around 300 in Italy. Three new networks were launched in Australia, Korea and Switzerland, joining the already existing networks in Hong Kong, Luxembourg, New York, Personal Finance, South East Asia and the United Kingdom. There are now 12 networks and there is now greater interconnection between them. In **Belgium**, the **"02"** network was launched at employees' initiative aged 50 and over and has already 300 members. Their hope is to encourage intergenerational initiatives and improve the motivation of this age-group of employees. In the **United Kingdom**, **"ABILITY"** is the first disability network created at employees' initiative to provide a space for dialogue on the challenges of disability.

PROMOTING THE EMPLOYMENT AND INSERTION OF THE DISABLED

An assessment of 36 countries found that 24 countries, covering 57% of the workforce, have legal obligations in favour of disabled persons. Entities in eight countries, covering 44% of the workforce, go beyond the legal obligations and have signed collective agreements on disability, while the entities of 16 countries, covering 65% of the workforce, take measures that are favourable to disabled people. Among the countries legally authorised to record disabled workers, 2,900 were listed as present in the Group distributed among 25 countries, including 265 recruitments in 12 countries in 2013.

➤ NUMBER OF DISABLED WORKERS

	2011	2012	2013	2013 recruitments
France (of which BNP Paribas SA)	1,144 (983)	1,248 (1,088)	1,350 (1,170)	53 (45)
Belgium (BNP Paribas Fortis)	(59)	(68)	(66)	(1)
Italy (of which BNL)	532	635 (513)	660 (520)	19 (6)
Luxembourg (of which BGL BNP Paribas)	35	36 (27)	59 (47)	-
Europe (excluding Domestic Markets)	n/a(*)	620	720	127
Rest of the world	n/a(*)	17	50	65
TOTAL	**n/a(*)**	**2,624**	**2,905**	**265**

(*) n/a: not available.

In **France**, the application of **BNP Paribas SA** second disability agreement resulted in 91 new recruitments over two years, 262 active employees were retained at work (228 in 2012) and there were 810 individual support programmes, up 68%. The employment rate for disabled persons has increased constantly since 2007 and now stands at 3.5% (3.1% in 2012). Training and awareness actions continued, in particular of the property teams working on accessibility and buyers on future calls for tenders. The use of EA (adapted companies) and ESAT (support-through-work organisations) grew significantly. In Montreuil, the Bank awarded its concierge services to an ESAT.

BNP Paribas Personal Finance signed a second four-year agreement (2014-2017) and completed a tour of France on the theme of disability along with Ryadh Sallem, the three-time European wheelchair basketball champion and European wheelchair rugby champion, bringing together more than 600 people. In **Belgium**, **BNP Paribas Fortis** made a contribution to Duoday to promote the insertion of disabled students and created a specific intranet site. In **Italy**, working groups were set up in four regions to help retain disabled workers in their posts. There was also a review of all the workstations for the visually impaired. In the **United States**, **BNP Paribas CIB** organised the Disability Mentoring Day, offering mentoring on work for disabled students and job-seekers.

Going beyond inclusion

In **Italy**, **BNP Paribas CIB** took part in a Generations at workplace project, with six companies from different sectors. The aim of the project was to determine whether there were any differences in perception through the generations and to understand any possible intergenerational conflicts. The results of the internal work groups, compared to those of the participating companies were presented during a seminar which was open to all employees. This was an opportunity to reflect on how to improve intergenerational relationships and have a better understanding on how one event can influence each generation.

In the **United States**, the Human Rights Campaign named **BNP Paribas CIB** "The best place to work for *LGBT*[1] equality" for the second year running. BNP Paribas achieved a classification of 100%.

(1) Lesbians, Gays, Bisexuals and Trans.

RESPONSIBLE EMPLOYMENT MANAGEMENT

BNP Paribas' employment policy includes prioritising internal job mobility and encourages quality social dialogue. The Group is committed, within its four Domestic Markets where the size and range of its activities permit, to avoiding compulsory redundancies through responsible labour relations policies.

EMPLOYMENT MANAGEMENT

The Group confirms its commitment to avoid compulsory redundancies in its four Domestic Markets, through the signing of agreements, a rigorous application of the European employment management agreement signed in July 2012 and internal mobility.

The first employment management Group agreement signed in France

Signed on 7 October 2013 by the CFDT (French Democratic Confederation of Labour), the CFTC (French Confederation of Christian Workers) and the FO (Workers' Force) based on a shared view that the constant adaptation of the Group companies to their environment is the best way to protect jobs. This agreement sets out the Group's commitment in terms of its employment policy in France. The agreement includes a "social agreement" to avoid all compulsory redundancies during reorganisations and allow each employee to find or retain stable employment. Where necessary, this will be achieved through functional mobility in line with the employee's professional career and the Company's requirements. The agreement underlines the importance of internal mobility, uses the margins for manoeuvre offered by natural turnover processes and, where necessary, defines scenarios for recourse to voluntary departure. All the entities have also signed agreements known as **"Generation Contracts"** with their social partners for the recruitment of young people, work-study contracts, the transformation of student apprentices into permanent employees, job retention, recruitment of senior citizens and retirement packages.

At **BNP Paribas Fortis**, the work to adapt its organisations continued in 2013. As a result, the total workforce was reduced by approximately 912 employees, i.e. 5% between 31 December 2012 and 31 December 2013 (132 of these employees joined the BNP Paribas SA branch in Brussels). Due to a dynamic mobility policy and pre-retirement and retirement measures (approximately 507 people), BNP Paribas Fortis was still active in the employment market with 276 new recruits (including 25 fixed-term contracts converted into permanent contracts). These changes were made while ensuring maximum respect for contractual guarantees arising from collective agreements and the Group's employment management policy.

At **BNL**, there was a similar movement to reduce the workforce while respecting the labour regulations imposed by the Bank. BNL took advantage of a favourable demography with 52 retirements and 449 early retirements. Despite this trend, BNL continued to recruit and hired 324 people, including 160 on permanent contracts and 164 on fixed-term contracts converted into permanent contracts.

➤ AVERAGE DEPARTURE AGE OF EMPLOYEES AGED 55 AND OVER

	2011	2012	2013
France	60.0	60.5	60.5
Belgium	58.4	59.7	60.4
Italy	59.5	60.1	58.8
Luxembourg	58.4	58.7	58.7
Europe (excluding Domestic Markets)	n/a(*)	n/a	59.7
Rest of the world	n/a(*)	n/a	60.8
TOTAL	**59.4**	**60.2**	**60.2**

(*) n/a: not available.

QUALITY EMPLOYEE-MANAGEMENT DIALOGUE

The Group strengthened its systems for collecting non-financial information, in particular information concerning employee-management dialogue, diversity, training and occupational health and safety in 36 countries covering 91% of the total workforce. There are staff representatives and/or union representatives in 31 countries (including members of the European Works Council), covering 82% of the Group workforce. Close to 3,000 official meetings in the world were held between the representatives and management, resulting in the signing of 214 collective agreements in countries covering 72% of the workforce on subjects ranging from compensation and social benefits, employment, work organisation, dialogue governance, occupational health and safety, disability and diversity. Almost 2/3 of the countries have legal obligations covering such areas and one third of the entities in these countries go a step further by signing collective agreements or with other positive measures. Entities in 13 countries signed compensation agreements (covering 56% of the workforce), in 15 countries social benefits agreements (55% of the workforce) and in 11 countries working condition agreements (57% of the workforce). Outside Europe, collective agreements were signed in 2013 in Morocco, Tunisia, Argentina, Brazil, and India, whilst Algeria, Senegal, Chile, China, the Ukraine and Turkey also indicate having staff and/or union representatives.

NUMBER OF COLLECTIVE AGREEMENTS SIGNED

	2011	2012	2013
France (of which BNP Paribas SA)	73 (6)	69 (8)	90 (7)
Belgium (of which BNP Paribas Fortis)	15 (14)	12 (10)	11 (7)
Italy (of which BNL)	56 (25)	51 (30)	46 (23)
Luxembourg (industry agreement)	1	1	1
Europe (excluding Domestic Markets)	n/a(*)	5	34
Rest of the world	n/a(*)	10	29
TOTAL	**145**	**148**	**214**

(*) n/a: not available.

Intensification of the European Works Council's activity

The year was marked by intense activity of the European Works Council and its office, which met in Brussels, Luxembourg and Madrid to emphasise its international character. Working groups collaborated to draw up new internal regulations, organise the monitoring of the European employment agreement and initiate negotiations for a second European agreement on gender equality.

There was intensification of European employee-management dialogue due to a busy agenda. The activities of CIB, Investment Partners, Leasing Solutions, Personal Finance, Securities Services, BNP Paribas Bank Polska and BNP Paribas Germany were discussed and, at a global level, the Simple & Efficient and Hello bank! projects. Moreover, the presentation of the GPS allowed the European representatives to understand the mechanisms of this extensive annual internal survey and to take action in relation to some of the results.

Following the signature in 2012 of the first European employment agreement, the first indicators show a new dynamic with widespread introduction of exchange opportunities between management and employees in countries without representative bodies, the implementation of appraisals and career management interviews, as well as adequate information and consultation when restructuring may impact jobs. The European Works Council covers 20 countries and 65% of the total workforce.

CAREER MANAGEMENT

Appraisal and development of all talent

The new Human Resources system is focused on career management for all Group employees. It includes local career managers within the business lines to ensure a good level of knowledge of the different businesses and the implementation of a partnership between managers, HR and employees. In 2013, there was a particular focus on:

- identifying, assessing and developing skills. The new guidelines on Group behavioural skills were disseminated with a fun card game to promote a better appropriation of skills by HR and managers. Measures to identify and assess skills are being implemented within the different entities: FRB, Personal Finance, BNP Paribas Fortis and BGL BNP Paribas;
- internal mobility and diversified careers. The Group entities prepare succession plans on an annual basis to anticipate and plan changes to the workforce. In order to promote transversal mobility, in 2013 succession plans were drawn up by area, particularly in the Investment Solutions division and Group functions.

The projects in progress aim to set out the Group's ambitions as an employer and the career management principles at key moments, including appraisals, progress interviews, succession plans and employee development plans, etc. The projects aim to develop and take into account the talents of each employee based on the Company's requirements and to offer extensive and varied career progression opportunities to all employees.

News from the Talent Development Program

The Talent Development Program continued its roll-out in 2013 and now covers almost 3,000 high potential employees. Since 2012, the *Talent Review Exercise* has taken an inventory of the actions taken by the TDP (Talent Review Program) and highlights an increase in the number of initiatives implemented at all levels, including three Group training programmes: Leadership for Development, Go to Lead and Share to Lead.

A COMPETITIVE COMPENSATION POLICY

Compensation and its evolution

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, which form part of the Group's directives. The method used to determine individual variable compensation includes a quantitative and qualitative review of each employee's performance relative to the objectives set, an appraisal of each employee's professional conduct in terms of respect for the Group's core values, Code of Conduct, team spirit and Group procedures, and their contribution to risk management (including operational risks).

In 2013, the Group replaced its performance share award plan over three to five years for more than 5,000 of the Group's key employees with a medium-term incentive plan known as the ISIS (International Sustainability and Incentive Scheme), which will be paid in June 2016. This plan is original in that 20% of each beneficiary's allocation is subject to the fulfilment of CSR criteria at Group level.

In 2013, the Group's staff expenses costs totalled under EUR 15 billion, a fall of 2.7% compared to 2012 (see note 7 *Salaries and employee benefits* in chapter 4).

➤ AVERAGE ANNUAL COMPENSATION(1)

	2012	2013
France(2)	€51,477	€51,615
Belgium (BNP Paribas Fortis)(3)	€69,023	€69,920
Italy (BNL)(4)	€49,001	€49,712
Luxembourg(5)	€75,597	€77,978

(1) Gross data for permanent workforce as at 31/12/2013 excluding employers' contributions but including fixed salary, sales incentives and variable compensation paid throughout the year, excluding deferred payments from previous years, sign-on bonuses, excluding amounts paid for profit-sharing plans.

(2) All entities excluding Real Estate, for a 35-hour working week, with a 100% theoretical basis for part-time employees, excluding employees employed for less than two years and senior Executives.

(3) Excluding employees employed for less than two years, part-time employees, those absent for more than one month in the year, on leave without pay, expatriates, seconded employees, members of the BNP Paribas Fortis Executive Committee, and compensation data including all items subject to payroll taxes including deferred payments from past years (55% of workforce covered).

(4) BNL SpA scope, excluding expatriates, members of the BNL Executive Committee and employees employed for less than two years.

(5) Based on a 40-hour working week, includes senior Executives and members of the BGL BNP Paribas Executive Committee.

Compensation policy compliant with regulations

In accordance with European Directive CRD III(1) and French decree no. 97-02, the Group's compensation policy aims to ensure coherent behaviour among employees whose professional activities have a significant impact on the Group's risk profile and long-term objectives, particularly with regard to risk management. This policy has resulted in reinforced formalisation of governance based in particular on the CRIF Committees (Conformity, Risk and Finance) and the involvement of Executive Management and the Board of Directors' Compensation Committee.

As a result, a significant fraction of employees' variable compensation has been deferred over three years (45% deferred for over a year for the 2013 allocations in respect of 2012). Payment of each instalment is subject to conditions and failure to fulfil these conditions could lead to a partial or total loss of the annual payment (penalty system). Moreover, part of the variable compensation is index-linked to the performance of BNP Paribas share in order to align the interests of the beneficiaries and shareholders (almost 44% of variable compensation was index-linked for allocations in 2013 in respect of 2012). Information on the compensation policy and practices of members of the executive body and employees whose activities have a significant impact on the Group's risk profile for 2013 will be published in a report on BNP Paribas website http://invest.bnpparibas.com before the Shareholders' General Meeting on 14 May 2014 and included in the updated BNP Paribas Registration document.

(1) Capital Requirements Directive.

FOCUS ON PEOPLE

Protecting employees' health

On a mapping of 36 countries representing 90% of total staff, besides the occupational health and safety legislation existing in all European countries and in about 10 countries outside Europe (representing 75% of the Group workforce), entities from 11 countries have signed agreements relating to employees health and safety (covering 51% of the workforce) and in 18 countries take other protective measures. In more than 30 countries, entities have adopted a social protection system, a life or incapacity insurance covering all employees (63% to 79% of the workforce) or sometimes managers only.

Frequency and severity of accidents at work and occupational illnesses

On 29 countries reporting accident at work data, 1,216 accidents occurred in 17 countries, covering 75% of the workforce. This equates to an accident frequency rate(1) of 3.2 and an injury severity rate that is not material. In the Domestic Markets, there were 481 work related accidents in France, giving a frequency rate of 2.9 (563 and 3.2 in 2012); 388 accidents in Belgium, with a frequency rate of 8.1 (381 and 7.9 in 2012); 166 in Italy, with a frequency rate of 3.5 (279 and 5.6 in 2012) and 3 in Luxembourg, *i.e.* a frequency rate of 0.5 and better data recording, (compared to 84 in 2012). No cases of significant occupational illnesses were identified.

Health and safety conditions at work

In 35 countries there is an emergency health policy. Entities in 35 countries implement actions, training and measures to raise awareness on stress and psychosocial risks, covering 80% of the workforce. Many entities implement preventative or awareness actions relating to nutrition, ergonomics or improvements to work environments aimed at all employees (90% of the workforce) and sometimes managers only.

Prevention of work-related stress

In **France**, more than 46,000 employees completed tests conducted by the OMSAD (Medical Observatory to monitor stress, anxiety and depression) over a five-year period, including 7,892 in 2013. A counsellor and the BNP Paribas Occupational Health Service are available for employees who are experiencing problems and are supported by 34 social workers. In **Belgium**, an e-learning module, worksheets and a two-day pilot programme have been put in place to raise awareness among managers. Employees are given a questionnaire to complete during periodical medical examinations to detect and analyse any psychosocial risks. In **Italy**, following the 2012 assessment, **BNL** has improved risk management in relation to stress by introducing a counselling and support centre to deal with occupational stress. This service is available to all employees. In **Luxembourg**, a stress management training programme was launched to respond to employee concerns, particularly network employees. The programme combines conferences, videos and individual treatment and was offered to almost 600 employees.

Public health issues

In **France**, the Group's Occupational Health Service screens for risk factors, including cardiovascular problems, diabetes and colon cancer for employees aged over 50. It organises prevention days, performs a quarterly review and provides first aid training. Employees aged over 55 have an annual check-up. In **Belgium**, action is taken to prevent obesity and diabetes and to promote healthy eating with individual counselling and brochures distributed during medical consultations. One thousand preventative cardiovascular examinations were performed. There is confidential medical contact with employees on long-term medical leave, which allows us to monitor any work-related causes and facilitate recovery. In **Italy**, **BNL** implemented two health protection measures: one covers all employees and includes an annual check-up; the other is mandatory for two categories of employees: a check-up every five years for all employees using a computer screen and every two years for night-staff or those working in noisy environments. In **Luxembourg**, conferences were organised for 335 participants to raise awareness among employees of addictions linked to misuse of the internet.

Prevention of occupational risks

In **France**, the prevention of occupational risks policy was adapted in collaboration with our social partners. Interbank occupational health services were created for employees in Lille and Marseille. We continue to provide support to employees who are the victims of aggression in collaboration with the Paris emergency medical service. In **Belgium**, more than 6,000 employees received a periodical or recruitment health check, and 1,000 spot examinations were performed on employees with difficulties. In terms of ergonomy, focus was given to shared workplaces and free seating, and individual advice was offered to employees and managers. The DNV agency (*Det Norske Veritas*) certified that **BNL**'s Occupational Health and Safety Management System complied to the Italian INAIL (National Institute for Insurance against Work Accidents) standards. The management and implementation of such a system requires the support and commitment of all and the data must be activated in the management system created on the intranet. In **Luxembourg**, six qualified individuals monitor the risks identified, their prevention, updating of controls, registers and reports and monitor those stations that are at risk. In addition, **BNP Paribas Luxembourg** organised inter-company training for close to 300 employees on the prevention of occupational risks, physical health problems linked to office activities, management of crisis situations (hold-up), safety, first aid and stress management.

Harassment and violence at work

In **France**, the "Harassment and violence at work" agreement, which was signed in 2011, is available on the intranet. In **France and Belgium**, occupational doctors, nurses and social workers work together to prevent and provide emergency aid in the event of harassment and violence at work, and support is permanently available for hold-up victims and other acts of violence in the branches. In **Italy**, all **BNL** employees who have been the victim of or witnessed harassment at work can contact a dedicated alert unit as well as their direct superior. This procedure initiates a process to assess the situation and provide immediate protection to individuals. Employees can also contact the "Counselling service for work-related stress". In **Luxembourg**, a charter against bullying in the workplace was introduced in 2005 and provides a framework for listening and support in order to reach a constructive solution to these situations.

(1) The frequency rate is the number of work related accidents per 1 million hours and the severity rate (0.05) is the number of days lost per 1,000 hours worked.

Social benefits relating to protection benefits, retirement, savings and profit-sharing plans

In addition to benefits paid in accordance with legislation and Company agreements, and depending on the regulations and practices in the countries in which the Group operates, employees and their families may receive additional benefits covering healthcare costs and providing them with a high level of protection, defined contribution pension plans (see *Financial statements* – note 7 *Salaries and employee benefits*) so that they can build up capital for their retirement throughout their professional lives, in addition to any pensions paid by the local governments and any collective incentive plans linked to overall performance. Outside France, more than three quarters of employees in entities with more than 150 employees receive medical cover, and more than half are covered for short-term incapacity. The majority of Group employees are also covered by funded pension plans that supplement pensions paid by national governments.

The Group also offers flexible benefits, enabling employees to select from a range of benefits on offer. In 2013, **BNL** implemented, alongside its profit-sharing plan, a welfare plan on a voluntary bases which allowed employees to receive part of their company profit-sharing amount (40%) in the form of medical assistance, a pension plan, or education or training for them or their family. In France, the Group gives employees an interest in performance by means of shareholding and incentive plans, and EUR 102.5 million and around EUR 140 million, respectively, will be paid to 67,000 employees, compared to EUR 138 million and EUR 145 million in 2012. The Group also supports voluntary employee savings plans (Company savings schemes and retirement savings plans) with contributions totalling EUR 50,5 million in 2013. At **BNP Paribas Fortis**, a part of the variable compensation known as "collective" compensation is linked to sustainable development objectives such as customer satisfaction, diversity promotion, improvement of well-being in the workplace, awareness of risk and conformity and the reduction of the Bank's negative impact on the environment. In **Luxembourg**, local legislation makes no provision for profit-sharing scheme, however in 2013, the Group paid non-management employees a profit-sharing premium totalling close to EUR 4.3 million.

At end-2013, the percentage of Group capital held directly or indirectly by Group employees was 5.4% (6.1% at end-2012).

Promoting and complying with the fundamental conventions of the ILO on human rights

Through the BNP Paribas human rights declaration signed in 2012, the Group is committed to ensuring that human rights are respected within its scope of influence: employees, suppliers, customers and communities. 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. BNP Paribas has therefore established a Code of Conduct which applies to all employees.

BNP Paribas carries out annual reviews of countries that are high-risk in terms of human rights[1]. In 2013, BNP Paribas has operations in ten countries at risk, thus representing 5.2% of the total workforce, and in 20 countries where there is cause for concern, representing 15.6% of the total workforce. The figures remain relatively stable compared to 2012 (4.8% and 16.2%). Among 82% of the Group's global workforce, four employees in two countries were identified as being less than 18 years old, but more than 16 years old.

In keeping with these efforts, the Human Resources Department created a mapping of the employee human rights in 36 countries. The aim is to identify the strengths and weaknesses of the entities in the regions where the Group operates. It covers the freedom of association and collective bargaining, non-discrimination and equal opportunities, the elimination of forced labour, occupational health and safety and subcontractor agreements. An initiative to raise awareness among senior HR managers was implemented. For further information, see chapter 7, part 4-III: *Respecting the UN guiding principles on human rights*.

Facilitating parenthood

There are an increasing number of events organised within the Group to promote and value parenthood within the Company. In **France**, three workshop/conferences were proposed during parenthood week: "Working and being a parent" and "Home childcare, shared childcare and child-minders: what should I choose"? The aim was to offer employees tools for a better understanding of their parenthood. In November, **BNP Paribas Luxembourg** organised the first parenthood event dedicated to employees hoping to flourish in their work and their role as parents. Employees were able to talk to specialists and take part in workshops on infancy, adolescence and equality between mother and father. The Company's creche "Les Petits Loups" was also present, as were **Cardif Luxembourg** – and its Optikids offering – and Human Resources, who highlighted measures and opportunities for a good work/life balance. Several entities from **Investment Solutions** and **Wealth Management**, **Investment Partners**, **BNP Paribas CIB ITO** and **CIB Italy** organised "Bring your child to work day" with fun activities which were enjoyed both by the employees and their children.

(1) *Source: Maplecroft, which identifies 34 high-risk countries and 70 countries that are cause for concern (compared to 30 and 65 in 2012).*

7.4 Civic responsibility combating exclusion and promoting education and culture

BNP Paribas is engaged in society by supporting many initiatives to combat social exclusion and promote education and culture.

In the context of 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.

The information contained in this Chapter was compiled by the CSR Function through specific requests addressed to the Group's functions, business lines or territories or by using the Group's internal management tools. It is expressly noted when the scope covered by information differs from that of the entire BNP Paribas Group.

COMBATING EXCLUSION AND SUPPORTING SOCIAL ENTREPRENEURSHIP

BNP Paribas has been committed for many years to combating social and financial exclusion. The Group has developed numerous initiatives around the world supporting social entrepreneurship, promoting financial education and providing assistance to customers at risk. In France, the Bank focuses in particular on sensitive urban areas.

COMBATING POVERTY AND EXCLUSION

Microfinance and support for social entrepreneurship

Social entrepreneurship

In 2013, BNP Paribas renewed its support for social entrepreneurship and microfinance. The Group has voluntarily been proactive in this fast-growing sector (+23% of jobs in France between 2000 and 2010 compared to +7% in the private sector), demonstrated by its significant impact on creating jobs that cannot be relocated and strengthening the social cohesion.

Private companies of different sizes and legal structures, the social enterprises concerned have the following specificities:

- their social purpose is more important than their financial objectives;
- their mission may consist of integrating disabled people, producing or providing social or environmental goods or services for populations at risk;
- most of the profits are reinvested in the Company.

They offer efficient and innovative solutions to a large number of economic, social and environmental issues: access to healthcare, energy, housing, social insertion, etc.

In order to better assist these enterprises, BNP Paribas has developed specific tools and has adapted its services:

- the various Retail Banking networks have now qualification grids to easily identify social entrepreneurs as well as methods to evaluate their risk profile thanks to a specific loan policy. Moreover, each network develops an approach for this segment in relation to its market.

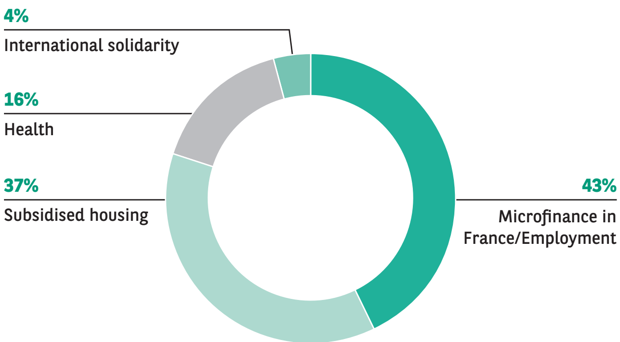
  For example in France, a network of correspondents dedicated to social enterprises is being gradually rolled out in Business Centres and Maisons des entrepreneurs (centres dedicated to small entrepreneurs). In that way, each entrepreneur will be followed by the same mentor. Trained for such role and conscious of specific requirements, the mentor is able to respond to any questions such as day-to-day account management or procuring long-term financing;
- the signing of a partnership between BNP Paribas Foundation and France Active has strengthened the Group's initiatives in favour of social entrepreneurs. With EUR 100,000 in annual support over three years received by the Foundation, France Active will be able to assist young unemployed people aged 26 or less in setting up their own businesses. They will not only receive a start-up premium of EUR 2,000 to be added to their individual contribution, but also receive support from the network alongside the 40 regional funds of France Active.

BNP Paribas was also involved in raising EUR 3 million in funds for IMPACT Partenaires. This fund invests in companies that create jobs in underprivileged economic areas and/or in entrepreneurs if they have established themselves in these areas for a long time.

Support for social entrepreneurship is demonstrated by the growing success of savings products invested in social enterprises. Whether for individual customers, Private Banking or employee savings, there are specific products allowing everyone to support social entrepreneurs: SICAV mutual funds invested between 5% and 10% in social enterprises, microfinance institutions or SE funds; the employee mutual funds (FCPEs) also integrating 5% to 10% in solidarity investments. As the third player in employee savings in France, BNP Paribas' socially responsible assets increased by 44% in 2013. The anticipated regulatory developments concerning the law on social economy currently under discussion in the French Parliament should speed up this phenomenon even more.

Mutual funds have increased their solidarity investments by 313% and the number of counterparties has increased from three to ten in three years.

GLOBAL BREAKDOWN OF SOLIDARITY INVESTMENTS OF BNP PARIBAS INVESTMENT PARTNERS BY TYPE OF SOCIAL INITIATIVE AT THE END OF 2013



In Belgium, BNP Paribas Fortis launched "Prêt Citoyen". This new product offers individual customers the possibility to invest their savings in a guaranteed capital fund that will be invested in socio-economic or socially responsible projects (construction/rehabilitation of schools, hospitals, retirement homes, cultural centres or public sports facilities, etc.). The collected funds can also be used to finance small to medium-sized companies.

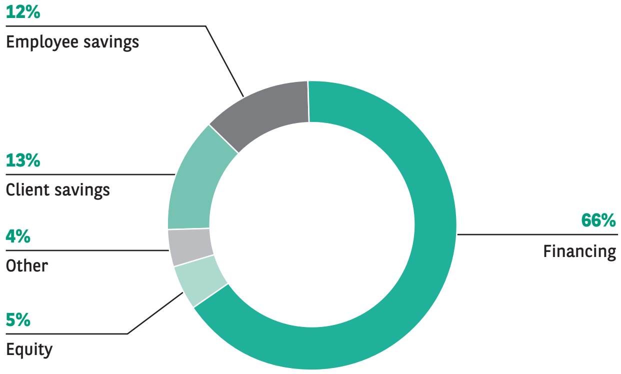
Our large corporate clients are also interested in supporting social entrepreneurship. In order to better understand and assist them, CIB organised on 2 July 2013 a conference on the theme of "How to serve the base of the pyramid". This event highlighted the innovative models developed by Danone, GDF Suez, Orange and Total to assist the poorest 4 billion individuals. These large companies also act as laboratories for a dual purpose: improve the conditions of underprivileged populations while developing an economically viable activity.

Finally, BNP Paribas made the commitment in 2012 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) between 2012-2015. In 2013, the volume increased by 50%.

Microfinance

The Microfinance activity pursued its development in 2013 and the Executive Committee validated a strategy adapted to the current market characteristics. The difficult economic context has made it even more necessary to develop this sector as it offers solutions to the needs of an ever-growing marginalised population. The newly implemented strategy is based on directly financing microfinance institutions (MFIs) in countries where the Group operates, whether they are developed (France, Belgium, Italy, and the United Kingdom) or emerging (Brazil, China, Ivory Coast, India, Morocco, Poland, Russia, Senegal, Tunisia, Turkey and Vietnam). In other countries, support for this sector is mostly financed through microfinance funds. This strategy has led to an increase in commitments compared to 2012 in both emerging countries (+26%) and developed countries (+173%). The Group's total support at the end of 2013 amounted to EUR 131.6 million and is broken down as follows:

BNP PARIBAS GROUP'S SUPPORT TO MICROFINANCE AS AT 31/12/2013

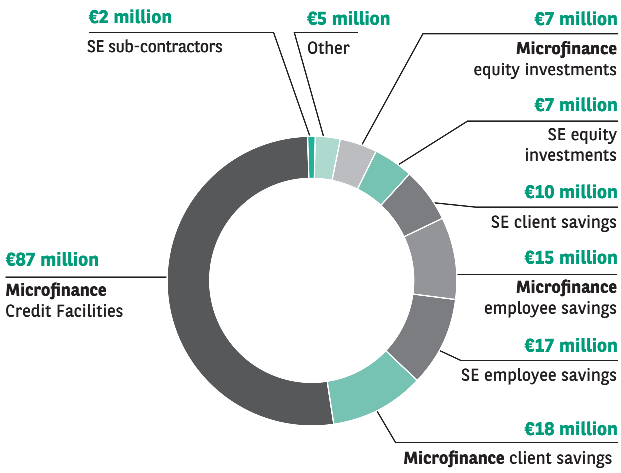


The financing of this sector (directly or through funds) reached EUR 87 million or 2/3 of the Group's total support for microfinance. The Group refinanced 30 microfinance institutions in 19 countries, including 26 institutions in 15 emerging countries which represent close to half of the total financing. For the first time in 2013, new countries – Poland and Vietnam – have entered into the finance portfolio alongside countries in which the Group has been historically active (i.e., Brazil, China, Ivory Coast, India, Morocco, Russia, Tunisia, etc., in addition to its Domestic Markets). Thanks to this financing, more than 150,000 micro-entrepreneurs received a micro-credit, over 75% of whom were women.

In 2013, BNP Paribas Fortis invested EUR 7.5 million in debt in the micro-finance funds of Rural Impulse Fund II. The Group thus helped finance MFIs and develop financial services in underprivileged and isolated rural areas in 26 emerging countries.

Overall, the Group's support to microfinance and social entrepreneurship (excluding social entrepreneurship loans) exceeded EUR 168 million at the end of December 2013, an increase of more than 60% over the year. BNP Paribas is committed to sustaining such growth and its goal is to reach EUR 200 million by 2015.

BNP PARIBAS GROUP'S MF AND SE SUPPORT AS AT 31/12/2013



Improving financial education for consumers

Financial education has demonstrated its effectiveness in combating excessive debt and encouraging economic growth. In 2013, BNP Paribas employees again committed themselves strongly to this cause by helping to design educational content and tools or training the public.

In 2013, more than 230,000 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 some priorities, financial education is focused on fragile sectors of the population considered to be susceptible, such as the young or vulnerable people:

- **in Turkey:** the **TEB Family Academy** assists households in managing their budgets by offering financial education courses at the branches. Participants can learn how to use a credit card, borrow wisely, better manage their expenditure and save effectively;
- **in Spain: BNP Paribas Cardif** established a partnership with Norte Joven (an association for financial and economic education focused on socially-marginalised children). Thirty BNP Paribas Cardif employees are involved in this effort and have contributed to the training of 581 people;
- **in Luxembourg**, over 1,100 high-school students took part in the "Startin' Finance" programme in the 2012-2013 academic year. This took the form of guided visits, presentations on business lines (marketing, money markets, human resources, etc.), interactive workshops and attendance at lessons;
- **in India**, BPSS's financial education programme made it possible for 100 women entrepreneurs from rural areas to receive training on topics such as auditing or performance management.

In other countries, where financial education has long been present in local practice, initiatives are aimed at all sectors of the public.

In France, the **Cetelem Foundation** for budget education continued its mission to develop and promote budget education, in an extension of BNP Paribas Personal Finance's activities and its commitment to responsible credit. Cetelem Foundation has thus developed training tools for trainers at partner associations and institutions working alongside it in budget education. It also offers pedagogical and financial support in implementing programmes. In 2013, more than 7,500 young people (high school students, young people entering the job market, apprentices) or adults in difficulty in France were able to benefit from this training.

BNP Paribas Cardif, launched a new three-year partnership called "Entreprendre pour Apprendre" (Learn by Doing), a federation of associations promoting entrepreneurship among young people and helping them develop their entrepreneurial skills and abilities over time. It provides a dual support – offering both the financing and expertise. In 2013, 42 employees were involved in sponsoring companies throughout the academic year.

In Italy: BNL offers through its EduCare programme a range of money management courses for customers and non-customers alike to make them more aware of their financial decisions. Continually evolving, EduCare started to focus on digital technology in 2013 and started to provide courses in new venues outside of its agencies, creating new external collaborations such as with Feltrinelli and Wired. Since 2008, 64,000 individuals and around 4,000 companies have participated in over 3,500 events organised throughout the country. At the same time, **Findomestic** has rolled out since 2011 its consumer finance and insurance education programme, available on the PerCorsi website. These modules have been watched over 10,000 times. After an initial experience in 2012, Findomestic organised in 2013 two financial education days in 72 customer centres; one called "Financing and Insurance" and the other "Payment methods and e-commerce".

In the **United States**, **Bank of the West (BoW)** now offers nine educational programmes for all age groups. In 2013, 450 employee volunteered and trained 12,000 people via associations, notably working through: Operation Hope, which runs a financial education programme in California and other States where BoW operates; a financial education book, "The Three Cups", which aims to raise older primary school children's awareness of the value of money; a theatre play for secondary school students *Made about money;* and the TV programme *Moneywise Empowerment Tour*. Since 2005, BoW has also developed a programme focusing on senior citizens: "Elder Financial Protection Network" offers seminars on anti-fraud protection.

"PROJET BANLIEUES": A STRONG COMMITMENT IN FRANCE

Highly involved with individuals and companies in major urban areas, BNP Paribas has over the past 15 years created a large number of jobs for the surrounding suburbs: for example, the Group has become the largest private-sector employer in the Parisian suburb of Seine Saint Denis.

At the same time, through its *Projet Banlieues,* BNP Paribas supports associations, educational institutions, solidarity investment funds and other actors whose aim is to create economic and social changes in the suburbs, particularly in 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; supporting education and local initiatives. Renewed in 2012, the project had an annual budget of EUR 4.5 million in 2013.

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 BNP Paribas has been partner since 1993, helps those excluded from the banking system and the unemployed to set up their own businesses. In 2013, the BNP Paribas Foundation provided EUR 1.15 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 13.7 million of credit lines at end-2013.

  Since 2006, Adie has opened 15 new microcredit branches in France. Around 7,300 microloans have thus been provided, allowing more than 4,700 businesses to be set up, thus creating more than 6,000 additional new jobs. Furthermore, 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;
- BNP Paribas has also contributed EUR 3 million to Impact Partenaires (further information is provided in chapter I-1 of this Registration document: *Combating poverty and exclusion*);
- lastly, in early 2014, BNP Paribas provided additional annual support of EUR 100,000 to France Active over three years (further information is provided in chapter I-1 of this Registration document: *Combating poverty and exclusion*).

Supporting local initiatives

BNP Paribas' corporate philanthropy is centred on local contact and exchange, as reflected in the "Local Initiatives" part of *Projet Banlieues,* which has supported close to 300 neighbourhood associations since 2006, including 105 in 2013 alone, through 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 through education, professional training and cooperation. Supported actions 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.

Education: promoting equal opportunity

BNP Paribas believes that education and the sharing of knowledge are factors in greater equality of opportunity. For the past twenty years, the BNP Paribas Foundation has supported educational initiatives not only through the *Projet Banlieues* local initiatives but also alongside key players such as Afev to provide tutoring assistance to children in difficulty. The BNP Paribas Foundation also established in 2009 the programme *Odyssée Jeunes,* helping to finance school trips for secondary school children from Seine-Saint Denis (French department 93) in partnership with the local departmental authorities.

CORPORATE PHILANTHROPY POLICY FOCUSED ON EDUCATION, HEALTH, CULTURE AND SOLIDARITY

BNP Paribas takes very practical steps so that performance coexists with social responsibility – not just in the day-to-day workings of its business lines, but also via its corporate philanthropy initiatives, which involve increasing numbers of employees worldwide.

A STRUCTURED AND INCLUSIVE POLICY

Given its international dimension, the BNP Paribas Group pilots at a global level a structured and coherent corporate philanthropy policy. The BNP Paribas Foundation heads up this philanthropic commitment and coordinates the programs based on five types of actions rolled out in all the countries where the Group operates:

- culture: preserving and enhancing cultural heritage and fostering the performing arts;
- solidarity: combating exclusion and discrimination; fostering employee volunteering;
- education: encouraging schooling, entry into the workforce, tutoring and transmission of skills;
- health: financing medical research programmes in key sectors;
- environment: supporting programmes aligned with the Group's CSR policy to promote research on climate change.

Structured governance

On the one hand, 15 foundations/funds within the Group:

- 1 historical foundation: the BNP Paribas Foundation, under the aegis of Fondation de France, which ensures that the Group's Corporate Philanthropy is coherent. It is chaired by Michel Pébereau;
- 11 foundations in: Belgium, Brazil, Bulgaria, Italy, Luxembourg, Morocco, Poland, South Africa (Cadiz Foundation), Switzerland, the United States (Bank of the West & First Hawaiian Bank Foundations);
- 1 brand-based foundation: Fondation Cetelem;
- 1 "Rescue & Recover" fund, set aside for victims of humanitarian disasters;
- 1 regional endowment fund: BNP Paribas Banque de Bretagne endowment fund.

On the other hand, BNP Paribas' corporate philanthropy is bolstered by the programmes set up by the Group's entities and business lines throughout the main global regions: Africa, Europe, America, Asia-Pacific and the Middle East.

Key corporate philanthropy figures in 2013

3,547 corporate philanthropy projects with a budget of **EUR 40.5 million**, including:

- EUR 15.04 million for solidarity (37%);
- EUR 11.97 million for education (30%);
- EUR 9.01 million for culture (22%);
- EUR 2.92 million for health (7%);
- EUR 1.56 million for the environment (4%).

Solidarity: combating exclusion

The solidarity initiatives of the BNP Paribas Foundation and all the players involved in the Group's corporate sponsorship worldwide operate on four levels: developing the social and solidarity-based economy, encouraging local initiatives, supporting efforts to combat poverty and insecurity, and helping Group employees involved in voluntary work.

- In 2013, the BNP Paribas Foundation continued to support the **Restaurants du Cœur** charity by financing the upgrade of their IT system. In addition to this financial support (EUR 450,000 over three years), BNP Paribas will also donate 4,500 computers over three years to the Restos du Cœur drop-in centres. This IT equipment has been recycled and reconfigured by *Ateliers et Chantiers d'Insertion* (ACI). Lastly, the charitable association *Bénévolat de Compétences et Solidarité* of BNP Paribas (BCS) assists in the IT training of Restos du Cœur volunteers.
- In 2012, the BNP Paribas Foundation started its three-year commitment with **Samusocial** in Paris – an organisation embodying the combat against social exclusion. Its teams are on the streets of Paris to assist physically or socially vulnerable people continuously throughout the year, at a pace of one day patrol and several night patrols. Faced with a growing number of homeless people, the BNP Paribas Foundation fully finances the day patrol for EUR 150,000 per year.

Supporting education

Education is one of the strongest pillars in the corporate sponsorship policy of the BNP Paribas Group Foundation and for all those involved in the Group's Corporate Sponsorship worldwide.

- In 2013, BNP Paribas Foundation continued its support of its programme, **Odyssée Jeunes**. With a budget of EUR 7 million over five years (2009-2014), this programme finances school trips for high school children in Seine-Saint Denis (French department 93) in partnership with the local departmental authorities. Each subsidy to a high school can total as much as EUR 10,000. Since 2009, more than 27,000 high school children have benefited from such programme. In the interest of clarity, the BNP Paribas Foundation published in 2013 a summary of a qualitative study to detect and evaluate the impact of the ground-level initiatives for the benefit of young people. The key figures and the call for proposals for this programme are available on www.odysee-jeunes.com.
- The BNP Paribas Foundation is also a partner of the student association, l'**Association de la Fondation étudiante pour la ville (Afev)**. In the 2012-2013 academic year, close to 7,600 young people aged five to 18 years benefited from two hours a week of one-to-one educational support in France, thanks to Afev.
- The philanthropic programme **Smart Start** offers young people from disadvantaged backgrounds the opportunity to discover and practise a performing art. Established in 2012, this philanthropic initiative took on an international dimension in 2013 with projects developed elsewhere in Europe and Asia. The local BNP Paribas team is actively involved in and supports each of these programmes.

Health: financing research and promoting prevention

BNP Paribas' commitment to medical research and prevention effort aims both to support the medical research teams and set up prevention campaigns, such as for the fight against malaria. This commitment is not only at the heart of the Group's foundation but also that of its subsidiaries and business lines in countries where the Group operates.

Supporting medical research

In 2013, the BNP Paribas Foundation continued its partnership with the Institut Pasteur and has therefore chosen to support the research work of Professor Christine Petit on childhood hearing loss. The goal of this research is to identify the genes responsible for early hearing loss and understand the pathogenesis. Its sponsorship budget is EUR 250,000 over five years.

Moreover, BNP Paribas Corporate & Investment Banking has supported for the past six years programmes in partnership with the Institut Pasteur and its network currently present in thirteen countries. Donations made to date amount to EUR 2.3 million.

BNP Paribas Foundation 2013 Award for Scientific Breakthrough

This award was given to Professor Rachel Auzely (CNRS-CERMAV) for her research into the regeneration of brain tissue using hydrogels and neural stem cells. The award of EUR 230,000 over three years will make it possible for Professor Auzely's team to finance two positions (a doctorate and an engineer) and to purchase equipment. The recipients of this award are selected in connection with the *Pionniers de la Recherche* (Research Pioneers) programme of the FRM (*Fondation pour la Recherche Médicale* or Foundation for Medical Research).

Promoting prevention: anti-malaria plan

In connection with its anti-malaria programme rolled out in 2012 and 2013, the BNP Paribas Foundation in collaboration with its operations in Sub-Saharan Africa continued in 2013 to distribute mosquito nets to at-risk populations in Burkina Faso, Ivory Coast, Guinea, Gabon, Mali and Senegal. This commitment on behalf of the BNP Paribas Foundation made it possible to distribute more than 25,000 nets with financing of EUR 200,000. An appraisal campaign was begun in 2013 with the PNLP ("National Anti-Malaria Programme") and a decrease of 72% in cases (239 in 2012, 67 in 2013) was reported at the Deggo site (the district of Dakar, Senegal).

Culture: preserving and showcasing national heritage – encouraging artistic expression

The BNP Paribas Foundation has continuously affirmed its commitment to culture, which it sees as a social necessity and a factor in individual and collective growth. A well-known and loyal museum benefactor, particularly through its foundations,the Group supports numerous initiatives to preserve and showcase national heritage. It also remains attentive to contemporary art, choosing to support artists and structures in disciplines that have traditionally received limited support from corporate philanthropy: contemporary dance, circus arts and jazz music. At the same time, BNP Paribas supports large establishments and well-known classical musical festivals.

Encouraging artistic expression

Recognised as one of the few corporate sponsors of contemporary dance and new circus arts, BNP Paribas and its Foundation support some 20 artists and performance venues.

In 2013, BNP Paribas and its subsidiary Bank of the West celebrated the 30th anniversary of Alonzo King LINES Ballet, in Paris and in San Francisco. In connection with Marseille-Provence 2013, the European cultural capital, BNP Paribas and its Foundation joined forces with a cultural cooperation programme called "Méditerranée en création", helping to produce three Franco-North African plays, including *Azimut* with the Arcobratics Group of Tangier.

As an important partner in the music world whether it be classical or jazz, BNP Paribas supports both musicians and composers as well as performance venues and prestigious awards.

In 2013, the BNP Paribas Group supported close to thirty musical partners worldwide. That's how the CD *African Jazz Roots,* composed by the Senegalese kora-player Ablaye Cissoko with French percussionist Simon Goubert, was recorded with the support of the BNP Paribas Foundation and BICIS. In the same spirit of mutual exchanges, BNP Paribas helped bring to the music festival, "Piano aux Jacobins", the Bulgarian pianist, Evgen Bozhanov, winner of the BNP Paribas Fortis' Queen Elisabeth Contest.

Preserving and showcasing national museums

As a long term museum benefactor through its programme "BNP Paribas for the Arts", the BNP Paribas Foundation helped restore in 2013 more than 70 works of art in about ten international establishments. In addition, BNP Paribas sponsors temporary art expositions and helps publish the catalogues. Therefore, in connection with its 100th anniversary, BNL produced the photography exposition *The Sea is my Land* shown at the MAXXI museum in Rome. At the same time, the BNP Paribas Foundation joined forces with the Musée du quai Branly in Paris in restoring 12 Kanak masks showcased during the exposition "Kanak, Art is a Word" (autumn 2013). It will then be shown (in 2014) at the Tjibaou Cultural Centre in Nouméa, New Caledonia. To celebrate its 40 years, BNP Paribas Ireland and the Foundation contributed to the renovation of a Claude Monet painting, *Bassin d'Argenteuil avec un voilier,* housed at the National Gallery of Ireland in Dublin.

COMMITTED EMPLOYEES SHOWING SOLIDARITY

BNP Paribas staff leads 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.

Providing financial support for employees involved with charity work

Helping Hand *(Coup de Pouce)*: ten years of honouring the commitment of employees

In 2013, the BNP Paribas Foundation celebrated the 10th anniversary of its Helping Hand programme. Created in 2003, this programme supports community projects run by charitable associations in which BNP Paribas employees are personally involved as volunteers. In ten years this programme has distributed EUR 1,247,650 to 510 associations in France.

Helping Hand has also been rolled out internationally and employees can benefit from local Helping Hand programmes in Algeria, Belgium, Spain, Italy, Luxembourg, Morocco, Portugal and Switzerland. In 2013, 266 projects were supported throughout the world, for a total of EUR 810,144.

In 2013 in honour of its 10th anniversary, the BNP Paribas Foundation held an awards ceremony in recognition of the best initiatives for the year in each country. Eight "Country" prizes of EUR 4,000 and one "Jury's Favourite" of EUR 6,000 were awarded.

Offering employees voluntary skills development assignments

BNP Paribas has put in place numerous initiatives to foster the sense of commitment of its employees both in France and internationally.

Fostering volunteer work through dedicated structures

For several years, two associations have offered ways for current and retired Group staff to donate their skills: In 2013, a dedicated volunteering platform was created to complete this programme.

MicroFinance Without Borders (MFSF)

MFSF offers the skills, expertise and advice of the Group's active and retired employees to charitable organisations and social enterprises. The volunteers in the MFSF network are helping out social and economic integration projects that the benefit of disadvantaged populations. This assistance program offered to employees exists in twelve countries. In 2013, nearly 120 volunteers conducted 57 missions in 25 countries. www.microfinancesansfrontieres.org.

Bénévolat de Compétences et Solidarité (BCS)

BCS promotes skills-based volunteering in France focused on educational, social and economic initiatives. It works in partnership with about 20 charitable associations. Its role is to direct future volunteers toward associations are working on three different areas: "Solidarity Finance" (financial inclusion), "Disadvantaged Youth" (education) and "New Community Ties" (subsidised housing and tackling unemployment). In 2013, 650 people had volunteer assignments through BCS. www.bcs.pourunmondequichange.com.

In 2013, a total of 47,276 hours of voluntary work were coordinated by BCS and MFSF.

Benev'All, volunteering opportunities for everyone

Investment Solutions launched in the first quarter of 2013 the programme "Benev'All" for the 8,000 employees in this core business in France. It pursues two objectives:

- make volunteering easy for employees by posting on an on-line platform more than 2,000 opportunities;
- heighten their awareness with respect to volunteering through conferences and information campaigns.

Make it easy to volunteer during work hours

Outside France, BNP Paribas' subsidiaries, business lines and countries where it operates launch numerous initiatives to encourage employees to volunteer during working hours.

In 2013, BNP Paribas therefore launched a large programme to foster commitment among its employees in **Asia-Pacific**. All of the employees of this region can take one day off per year to devote themselves to volunteering opportunities such as tutoring or environmental protection. The launch campaign for this policy took place in February 2014.

This initiative has bolstered the other programmes already in place in numerous countries where the Group operates.

In **the United Kingdom**, the teams at BNP Paribas CIB can help local school children by tutoring them in reading or maths. In 2013, more than 100 employees dedicated 3,900 hours of their time. In addition, BNP Paribas Cardif gives its employees two days off a year so that they can devote themselves to volunteering opportunities.

In **South Korea**, the programme Dream High helps students achieve their goals and prepare themselves for a career by meeting and talking with employees from BNP Paribas Cardif. In 2013, close to 200 hours (more than half during work hours) were thus devoted to 348 students.

In **Tunisia**, the employees of UaCI (a Tunisian subsidiary of BNP Paribas) donated 2,485 vacation days to help finance the rehabilitation of a rural school under the project *Les germes de l'oubli*.

In **Luxembourg**, BNP Paribas continued its programme of lending out skills in which about 50 employees completed ten volunteering assignments with eight associations.

In **France**, the managers of BNP Paribas Leasing Solutions during their **annual global seminar** were able to devote an entire morning, or 288 hours, to three associations: the French Red Cross (Saint-Cloud and Versailles centres), Coallia (housing for migrant workers) and the Ferme du Piquer (a hands-on learning farm for children and people with disabilities).

The employees of BNP Paribas therefore devoted more than 55,000 hours to volunteer opportunities in 2013 during work time.

Unifying employees' generous efforts

Rescue & Recover Fund: more than EUR 750,000 for NGO partners

At the end of 2012, BNP Paribas launched the "Rescue & Recover" endowment fund to pool the generous efforts of its employees seeking to show their support to victims of humanitarian disasters. Permanently open to all BNP Paribas employees around the world, the Rescue & Recover endowment fund was the first tool of its kind in solidarity actions. Each donation made by an employee is matched by BNP Paribas and paid to three partner NGOs: CARE, the French Red Cross and Doctors without Borders *(Médecins Sans Frontières)*.

This program has proven to be very effective – more than EUR 750,000 has already been collected from five donation campaigns. BNP Paribas and its employees therefore joined efforts to face three major catastrophes in 2013: in July during the severe flooding in India, in September alongside the civilian victims of the Syrian conflict and in November following the violent typhoon Haiyan in the Philippines. They also provided assistance to NGOs who are working over the long term to address certain key issues, such as protecting mother-child health and access to clean drinking water.

Favourable tax treatment

Already tax deductible in France, employees in Luxembourg have been able since the end of 2013 to deduct from their taxes 100% of their donations to the "Rescue & Recover fund", starting at EUR 120 and up to a maximum limit of EUR 1,000,000, or 20% of their revenue.

Telethon: a long-standing commitment

For over 25 years, BNP Paribas has been involved in the Telethon throughout the world. A major partner of the Telethon, BNL in Italy rallied its clients and employees to take part in more than 1,000 events organised throughout the country: tennis tournaments, bike races, partnership with opera houses, etc.

A new website highlighting all the ways to support the Telethon has also been set up: www.telethon.bnl.it.

All of these initiatives have had a very positive effect as EUR 10,837,100 has been raised, or 34% of the total amount of donations collected by the Italian Telethon.

RESPECTING THE UN GUIDING PRINCIPLES ON HUMAN RIGHTS

In 2012, Jean-Laurent Bonnafé, Director and Chief Executive Officer, and François Villeroy de Galhau, COO in charge of BNP Paribas' Social and Environmental Responsibility, signed the Statement of BNP Paribas on Human Rights. The Group has therefore committed 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 keeping with these efforts and using the pilot study conducted in Brazil in 2012, the Human Resources Department began to roll out in 2013 a mapping of employee human rights in about 40 countries. The aim is to identify the strengths and weaknesses of the entities in the regions where the Group operates. This mapping includes the freedom of association and collective bargaining, non-discrimination and fair and equal treatment, work health and safety and outsourcing agreements. An awareness-raising initiative was conducted during a seminar for Human Resource senior managers in October 2013.

SUPPLIERS AND SUB-CONTRACTORS

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 2013, 1,083 assessments on the CSR performance of suppliers were conducted in France, Belgium, Italy and Luxembourg, including a section on the respect of human rights.

In addition, BNP Paribas has undertaken to triple the volume of outsourcing agreements it concludes with companies in the "protected" and "adapted" sectors ("EA" and "ESAT" companies, specifically created to employ disabled people) by 2015. In 2013, the volume increased by 50% in one year.

CLIENTS AND COMMUNITIES

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 investment matters, the Group also takes a step further by excluding companies in respect of their impact on communities: for example electricity companies have been excluded due to how they manage the impacts from dams on the environment and society.

BNP Paribas is therefore highly vigilant when it comes to managing its indirect risks. For example, it does not shy away from initiating discussions in the event of any doubt: this was the case in 2013 with a company producing palm oil and rubberwood where violations were taking place, especially of labour law standards. BNP Paribas conducted a three-day audit on the site and the visits made at the plantations and factories made it possible for it to propose an action plan to its client.

BNP Paribas promotes the highest standards of professional conduct, including anti-corruption and money laundering initiatives (See *Economic Responsibility – Business Ethics*). BNP Paribas moreover believes that sustainable economic development fosters broader 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 (See Commitments 3 and 7).

TRAINING AND RAISING AWARENESS OF HUMAN RIGHTS

As a founding member of Business for Human Rights (Entreprises pour les Droits de l'Homme (EDH)), BNP Paribas helped draft in 2013 an Evaluation Guide for managers on the risks related to Human Rights.

This guide sets forth the scope of responsibility for businesses with respect to Human Rights and describes in depth the various steps to follow in effectively implementing a due diligence process, such as the one sought by the UN Guiding Principles.

Furthermore, BNP Paribas addressed this subject during an in-depth presentation it made on its involvement and efforts to protect and promote Human Rights as an international financial institution. This presentation took place in Luxembourg in November 2013 during an international conference hosted by UNESCO's Human Rights Chair and the University of Luxembourg and attended by 100 individuals mainly from development banks and universities.

7.5 Environmental responsibility: combating climate change

In its environmental policy, formalised by 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.

The Group accordingly strives to limit any environmental impact flowing indirectly from its banking activities or directly from 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 the environmental footprint associated with our own operations;
- commitment 12: support research aimed at combating climate change.

The information contained in this Chapter was compiled by the CSR Function through specific requests addressed to the Group's functions, business lines or territories or by using the Group's internal management tools. It is expressly noted when the scope covered by information differs from that of the entire BNP Paribas Group.

COMMITTED FINANCING POLICIES IN SENSITIVE SECTORS

Supporting corporations as well as individuals, the Group strives to finance the most responsible projects in environmental terms. BNP Paribas thus manages its financing and investments in several very sensitive sectors using specific selection criteria, determined with the help of independent experts. The Group is developing a range of products and services to help its clients in their efforts to produce green energy or to optimise their energy consumption.

THE GROUP'S ACTIONS TO SUPPORT CORPORATIONS

Upholding the Equator Principles on project financing

The Equator Principles ("EPs") are a set of principles designed to ensure the development of projects in a socially and environmentally responsible manner.

They are a voluntary initiative backed by 78 financial institutions worldwide.

On 14 May 2013, the Equator Principles Association released a new version of the EPs that broadens the principles' scope beyond project finance by including loans to companies for specific projects and bridging finance. More stringent requirements have also been incorporated in respect of the transparency of non-financial information; increased emphasis is placed on respect for human rights, and greater demands are placed on the management of climate impacts.

	2011	2012	2013
Number of transactions reviewed during the year	30	13	21
Number of transactions graded A during the year	5	2	3
Number of transactions graded B during the year	20	10	13
Number of transactions graded C during the year	5	1	5

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

Since 2010, the BNP Paribas Group has developed financing and investment policies for particularly sensitive sectors in respect of environmental issues: nuclear power, coal-fired electricity generation, paper pulp, palm oil, mining and oil sands. Sector policies set detailed requirements and evaluation criteria for the Group's financing and investments 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, approved and monitored at the Group's highest level, apply to all of its businesses, entities and subsidiaries worldwide. They are published and are available on BNP Paribas' website(1).

In 2013, in response to changing market conditions, the Group updated two of its policies.

Coal-fired power

In developing countries, small coal-fired power plants can be the best solution available locally to generate electricity. They are sometimes suited to the geographical constraints of the country or the small amount of local demand. BNP Paribas' sector policy published in 2011 did not allow the financing of new small coal-fired power plants.

After consultation with internal and external experts, BNP Paribas has decided to update its policy by laying down new criteria for such projects. It is now possible to finance small coal-fired power plants, provided that they are built using the best available technologies.

Nuclear power

In 2013, the Group added new criteria to its policy, integrating the lessons learned from the Fukushima nuclear accident. Any application for financing a nuclear power plant now requires verification of additional criteria relating to the country's nuclear safety authority.

Training in the implementation of sector policies

Sector policies concern all the Group's employees. Since their publication, they have been the subject of numerous training sessions through face-to-face teaching and via a dedicated e-learning course. In 2013, the "Mining" and "Oil Sands" modules were added. Since December 2012, more than 9,000 employees have enrolled in online training courses on sector policies, and more than 6,150 have had online training on at least one sector.

Impact of sector policies

Coal-fired power generation

Since its coal policy came into force in September 2011, the Group has refused to participate in the financing of around 20 power plants, representing annual CO_2 emissions of more than 130 million tonnes, mainly because of the application of the policy's energy efficiency criteria. This represents more than 25% of annual emissions in France and 230 times the annual emissions of the BNP Paribas Group (2013 data).

Nuclear power

Under this policy, BNP Paribas has not provided financing for any nuclear power plant since 2006.

Mining

This recent policy, released in 2013, has led to the exclusion of companies that do not meet mandatory criteria, including the extraction of coal using the Mountain Top Removal (MTR) technique in the Appalachian Mountains.

Palm oil and paper pulp

As part of its policies in these two sectors, the Group conducted a formal review of the CSR performance of its key clients and prospects in 2013, with the assistance of an independent consultant, taking into account not only the projects of these companies, but also possible controversy in which any of them have been or are the focus.

This review led the Group to exclude its financing and investment universe a company specialising in the production of pulp, for its repeated shortcomings with respect to its stated policy, and to place other companies in the two sectors under review. Conversely, a company was reinstated in the financing universe after it issued a new forest conservation policy developed and managed in close cooperation with a leading international NGO.

BNP Paribas' CSR policy in the area of palm oil has been cited by an international NGO as one of the factors that pushed Wilmar, a leading player in palm oil industry, to unveil, in late 2013, CSR commitments beyond those required by the RSPO (Roundtable on Sustainable Palm Oil), and to require all of its suppliers to meet the same requirements.

A list of excluded goods and activities

As a complement to its sector policies, BNP Paribas has decided not to get involved in financing, investments or deals carrying the highest risks of impacting the health and safety of populations, protected species or the environment at large. This includes the production, trading or use of drift nets, the production of asbestos fibres, the production or trading of products containing PCBs and the trading of any species, animal or plant products, regulated by the CITES and not authorised by a CITES permit. In 2013, the Group implemented a monitoring programme that allows it to identify and exclude any business relationship with companies convicted of having used or traded such goods.

Financing renewable energies and green infrastructures

With total credit authorisations of nearly EUR 6.5 billion at 31 December 2013, of which over EUR 2 billion for project financing, BNP Paribas provides significant support to the renewable energy sector.

The Group provided financing or advice for more than 77 projects around the world, with a total installed capacity of more than 11,527 MW at the end of 2013, equivalent to the annual consumption of over 12 million French households.

(1) *http://www.bnpparibas.com/en/responsible-bank/csr/economic-responsability/sectoral-policies.*

In addition to the size of the Group's involvement, the two other main points that 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.

As a reference, BNP Paribas was involved in the following projects in 2013:

Europe: Calypso II – a bond linked to protection against the risk of disaster for AXA, in the amount of EUR 350 million (the largest ever issued).

United States: BNP Paribas Capstar acted as advisor to **EDF Énergies Renouvelables** in five transactions:

- 4 wind projects: Pacific Wind (140MW in California), Spearville 3 (102MW in Kansas), Shiloh IV (103MW in California) and Spinning Spur (161MW in Texas);
- 1 solar project: Catalina Solar (144MW in California).

THE GROUP'S ACTIONS IN SUPPORT OF RETAIL CUSTOMERS AND BUSINESS CLIENTS IN THE FIELDS OF REAL ESTATE AND SUSTAINABLE MOBILITY

Through its various business lines, consumer credit, long-term vehicle leasing, real-estate development & management, BNP Paribas offers products and services to retail customers and corporate clients wishing to reduce their impact on the environment.

- **Domofinance**, a joint venture between EDF and BNP Paribas Personal Finance specialised in financing for energy consumption management enjoyed further business growth, with more than 56,000 projects financed in 2013. This growth was driven in large part by jointly subsidised loans, either by manufacturers of equipment reducing energy consumption or by partnerships with local authorities (such as the agreement signed in September 2013 with the Languedoc-Roussillon Regional Council).

  Moreover, the first loans financing the energy renovation of co-owned property have now been issued, mainly for the replacement of collective boilers. By allowing a syndicate of co-owners, as a legal entity, to borrow on behalf of willing co-owners, Domofinance is meeting energy renovation needs for all types of housing, both individual and jointly owned.

  Since its inception in 2003, Domofinance has funded more than 390,000 projects adding up to an energy saving equivalent to the total consumption of 35,000 homes in 2013, and thereby facilitating the energy transition in France.

- **Arval**, a BNP Paribas subsidiary specialised in long-term leasing of multibrand corporate vehicle fleets, develops innovative solutions to help its clients reduce their environmental impact.

  Arval France, in its "Environment & Safety" programme, offers five responsible mobility solutions: car sharing, electric mobility, driver training, road safety and insurance.

  Arval also acts in favour of the environment by limiting the impact of its own operations, its aim being to have all of its subsidiaries ISO 14001 certified.

  Arval experts offer their customers vehicles best suited to their needs, thanks to their knowledge of the latest innovations in engine efficiency and alternative fuels. As a result of their advice, total vehicle CO_2 emissions were cut by roughly 460,000 tonnes in 2013.

  Another of Arval's objectives is road safety awareness, which results each year in a number of initiatives:

  - in 2013, 15 Arval subsidiaries took part in Road Safety Week, a United Nations initiative, from 6 to 12 May, sending ten road safety rules to more than 90,000 drivers and customers;
  - in addition, the launch of *Arval Smart Experience* in France, and soon in Arval's other international entities, pursues the same objective, notably via the launch of the *Arval Drive Challenge* application, a new serious game that allows users to test their driving skills in a fun way, to make their driving more efficient, greener and safer;
  - many programmes dedicated to eco-security/eco-driving and road safety have seen some 670 people trained in France, including 80 Arval employees, with an average score of 18/20 overall.

- **BNP Paribas Real Estate:** in 2013, the Promotion teams achieved a European record with the Noda building. Already certified Exceptional HQE (design phase), the building has won BREEAM International's Outstanding rating (design phase), with the best European score to date in this category: 92.07% Located in Greater Paris and owned by Dutch property company Wereldhave, it will be delivered in the fourth quarter of 2014 and will include 22,300 sq.m. of office space.

  The first Promotion operation in the United Kingdom (39,500 sq.m. of office space in the new King's Cross business centre in London) is aiming for Excellent certification from BREEAM, and was presented in the presence of Boris Johnson, Mayor of London.

  Moreover, the headquarters of BNP Paribas Real Estate, which has already been awarded HQE Construction certification, obtained HQE Exploitation certification, scoring "very efficient" on eight targets and "efficient" on a further six.

  BNP Paribas REIM France and BNP Paribas REIS signed the charter for the energy efficiency of private and public service buildings. Developed as part of the Sustainable Building Plan, it commits signatories to improving the energy performance of their buildings, working on user behaviour, equipment control and building renovations. Signatories must set a goal of saving energy in an improvement plan, and regularly disclose results.

  In France, in residential real estate, 21 new providers signed the Eco-Suppliers Charter, bringing to 55 the number of providers committed to meeting BNP Paribas Real Estate's sustainable development requirements by respecting up to 40 criteria.

  In 2013, BNP Paribas Real Estate rose to 5th ranking among property developers listed by Novethic in its Environmental Reporting survey in the property development sector.

REDUCE THE ENVIRONMENTAL FOOTPRINT OF OUR OWN OPERATIONS

ASSESS THE IMPACTS AND COMMIT THE GROUP TO PRECISE TARGETS

Reducing our direct environmental footprint mainly involves cutting greenhouse gas (GHG) emissions, using paper responsibly and improving waste management.

To monitor the successful implementation of measures in these three areas, the CSR function is coordinating an environmental reporting system in 18 countries accounting for 84.8% of the full-time equivalent staff (FTEs) managed by the Group at 31 December 2013. Some forty indicators are reported: kWh, cu.m. of gas, km travelled, litres of water, tonnes of paper, tonnes of waste, etc. The results are extrapolated across the entire Group, and are used to calculate the environmental data disclosed in this section.

In 2013, nearly 22,000 Group employees worked in an entity where the environmental management system is ISO 14001 certified. This is an improvement of nearly 10% compared with 2012.

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, from 3.21 to 2.89 tonnes of CO_2 equivalent per employee;
- cut paper consumption per employee by 15% compared with 2012, from 165kg to 140kg per employee;
- 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.

In 2013, employees were informed about the Group's environmental policies and objectives mainly through an extensive ecogestures awareness campaign. Spread over several weeks, it focused on four themes: energy consumption, business travel, paper and waste. The items available on the Group's intranet were seen or downloaded by several thousand people. For each employee who pledged online to adopt these ecogestures, the Group gave five additional euros to the Rescue & Recover Fund (see commitment 8) to acknowledge this individual pledge and give it a collective dimension. The campaign came on top of numerous local initiatives, such as those in Ukraine or Turkey, where BNP Paribas Lease Group partnered WWF on a Green Office programme.

The amount of provisions and guarantees covering environmental risks is USD 2.6 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.

REDUCE GREENHOUSE GAS EMISSIONS

Greenhouse gas emissions are measured by converting the energy consumed in buildings and employee business travel 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 2013 amounted to 563,867 t CO_2-e (i.e. 3.06 t CO_2-e per FTE, compared with a total of 605,644 t CO_2-e and 3.21 t CO_2-e per FTE in 2012). This represents a 4.8% reduction in emissions per employee over the year. Of the reductions, 77.2% come from energy consumption in buildings and 22.8% from professional travel. Three levers have been activated to reduce these items: energy efficiency in buildings, energy efficiency in computer equipment and optimisation of business travel.

The Group's energy consumption was 1,662GWh in 2013 (compared with 1,751GWh in 2012), an average of 226kWh per square metre. Many initiatives have been taken to reduce it further. For instance, the extension of the headquarters of BGL Luxembourg, launched in 2013, aims to receive European environmental certification on three counts: DGNB (Gold level), BREEAM (Excellent level) and HQE International (the operation is a pilot for the new framework). In France, the "-10% carbon footprint" programme includes many energy efficiency measures in both buildings and branches, where models obtained ISO 14001 environmental certification several years ago. In Taiwan, Cardif has moved into the TAIPEI 101 tower, which has LEED Platinum certification, the highest level in this certification focused on seven issues: eco-friendly layout, water, energy and atmosphere, materials and resources, indoor environmental quality, innovation and design process.

Renewable energy accounted for 18.2% of the energy consumption of buildings, compared with 10.6% in 2012. The improvement stemmed both from the purchase of renewable energy certificates and from the consumption of renewable energy produced directly by Group buildings: photovoltaic systems on the roofs of branches at First Hawaiian Bank and at BNL in Italy, biomass boiler at a site in France, etc.

Business travel by employees of the Group is another source of GHG emissions. A total of 818 million kilometres were travelled in 2013, i.e. 4,431km per FTE (60.9% by air, 13.6% by rail, 25.5% by car), compared with 4,618km per FTE in 2012, a 4% reduction in km per FTE in one year. Action has been taken on a number of fronts, including the use of teleconferencing, videoconferencing and even telepresence. At BNP Paribas Personal Finance, videoconferencing is promoted actively: roughly 500 meetings are held every month in 35 dedicated rooms, with a room utilisation rate of up to 65%. In France, the travel booking tool now displays the CO_2 emissions associated with each trip, and offers a more environmentally friendly means of travel whenever one is available.

Adaptation to climate change is a subject addressed by the Group, notably in its Business Continuity Plan, which covers the management of extreme weather 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 (see commitment 12), for which the Foundation launched a new call for projects in 2013, with an endowment of EUR 3 million over three years.

BNP Paribas' carbon management performance was assessed by the CDP in 2013, obtaining an A rating and a score of 93/100 for the quality of its carbon reporting (compared with C and 86/100 respectively in 2012). This allowed it to join the Carbon Performance Leadership Index World, and to be acknowledged among the 50 Carbon Performance Leaders identified by the CDP worldwide.

CONSUME LESS PAPER AND USE RESPONSIBLY SOURCED PAPER

The Group reduced its paper consumption to 28,415 tonnes in 2013, compared with 31,147 tonnes in 2012, i.e. 154kg per FTE, compared with 165kg per FTE in 2012[(1)]. The goal is to consume 15% less paper in 2015 than in 2012, i.e. 140kg per FTE. Reduced usage is often achieved by replacing individual equipment with shared equipment, where users must go to the printer to confirm print instructions sent from their workstation, thereby avoiding documents being sent to print but never collected. Examples of reductions achieved in 2013 compared with 2012: -25% at BNP Paribas Investment Partners in France; -56% at BNP Paribas Australia; -55% at BNP Paribas Securities Services Belgium; at BNP Paribas El Djazair (Algeria), 14,000 reams of paper per year – the equivalent of a stack 700 metres high – were saved by the end of printing of certain listings.

The rate of responsibly sourced paper (i.e. more than 50% recycled, or labelled PEFC or FSC) increased from 43.5% to 48.4% between 2012 and 2013. More broadly, eco-designed office supplies represented 21.7% of total office supplies purchased in 2013 (compared with 14.9% in 2012).

REDUCE WASTE AND RECYCLE IT WHEREVER POSSIBLE

In 2013, the Group generated 36,583 tonnes of waste, i.e. 198kg per FTE (compared with a total of 37,841 tonnes and 201kg per FTE in 2012). Of this, 39.9% was subsequently recycled, compared with 38% in 2012.

Most of this waste is paper; the Group has undertaken to collect 55% of paper for recycling in 2015. BNP Paribas Fortis reuses its own used paper after it has been collected and recycled by three local partners, and was as such the first Belgian company to obtain a recycling certificate, on 16 July 2013. Similarly, in one of the Group's buildings in the UK, several dozen tonnes of food waste (from the company restaurant) are now sent to a specialised centre, which transforms them into biogas and agricultural fertilizer using an anaerobic digester.

Lastly, the Group has had a policy for dealing with its obsolete computer equipment (PCs, servers, screens, etc.) since 2011. It aims to give them a second life (donations or resale) whenever possible, while ensuring their traceability. Dismantling is only considered as a last resort, with a focus placed on maximising the recycling rate.

COMBAT LOSS OF BIODIVERSITY AND CONTROL WATER CONSUMPTION

BNP Paribas helps combat the loss of biodiversity in two ways:

- first, it is working to boost the biodiversity of the 23-hectare Domaine des Voisins park in Louveciennes, France. In 2013, several measures were initiated or reinforced: permeability of the park (tunnels for hedgehogs, foxes, wild boars, etc.) to provide ecological continuity in the area, with the establishment of flowering meadows, the choice of local and non-invasive plants, the maintenance of natural nests and dead trees on the ground to serve as refuges for biodiversity, water conservation, etc.;
- second, the Group is focusing on paper purchases: by opting for responsibly sourced paper (made from pulp derived from recycled paper or from sustainably managed forests – PEFC or FSC ecolabels), BNP Paribas helps to protect forest ecosystems and their biodiversity.

Controlling impacts on ecosystems also involves reducing water consumption, which was 22.9 cu.m. per FTE in 2013, compared with 26.6 cu.m. in 2012. This reduction involves the installation of meters to identify leaks, equipment to optimise flows in sanitary facilities, and best practices in company restaurants.

SUPPORT FOR RESEARCH TO COMBAT CLIMATE CHANGE

The BNP Paribas Foundation continued in 2013 the implementation of its Climate Initiative, a programme launched in 2011 that provides support in a total amount of EUR 3 million to five international research projects on climate change, described below. In 2013, the Foundation extended its support for another three years and launched a new call for projects.

- **eFOCE:** every day, oceans absorb some 25 million tonnes of carbon dioxide (CO_2) generated by human activities, thereby helping to mitigate climate change. As CO_2 is a pollutant acid, this process increases the acidity of seawater. Many laboratory studies have demonstrated the effects of this phenomenon on a wide variety of animals and plants.

  Using a system developed by the Monterey Bay Institute in California, known as FOCE (Free Ocean CO_2 Enrichment), the team at the Villefranche-sur-Mer Oceanography Laboratory has developed, under the direction of Jean-Pierre Gattuso and Frédéric Gazeau, a new system for studying the behaviour of fauna and flora to the level of seawater acidity expected by 2100. The system is now operational, and a maiden long-term experiment was conducted in 2013. The European

(1) Consumption disclosed in the 2012 Registration document totalled 33,756 tonnes, or 179kg per FTE. It has been adjusted here for the bias caused by the double counting of a supplier.

Commission also supports this work, alongside the BNP Paribas Foundation. Additional support from the BNP Paribas Foundation helped in the organisation of two seminars for all researchers using the same system in different environments (Antarctica, Atlantic Ocean, Pacific Ocean, etc.) and the creation of a real community around the FOCE system.

- **Access to climate archives:** to round out our knowledge of climate change, researchers at Météo France and historians at the National Archives have teamed up to unearth more than a hundred years of meteorological data collected in France between 1855, when the national weather service was created, and the 1960s, after which they are already on computer. This was a logistics challenge, as the readings were stored in 6,300 boxes sitting on 2 kilometres of shelves that needed to be dusted and cleared of asbestos before work could start.

  Completed in 2013, this stage helped start the process of scanning and mining the data. Part of the data is already available in the National Archives' virtual reading room.

- **Subglacior:** the team of the Subglacior project is working on the development of an innovative sensor for measuring the composition of air trapped in polar ice for over a million years. The aim is to establish a link between the amount of greenhouse gas emissions and climate upheavals that occurred in the same period.

  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 should be able, in a single austral summer, to go further down into the ice than in a conventional coring campaign.

  In 2013, the prototype was tested, and the research team is now working to develop a fluid that can be injected into the well and withstand the pressure of the glacier.

- **PRECLIDE:** can we predict the climate for the ten to thirty years to come? These timeframes correspond to the life of many facilities, such as power plants, civil engineering structures and water sanitation networks. By bridging the gap between seasonal trends and hundred-year projections, such forecasts could feature prominently in future climate services and provide essential information for policymakers and citizens. During the first phase of the project, which was completed in 2013, the project team was able to link the Météo France atmospheric model with the CNRS Nemo ocean model. Forecasts were drawn up for each five-year period based on the data available since 1960. The first results confirm that forecasts for ten-year periods are possible. The first climate change projections made using the model point to an increase of between 3° C and 4° C in temperature by 2100.

- **Global Carbon Atlas:** the Global Carbon atlas can be used to locate areas where carbon dioxide is emitted and natural carbon sinks on the planet, to understand the flow of greenhouse gas emissions around the globe, etc. Designed as a single service, available to the scientific community and the general public, it is available in digital form. The first version of the Atlas went live in late 2013, and contained the latest available data on carbon flows (from the Global Carbon Budget). It allows all users to learn and interact with data derived from the latest readings conducted by major international institutions. www.globalcarbonatlas.org.

- At local level, BNP Paribas is also supporting other research programmes.

  In France, in 2013, the Group financially supported the international conference organised in March by the association Météo et Climat. The conference was chaired by Jean Jouzel, and addressed the theme of "Weather and Climate Risk: Tools and Economic Challenges in 2030". Support was also provided for the association's Scientific Day, dedicated to "the perception of climate change".

  In Japan, BNP Paribas Japan supports the Earthwatch Japan initiative to monitor coastal ecosystems, as part of a research programme on the impacts of climate change on marine organisms. Work began in 2002 under the auspices of a consortium of Japanese universities located in six coastal areas, and has received support from Earthwatch Japan since 2008.

7.6 Table of concordance with the list of social, environmental and community information required under article 225 of the Grenelle II Act

Table of concordance with the information required by article 225 of France's Grenelle II Act.

	Corresponding page
1) SOCIAL INFORMATION	
a) Employment	
■ total headcount and breakdown by gender, age and geographical area	405 - 406
■ recruitment and redundancies	406 - 407
■ compensation and its evolution	416
b) Organisation of work	
■ organisation of working hours	408
■ absenteeism	408
c) Employee relations	
■ employee-management dialogue, including procedures for informing staff, as well as consulting and negotiating with staff	414 - 415
■ collective agreements	414 - 415
d) Health and safety	
■ health and safety conditions at work	417
■ agreements with unions and staff representatives regarding health and safety at work	417
■ frequency and severity of accidents at work and occupational illnesses	417
e) Training	
■ training policies	409 - 410
■ total hours of training	410
f) Equal treatment	
■ measures to promote gender equality	411 - 412
■ measures to promote the employment and integration of disabled people	413
■ anti-discrimination policy	411 - 413
g) Promoting and complying with the fundamental conventions of the ILO relating to	
■ freedom of association and the right to collective bargaining	418
■ the elimination of discrimination in respect of employment and occupation	418
■ the elimination of forced or compulsory labour	418
■ the abolition of child labour	418
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	390 - 395; 400 - 403; 427 - 431
■ employee training and information on environmental protection	428 (indirect impacts); 430 (direct impacts)
■ resources devoted to the prevention of environmental risks and pollution	427 - 428 (indirect impacts); 430 - 431 (direct impacts)

	Corresponding page
■ 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	430
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	427 - 428 (indirect impacts); 430 - 431 (direct impacts)
■ measures for preventing, recycling or eliminating waste	431 (indirect impacts)
■ factoring in noise pollution and any other form of pollution specific to an activity	Irrelevant, see page 430
c) Sustainable use of resources	
■ water consumption and supply in accordance with local constraints	427 - 428 (indirect impacts); 431 (direct impacts)
■ consumption of raw materials and measures taken to improve the efficiency of their use	427 - 428 (indirect impacts); 431 (direct impacts)
■ consumption of energy, measures taken to improve energy efficiency and use of renewable energy	427 - 429 (indirect impacts); 430 - 431 (direct impacts)
■ land usage	427 - 428 (indirect impacts)
d) Climate change	
■ greenhouse gas emissions	427 - 429 (indirect impacts); 430 - 431 (direct impacts); 431 - 432 (philanthropy)
■ adaptation to the consequences of climate change	430 (direct impacts); 431 - 432 (philanthropy)
e) Protection of biodiversity	
■ measures taken to preserve or develop biodiversity	427 - 428 (indirect impacts); 431 (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	390 - 393; 396 - 398; 403; 405 - 408; 419 - 422
■ on local populations	390 - 393; 396 - 398; 403; 419 - 422
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	394 - 395; 398 - 400
■ partnership or philanthropy actions	419 - 425; 432
c) Outsourcing and suppliers	
■ inclusion of social and environmental issues in procurement policy	395; 429 - 431
■ importance of outsourcing and consideration of their social and environmental responsibility when dealing with suppliers and subcontractors	395; 429 - 431
d) Fair commercial practice	
■ actions taken to prevent corruption	400 - 401
■ measures taken to foster consumers' health and safety	403; 421; 428
e) Other action taken, under this point 3, to foster human rights	426

7.7 Report by one of the Statutory Auditors, appointed as an independent third party, on the environmental, labour and social information presented in the management report of BNP Paribas

This is a free translation into English of the Statutory Auditor's 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.

For the year ended 31 December 2013

BNP Paribas

16, boulevard des Italiens

75009 Paris

To the Shareholders,

In our capacity as Statutory Auditor of BNP Paribas SA, appointed as an independent third party and certified by COFRAC, we hereby report to you on the consolidated environmental, labour and social information presented in the management report (hereinafter the "CSR Information") for the year ended 31 December 2013 in accordance with article L.225-102-1 of the French Commercial Code (*Code de Commerce*).

RESPONSIBILITY OF THE COMPANY

It is the responsibility of the Board of Directors of BNP Paribas to prepare a management report which includes the environmental, labour and social information provided for by article R.225-105-1 of the French Commercial Code, compiled in accordance with all of the corporate social responsibility Protocols used (hereinafter "the Guidelines") by the BNP Paribas Group, summarised in the management report and available on request from BNP Paribas' Corporate Social Responsibility Department.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the French Code of Ethics governing the audit profession 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 CSR Information is presented in the management report or, in the event that any CSR 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 (the Statement of completeness of CSR Information);
- form a limited assurance conclusion on the fact that the CSR Information, taken as a whole, is, in all material respects, fairly presented in accordance with the Guidelines (Reasoned opinion on the fairness of the CSR Information).

Our work was carried out by a team of six people between 26 September 2013 and 7 March 2014 and took around seven weeks. We were assisted in our work by our specialists in corporate social responsibility.

We performed our work in accordance with the professional standards applicable in France, with the French Decree of 13 May 2013 determining the conditions in which the independent third party performs its engagement and, for the reasoned opinion on fairness, with ISAE 3000[1].

I. STATEMENT OF COMPLETENESS OF CSR INFORMATION

We conducted interviews with the relevant Heads of Department to familiarise ourselves with sustainable development policy, according to the impact of the Company's activity on labour and the environment, of its social commitments and any action or programmes related thereto.

We compared the CSR Information presented in the management report with the list provided for by article R.225-105-1 of the French Commercial Code.

For any consolidated Information that was not disclosed, we verified that the explanations provided complied with the provisions of article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by article L.223-1 and the companies it controls as defined by article L.223-3 of the French Commercial Code within the limitations set out in the introduction to section 7.3 for labour information, 7.4 for social information and the paragraph in section 7.5 entitled *Assess the impact and commit the Group to precise target* for environmental information.

Based on our work and given the limitations mentioned above, we certify that the required CSR Information is presented in the management report.

II. REASONED OPINION ON THE FAIRNESS OF THE CSR INFORMATION

Nature and scope of our work

We conducted around 30 interviews with around 20 of the people responsible for preparing the CSR Information in the departments charged with collecting the information and, where appropriate, the people responsible for the internal control and risk management procedures, in order to:

- assess the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, neutrality and comprehensibility with due consideration, when appropriate, for industry best practices;
- verify the implementation of collection, compilation, processing and control processes that complete and harmonise the CSR Information and familiarise ourselves with the internal control and risk management procedures for these processes.

We determined the nature and scope of our tests and controls according to the nature and importance of the CSR Information in the light of the nature of the Company, the social and environmental challenges of its activities, its sustainable development policy and good market practice.

With regard to the CSR Information that we considered to be the most important, identified in the appendix to this report:

- at BNP Paribas SA parent entity level, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organisation, policy, action), we followed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data and we verified their consistency and concordance with the other information in the management report;
- at the level of a representative sample of entities selected by us[2] by activity, contribution to the consolidated indicators, location and risk analysis, we conducted interviews to ensure that procedures are followed correctly and to identify any undisclosed data and 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 sample represents on average 45% of headcount and between 43% and 58% of quantitative environmental data.

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

(2) The selected entities are:

- *BNP Paribas SA, BNP Paribas Securities Services and BNP Paribas Personal Finance (France) for labour indicators; ITP IMEX for building energy consumption in France; ITP ARF for data regarding business travel and paper purchases in France and in other countries using the Group's suppliers;*
- *Bank of the West (United States), BNP Paribas Fortis (Belgium), BNP Paribas Polska (Poland), TEB (Turkey) for all labour and environmental indicators.*

For the other consolidated CSR information, we assessed consistency based on our understanding of the Company.

We also assessed the pertinence of the explanations given for any information not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, based on our professional judgement, allow us to express limited assurance; a higher level of assurance would have required us to carry out more extensive work. Because of the use of sampling techniques and other limitations intrinsic to the operation of any information and internal control system, we cannot completely rule out the possibility that a material irregularity has not been detected.

Conclusion

Based on our work, no material irregularities came to light that call into question the fact that the CSR Information, taken as a whole, is presented fairly, in all material respects, in accordance with the Guidelines.

Neuilly-sur-Seine, 7 March 2014

One of the Statutory Auditors of BNP Paribas SA

PricewaterhouseCoopers Audit

Étienne Boris	Sylvain Lambert
Partner	Partner in charge of the Sustainable Development Department

APPENDIX: LIST OF INFORMATION THAT WE CONSIDERED TO BE THE MOST IMPORTANT

Quantitative labour Information

- total headcount at 31 December 2013, broken down by age, gender, proportion of fixed-term employees and permanent employees;
- new permanent employees (broken down by region) and reasons for departure of permanent employees;
- rate of absenteeism including and excluding maternity leave;
- number of collective agreements signed during the year;
- gender equality – statutory maternity pay (SMP);
- number of employees with disabilities;
- number of training hours and number of logins to the e-learning platform.

Qualitative labour Information

- organisation of social dialogue;
- health and safety conditions at the workplace;
- training policies applied;
- anti-discrimination policy.

Quantitative environmental Information

- energy consumption by source (electricity, natural gas, domestic fuel, district heating and cooling);
- business travel by train, air and road;
- greenhouse gas emissions (scopes I, II and III);
- paper consumption and eco-friendly paper consumption;
- adaptation to the consequences of climate change.

Qualitative environmental Information

- efforts made by the Company to take account of environmental issues;
- general environmental policy and environmental consequences of the Company's investments;
- waste prevention, recycling and elimination.

Qualitative social Information

- territorial, economic and social impact of the Company's activity and sustainable financing for the economy;
- relations with the people and organisations concerned by the Company's activity;
- partnership and corporate philanthropy initiatives;
- subcontractors and suppliers, in particular their CSR performance;
- products and services geared towards the health and safety of clients;
- actions in support of human rights.

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 is 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 (7 March 2014).

8.5 Investments

The following table lists the Group's investments since 1 January 2011 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
Belgium	13 November 2013	Acquisition by BNP Paribas from the SFPI(*) of its 25% holding in the capital of BNP Paribas Fortis	EUR 3,250m (for the 25% stake)	The acquisition gives BNP Paribas a 99.93% holding in BNP Paribas Fortis

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

8.6 Information on country by country activity

In millions of euros	2013 revenues	Financial headcount(*) as at 31 December 2013
European Union member States		
Germany	1,060	3,409
Austria	13	42
Belgium	4,291	17,234
Bulgaria	56	1,520
Denmark	32	82
Spain	847	1,693
France	13,590	56,585
Greece	6	50
Hungary	104	486
Ireland	135	163
Italy	4,745	18,162
Luxembourg	1,308	3,806
Netherlands	402	1,021
Poland	297	3,548
Portugal	182	1,454
Czech Republic	137	589
Romania	47	790
United Kingdom	2,369	6,111
Slovakia	26	160
Sweden	28	151
Other European countries		
Finland	5	30
Guernsey	6	19
Jersey	78	222
Isle of Man	2	6
Kosovo	13	551
Monaco	33	214
Norway	39	101
Russian Federation	126	515
Serbia	10	301
Switzerland	622	1,514
Ukraine	161	7,155
Africa & Mediterranean basin		
South Africa	5	21
Algeria	117	1,248
Saoudi Arabia	11	22
Bahrain	44	361
Burkina Faso	21	319
Ivory Coast	51	557
Egypt	48	0
United Arab Emirates	34	97
Kuwait	7	29
Morocco	288	3,589
Mali	15	92
Qatar	16	32
Senegal	45	472
Tunisia	68	1,258
Turkey	795	10,585
Americas		
Argentina	93	239
Brazil	639	1,207
Cayman Islands(**)	28	0
Canada	51	255
Chile	57	289
Colombia	19	208
United States	3,649	14,849
Mexico	13	161
Panama(***)	0	0
Asia & Pacific		
Australia	149	485
China	70	348
Korean Republic	130	393
Hong Kong	519	2,040
Indonesia	38	117
India	164	3,383
Japan	335	711
Malaysia	17	61
New Zealand	5	37
Philippines	1	10
Singapore	371	1,632
Thailand	23	61
Taiwan	96	438
Vietnam	20	44
GROUP TOTAL	**38,822**	**173,334**

(*) It is the full-time equivalent (managed FTE in consolidated entities) weighted by the consolidation rate of the entity in the consolidated accounts.
(**) Income of entities in the Cayman Islands is taxed in the United States and staff is also located in the United States.
(***) The liquidation process of the entity located in Panama, initiated in July 2010, is pending approval from the local regulator.

8.7 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 10 January 2014.

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 carry out the following services with any individual or legal entity, in France and abroad, subject to compliance with the French laws and regulations applicable to credit institutions licensed by the Credit Institutions and Investment Firms Committee (*Comité des Établissements de Crédit et des Entreprises d'Investissement*):

- any and all investment services,
- any and all services related to investment services,
- any and all banking transactions,
- any and all services related to banking transactions,
- any and all equity investments,

as defined in the French Monetary and Financial Code Book III – Section 1 (*Code Monétaire et Financier, Livre III, Titre 1er*) governing banking transactions and Section II (*Titre II*) governing investment services and related services.

On a regular basis, BNP PARIBAS may also conduct any and all other activities and any and all transactions in addition to those listed above, in particular any and all arbitrage, brokerage and commission transactions, subject to compliance with the regulations applicable to banks.

In general, BNP PARIBAS may, on its own behalf, and on behalf of third parties or jointly therewith, perform any and all financial, commercial, industrial or agricultural, personal property or real estate transactions directly or indirectly related to the activities set out above or which further the accomplishment thereof.

SECTION II

SHARE CAPITAL – SHARES

Article 4

The share capital of BNP PARIBAS shall stand at 2,490,325,618 euros divided into 1,245,162,809 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 assigned 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 disclosure obligation 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 end at the close of the Ordinary General Shareholders' Meeting convened 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 consultation 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 substitute, if any.

Applications may not be amended during the second round of elections.

The candidates shall belong to the electoral college where they stand for election.

Applications other than those presented by a trade union representative within the Company must be submitted together with a document including 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 convene 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 make 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 offices of Director 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 laws in force.

Decisions shall be made 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 laws 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 members.

Copies or excerpts of Board minutes may be signed by the Chairman, the Chief Executive Officer, the Chief Operating Officers (COOs) 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 split 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 on the Shareholders' Meetings and within the limit of the corporate purpose, the Board shall handle any issue concerning the smooth running of BNP PARIBAS and settle matters concerning the Company pursuant to its deliberations. The Board of Directors shall receive from the Chairman or the Chief Executive Officer all of the documents and information required to fulfil its duties.

The Board of Directors' decisions shall be carried out either by 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 conducted, under his responsibility, either by the Chairman of the Board of Directors or by another individual appointed by the Board of Directors and who shall have 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 conducted 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 have 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 outside the scope of the corporate purpose, unless BNP PARIBAS can prove that the third party knew that the relevant action was outside 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 binding as against 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 removed from office without a valid reason, 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, who shall have the title of Chief Operating Officer, 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 functions 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 removed from office without a valid reason.

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 term of office of the Chief Operating Officers shall expire at the latest at the close of the General Shareholders' Meeting convened 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*).

Non-voting Directors shall be convened to and take part in Board meetings in an advisory capacity.

They shall be appointed for six years and may be reappointed for further terms. They may also be removed at any time under similar conditions.

They shall be selected from among the Company's shareholders and may receive a remuneration 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 convened and deliberate subject to compliance with the provisions of the French Commercial Code (*Code de Commerce*).

They shall be held either at the registered 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, or by returning a postal vote or by designating a proxy.

Taking part in the meeting is subject to the shares having been entered either in the BNP PARIBAS' registered share accounts in the name of the shareholder, or in the bearer share accounts held by the authorised intermediary, within the timeframes and under the conditions provided for by the French 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 Bulletin of Compulsory Legal Announcements (*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 convened, the public broadcasting of the entire General Shareholders' Meeting by videoconference (*visioconférence*) 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 Bulletin of Compulsory Legal Announcements (*Bulletin des Annonces Légales Obligatoires - BALO*).

Any shareholder may also, if the Board of Directors so decides at the time of convening the General Shareholders' Meeting, take part in the vote by videoconference (*visioconférence*) or all telecommunications and remote transmission means, including Internet, subject to compliance with the conditions set out in the applicable laws at the time of its use. If an electronic voting form is used, the shareholder's signature may be in the form of a secured 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 Bulletin of Compulsory Legal Announcements (*Bulletin des Annonces Légales Obligatoires - BALO*).

SECTION VI

STATUTORY AUDITORS

Article 19

At least two principal statutory auditors and at least two substitute 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.

8.8 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 2013

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

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

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 the 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 *(Code de Commerce)* 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 TO BE 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 *(Code de Commerce)*, we were informed of the following agreement authorised by the Board of Directors.

- Agreement between BNP Paribas and the Belgian State regarding the acquisition by BNP Paribas of a 25% interest in BNP Paribas Fortis SA/NV, held by the Société Fédérale de Participations et d'Investissement (authorised by the Board of Directors on 13 November 2013)

Shareholder owning more than 10% of voting rights concerned:

Société Fédérale de Participations et d'Investissement.

At its meeting of 13 November 2013, the Board of Directors of BNP Paribas authorised the acquisition by BNP Paribas of the 25% interest held by the Belgian State, via Société Fédérale de Participations et d'Investissement (SFPI), in BNP Paribas Fortis SA/NV for EUR 3.25 billion, which was paid in cash on 14 November 2013.

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 *(Code de Commerce),* 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 (authorised by the meeting of the Board of Directors on 30 July 2010)

Director concerned:

Michel Pébereau, Director of AXA (until 30 April 2013),

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 the BNP Paribas Group.

- 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 as follows:

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.

Neuilly-sur-Seine and Courbevoie, 7 March 2014

The Statutory Auditors

Deloitte & Associés	PricewaterhouseCoopers Audit	Mazars
Damien Leurent	Étienne 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 Étienne 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 management report (whose contents are listed in the *Table of Concordance* on page 457) 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 consolidated financial statements for the year ended 31 December 2013 presented in this Registration document is given on pages 222-223 and contains an emphasis of matter paragraph *(paragraphe d'observations)*.

The Statutory Auditors' report on the financial statements for the year ended 31 December 2013 presented in this Registration document is given on pages 387-388 and contains an emphasis of matter paragraph *(paragraphe d'observations)*.

Paris, 7 March 2014

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.

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.

Annual financial report	Page number
Statement by the person responsible for the Registration document	**454**
Management report	
■ Review of the parent company's and consolidated Group's profit or loss, financial position, risks, and table summary of currently valid share issue authorisations granted by the Annual General Meeting to the management bodies and usage of the authorisations during the course of the year (articles L.225-100 and L.225-100-2 of the French Commercial Code)	4; 96-116; 200-202; 227-347; 366; 375-378
■ Information about items that could affect a public offer, as required by article L.225-100-3 of the French Commercial Code	n/a
■ Information about share buybacks (article L.225-211, paragraph 2, of the French Commercial Code)	200; 378
■ Social, environmental and civic information (article L.225-102-1 of the French Commercial Code)	389-438
Financial statements	
■ Parent company financial statements	349-381
■ Statutory Auditors' report on the financial statements	387-388
■ Consolidated financial statements	121-221
■ Statutory Auditors' report on the consolidated financial statements	222-224

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 2012 and the Statutory Auditors' report on the consolidated financial statements for the same period, presented respectively on pages 101–213 and 214-215 of Registration document no. D13-0115 filed with the AMF on 8 March 2013;
- 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 chapters of Registration documents nos. D13-0115 and D12-0145 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

This document is printed in compliance with ISO 14001.2004 for an environment management system.

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