2014
REGISTRATION DOCUMENT AND ANNUAL FINANCIAL REPORT

BNP PARIBAS | The bank for a changing world

BNP PARIBAS

2014 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 6 March 2015, 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 Regulation and the corresponding sections of this Registration document is provided on page 499.

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 PRESENTATION OF THE BNP PARIBAS GROUP

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1.1 Group presentation

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

It operates in 75 countries and has close to 188,000 employees, including over 147,000 in Europe. BNP Paribas holds key positions in its three activities:

- Retail Banking, which includes:
  - 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

	2010	2011	2012	2013	2014
Revenues *(in millions of euros)*	43,880	42,384	39,072	38,409	39,168
Gross operating income *(in millions of euros)*	17,363	16,268	12,529	12,441	12,642
Net income Group share *(in millions of euros)*	7,843	6,050	6,564	4,818	157
Earnings per share(*)	6.33	4.82	5.17	3.68	4.70(**)
Return on equity(***)	12.3%	8.8%	8.9%	6.1%	7.7%(**)

(*) Based on 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 dividend for accounting purposes.

(**) Excluding the costs related to the comprehensive settlement with the U.S. authorities. Excluding this effect, net earnings per share came to - EUR 0.07 and return on equity stood at -0.1%.

(***) 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

	31/12/2009	31/12/2010	31/12/2011	31/12/2012	31/12/2013	31/12/2014
Market capitalisation *(in billions of euros)*	66.2	57.1	36.7	53.4	70.5	61.4

Source: Bloomberg.

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LONG-TERM AND SHORT-TERM RATINGS

	Long-term and short-term ratings as at 7 March 2014	Long-term and short-term ratings as at 6 March 2015	Outlook	Date of last review
Standard & Poor's	A+/A-1	A+/A-1	Negative	3 July 2014
Fitch	A+/F1	A+/F1	Stable	17 July 2013
Moody's	A2/Prime-1	A1/Prime-1	Negative	1 July 2014

On 4 April 2014, Moody's upgraded BNP Paribas' long-term rating from A2 to A1, with a stable outlook. On 29 May 2014, Moody's announced that it had downgraded to negative the outlook on the long-term ratings of 82 European banks, including BNP Paribas, following the adoption of the Recovery and Resolution Directive and the Single Resolution Mechanism in the European Union. Following the comprehensive settlement with the United States authorities regarding the review of certain USD transactions, Standard & Poor's, Fitch and Moody's maintained their long-term and short-term ratings of BNP Paribas.

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 has two goals: to create value for shareholders, clients and employees by building the bank of the future, and to become a leading global player.

2006: Acquisition of BNL in Italy

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

2009: Merger with the Fortis group

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

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1.4 Presentation of activities and business lines

RETAIL BANKING

Retail Banking has more than 7,000 branches in 49 countries and employs close to 135,000 people, 71% of the Group's total workforce. It serves 26.4 million individual customers, professionals and small businesses and 1 million corporates and institutions, and over more than 16 million active customers at Personal Finance. In 2014, 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, operating under the BNP Paribas Fortis brand) and Luxembourg (LRB, operating under the BGL BNP Paribas brand), as well as three specialised business lines: Arval (corporate vehicle leasing with services included), BNP Paribas Leasing Solutions (rental 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. Wealth Management develops its Private Banking model in the domestic markets.

Retail Development and Innovation (RD&I), a cross-cutting team for the Group's retail banking activities, aims to promote a sustainable and competitive transformation contributing to the performance of BNP Paribas' retail activities. Stimulating innovation, it promotes and builds new shared business solutions and develops cross-cutting domains and platforms that promote pooling and industrialisation.

Launched in 2013 and designed for use on smartphones and tablets, Hello bank! is the Group's digital bank in France, Italy, Belgium and Germany. As at end-2014, Hello bank! had close to 800,000 customers.

Domestic Markets operates in 26 countries, employs 70,000 people, of which 60,000 working in the four domestic networks. It serves more than 15 million individual customers, including 280,000 private banking customers and more than 1 million professionals, small businesses and corporates.

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

FRENCH RETAIL BANKING (FRB)

French Retail Banking (FRB) employs 29,700 people, who work to support their customers with their plans and projects. They offer a wide range of products and services to 6.9 million individual customers, 558,000 professionals and VSEs, 30,600[2] corporates (SMEs, mid-sized and large corporates) and 72,600[2] associations, ranging from simple current accounts to cutting edge structures for corporate financing and asset management.

To become the new reference in customer relations in French banking, FRB invests continuously in its branch network, which is part of a much broader omni-channel structure. The network is organised by client category:

- 2,095 branches and 4,670 ATMs operating under the BNP Paribas and BNP Paribas – Banque de Bretagne brands. FRB has embarked on a network transformation and modernisation programme. Known as Préférence Client, it has two goals to enrich the relationship with customers and to create the branches of tomorrow;
- 224 Wealth Management centres, making BNP Paribas the no. 1 private bank in France (based on assets under management)[3];
- 63 SME Centres to help small businesses and SMEs manage their wealth planning and company life-cycle;
- 14 Innovation Hubs to help small businesses and SMEs manage their wealth planning and company life-cycle. The Innov&Connect programme, launched in September 2014, aims to connect start-ups and medium-sized companies in France, so as to reinforce their respective growth;
- 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 Entreprise* (SAE) – and Cash Customer Services (CCS);
- specialised subsidiaries, including BNP Paribas Factor, "Best Import-Export Factor 2014[4]", which is a European leader in factoring and client/supplier management solutions, as well as BNP Paribas Développment, a private equity provider, and Protection 24, a remote surveillance firm;
- lastly, 52 production and sales support branches, back offices that handle all transaction processing operations.

(1) Source: Greenwich 2014.

(2) Expressed as business groups as part of the Modernisation of the Economy Act.

(3) Source: Décideurs Stratégie Finance Droit 2014.

(4) Source: Grand Prix Factors Chain International.

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

- the bnpparibas.net website, offering services used by more than 2.7 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, BNP Paribas' online branch, which offers the full range of BNP Paribas products and services, and a dedicated advisor for individual support; and
- Hello bank!.

BNL BANCA COMMERCIALE

BNL bc is Italy's 6th-largest bank in terms of total assets and customer loans[1]. 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[2] individual and 30,900[2] Private Banking clients (number of households);
- 129,000[2] small business clients;
- around 20,000[2] medium-sized and large companies, including Large Relationships consisting of around 450 groups and 1,500 operating companies;
- 13,200[2] local authorities and non-profit organisations.

BNL bc has a strong position in lending, especially residential mortgages (market share of around 6.8%[3]), and holds a deposit base (3.6%[3] of household current accounts) that far exceeds its network presence (2.9%[3] in terms of branch numbers).

BNL bc is also well established in the markets for corporates (market share of around 3.7%[3] in terms of loans) and local authorities (1.2%[4]), with recognised expertise in cash management, cross-border payments, project finance, structured finance and factoring via its specialist subsidiary Ifitalia (ranked no. 3 in Italy[5]).

BNL bc can call on an omni-channel retail system, organised by region (*direzioni territoriali*), with one structure for retail and private banking, and a separate structure for corporate banking:

- approximately 870 branches, of which approximately 60 Open BNL omni-channel branches serving customers 24/7;
- 38 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 offer is completed by 1,982 ATMs, 53,388 points of sale terminals, a new network of approximately 130 financial advisers (called *Promotori Finanziari*) and the Hello bank! digital network.

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[6]. RPB serves its customers and finances the economy through several networks integrated into an omni-channel retail strategy:

- the network comprises 816 branches, of which 230 are independent, supported by 302 franchises under the Fintro brand[7] and 680 points of sale through its partnership with Bpost Bank. The 816 branches are organised as 160 branch groups reporting to 29 head offices;
- RPB's digital platform manages a network of 3,883 ATMs, online banking services, Easy banking and mobile banking (1.25 million users);
- a customer contact centre is also available 83 hours a week, handling up to 60,000 calls per week.

The offer is completed by the Hello bank! digital bank.

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. Private Banking customers are served via 36 Private Banking centres, one Private Banking Centre by James[8] and two Wealth Management centres.

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

(2) Active clients.

(3) Source: Bank of Italy.

(4) Source: Bank of Italy. Since 2012, the Bank of Italy's statistics have included Cassa Depositi e Prestiti (CDP), a state-owned financial institution operating in the local authorities segment.

(5) Source: Assifact, ranked by revenue.

(6) Source: Benchmarking Monitor December 2014 and Strategic Monitor Professionals 2013.

(7) In December 2014, Fintro had 302 branches, 1,033 employees, EUR 9.85 billion in assets under management (excluding insurance) and 284,453 active customers.

(8) Private Banking centre providing remote service through digital channels.

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Corporate & Public Bank Belgium (CPBB)

CPBB offers a comprehensive range of financial services to corporates, public entities and local authorities. With more than 600 corporate clients and 7,200 midcap clients, it is the market leader[1] in both categories and a challenger in public banking with 570 clients. CPBB keeps very close to the market through its team of more than 35 corporate bankers and more than 190 relationship managers operating out of 16 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 individual, small business and corporate clients through a network of 40 branches plus a remote branch and its departments dedicated to corporate clients. BGL BNP Paribas is the 2nd-largest retail bank in Luxembourg, with a total of 171,724 customers, representing market share of 16%[2]. It is the leading commercial bank, with 35,417 clients, representing a market share of 29%[3].

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

Since 2014, Banque Directe has housed remote banking activities, with NetAgence for current operations and Personal Investors for online advice.

ARVAL

Specialist in multi-brand vehicle leasing, Arval offers its customers tailored products and services 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 in 25 countries. Arval is also supported by strategic partnerships in 14 other countries. It benefits from the infrastructure and network of the BNP Paribas Group. At end-December 2014, Arval's leased fleet was up 6% compared with 2013 at 725,000 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 Czech Republic[6] and in Poland[7].

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: farming machinery, construction and public works equipment, light commercial and industrial vehicles;
- Technology Solutions for office software, IT and telecom equipment;
- Bank Leasing Services, offering leasing products and services to customers of BNP Paribas banking entities.

BNP Paribas Leasing Solutions is, together with Arval, one of the European market leaders in equipment financing[8], and actively contributes to financing the real economy.

BNP Paribas Leasing Solutions arranged 288,000 financing deals in 2014. Its total outstandings under management exceed EUR 18.4 billion[9].

BNP PARIBAS PERSONAL INVESTORS

BNP Paribas Personal Investors provides retail customers with independent financial advice and a wide range of corporate and investment banking services, mainly through digital channels. Operating primarily in Germany, France, Turkey and Spain, Personal Investors is a specialist in retail banking, savings and online brokerage that offers services to nearly 2.3 million customers[10] via the internet, on mobile applications, on the phone and face-to-face.

- in Germany, Cortal Consors, rebranded as Consorsbank on 8 December 2014, was the platform for the 2013 launch of Hello bank! Consorsbank has rounded out its product range to include current accounts, means of payment and an offer of financing in the aim of becoming its customers' main bank. The acquisition of online broker DAB Bank[11], finalised on 17 December 2014, allowed the Group to strengthen its presence in online retail banking in Germany and to enter the Austrian market. DAB Bank and Consorsbank make BNP Paribas Germany's 5th-largest digital bank, with 1.5 million customers, and the leading online broker, with 11.9 million trades executed. At the end of December 2014, the combined deposits of Consorsbank and DAB Bank totalled EUR 17 billion and assets under management amounted to EUR 63 billion;

(1) Source: TNS survey, 2014.

(2) Source: annual ILRES Individuals survey – 2014.

(3) Source: biennial ILRES Corporates survey – 2014.

(4) Source: Syndicat National des Loueurs de Voitures Longue Durée, 4th quarter 2014.

(5) Source: FISE ANIASA (Federazione Imprese di Servizi – Associazione Nazionale Industria dell' Autonoleggio e Servizi Automobilistici), Italy, 3rd quarter 2014.

(6) Source: Produktykomodity, 3rd quarter 2014.

(7) Source: PZWLP, 3rd quarter 2014.

(8) Source: Leaseurope 2013 ranking published in June 2014, in which BNP Paribas Leasing Solutions features as the 2nd-largest player in Europe in terms of business volumes and new contracts.

(9) Amounts after servicing transfer.

(10) Including DAB.

(11) BNP Paribas, which now controls 91.7% of the capital of DAB Bank, has also announced its intention of carrying out a squeeze-out to acquire the remaining shares.

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- in France, Cortal Consors contributes to the redeployment of the Securities offering for FRB networks and Hello bank! The tie-up will be finalised in 2015, allowing BNP Paribas customers to benefit from Cortal Consors' expertise, and existing Cortal Consors customers to benefit from the Bank's comprehensive offering;
- B*capital, an investment company, gives its clients in France direct access to a complete range of markets (equities, bonds, derivatives), providing financial analysis as well as customised stock market advice and active portfolio management;
- Geojit BNP Paribas, one of the leading retail brokers in India, offers brokerage services for equities, derivatives and financial savings products by phone, online and via a network of around 500 branches throughout India;
- in Turkey, TEB Investment provides brokerage services online and via a branch network;
- in Singapore, BNP Paribas Personal Investors offers its services with a personalised approach and advice.

At 31 December 2014, BNP Paribas Personal Investors[(1)(2)] had 2.3 million customers and EUR 78.1 billion in assets under management, of which 37% invested in equity assets, 40% in savings products or mutual funds and 24% in cash. BNP Paribas Personal Investors employs 2,207 staff[(2)].

INTERNATIONAL RETAIL BANKING (IRB)

IRB combines retail banking activities in 15 countries outside the euro zone, where it deploys BNP Paribas' integrated Retail Banking model by leveraging the expertise from which the Group derives its strength (dynamic segmentation, cash management, trade finance, multichannel, specialised financing, private banking, mobile banking, etc.), and through its three business lines:

- Retail Banking, including multichannel local networks (with 3,180 branches), serving nearly 15 million customers[(3)];
- Wealth Management, in cooperation with Investment Solutions;
- Corporate Banking, with a network of 89 Business Centres, 20 Trade Centres and 15 Desks dedicated to multinational companies, providing local access to BNP Paribas offers and support in all countries.

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 December 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 Small and Medium Enterprise businesses.

Bank of the West markets a broad range of retail banking products and services to individuals, small businesses and corporate clients through branches and offices in 20 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, and agribusiness.

With a local market share of more than 43% in bank deposits[(4)], First Hawaiian Bank is Hawaii's leading bank, offering banking services to a local clientele of private individuals and local and international corporates.

BancWest currently serves some 3.4 million customers. It has 11,643 employees, 631 branches, and total assets of over USD 86 billion at 31 December 2014. It ranks as the 7th-largest[(4)] commercial bank in the western United States in terms of deposits.

Europe-Mediterranean

Europe-Mediterranean operates a network of 2,550 branches[(5)] in 14 countries. The entity includes the banks TEB in Turkey, BNP Paribas Bank Polska and BGZ in Poland, UkrSibbank in Ukraine, BMCI in Morocco, UBCI in Tunisia, BNP Paribas El Djazaïr in Algeria, the BICIs of 6 countries in Sub-Saharan Africa and 2 partnerships in Asia (Bank of Nanjing in China, OCB in Vietnam).

In Poland, the acquisition of BGZ was finalised in September 2014. BNP Paribas now owns 88.98% of Bank BGZ, with Rabobank holding the remainder. The total number of branches in Poland has now reached 620. Bank BGZ will merge with BNP Paribas Bank Polska SA in 2015[(6)].

PERSONAL FINANCE

BNP Paribas Personal Finance, leading specialist player in Europe[(7)]

BNP Paribas Personal Finance (PF) is the Group's consumer credit specialist, with over 16 million active customers. It also has a residential mortgage lending business[(8)]. With 18,755[(9)] employees in some 30 countries, BNP Paribas Personal Finance ranks as the leading specialist player in Europe.

In 2014, Personal Finance continued its development. Following the exercise by Galeries Lafayette of the put option held under partnership agreements, Personal Finance increased its interest in the capital of LaSer (4,700 employees and EUR 9.3 billion in outstanding loans) from 50% to 100% on 25 July 2014. This strengthened Personal Finance's position as Europe's leading specialist player. The business line also completed the acquisition of RCS, a point of sale credit specialist in South Africa.

(1) Including 34% of Geojit BNP Paribas.

(2) Including DAB.

(3) Total customers excluding Asia. The number of customers from Asian associates is close to 4.3 million.

(4) Source: SNL Financial, data as of 30 June 2014. First Hawaiian Bank's deposit market share is among commercial banks only (excluding savings/thrifts). Both FHB's deposit market share and BancWest ranking exclude non-retail deposits.

(5) Including branches in Asia, Guinea and Gabon, entities consolidated using the equity method.

(6) Subject to approval by the supervisory authorities.

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

(8) In the context of the Group's 2014-2016 business development plan, Personal Finance's mortgage business was allocated to the Corporate Centre as of 1 January 2014.

(9) Headcount including LaSer.

Through its brands Cetelem, LaSer, Cofinoga, Findomestic and AlphaCredit, BNP Paribas Personal Finance provides a comprehensive range of consumer loans at point of sale (retail stores and car dealerships), through its customer relation centres or online. 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 30 countries where it operates. In Germany, Bulgaria, France, Hungary and Italy, Personal Finance's lending and insurance offer has been complemented by 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 the activity and commercial strategy of its partners. BNP Paribas Personal Finance is an expert in credit, payment and online financing solutions.

It is also a leading player in the field of responsible lending, an area it has always developed and which is now moving towards co-responsibility. The company is also heavily involved in teaching people how to manage their budget.

More responsible together: a 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. Responsible lending criteria are applied at each stage of the customer relationship, from preparing an offer through to granting and monitoring a loan. 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, the monitoring of three publicly disclosed responsible lending criteria: 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*. Between that date and the end of 2014, it had granted 673 micro-loans totalling EUR 1,542,302.

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 (7,970 employees, 37 countries, EUR 202 billion in assets under management);
- securities services – BNP Paribas Securities Services (8,735 employees, 36 countries, EUR 7,396 billion in assets under custody, EUR 1,419 billion in assets under management);
- private banking – BNP Paribas Wealth Management (6,445 employees, 27 countries, EUR 305 billion in assets under management);
- asset management – BNP Paribas Investment Partners (2,625 employees, 35 countries, EUR 391 billion in assets under management);
- real estate services – BNP Paribas Real Estate (3,300 employees, 36 countries, EUR 19 billion in 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. 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 2014, 17% of revenues from the operating divisions of BNP Paribas came from Investment Solutions. The business operates in 65 countries and employs 26,460 people.

BNP PARIBAS CARDIF

For over 40 years, BNP Paribas Cardif, a world leader in personal insurance, has designed, developed and marketed savings and protection products and services to insure people, their projects and their assets.

Building on a unique business model, BNP Paribas Cardif shares its experience and expertise with more than 450 of the BNP Paribas Group's internal and external partners, which distribute its products to 90 million customers in 37 countries.

This multi-sector distribution network comprises banks, credit agencies, car manufacturers' credit subsidiaries, retailers, brokers and independent wealth management advisors, etc.

BNP Paribas Cardif provides savings solutions to build and grow capital, to anticipate retirement, notably through multi-fund life insurance contracts, *Eurocroissance* contracts, guaranteed capital products and unit-linked funds.

To meet consumers' changing needs, BNP Paribas Cardif has developed new forms of insurance and extended its offer of protection to health insurance, budget insurance, revenue and means of payment insurance, warranty extensions, non-life insurance, unemployment insurance, return-to-work assistance, protection of private digital data, etc.

To better serve its partners and customers, the insurer, which has nearly 8,000 employees(1), has adopted a structure based on domestic markets (France, Italy, Luxembourg), international markets (other countries) and central functions.

BNP PARIBAS SECURITIES SERVICES

BNP Paribas Securities Services is one of the major global players in securities services(2). In 2014, its growth was among the strongest in its sector: +22% compared with 2013 as regards assets under custody to EUR 7,396 billion and +31% as regards assets under management to EUR 1,419 billion. The number of transactions reached 62 million in 2014, an increase of +17% compared with 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, hedge funds, sovereign wealth funds, insurance companies, pension funds, fund distributors and promoters (buy-side actors) – enjoy a wide range of services: global custody, custodian and trustee bank, transfer agent and fund distribution support, fund administration and middle-office outsourcing, investment reporting, 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-option plans 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, trading service and financing.

BNP Paribas Securities Services will join Corporate and Institutional Banking in 2015.

WEALTH MANAGEMENT

BNP Paribas Wealth Management encompasses BNP Paribas' private banking activities, catering to a portfolio of wealthy individuals, shareholder families and entrepreneurs seeking 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 and philanthropy.

Wealth Management is structured to assist customers in the Bank's domestic markets, with the backing of the private banking business line given to retail banking networks in France, Belgium, Italy and Luxembourg, as well as international markets, where Wealth Management is now a major player, especially in high-growth geographies such as Asia and some emerging markets.

Wealth Management's geographical coverage is supported by increased cross-functionality between geographies and support functions, the development of new talent through the Wealth Management University and the optimisation of processes and tools.

As a world renowned private bank with nearly EUR 305 billion in assets under management in 2014 and more than 6,400 professionals working in close to 30 countries, BNP Paribas Wealth Management has on three occasions been ranked "Best Private Bank in Europe(3)", as well as no. 1 in France(4) and Luxembourg(4), "Best Foreign Private Bank in North Asia(5) and Hong Kong(6)" and "Best Private Bank in North America(7)". It has received other notable distinctions such as no. 1 in Philanthropic Services(5) and a "Special Award for the most innovative digital offer"(5).

(1) Source: employees of entities controlled by BNP Paribas Cardif.

(2) Source: BNP Paribas Securities Services, data as of 31 December 2014 for assets under custody; financial releases of the top 10 competitors.

(3) Source: Private Banker International 2014, Professional Wealth Management and The Banker 2014.

(4) Source: Euromoney 2014.

(5) Source: Private Banker International 2014.

(6) Source: The Asset Triple A 2014.

(7) Source: Private Asset Management 2014.

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 is the dedicated asset management business of the BNP Paribas Group. It offers a comprehensive range of asset management services to both private and institutional investors worldwide.

BNP Paribas Investment Partners has 2,625 employees serving investors and savers. To reinforce its local roots and adjust its offer to the specific needs of each customer, wherever they are, BNP Paribas Investment Partners develops an approach adapted to each individual profile:

- its Institutional Division offers institutional investors customised European and global management solutions;
- its Distributors Division offers a wide range of savings and services solutions to meet the needs of distributors and their customers;
- its Asia Pacific and Emerging Markets Division combines local asset management companies and global skills to meet the needs of both institutional investors and distributors in these regions.

As a responsible investor and company, BNP Paribas Investment Partners has for over ten years been committed to a CSR approach aimed at reconciling the performance expected by its customers with the new social and environmental challenges of a changing world. Since then, the company has unceasingly sought to reinforce its commitment, both in the pursuit of its business and in its organisation and functioning.

BNP PARIBAS REAL ESTATE

BNP Paribas Real Estate is no. 1 in commercial real estate services in continental Europe[1].

It offers a wide range of services:

- Promotion – 90,000 sq.m. in commercial real estate under construction and 1,357 housing units started in 2014;
- Advisory (Transaction, Advisory, Expertise) – 5 million sq.m. sold and assistance in EUR 14.3 billion in investments in 2014;
- Property Management – more than 35 million sq.m. of commercial real estate managed;
- Investment Management – EUR 19 billion in assets under management.

Employing 3,300 professionals, BNP Paribas Real Estate serves the needs of its clients, whether corporate, institutional investors, individuals or public entities, at all stages of the life cycle of their property.

Its global offering covers all classes of real estate assets: offices, warehouses, logistics platforms, shops, hotels, homes, serviced residences, etc.

In commercial real estate, the business supports customers in 14 countries and has teams based in Dubai and Hong Kong to provide a link with Middle Eastern and Asian investors active in Europe. The company also has business alliances with local partners in 22 other countries.

In residential property, BNP Paribas Real Estate operates for the most part in France (The Paris region, Rhône-Alpes, Provence-Alpes-Côte d'Azur and Bordeaux), and is also expanding its activity 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 2014, 22% of BNP Paribas' revenues from operating divisions were generated by BNP Paribas CIB.

CORPORATE BANKING

Corporate Banking combines financing solutions (vanilla lending and specialised financing, including export, project, acquisition and leveraged finance) with all banking transaction products: liquidity management, cash management, deposit collection and international trade transactions.

The full range of products and services is offered to customers all over the world. However, to better anticipate their needs, teams are structured by geographic area, thereby combining global expertise and local knowledge.

In Europe, a team of 1,200 people is spread across some 30 Business Centres covering 18 countries, reinforcing the One Bank for Corporates approach developed in close cooperation with the Group's four domestic markets.

In Asia Pacific, corporate banking activities encompass a large range of financing and transaction banking products across 12 countries (building notably on 19 Trade Centres). BNP Paribas is one of the best-placed international banks to support the growth of its customers in this region and beyond.

In the Americas, the Corporate Banking offer is provided by roughly 400 people working in integrated Business Centres in New York and Sao Paulo, which in turn support six other offices across the region (San Francisco, Chicago, Dallas, Houston, Canada, Mexico), serving more than 950 clients.

A comprehensive approach is also being implemented to strike a balance between local and global vision for customers.

To ensure global monitoring of trade finance activities, a specific business line, **Global Trade and Transaction Banking**, bolsters the local approach. With some 550 employees, it (i) develops comprehensive international trade solutions for businesses in all sectors from a Europe-based competence centre and a network of over 100 Trade Centres across 60 countries worldwide, (ii) provides specialised financial services to players operating across the entire value chain of the energy and commodities sectors, and (iii) provides intermediation services to bank customers.

(1) Source: Property Week, June 2014.

2014 awards

- Best Export Finance Arranger (*Trade Finance Awards for Excellence*, 2014);
- Best Trade Bank in Western Europe (*Trade and Forfaiting Review Excellence Awards*);
- Best Infrastructure Bank for Latin America (*LatinFinance*, 2014);
- European Bank of the Year (*Project Finance International*);
- No. 1 European Large Corporate Trade Finance Market Penetration (*Greenwich Associates*, 2014);
- Best Service Provider – eSolutions partner Bank in Hong Kong and India (*The Asset, Triple A Transaction Banking Awards*, 2014).

2014 rankings

- No. 1 Bookrunner and MLA in EMEA Syndicated Loans by volume (*Thomson Reuters*, 2014);
- No. 1 Bookrunner for EMEA Leveraged Loans by volume and number of deals (*Dealogic*, 2014);
- No. 1 MLA for European Project Finance and no. 4 MLA for Global Project Finance (*Dealogic*, 2014);
- No. 5 Cash Management Bank Globally, no. 2 in Singapore, no. 3 in India, no. 6 in Asia (*Euromoney*, October 2014);
- No. 2 MLA in European ECA Financing (*Dealogic*, 2014).

CORPORATE FINANCE

Corporate Finance offers advisory services in mergers and acquisitions (advisory mandates for purchase or disposal, strategic financial advice, privatisation advice, etc.) and primary equity activities (IPOs, capital increases, convertible and exchangeable bond issues, etc.).

Nearly 300 professionals cover the EMEA region within Corporate Finance, and through integrated teams dedicated to advisory services and financing for certain sectors (energy, infrastructure, real estate, media and telecoms, metals and mining, and transport).

In Asia Pacific, corporate finance experts operate within an Investment Banking platform that offers clients a comprehensive and integrated range of advisory and financing services with specific expertise in the real estate, transport, and energy and natural resources sectors.

In North America and Latin America, the teams include about 60 professionals.

In mergers and acquisitions, BNP Paribas is ranked no. 11 in the EMEA region according to *Thomson Reuters* (announced deals), and once again leads the French market in 2014 according to *Thomson Reuters* (completed deals).

In the primary equity market, BNP Paribas maintained its leadership in EMEA, topping the rankings by number of equity-linked deals as bookrunner in 2014 according to *Dealogic*.

FIXED INCOME

Fixed Income comprises 2,300 staff spanning five global business lines: Primary Markets, G10 Rates, Credit, FX & Local Markets and Regional sales. 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 execution. 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 institutions and corporate issuers – and offers its institutional client base investment solutions across its product lines.

2014 rankings

- No. 1 bookrunner for euro bond issues; no. 9 bookrunner for international bond issues in all currencies (*Thomson Reuters*, 2014);
- No. 1 China overall (*Euromoney FX Survey*, 2014);
- No. 1 EUR Inflation Swaps (*Risk Institutional Investor Rankings*, 2014);
- No. 1 Credit products overall (*Risk Institutional Investor Rankings*, 2014);
- No. 1 Derivative eplatform (*Asia Risk Corporate Ranking*, 2014);
- No. 1 European interest rate options (*Risk Bank Rankings*, 2014).

2014 awards

- Structured Products House of the Year (*Structured Products Europe Awards*, 2014);
- FX House of the Year (*Structured Products Europe Awards*, 2014);
- Structured Products House of the Year (*Asian Private Banker Structured Products Awards for Excellence*);
- Most Impressive CEE House (*GlobalCapital Bonds*, 2014);
- European Investment Grade Corporate Bond House (*IFR Awards*, 2014);
- Covered Bond House (*IFR Awards*, 2014);
- Best Euro Lead Manager (*The Cover Awards*, 2014);
- Bank eFX Initiative of the Year (*FX Week eFX Awards*, 2014);
- Most Innovative Bank eTrading Platform (*FX Week eFX Awards*, 2014);
- Best Single Dealer Platform for Structured Products (*Asian Private Banker, Structured Products Awards for Excellence*, 2014).

GLOBAL EQUITIES & COMMODITY DERIVATIVES

BNP Paribas CIB's Global Equities & Commodity Derivatives (GECD) Division offers equity and commodity derivatives, as well as financing solutions and an integrated equity brokerage platform. It employs over 1,300 front-office professionals operating in three major regions (EMEA, Americas and Asia Pacific).

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GECD encompasses three complementary businesses:

- Equity Derivatives provides a range of solutions for individuals (through brokers or banking networks), corporates, insurance companies, pension funds, institutional investors and asset managers. The activity encompasses equity solutions across the spectrum from standardised to highly customised, providing its clients with products to meet their capital protection, yield and diversification, portfolio optimisation and hedging requirements;
- Commodity Derivatives provides a range of risk hedging solutions to corporate clients whose businesses are highly correlated with commodity prices (for example, producers, refineries and transport companies). It also provides investors with access to commodities via a variety of investment strategies and solutions;
- Financing caters to the needs of institutional investors and asset managers, providing access to various financing and risk management solutions and services across multiple asset classes and instruments.

2014 Awards

- Structured Products House of the Year (*Structured Products Europe Awards*, 2014);
- Derivatives House of the Year Asia 2014 (*The Asset*, 2014);
- Best Flow House in Western Europe 2014 (*Euromoney*, 2014);
- Research, Strategy, Engineering House of the Year 2014 (*Global Capital Derivatives Awards*, 2014);
- Base Metals House of the Year (*Energy Risk Awards*, 2014);
- No. 1 Best Equities House (*Structured Retail Products*, Asia 2014);
- No. 1 Best Commodities House (*Structured Retail Products*, Asia 2014).

In 2015, BNP Paribas will usher in a new organisation of its CIB Division, now called **Corporate & Institutional Banking**. This new organisation will respond more simply and more efficiently to the expectations of BNP Paribas CIB's corporate and institutional clients.

CIB will thus be organised around three main businesses:

- Corporate Banking, with its own organisation in each region;
- Global Markets, grouping together all capital market activities; and
- Securities Services, which will join CIB in 2015 and will continue to offer its existing range of solutions and products.

Furthermore, the regional approach will be simplified around three main regions:

- EMEA (Europe Middle East Africa),
- Americas,
- APAC (Asia Pacific).

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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.

PERSONAL FINANCE'S MORTGAGE BUSINESS

In the context of the Group's 2014-2016 business development plan, Personal Finance's mortgage business, of which a significant portion is managed in run-off, was allocated to the corporate centre as of 1 January 2014.

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 21.3%(1), after Simon Property Group.

A NEW ORGANISATION OF THE OPERATING DIVISIONS IN 2015

Following the tie-up of Securities Services and CIB, the organisation of the Group's operating divisions now centers on two entities: Retail Banking & Services and CIB.

Retail Banking & Services will include Domestic Markets and a new entity, International Financial Services which includes BancWest, Europe-Mediterranean, Personal Finance, Wealth and Asset Management and Insurance.

Corporate and Institutional Banking (CIB) will include Corporate Banking, Global Markets and Securities Services.

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. To summarise, these risks derive in particular from:

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

(1) At 31 December 2013. Source: 2013 Annual report.

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1.5 BNP Paribas and its shareholders

SHARE CAPITAL

At 31 December 2013, BNP Paribas SA's share capital stood at EUR 2,490,325,618 divided into 1,245,162,809 shares. Details of historical change in share capital are provided in chapter 6, note 6a *Changes in share capital*.

In 2014, the following transactions led to changes in the number of shares outstanding:

- 1,185,557 shares were issued through the exercise of stock options;
- 390,691 shares were cancelled in accordance with the authority given under the twenty-fourth resolution passed at the Combined' General Meeting of 14 May 2014.

Thus, at 31 December 2014, BNP Paribas' share capital stood at EUR 2,491,915,350 divided into 1,245,957,675 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.**

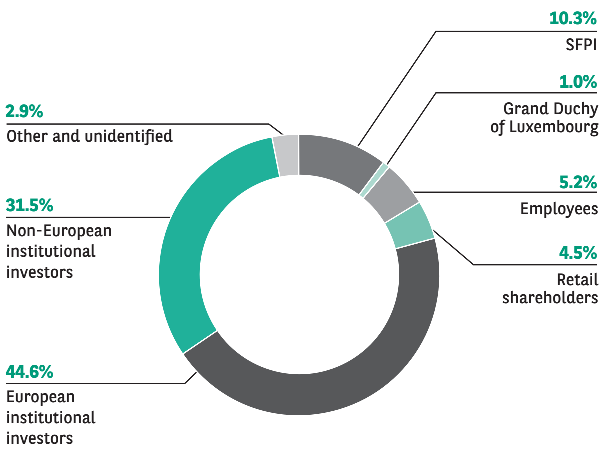
CHANGES IN SHARE OWNERSHIP

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

Date	31/12/2012			31/12/2013			31/12/2014		
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**	**10.3%**	**10.3%**	**127.75**	**10.3%**	**10.3%**	**127.75**	**10.3%**	**10.3%**
AXA	**65.74**	**5.3%**	**5.3%**	-	-	-	-	-	-
Grand Duchy of Luxembourg	**12.87**	**1.0%**	**1.0%**	**12.87**	**1.0%**	**1.0%**	**12.87**	**1.0%**	**1.0%**
Employees	**75.42**	**6.1%**	**6.1%**	**67.58**	**5.4%**	**5.5%**	**64.36**	**5.2%**	**5.2%**
■ o/w corporate mutual funds	56.27	4.5%	4.5%	49.73	4.0%	4.0%	47.21	3.8%	3.8%
■ o/w direct ownership	19.14	1.6%	1.6%	17.85	1.4%	1.5%	17.15	1.4%	1.4%
Corporate officers	**0.60**	**nm**	**nm**	**0.53**	**nm**	**nm**	**0.33**	**nm**	**nm**
Treasury shares(**)	**3.93**	**0.3%**	-	**3.25**	**0.3%**	-	**3.40**	**0.3%**	-
Retail shareholders	**69.00**	**5.6%**	**5.6%**	**60.78**	**4.9%**	**4.9%**	**56.35**	**4.5%**	**4.5%**
Institutional investors	**856.42**	**68.9%**	**69.2%**	**945.01**	**75.9%**	**76.1%**	**944.94**	**75.8%**	**76.1%**
(o/w Socially Responsible Investors)	(5.61)	(0.5%)	(0.5%)	(6.01)	(0.5%)	(0.5%)	(8.80)	(0.7%)	(0.7%)
■ Europe	512.71	41.3%	41.4%	573.00	46.0%	46.1%	553.97	44.5%	44.6%
■ Outside Europe	343.71	27.6%	27.8%	372.01	29.9%	30.0%	390.97	31.3%	31.5%
Other and unidentified	**30.54**	**2.5%**	**2.5%**	**27.39**	**2.2%**	**2.2%**	**35.95**	**2.9%**	**2.9%**
TOTAL	**1,242.26**	**100%**	**100%**	**1,245.16**	**100%**	**100%**	**1,245.96**	**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 2014 (% 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 in particular 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 resulted mainly from:
  - BNP Paribas' issue of ordinary shares in 2009;
  - the reduction in its capital through the cancellation, on 26 November 2009, 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.

AXA group and BNP Paribas Group notified the AMF on 5 August 2010 (AMF disclosure No. 210C0773) that they had entered into an agreement, replacing that of December 2005, to take into account the new rules on financial institutions drawn up by the regulators. The new agreement no longer refers to maintaining stable cross-shareholdings. In March 2014, the AXA group and the BNP Paribas Group announced their decision to terminate their agreement and to pursue their relationship in the continuity of the historical ties and partnerships that have contributed to the success and growth of both groups.

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).

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

BNP has been part of the CAC 40 index since 17 November 1993 and became part of the EURO STOXX 50 index on 1 November 1999. Since 18 September 2000, it has been part of the Dow Jones STOXX 50 index. BNP Paribas also joined the DJ Banks Titans 30 Index, an index comprising the 30 largest banks worldwide. It is also included in the DJ EURO STOXX Banks and DJ STOXX Banks indexes. BNP Paribas shares are also included in the main sustainable development benchmarks (see chapter 7), including the Euronext Vigeo – World 120 Index, the FTSE4Good Index Series, the DJ Sustainability Indices World and the Carbon Disclosure Index.

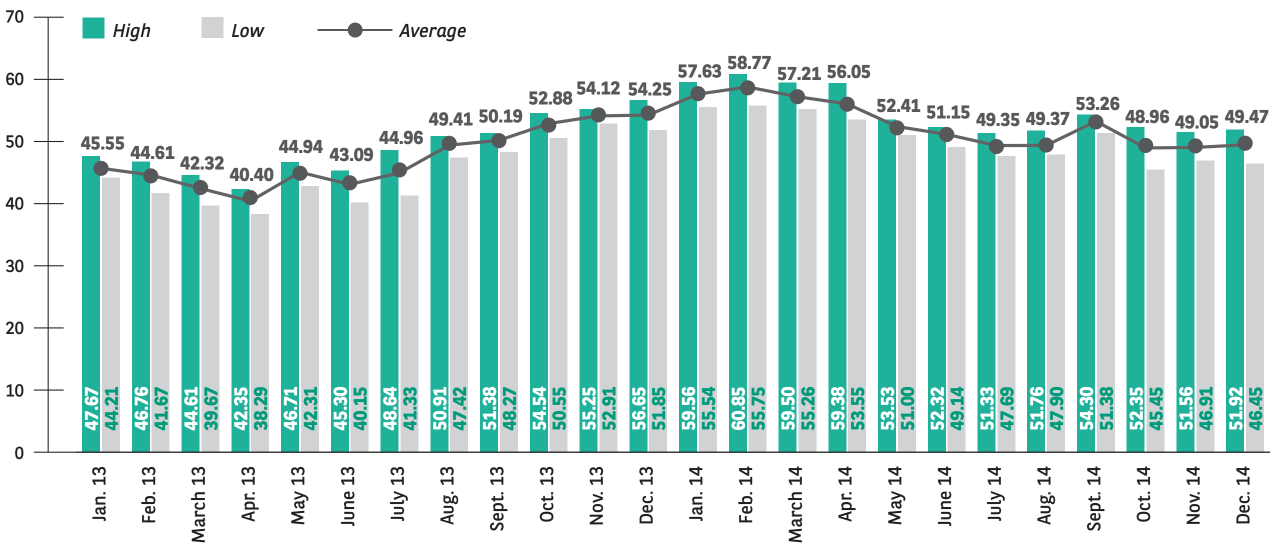
All of these listings foster liquidity and share price appreciation, as the BNP Paribas share is necessarily a component of every portfolio and fund that tracks the performance of these indexes.

➤ BNP PARIBAS SHARE PERFORMANCE BETWEEN 31 DECEMBER 2011 AND 31 DECEMBER 2014

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 2013



- In 2014, the progression of the banking indices was held back by uncertainty about economic growth (particularly in Europe), geopolitical tension and the impact of regulation on the profitability of banking activities. The increase in the number of litigations in the sector also slowed gains in share prices. Meanwhile, the BNP Paribas share was affected by the very significant impact of the comprehensive settlement with the US authorities. In 2014, the BNP Paribas share price fell by 13.0%, closing at EUR 49.26 on 31 December 2014, the last day of trading. It thus underperformed the CAC 40 (-0.5%), DJ STOXX Banks (-2.8%) and DJ EURO STOXX Banks (-4.9%) indices.

  However, over a period of three years, from 31 December 2011 to 31 December 2014, the share price increased from EUR 30.35 to EUR 49.26, a gain of 62.3%, compared with increases of 35.2% for the CAC 40, 34.0% for the DJ EURO STOXX Banks (index of banking stocks in the euro area) and 42.4% for the DJ STOXX Banks (index of banking stocks in Europe).
- At 31 December 2014, BNP Paribas' market capitalisation was EUR 61.4 billion, ranking it 5th among CAC 40 stocks. In terms of market capitalisation, BNP Paribas' free float ranks 3rd on the Paris market index and 12th in the DJ EURO STOXX 50.
- Daily trading volume on Euronext Paris averaged 4,600,524 shares in 2014, up 12.08% from 4,104,754 in 2013. Including the volumes traded on MTFs (Multilateral Trading Facilities), daily trading volume averaged 6,918,471 shares in 2014 (source: TAG Audit), up 12.37% from 6,156,652 in 2013.

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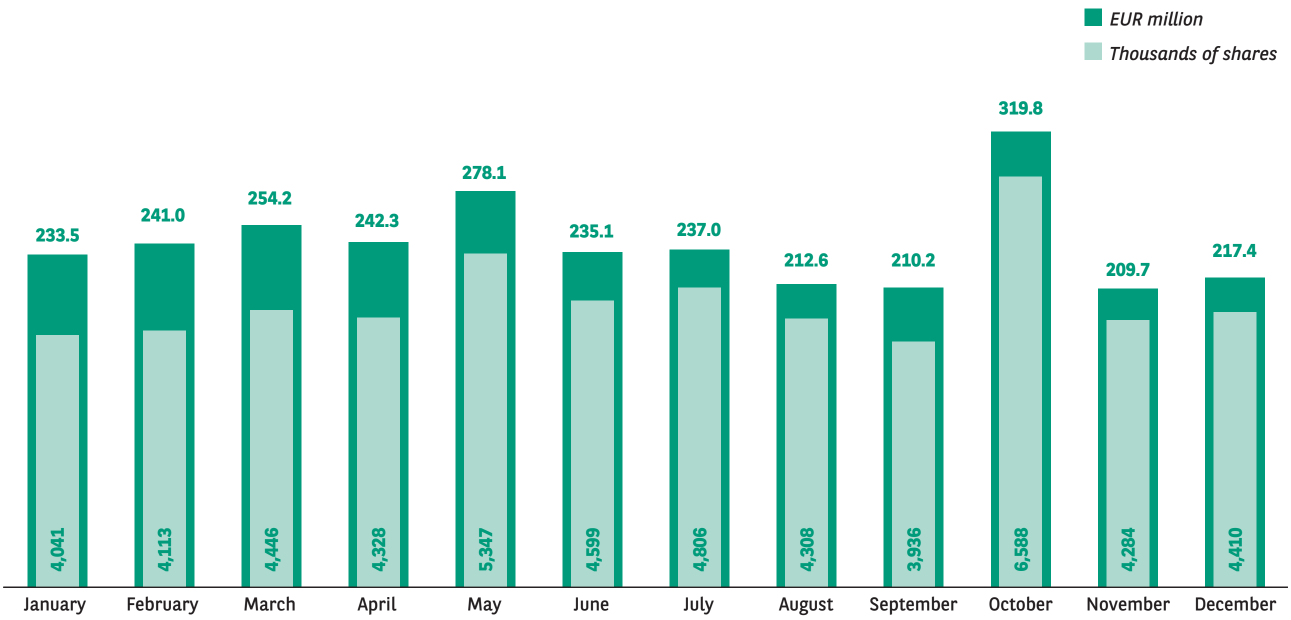
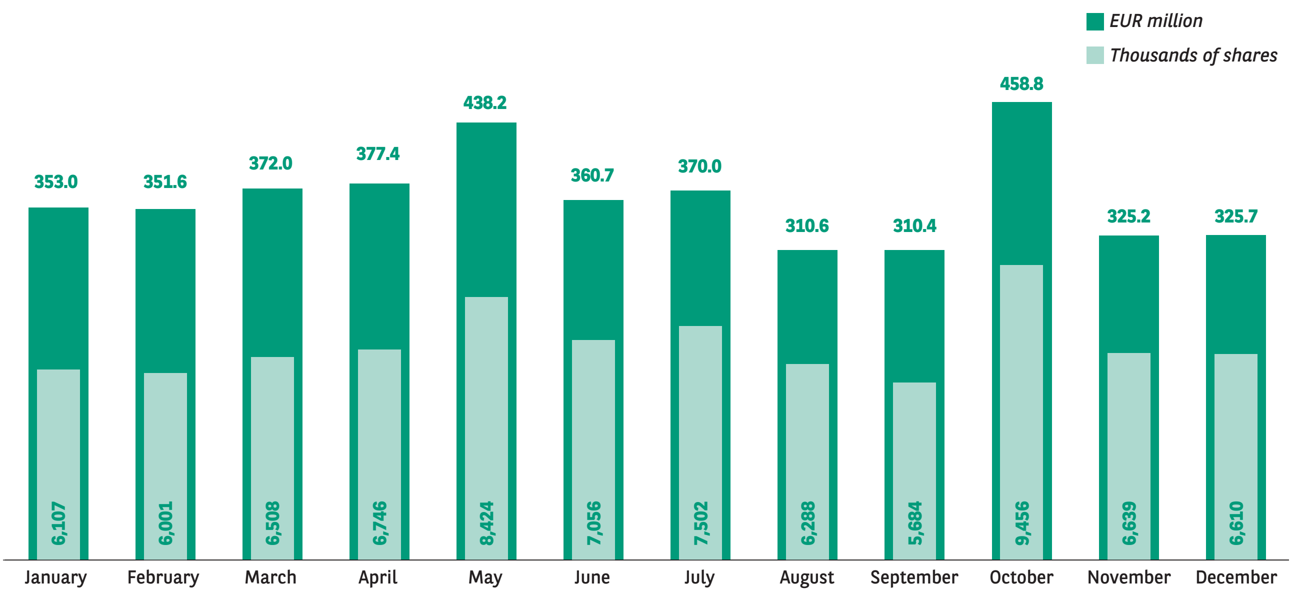
➤ TRADING VOLUME ON EURONEXT PARIS IN 2014 (DAILY AVERAGE)



Source: Nyse-Euronext Paris.

➤ TRADING VOLUME IN 2014 (DAILY AVERAGE)



Source: TAG Audit.

KEY SHAREHOLDER DATA

In euros	2010	2011	2012	2013	2014
Earnings per share(1)(*)	6.33	4.82	5.16	3.68(***)	(0.07)(****)
Net book value per share(2)(*)	55.48	58.25	60.46(**)	63.43(***)	61.67
Net dividend per share(*)	2.10	1.20	1.50	1.50	1.50(3)
Pay-out ratio (%)(4)	33.4	25.1	29.7	40.9(***)	n.s.
Share price					
High(5)(*)	60.38	59.93	44.83	56.72	60.85
Low(5)(*)	40.81	22.72	24.54	37.47	45.45
Year-end(*)	47.61	30.35	42.61	56.65	49.26
CAC 40 index on 31 December	3,804.78	3,159.81	3,641.07	4,295.95	4,272.75

(1) Based on the average number of shares outstanding during the year.
(2) Before dividends. Non-revalued net assets based on the number of shares outstanding at year-end.
(3) Subject to approval at the Annual General Meeting of 13 May 2015.
(4) Dividend recommended at the Annual General Meeting expressed as a percentage of net income attributable to equity holders.
(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.
(***) Restatement due to application of IFRS 10 and IFRS 11.
(****) EUR 4.70 based on net income adjusted for the costs related to the comprehensive settlement with the US authorities.

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 preferential subscription rights during the rights issues in March 2006 and October 2009.
- Returns stated are gross, i.e. before any tax payments or brokerage fees.

Calculation results

The following table indicates, for various periods ending on 31 December 2014, the total return on a BNP share, then a BNP Paribas share, as well as the effective annual rate of return.

1

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	4.4592	6.0032	8.81%
21 years	03/01/1994	43.31	4.0605	4.6184	7.56%
20 years	03/01/1995	37.20	3.9865	5.2789	8.67%
19 years	02/01/1996	33.57	3.9034	5.7278	9.62%
18 years	02/01/1997	30.40	3.7899	6.1411	10.61%
17 years	02/01/1998	48.86	3.6719	3.7019	8.00%
16 years	04/01/1999	73.05	3.5961	2.4250	5.69%
Since inception of BNP Paribas	01/09/1999	72.70	3.4987	2.3707	5.79%
15 years	03/01/2000	92.00	3.4987	1.8733	4.27%
14 years	02/01/2001	94.50	3.4036	1.7742	4.18%
13 years	02/01/2002	100.4	3.2930	1.6157	3.76%
12 years	02/01/2003	39.41	1.5935	1.9918	5.91%
11 years	02/01/2004	49.70	1.5326	1.5191	3.87%
10 years	03/01/2005	53.40	1.4693	1.3554	3.09%
9 years	02/01/2006	68.45	1.4173	1.0199	0.22%
8 years	02/01/2007	83.50	1.3580	0.8012	-2.73%
7 years	02/01/2008	74.06	1.3124	0.8729	-1.92%
6 years	02/01/2009	30.50	1.2487	2.0168	12.41%
5 years	02/01/2010	56.11	1.1885	1.0434	0.85%
4 years	03/01/2011	48.30	1.1538	1.1767	4.16%
3 years	02/01/2012	30.45	1.1095	1.7949	21.55%
2 years	02/01/2013	43.93	1.0633	1.1923	9.22%
1 year	02/01/2014	56.70	1.0286	0.8936	-10.69%

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 56.11 ON 2 JANUARY 2010 WITH THE LIVRET A PASSBOOK SAVINGS ACCOUNT AND MEDIUM-TERM GOVERNMENT NOTES

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 2010 = EUR 56.11.
- Dividends reinvested.
- Valuation at 31 December 2014: 1.1885 share at EUR 49.26, i.e. **EUR 58.55.**
- Effective annual rate of return: +0.85% per annum.

Investment of EUR 56.11 on 1 January 2010 in a Livret A passbook account

The interest rate on the investment date was 1.25%. 2010 saw a change in the Livret A interest rate. It was increased to 1.75% on 1 August 2010, to 2% on 1 February 2011 and to 2.25% on 1 August 2011. This rate applied throughout 2012. It was then cut to 1.75% on 1 February 2013 and to 1.25% on 1 August 2013. The rate was further cut to 1% on 1 August 2014. At 31 December 2014, this investment was worth **EUR 62.13**, an increase of EUR 6.02 (+10.73%), or an effective rate of return of 2.06% per annum.

Investment of EUR 56.11 on 1 January 2010 in five-year French government notes

The yield on the five-year BTAN (*Bon du Trésor à intérêt annuel*) was 2.496%. At the end of each subsequent year, interest income is reinvested in a similar note on the following terms:

- 1.560% (BTAN) in January 2011 for 4 years;
- 1.124% (BTAN) in January 2012 for 3 years;
- 0.059% (BTAN) in January 2013 for 2 years;
- 0.564% (Euribor) in January 2014 for 1 year.

After five years, the accrued value of the investment is **EUR 63.26**, an increase of EUR 7.15 (+12.74%), or an effective rate of return of 2.43% per annum.

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 2015, the timetable is as follows[1]:

- 5 February 2015: publication of 2014 full year results;
- 30 April 2015: publication of first quarter 2015 results;
- 31 July 2015: publication of second quarter and interim 2015 results;
- 30 October 2015: publication of third quarter and nine-month 2015 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 Retail Shareholder Relations Department provides information and deals with queries from the Group's 490,000 retail shareholders (internal sources and 31 December 2014 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, retail shareholders are invited, in different French cities, to attend presentations during which the Group's accomplishments and strategy are presented by General Management (for example in 2014, presentations were held in Versailles on 2 July, in Lille on 1 October and in Nancy on 6 November). BNP Paribas representatives also met and spoke with over 1,500 people at the ACTIONARIA shareholder fair held in Paris on 21 and 22 November 2014.

In 1995, the **Cercle BNP Paribas** was set up for retail shareholders holding at least 200 shares. It currently has 58,000 members. They receive three annual financial newsletters, as well as two printed editions of the magazine, *La Vie du Cercle*, in addition to three newsmagazines sent by email and available online. They are also invited to attend artistic, sporting and cultural events with which BNP Paribas is associated, as well as training sessions. These include stock trading (technical and financial analysis, placing orders etc.), wealth management and economic updates sessions in partnership with the relevant BNP Paribas teams. The Bank also organises scientific conferences and tours of industrial sites. These events are held in provincial centres and in the Paris region, both during the week and over the weekend. More than 400 events were organised for nearly 15,000 participants in 2014.

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 (www.cercle-actionnaires.bnpparibas.com), which features all offers and services available, including those available through the Cercle membership card.

The **BNP Paribas website** (www.invest.bnpparibas.com) **was significantly improved in 2014 to facilitate browsing by its shareholders and investors**. Available in French and English, it offers users access to all information on the BNP Paribas Group (including press releases, key figures, the presentation of the main events, etc.). 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. The website also features the latest share performance data and comparisons with major indexes, as well as a tool for calculating returns.

Reports and presentations relating to BNP Paribas' business and strategy aimed at all audiences (institutional investors, asset managers and financial analysts) are also available. The website also has a section

(1) Subject to alteration.

entitled ***Individual shareholders***, which was more specifically designed with retail shareholders in mind, offering information tailored to their needs and details of proposed events.

In addition, there is a specific section dedicated to **the Annual General Meeting of Shareholders**, which includes information regarding the attending of the meeting, ways of voting, practical matters, as well as a presentation of the resolutions and the complete text of all speeches made by corporate officers. Webcasts of the Annual General Meeting can be viewed on the Bank's website. In response to the expectations of individual shareholders and investors, and to meet increasingly strict transparency and regulatory disclosure requirements, BNP Paribas regularly adds sections to its website and improves existing sections with enhanced content (particularly as regards the glossary) and new functions.

SHAREHOLDER LIAISON COMMITTEE

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

It includes ten shareholders who are both geographically and socio-economically representative of the retail 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 its last meeting in September 2014, the members of the Liaison Committee were as follows:

- Baudouin Prot, Chairman;
- Adrien Besombes, resident of the Indre-et-Loire department;
- Georges Bouchard, resident of the Yvelines department;
- Catherine Drolc, resident of the Hérault department;
- Laurent Dupuy, resident of the Alpes-Maritimes department;
- François Ferrus, residing in Paris;
- Françoise Mahieu Germain, resident of the Yvelines department;
- André Peron, resident of the Finistère department;
- Dyna Peter-Ott, resident of the Bas-Rhin department;
- Jean-Pierre Riou, resident of the Loire-Atlantique 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 2014, on 28 March and on 25 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 retail shareholders;
- the periodical publications providing information on the Group's achievements and strategy;
- proposals submitted to Cercle des Actionnaires members;
- the draft 2013 Registration document and Annual Report;
- 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 International Retail Banking activity, presented to the Committee by the head of this business line;
- BNP Paribas' Fixed Income activity, presented to the Committee by the head of this business line.

The members of the Liaison Committee present had the opportunity to see the preparations for the Annual General Meeting at the Palais des Congrès at Porte Maillot in Paris, and to learn details of the various operational aspects of this annual meeting with shareholders.

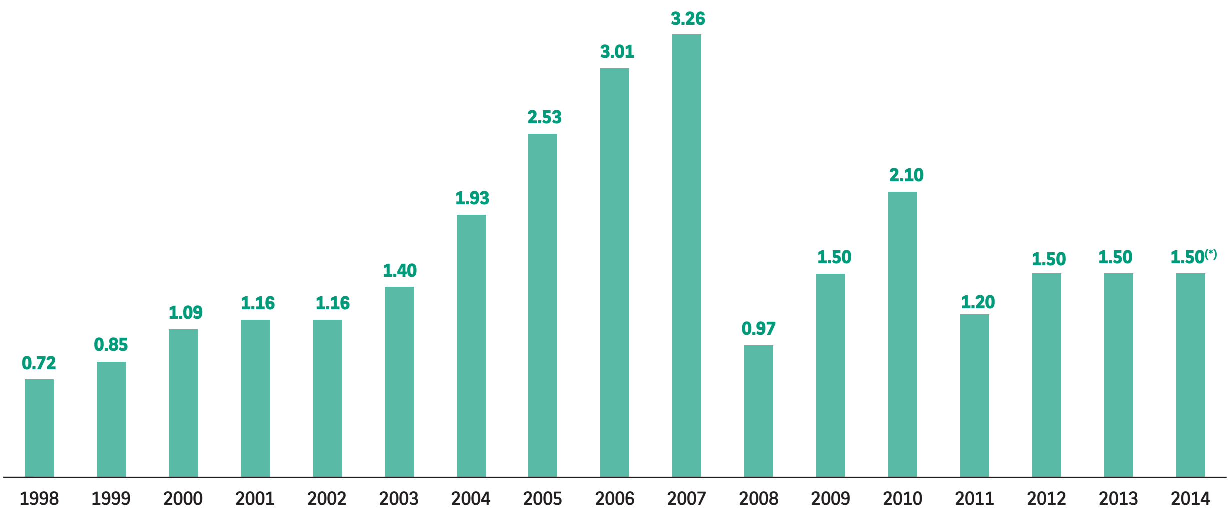
1

DIVIDEND

At the 13 May 2015 Annual General Meeting, the Board of Directors will recommend a dividend of EUR 1.50 per share (unchanged from 2014). The shares will go ex-dividend on 20 May and the dividend will be paid on 22 May 2015, subject to approval at the Annual General Meeting.

The total amount of the proposed payout is EUR 1,869 million, stable compared with the amount paid in 2014.

CHANGE IN DIVIDEND (EURO PER SHARE)



(*) Subject to approval at the Annual General Meeting of 13 May 2015.

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 unclaimed five years after its due date is forfeited, as provided by law. Dividends for which payment has not been sought are paid to the Public Treasury.

1

BNP PARIBAS REGISTERED SHARES

At 31 December 2014, 54,973 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) 0800 600 700** to place buy and sell orders[(1)] and to obtain any information;
- benefit from special, discounted brokerage fees;
- have access to *PlanetShares* (https://planetshares.bnpparibas.com), a fully secure dedicated web server, allowing them to view registered share accounts and account movements, as well as place and track orders[(1)]. The server is available on tablets and smartphones;
- are automatically invited to Annual General Meetings without the need for an ownership certificate;
- may receive notice of meetings by internet;
- 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 hold them in registered form can opt to hold them in an administered account (*see below*).

REGISTERED SHARES HELD IN AN ADMINISTERED ACCOUNT

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

- shares can be sold at any time, through the shareholder's usual broker;
- the shareholder can have a single share account, combined with 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 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 quorum broke down as follows:

The combined Ordinary and Extraordinary General Meeting may be called in a single notice of meeting and held on the same date.

The Bank's last Annual General Meeting took place on 14 May 2014. 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.

➤ BREAKDOWN OF QUORUM

	Number of shareholders	(%)	Shares	(%)
Present	1,813	*11.95%*	199,752,109	*24.63%*
Appointment of proxy	3	*0.02%*	155	*0.00%*
Proxy given to Chairman	7,663	*50.48%*	28,055,660	*3.46%*
Postal votes	5,700	*37.55%*	583,144,072	*71.91%*
TOTAL	**15,179**	***100.00%***	**810,951,996**	***100.00%***
of which online	8,998	*59.28%*	3,467,029	*0.43%*

		Quorum
Number of ordinary shares (excluding treasury stock)	**1,243,685,143**	**65.21%**

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

All resolutions proposed to the shareholders were approved.

SHAREHOLDERS' COMBINED GENERAL MEETING OF 14 MAY 2014

Results	Rate of approval
ORDINARY MEETING	
First resolution: approval of the parent company financial statements for 2013	99.48%
Second resolution: approval of the consolidated financial statements for 2013	99.37%
Third resolution: appropriation of net income for the year ended 31 December 2013 and dividend distribution	99.79%
Fourth resolution: Statutory Auditors' special report on related party agreements and commitments governed by articles L.225-38 et seq. of the French Commercial Code	98.51%
Fifth resolution: authorisation for BNP Paribas to buy back its own shares	98.92%
Sixth resolution: renewal of the term of office of Jean-François Lepetit as a Director	98.83%
Seventh resolution: renewal of the term of office of Baudouin Prot as a Director	95.56%
Eighth resolution: renewal of the term of office of Marc Fields Wicker-Miurin as a Director	99.39%
Ninth resolution: ratification of the appointment and renewal of the term of office of Monique Cohen as a Director	98.90%
Tenth resolution: appointment of Daniela Schwarzer as a Director	99.71%
Eleventh resolution: advisory vote on the components of the compensation due or awarded in respect of fiscal 2013 to Baudouin Prot, Chairman of the Board of Directors – recommendation of § 24.3 of the Afep-Medef Code	94.60%
Twelfth resolution: advisory vote on the components of the compensation due or awarded in respect of fiscal 2013 to Jean-Laurent Bonnafé, Chief Executive Officer – recommendation of § 24.3 of the Afep-Medef Code	96.54%
Thirteenth resolution: advisory vote on the components of the compensation due or awarded in respect of fiscal 2013 to each of the Chief Operating Officers – recommendation of § 24.3 of the Afep-Medef Code	97.19%
Fourteenth resolution: advisory vote on the overall amount of compensation of any kind paid during 2013 to executives and certain categories of staff – article L.511-73 of the French Monetary and Financial Code	96.01%
Fifteenth resolution: setting of the cap on the variable portion of compensation of any kind paid to executives and certain categories of staff – article L.511-73 of the French Monetary and Financial Code	81.50%
EXTRAORDINARY MEETING	
Sixteenth resolution: authorisation to issue ordinary shares and share equivalents granting entitlement to capital or the allocation of debt instruments, with pre-emptive rights for existing shareholders maintained	93.57%
Seventeenth resolution: authorisation to issue ordinary shares and share equivalents granting entitlement to capital or the allocation of debt instruments, with pre-emptive rights for existing shareholders waived	94.00%
Eighteenth resolution: authorisation to issue ordinary shares and share equivalents, with pre-emptive rights for existing shareholders waived, in consideration for securities tendered to public exchange offers	94.75%
Nineteenth resolution: authorisation to issue ordinary shares and share equivalents, with pre-emptive rights for existing shareholders waived, in consideration for securities tendered within a limit of 10% of share capital	94.60%
Twentieth resolution: blanket limit on authorisations to issue shares without pre-emptive rights for existing shareholders	94.92%
Twenty-first resolution: Issue of shares to be paid up by capitalising income, retained earnings or additional paid-in capital	99.77%
Twenty-second resolution: blanket limit on authorisations to issue shares with or without pre-emptive rights for existing shareholders	93.05%
Twenty-third resolution: authorisation to be 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 reserved sales of shares	95.78%
Twenty-fourth resolution: authorisation to be granted to the Board of Directors to reduce the share capital by cancelling shares	99.66%
Twenty-fifth resolution: powers to carry out formalities	99.72%

The 2014 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 the community at large.

The Group therefore 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. This 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 amounts collected (EUR 21,756 in 2014) 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 2014 contributions were ultimately divided between 68 projects, all of which were initiated by BNP Paribas staff. Most of those projects were in Europe (44), with 13 in Africa, 7 in Asia and 4 in Latin America. The amounts awarded varied from EUR 1,000 to EUR 4,000 (with an average of EUR 2,650) depending on the scale of the project, its nature and, naturally, the commitment of employees to the projects they propose. 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 calling the next Annual General Meeting.

NOTICES OF MEETING

BNP Paribas will hold its next combined Ordinary and Extraordinary General Meeting on 13 May 2015[1].

Notices of meeting and invitations are available on the *invest.bnpparibas.com* website in French and English from the time of their publication in the BALO. Shareholders are also notified by announcements in the daily, investor and financial press. Staff at all BNP Paribas branches are specifically trained to provide the necessary assistance and carry out the required formalities.

Holders of registered shares are automatically notified, regardless of the number of shares held, with a complete notice of meeting containing in particular the agenda, the draft resolutions and a voting form. Having given their prior agreement, a significant proportion (10.2%) of holders of registered shares were sent notification via the internet.

BNP Paribas informs holders of bearer shares via the internet regardless of the number of shares held, provided solely that their custodians are part of the market system known as Votaccess. Several hundred thousand of the Bank's shareholders were notified in this way of the General Meeting and had the possibility of taking part in a quick and simple way. The Bank also provides custodians with notices of meetings and printed postal voting forms, which can then be sent to those shareholders who request them.

ATTENDANCE AT MEETINGS

Holders of shares may gain admittance to a General Meeting provided that said shares have been recorded in their accounts for at least two trading days. Holders of bearer shares must also present an entry card or certificate proving their ownership of the shares.

VOTING

Using the internet voting platform gives shareholders access to the notice of the Annual General Meeting. They can then either vote or appoint a proxy, or print their admission card if they wish to attend in person.

Over 59% of all shareholders taking part in the vote in 2014 used the platform provided, compared to 13% in 2013.

Shareholders who do not use the internet and are unable to attend the Annual General Meeting may complete and return to BNP Paribas the printed form enclosed with the meeting notice. This document makes it possible, before the General Meeting:

- to request an admission card;
- to vote by post;
- to give proxy to a spouse or any other individual or legal entity;
- to give proxy to the Chairman of the Meeting.

Since 1998, the shareholders present at General Meetings have cast votes using an electronic box.

DISCLOSURE THRESHOLDS

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

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

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

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

(1) Subject to alteration.

2 CORPORATE GOVERNANCE

2.1 Presentation

MEMBERSHIP OF THE BOARD OF DIRECTORS

Jean LEMIERRE **Principal function: Chairman of the Board of Directors of BNP Paribas (since 1 December 2014)**	
Date of birth: 6 June 1950 *Term start and end dates:* 1 December 2014(**) – 2017 AGM *First elected to the Board on:* 1 December 2014 *Number of BNP Paribas shares held*(1)*:* 2,945 *Office address:* 3, rue d'Antin 75002 PARIS FRANCE **Education** Graduate of the Institut d'Études Politiques de Paris Graduate of the École Nationale d'Administration Law degree	**Offices held(1) in BNP Paribas Group listed or unlisted companies, in France or abroad** BNP Paribas(*), Chairman of the Board of Directors Bank Gospodarki Zywnosciowej (BGZ)(*) (Poland), Director TEB Holding AS (Turkey), Director **Other(1)** Centre for Prospective Studies and International Information (CEPII), Chairman Institute of International Finance (IIF), member International Advisory Board of Orange, member International Advisory Council of China Development Bank (CDB), member International Advisory Council of China Investment Corporation (CIC), member

(1) Year ended 31 December 2014.
(*) Listed company.
(**) Appointment whose ratification will be submitted to the General Meeting of 13 May 2015.

2

Baudouin PROT
Principal function: Chairman of the Board of Directors of BNP Paribas (until 1 December 2014)

Date of birth: 24 May 1951
Term start and end dates: 14 May 2014 - 1 December 2014
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

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]
Institute of International Finance (IIF), Director
International Advisory Panel of the Monetary Authority of Singapore (MAS), member
International Business Leaders' Advisory Council (IBLAC) of the city of Shanghai, member

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

2013:	2012:	2011:	2010:
Chairman of the Board of Directors of: BNP Paribas **Director of:** Kering, Veolia Environnement, Lafarge, 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 **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)	**Chief Operating Officer and Director of:** BNP Paribas **Director of:** Pinault-Printemps-Redoute, Veolia Environnement, Erbé SA (Belgium), Pargesa Holding SA (Switzerland) **Member of:** Executive Committee of Fédération Bancaire Française

(1) Year ended 30 November 2014.
(*) Listed company.

Michel PÉBEREAU
Principal function: Honorary Chairman of BNP Paribas

Date of birth: 23 January 1942
Term start and end dates: 23 May 2012 – 2015 AGM
First elected to the Board on: 14 May 1993

Number of BNP Paribas shares held(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
Banque Marocaine pour le Commerce et l'Industrie (BMCI)(*) (Morocco), Deputy Chairman and member of the Supervisory Board
BNP Paribas(*), Honorary Chairman and Director
BNP Paribas (Switzerland) SA, Director

Offices held(1) outside BNP Paribas Group in listed or unlisted companies, in France or abroad
Airbus(*) (Netherlands), Director,
ESL Network (SAS), Chairman of the Strategic Council (advisory body)
M.J.P. Conseil (Sarl), manager
Pargesa Holding SA(*) (Switzerland), Director
Paris fait son cinéma (SAS), associate
Total SA(*), Director

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
Airbus, member of the Audit Committee
Total SA, Chairman of the Compensation Committee

Other(1)
Académie des Sciences morales et politiques, member
HSBC France (formerly CCF), Honorary Chairman
Centre des Professions Financières, Chairman
Medef at the Centre National Éducation Économie (CNEE), Representative of the President
Sponsorship Committee of Cercle Jean-Baptiste Say, member
Club des partenaires de TSE, Chairman
Sponsorship Committee of the Collège des Bernardins, member
Board of Directors of Fondation ARC, Chairman
Fondation BNP Paribas, Chairman
Board of Directors of the Fondation Jean-Jacques Laffont – TSE, member
Fondation Nationale des Sciences Politiques, member
the Policy Board of the Institut de l'Entreprise, Honorary Chairman and member
Strategic Council of the Institut Vaucanson, Chairman
Steering Committee of the Medef, member

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

2013:
Honorary Chairman of: BNP Paribas
Director of: Total SA, BNP Paribas (Switzerland) SA, EADS NV (Netherlands), Pargesa Holding SA (Switzerland)
Member of the Supervisory Board of: Union Bancaire pour le Commerce et l'Industrie (Morocco)
Non-voting Director of: Société Anonyme des Galeries Lafayette
Chairman of: Fondation BNP Paribas
Honorary Chairman of: HSBC France (formerly CCF), the Aspen Institute, 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

2012:
Honorary Chairman of: BNP Paribas
Director of: AXA, Compagnie de Saint-Gobain, Total SA, BNP Paribas (Switzerland) SA, EADS NV (Netherlands) Pargesa Holding SA (Switzerland)
Member of the Supervisory Board of: Union Bancaire 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: HSBC France (formerly CCF), the Supervisory Board of the Aspen Institute, the 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 SA, BNP Paribas (Switzerland) SA, EADS NV (Netherlands), Pargesa Holding SA (Switzerland)
Member of the Supervisory Board of: Union Bancaire 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
Honorary Chairman of: HSBC France (formerly CCF)
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 SA, BNP Paribas (Switzerland) SA, EADS NV (Netherlands), Pargesa Holding SA (Switzerland)
Member of the Supervisory Board of: Union Bancaire 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
Honorary Chairman of: HSBC France (formerly CCF)
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 2014.*
(*) *Listed company.*

2

Jean-Laurent BONNAFÉ **Principal function: Chief Executive Officer and Director of BNP Paribas**	
Date of birth: 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]*:* 80,385[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(*), Chief Executive Officer and Director 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)

2013:	2012:	2011:	2010:
Chief Executive Officer and Director of: BNP Paribas **Director of:** Carrefour, Banca Nazionale del Lavoro (Italy), BNP Paribas Fortis (Belgium)	**Chief Executive 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)

(1) *Year ended 31 December 2014.*
(2) *Includes 17,840 BNP Paribas shares held under the Company Savings Plan.*
(*) *Listed company.*

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

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

2013:	2012:		
Chairman and Chief Executive Officer of: Compagnie de Saint-Gobain **Chairman of:** Verallia **Director of:** BNP Paribas, Veolia Environnement,Saint-Gobain Corporation, GIE SGPM Recherches	**Chairman and Chief Executive Officer of:** Compagnie de Saint-Gobain **Chairman of:** Verallia **Director of:** BNP Paribas, Veolia Environnement, Saint-Gobain Corporation, GIE SGPM Recherches		

(1) *Year ended 31 December 2014.*
(*) *Listed company.*

Monique COHEN **Principal function: Partner of Apax France**	
Date of birth: 28 January 1956 *Term start and end dates:* 14 May 2014 – 2017 AGM *First elected to the Board on:* 12 February 2014, ratified by the General Meeting of 14 May 2014 *Number of BNP Paribas shares held*[1]*:* 9,620 *Office address:* 1, rue Paul Cézanne 75008 PARIS FRANCE **Education** Graduate of École Polytechnique Master's degree in Mathematics Master's degree in Business 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** Altamir Gérance SA, Chief Operating Officer Fabadari SCI, manager Hermès, Vice Chairman of the Supervisory Board JC Decaux, member of the Supervisory Board Proxima Investment SA (Luxembourg), Chairman of the Board of Directors Safran, Director **Positions held under the principal function** Apax Partners MidMarket SAS, member of the Board of Directors Trocadero Participations II SAS, Chairman Trocadero Participation SAS, Chairman of the Supervisory Board **Participation**[1] **in Special Committees of French or foreign companies** BNP Paribas, member of the Audit Committee and the Compensation Committee Hermès, Chairman of the Audit and Risk Committee JC Decaux, member of the Audit Committee Safran, member of the Audit and Risk Committee **Other**[1] Global Project SAS, member of the Special Committee (advisory body)

(1) Year ended 31 December 2014.
(*) Listed company.

Marion GUILLOU **Principal function: Chairman of Agreenium**	
Date of birth: 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]*:* 600 *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 (public institution), Chairman Apave, Director CGIAR (international organisation), 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 and the Internal Control, Risk Management and Compliance Committee CGIAR, Chairman of the Nominations and Evaluation Committee Imerys, member of the Appointments and Compensation Committee Veolia Environnement, member of the Research, Innovation and Sustainable Development Committee and the Appointments Committee **Other**[1] Fondation Nationale de Sciences Politiques (FNSP), member of the Board of Directors

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

2013: **Chairman of:** Agreenium **Director of:** BNP Paribas, Apave, CGIAR, Imerys, Veolia Environnement			

(1) Year ended 31 December 2014.
(*) Listed company.

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

Date of birth: 25 March 1952
Term start and end dates: 23 May 2012 – 2015 AGM
First elected to the Board on: 23 May 2000

Number of BNP Paribas shares held[(1)]*:* 2,684
Office address: 5, avenue Kléber
75016 PARIS
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
Invesco Ltd[(*)] (USA), Director
SCOR SE[(*)], Chairman and Chief Executive Officer

Participation[(1)] in Special Committees of French or foreign companies
BNP Paribas, Chairman of the Financial Statements Committee
SCOR SE, Chairman of the Strategic Committee

Other[(1)]
Association de Genève, member of the Board of Directors
Association Le Siècle, member of the Board of Directors
Conference Board, Global counsellor
Laboratoire d'Excellence Finance et Croissance Durable (LabexFCD), member of the Board
Global Reinsurance Forum, of the Reinsurance Advisory Board, member

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

2013:	2012:	2011:	2010:
Chairman and Chief Executive Officer of: SCOR SE **Director of:** BNP Paribas, Dassault Aviation, Invesco Ltd (USA) **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 the Association Le Siècle, Global Reinsurance Forum, Reinsurance Advisory Board, Laboratoire d'Excellence Finance et Croissance Durable (LabexFCD), Global Counsellor of the Conference Board	**Chairman and Chief Executive Officer of:** SCOR SE **Director of:** BNP Paribas, 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 the Association Le Siècle, Global Reinsurance Forum, Reinsurance Advisory Board, Laboratoire d'Excellence Finance et Croissance Durable (LabexFCD)	**Chairman and Chief Executive Officer of:** SCOR SE **Director of:** BNP Paribas, 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 Association 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:** BNP Paribas, 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 Association Le 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

(1) Year ended 31 December 2014.
(*) Listed company.

Jean-François LEPETIT
Principal function: Director of companies

Date of birth: 21 June 1942
Term start and end dates: 14 May 2014 – 2017 AGM
First elected to the Board on: 5 May 2004

Number of BNP Paribas shares held[1]*:* 9,167
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]
Qatar Financial Center Regulatory Authority (QFCRA), Doha (Qatar), member of the Board

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

2013:	2012:	2011:	2010:
Director of: BNP Paribas, 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:** BNP Paribas, 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:** BNP Paribas, Smart Trade Technologies SA, Shan SA **Member of:** Board of the Qatar Financial Centre Regulatory Authority (QFCRA), Doha (Qatar)	**Director of:** BNP Paribas, Smart Trade Technologies SA, Shan SA **Member of:** Board of the Qatar Financial Centre Regulatory Authority (QFCRA), Doha (Qatar)

(1) Year ended 31 December 2014.
(*) Listed company.

Christophe de MARGERIE ✝
Principal function: Chairman and Chief Executive Officer of Total S.A.

6 August 1951, 20 October 2014
Term start and end dates: 15 May 2013 – 20 October 2014
First elected to the Board on: 15 May 2013

Office 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

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]
Institut du Monde Arabe, Director

(1) Year ended 20 October 2014.
(*) Listed company.

Nicole MISSON
Principal function: Customer Advisor

Date of birth: 21 May 1950
Term start and end dates: elected by BNP Paribas executive employees for 3 years from 16 February 2012 – 15 February 2015
First elected to the Board on: 1 July 2011

Number of BNP Paribas shares held[(1)]*:* 1,937[(2)]
Office address: 32, 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)

2013:	2012:	2011:	
Judge at the Paris Employment Tribunal, Management Section **Director of:** BNP Paribas **Member of:** Commission Paritaire de la Banque (Association Française des Banques – Recourse Commission)	Judge at the Paris Employment Tribunal, Management Section **Director of:** BNP Paribas **Member of:** Commission Paritaire de la Banque (Association Française des Banques – Recourse Commission)	Judge at the Paris Employment Tribunal, Management Section **Director of:** BNP Paribas **Member of:** Commission Paritaire de la Banque (Association Française des Banques – Recourse Commission)	

(1) *Year ended 31 December 2014.*
(2) *Includes 1,763 BNP Paribas shares held under the Company Savings Plan.*
(*) *Listed company.*

Thierry MOUCHARD
Principal function: Administrative Assistant, Customer Transactions Department

Date of birth: 4 July 1960
Term start and end dates: 16 February 2012 (on which date Thierry MOUCHARD was elected by employees) – 15 February 2015
First elected to the Board on: 16 February 2012

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

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

2013:	2012:		
Director of: BNP Paribas	**Director of:** BNP Paribas		

(1) *Year ended 31 December 2014.*
(*) *Listed company.*

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

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

Number of BNP Paribas shares held(1)*:* 755
Office address: Immeuble Millénaire 2
235, 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
EDF(*), Director
Ifop SA, Vice Chairwoman of the Management Board

Offices resigned subsequent to 31 December 2014(**)
Supervisory Board of Compagnie Générale des Établissements Michelin (SCA)(*), member
Fives, Director

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

Other(1)
Scientific and Assessment Board of Fondapol, Chairman
Conseil économique, social et environnemental, member
European Council for Foreign Relations, member
Mouvement des Entreprises de France (Medef), Honorary Chairman

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

2013:	2012:	2011:	2010:
Vice-Chairman of the Management Board of: Ifop SA **Honorary Chairman of:** Mouvement des Entreprises de France (Medef) **Director of:** BNP Paribas, Coface SA, Fives **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:** BNP Paribas, 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:** BNP Paribas, 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:** BNP Paribas, Coface SA **Member of the Supervisory Board of:** Michelin

(1) Year ended 31 December 2014.
(*) Listed company.
(**) On 18 February 2015, the Supervisory Board of Compagnie Générale des Établissements Michelin (SCA) accepted the resignation of Laurence Parisot as member, effective 24 July 2015.
The Supervisory Board of Fives accepted the resignation of Laurence Parisot as member, effective 6 February 2015.

2

Hélène PLOIX
Principal function: Chairman of Pechel Industries (SAS) and Pechel Industries Partenaires (SAS) and FSH (SAS)

Date of birth: 25 September 1944
Term start and end dates: 11 May 2011 – 2014 AGM
First elected to the Board on: 21 March 2003

Number of BNP Paribas shares held[(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 degree in 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 Store Electronic Systems, permanent representative
Supervisory Board of Publicis Groupe[(*)], member
Sofina[(*)] (Belgium), Director
Sogama Crédit Associatif, Chairman
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
Publicis Groupe, member of the Strategic and Risk Committee and the Audit Committee
Sofina, Chairman of the Audit Committee

Other[(1)]
Institut Français des Administrateurs (IFA), member

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

2013:
Chairman of: Pechel Industries (SAS), Pechel Industries Partenaires (SAS) and FSH (SAS)
Director of: BNP Paribas, Lafarge, Ferring SA (Switzerland), Sofina (Belgium), Genesis Emerging Markets Fund Limited (Guernsey)
Permanent representative of: Pechel Industries Partenaires (SAS) in Goëmar Holding (Luxembourg), Store Electronic Systems
Member of the Supervisory Board of: Publicis Groupe,
Manager of: Hélène Ploix SARL, Hélène Marie Joseph SARL, Sorepe Société Civile
Member of: Institut Français des Administrateurs (IFA)

2012:
Chairman of: Pechel Industries (SAS), Pechel Industries Partenaires (SAS) and FSH (SAS)
Director of: BNP Paribas, Lafarge, Ferring SA (Switzerland), Sofina (Belgium), Genesis Emerging Markets Fund Limited (Guernsey)
Permanent representative of: Pechel Industries Partenaires (SAS): Ypso Holding (Luxembourg), Goëmar Holding (Luxembourg), Store Electronic Systems (France)
Member of the Supervisory Board of: Publicis Groupe, Goëmar Développement, Laboratoires Goëmar
Manager of: Hélène Ploix SARL, Hélène Marie Joseph SARL, Sorepe Société Civile
Member of: Institut Français des Administrateurs (IFA), Organisation Métrologique Mondiale (OMM)

2011:
Chairman of: Pechel Industries (SAS), Pechel Industries Partenaires (SAS) and FSH (SAS)
Director of: BNP Paribas, Lafarge, Ferring SA (Switzerland), Sofina (Belgium)
Permanent representative of: Pechel Industries Partenaires (SAS) in 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), Pechel Industries Partenaires (SAS) and FSH (SAS)
Director of: BNP Paribas, 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)

(1) Year ended 14 May 2014.
(*) Listed company.

Daniela SCHWARZER
Principal function: Research Professor at the Institute for European and Eurasian Studies at the Johns Hopkins University (Bologna and Washington); Director of the European programmes of the German Marshall Fund, a transatlantic think tank (Berlin)

Date of birth: 19 July 1973
Term start and end dates: 14 May 2014 – 2017 AGM
First elected to the Board on: 14 May 2014

Number of BNP Paribas shares held[1]*:* 200
Office address: Neue Strasse 5
14163 BERLIN
GERMANY

Education
Doctorate in Economics from the Free University of Berlin
Master's degree in Political Science
Master's degree in Linguistics from the University of Tübingen

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

Other[1]
Association Notre Europe – Jacques Delors Institute, member of the Board of Directors,
United Europe Foundation (Hamburg), member of the Board of Directors

(1) Year ended 31 December 2014.
(*) Listed company.

Michel TILMANT
Principal function: Manager of Strafin sprl (Belgium)

Date of birth: 21 July 1952
Term start and end dates: 15 May 2013 – 2016 AGM
First elected to the Board on: 12 May 2010
(Michel Tilmant served as 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**
Groupe Foyer:
CapitalatWork Foyer Group SA (Luxembourg), deputy Director
Foyer SA (Luxembourg), Director
Groupe Lhoist SA (Belgium), Director
Guardian Group:
Ark Life Ltd (Ireland), Director
Guardian Acquisitions Limited (UK), Director
Guardian Assurance Limited (UK), Director
Guardian Financial Services Holdings Limited (United Kingdom), Director
Guardian Holdings Limited (Jersey), Director
NBGB SA[(**)] (Belgium), Director
Sofina SA[(*)] (Belgium), Director
Strafin sprl (Belgium), manager

Participation[1] **in Special Committees of French or foreign companies**
BNP Paribas, member of the Internal Control, Risk Management and Compliance Committee
Guardian, Chairman of the Audit Committee and the Compensation Committee
Groupe Lhoist SA, member of the Audit Committee
Sofina, member of the Appointments and Compensation Committee

Other[1]
Cinven Ltd (UK), senior advisor
Royal Automobile Club of Belgium (Belgium), Director
Université Catholique de Louvain (Belgium), Director

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

2013:	2012:	2011:	2010:
Director of: BNP Paribas, CapitalatWork Foyer Group SA (Luxembourg), Foyer Assurances SA (Luxembourg), Groupe Lhoist SA (Belgium), Guardian Financial Services Holdings Limited (UK), Guardian Assurance Limited (UK), Guardian Holdings Limited (Jersey), Guardian Acquisitions Limited (UK), NBGB SA (Belgium), Royal Automobile Club of Belgium (Belgium), Sofina SA[(*)] (Belgium), Université Catholique de Louvain (Belgium). **Senior advisor:** Cinven Ltd (UK)	**Chairman of:** Guardian Holdings Limited (Jersey), Guardian Acquisitions Limited (UK) **Director of:** BNP Paribas, 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 (UK)	**Chairman of:** Green Day Holdings Limited (Jersey), Green Day Acquisitions Limited (UK) **Director of:** BNP Paribas, 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 (UK)	**Director of:** BNP Paribas, 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 (UK)

(1) Year ended 31 December 2014.
(*) Listed company.
(**) NBGB SA received Michel Tilmant's letter of resignation from his term of office as Director on 2 March 2015.

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

Date of birth: 30 April 1941
Term start and end dates: 15 May 2013 – 2016 AGM
First elected to the Board on: 12 May 2010
(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)

2013:	2012:	2011:	2010:
Director of: BNP Paribas	**Director of:** BNP Paribas	**Director of:** BNP Paribas	**Director of:** BNP Paribas

(1) Year ended 31 December 2014.
(*) Listed company.

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

Date of birth: 30 July 1958
Term start and end dates: 14 May 2014 – 2017 AGM
First elected to the Board on: 11 May 2011

Number of BNP Paribas shares held(1): 139
Office address: 11-13 Worple Way
RICHMOND-UPON-THAMES
SURREY TW10 6DG
UNITED KINGDOM

Education
Graduate of the 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
Bilt Paper BV (Netherlands), 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 and Compensation Committee
Bilt Paper BV, Senior Independent Director, Chairman of the Compensation and Appointments Committee and Chairman of the Corporate Social Responsibility Committee

Other(1)
Ministry of Justice of Her Majesty's Government (UK), Director
Board of the Batten School of Leadership – University of Virginia (United States), member

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

2013:	2012:	2011:	
Director of: BNP Paribas, CDC Group plc, Ballarpur Industries Ltd (BILT), SCOR SE, Ministry of Justice of Her Majesty's Government (United Kingdom) **Member of:** the Board of the Batten School of Leadership – University of Virginia (United States)	**Director of:** BNP Paribas, 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:** BNP Paribas, 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 2014.
(*) Listed company.

OTHER CORPORATE OFFICERS

Philippe BORDENAVE
Principal function: Chief Operating Officer of BNP Paribas

Date of birth: 2 August 1954 *Number of BNP Paribas shares held*[1]*:* 51,674 *Office address:* 3, rue d'Antin 75002 PARIS FRANCE **Education** Graduate of the École Polytechnique Graduate of the École Nationale d'Administration DEA in Economics	**Offices held[1] in BNP Paribas Group listed or unlisted companies, in France or abroad** BNP Paribas[*], Chief Operating Officer BNP Paribas Personal Finance, Director BNP Paribas Securities Services (SCA), permanent representative of Antin Participation 5 Exane BNP Paribas, non-voting Director Verner Investissements, Director

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

2013:	2012:	2011:	
Chief Operating Officer of: BNP Paribas **Director of:** BNP Paribas Personal Finance **Permanent representative of:** Antin Participation 5 (SAS), BNP Paribas Securities Services (SCA)	**Chief Operating Officer of:** BNP Paribas **Director of:** BNP Paribas Personal Finance **Permanent representative of:** Antin Participation 5 (SAS), 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 of:** Antin Participation 5 (SAS) in BNP Paribas Securities Services (SCA)	

(1) Year ended 31 December 2014.
(*) Listed company.

Georges CHODRON de COURCEL
Principal function: Chief Operating Officer of BNP Paribas (until 30 June 2014)

Date of birth: 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

Offices held[1] outside BNP Paribas Group in listed or unlisted companies, in France or abroad
Bouygues[*], Director
Erbé SA (Belgium), Director
GBL – Groupe Bruxelles Lambert[*] (Belgium), Director
Lagardère SCA[*], member of the Supervisory Board
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

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

2013:	2012:	2011:	2010:
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:** 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

(1) Year ended 30 June 2014.
(*) Listed company.

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François VILLEROY DEGALHAU Principal function: Chief Operating Officer of BNP Paribas	
Date of birth: 24 February 1959 *Number of BNP Paribas shares held*[(1)]*:* 15,746[(2)] *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 Banca Nazionale del Lavoro (Italy), Deputy Chairman BGL BNP Paribas (Luxembourg), Vice-Chairman BNP Paribas(*), Chief Operating Officer BNP Paribas Fortis (Belgium), Vice-Chairman BNP Paribas Leasing Solutions (Luxembourg), 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)

2013:	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 **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) At 31 December 2014 (8,541 shares at 31 December 2013).
(2) Includes 5,745 BNP Paribas shares held under the Company Savings Plan.
(*) Listed company.

COMPENSATION

COMPENSATION AND BENEFITS AWARDED TO THE GROUP'S CORPORATE OFFICERS

Compensation policy

The Group's compensation policy for executive corporate officers refers explicitly to the Afep-Medef Code for Corporate Governance, and further derives its legitimacy from its desire to apply policies consistent with the BNP Paribas Responsibility Charter (see section 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 Bank's interests and with that of its shareholders:
  - consistency with a medium to long-term outlook, especially in terms of the growth of the Bank's intrinsic value, good risk management and the relative performance of its share,
  - integration of extra-financial assessment criteria, notably by taking the CSR dimension into account in the qualitative criteria contributing to the determination of compensation,
  - guarantee of sufficient variability in the amounts allocated to reflect changes in the Bank's progress without weighing too heavily on fixed expenses;
- transparency of compensation:
  - thoroughness: all elements (fixed, annual variable, multi-annual 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 reflect best market practices,
  - intelligibility of stable and strict 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 Non-Executive Chairman

The Chairman's compensation is set by the Board of Directors in accordance with the method recommended by the Compensation Committee, in line with the objectives set out above.

The level of the Chairman's compensation is determined using market benchmarks based on surveys of compensation established by specialised firms.

BNP Paribas changed its Chairman during the 2014 financial year: Baudouin Prot held the office of Chairman until 1 December 2014, and Jean Lemierre from 1 December 2014.

1. Compensation of Baudouin Prot, Chairman until 1 December 2014

The fixed compensation of Baudouin Prot as Chairman until 1 December 2014 was EUR 779,167.

Mr Prot did not receive annual or multi-annual variable compensation in 2014. He waived his entitlement to the medium term compensation plan allocated to him by the Board on 29 April 2014.

2. Compensation of Jean Lemierre, Chairman from 1 December 2014

At its meeting of 1 December 2014, the Board chose to appoint Jean Lemierre as Director and Chairman of BNP Paribas.

The Board of Directors, at this meeting, agreed that Jean Lemierre will receive, in his capacity as Chairman, a fixed annual compensation of EUR 950,000.

The absence of annual or multi-annual variable compensation reflects the independence of the Chairman with regard to the Executive Management.

The fixed compensation of Jean Lemierre in his capacity as Chairman for the month of December 2014 was EUR 79,167.

II. Compensation of the Executive Management

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

Compensation includes:

- a fixed component;
- an annual variable component; and
- a conditional long-term incentive plan (LTIP).

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

To comply with the capping of variable compensation provided for in article L. 511-78 of the French Monetary and Financial Code, specifically applicable to banking and financial institutions, the Board of Directors reserves the right to reduce the long-term incentive plan (LTIP, described below). On the decision of the General Meeting of Shareholders of 14 May 2014, the cap was set at twice the amount of fixed compensation.

1. Fixed salary

The annual fixed compensation of Jean-Laurent Bonnafé in his capacity as Chief Executive Officer totalled EUR 1,250,000 in 2014.

The annual fixed compensation of Philippe Bordenave in his capacity as Chief Operating Officer totalled EUR 640,000 in 2014. As part of the reorganisation of the Executive Management of BNP Paribas on 1 July 2014, Philippe Bordenave, Chief Operating Officer, who was already in charge of supervising the Finance and Management Control activities, Asset and Liability Management-Treasury, information systems and general resources, was also given responsibility for:

- the supervision of Private Equity with the Chairmanship of the Private Equity Investment Committee;
- the supervision of the compensation of regulated persons and employees of CIB with the Chairmanship of the CIB Compensation Committee and the "Compliance Risk Finance" Committee, which submits decisions regarding regulated persons to the Compensation Committee;
- the chair of the Market Risk Committee;
- the supervision of the Group's Tax Affairs;
- the supervision of the Economic Research Department.

In consideration of these new functions, the Board of Directors, at its meeting of 18 December 2014, chose to increase the annual fixed compensation of Philippe Bordenave to EUR 800,000 from 1 January 2015.

The annual fixed compensation of François Villeroy de Galhau in his capacity as Chief Operating Officer was EUR 450,000 in 2014.

The annual fixed compensation of Georges Chodron de Courcel in his capacity as Chief Operating Officer until 30 June 2014 was EUR 350,000.

SUMMARY TABLE OF FIXED COMPENSATION OF THE EXECUTIVE MANAGEMENT

In euros	Fixed compensation paid in 2014(*)	Comments
Jean-Laurent BONNAFÉ	1,250,000	Most recent increase in fixed compensation: 1 July 2012
Philippe BORDENAVE	640,000	Annual fixed compensation raised to EUR 800,000 from 1 January 2015 (Board of Directors decision dated 18 December 2014)
François VILLEROY de GALHAU	450,000	Most recent increase in fixed compensation: 1 December 2011
Georges CHODRON de COURCEL	350,000	Term of office ended 30 June 2014

(*) As a corporate officer.

2. 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

The variable 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 and Philippe Bordenave;
- 120% of his annual fixed compensation for François Villeroy de Galhau.

It varies in accordance with criteria representative of the Group's performance and the qualitative assessment of the Board of Directors.

Group performance criteria (quantitative)

Group performance criteria:

- apply to 75% of the target variable compensation; and
- enable the calculation of 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 broad scope of responsibility: they are not responsible for one division or business in particular

For Jean-Laurent Bonnafé and Philippe Bordenave, the quantitative criteria are therefore 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 achievement of the Group's budgeted gross operating income (37.5% of the target variable compensation);

b) Corporate officers in charge of a division or a business are also assessed on the results for those activities

For François Villeroy de Galhau:

- 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 target variable compensation);
- 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 achievement of budgeted gross operating income from activities under his responsibility (18.75% of target variable compensation).

For Georges Chodron de Courcel:

Georges Chodron de Courcel does not receive annual variable compensation in respect of 2014.

Personal (qualitative) criteria

The variable portion of compensation linked to qualitative assessment by the Board of Directors is capped at 25% of the target variable compensation. Under no circumstances can this assessment lead to an increase in the variable component linked to this assessment.

The performance of this qualitative assessment by the Board of Directors is essential, especially in view of the reinforcement of its responsibilities for monitoring and control provided by the French Monetary and Financial Code since 2014 (thereby transposing CRD 4). In addition to the Bank's strategy, which it is its responsibility to approve, the Board of Directors must assess the performance of the executive management given the events of the past year, the control of risks and the effectiveness of the internal control system, which it is required to assess.

In performing its qualitative assessment, the Board takes into consideration foresight, decision-making, management skills and exemplary qualities:

- *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 managers;
- *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;
- *manage:* 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 sets the qualitative portion of the annual variable compensation, based on all or some of these criteria. The Board deemed that the 2014 operating performance was above expectations in a complex regulatory and economic context, and that this outcome would not have been possible without exceptional mobilisation on the part of the executive management.

SUMMARY OF CRITERIA FOR SETTING ANNUAL VARIABLE COMPENSATION

Criteria	% of the TVC[(1)]	Jean-Laurent BONNAFÉ Philippe BORDENAVE	% of the TVC[(1)]	François VILLEROY de GALHAU
QUANTITATIVE Group performance criteria	37.50%	■ Change in earnings per share	18.75%	■ Change in earnings per share
			18.75%	■ Change in the pre-tax net income of the scope under his responsibility
	37.50%	■ Achievement of target gross operating income	18.75%	■ Achievement of target consolidated gross operating income
			18.75%	■ Achievement of target gross operating income of the scope under his responsibility
QUALITATIVE Personal criteria	25.00%	Assessment of managerial performance. Personal qualities required: foresight, decision-making, leadership and exemplary qualities. The assessment of the Board of Directors may, if necessary, consider other criteria.		

(1) Target variable compensation.

Ceiling

In addition to compliance with the aforementioned French Monetary and Financial Code, the Board of Directors 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 2014

At its meeting of 4 February 2015, the Board of Directors assessed the achievement of the objectives set.

After taking into account both quantitative and qualitative criteria, and the evolution in the Group's operating performance, the Board of Directors, on proposal of the Compensation Committee, set the variable compensation awarded in respect of 2014 at:

- 64% for Jean-Laurent Bonnafé,
- 64% for Philippe Bordenave,
- 81% for François Villeroy de Galhau

of the target variable compensation.

The result in respect of each criterion is set out in the following table:

In euros	Scope under his responsibility		Qualitative criteria	Quantitative criteria Group EPS[(2)]	Group gross operating income[(3)]	Pre-tax income[(4)] Scope under responsibility	Gross operating income[(3)] Scope under responsibility	Variable compensation set by the Board	Reminder of target variable compensation
Jean-Laurent BONNAFÉ	Group	Weighting[(1)]	25.00%	37.50%	37.50%				
		Measurement[(1)]	25.00%	0.00%	39.37%			**1,200,000**	1,875,000
Philippe BORDENAVE	Group	Weighting[(1)]	25.00%	37.50%	37.50%				
		Measurement[(1)]	25.00%	0.00%	39.37%			**610,000**	960,000
François VILLEROY de GALHAU	Domestic markets	Weighting[(1)]	25.00%	18.75%	18.75%	18.75%	18.75%		
		Measurement[(1)]	25.00%	0.00%	19.70%	17.42%	19.47%	**440,000**	540,000

(1) As a percentage of target variable compensation.
(2) Change in earnings per share for the year compared with earnings per share for the previous year.
(3) Percentage achievement of target gross operating income.
(4) Change in pre-tax net income for the year compared with pre-tax net income for the previous year.

Terms and conditions of payment

a) The terms of payment of the variable compensation for Group BNP Paribas executive corporate officers in respect of 2014, consistent with the provisions of regulation 97-02 and those of the Decree of 3 November 2014 on Internal Controls that superseded it, are:

- 40 to 60% of variable compensation are deferred over three years;
- half of the non-deferred portion of the variable compensation will be paid in March 2015, less Directors' fees received within the Group in 2014 for entities other than BNP Paribas SA, and half in September 2015, 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 2016, 2017 and 2018. Each annual payment will be made half in March and half in September, indexed to the performance of the BNP Paribas share since the award.

b) 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%.

The Board found that the performance condition was not met in fiscal year 2014; accordingly, deferred compensation payable in 2015 has been forfeited, and will not be paid.

	Year to which the deferred amounts payable in 2015 are attached, cancelled due to the fact that the performance condition, namely pre-tax ROE above 5%, was not fulfilled in 2014			
	2011	2012	2013	Total
Jean-Laurent BONNAFÉ	(231,604)	(336,000)	(315,962)	**(883,565)**
Philippe BORDENAVE	(12,947)	(171,971)	(161,962)	**(346,880)**
François VILLEROY de GALHAU	(7,431)	(76,652)	(66,628)	**(150,711)**
Baudouin PROT	(235,986)	(164,985)	None(*)	**(400,971)**
Georges CHODRON de COURCEL	(152,621)	(177,985)	(116,648)	**(447,254)**

(*) Baudouin Prot has received no annual variable compensation in his capacity as Chairman since fiscal year 2013.

3. Conditional five-year long-term incentive plan (LTIP)

Summary of the LTIP

To align the interests of executive corporate officers with the medium- to long-term performance of the BNP Paribas Group without compromising risk management, the Board has established an LTIP, unchanged since 2011, under which no payment shall be made if the market price of the BNP Paribas share does not increase by at least 5% over a five-year period.

Should the share price rise by at least 5%, the benefit gained by managers from this performance is gradual, in accordance with a scale that varies more slowly than the market price.

The LTIP also aligns the payment received by executive management with the regularity of the performance of the BNP Paribas share relative to that of other major European banks, potentially reducing the amount set in the event of an increase of at least 5% in the share price. The relative performance is tested annually; each year, a fifth of the amount determined in respect of change in the share price is either maintained, reduced or cancelled based on such comparison.

Lastly, the amount payable under the LTIP is subject to two limits resulting first from a cap on the increase in the share price, and second from an absolute level of compensation.

To avoid the time difference between the LTIP and the annual variable compensation, and to comply fully with EU Capital Requirement Directive 4 applicable to credit institutions, the LTIP is now tied to the same period as the annual variable compensation. The LTIP awarded on 4 February 2015 is now tied to the fiscal year 2014 (see section IX Quantitative information on compensation of executive corporate officers).

Detailed description of the LTIP

The Board of Directors may decide to award a LTIP in an amount that would then be equal to the annual variable compensation awarded in respect of the previous year.

The existence and the amount of actual compensation at the end of each five-year period is subject to very strict conditions: a condition linked to the performance of the BNP Paribas share over the entire plan period (five years) is applied. Under this condition, no payment shall be made if the BNP Paribas share price does not increase by at least 5% from the date of the grant by the Board of Directors until the end of a period of five years from the grant date[1].

If the share price increases by at least 5% during this period, a factor is applied to the initial amount, resulting in the amount being increased or reduced, depending on the magnitude of the increase, bearing in mind that the factor is in any event capped at 175% in the event of an increase equal to or greater than 75% in the BNP Paribas share over the five-year period.

The table on the following page shows the coefficients applied depending on the increase in the share price at the end of the five-year period.

(1) The initial and final amounts taken to measure the performance of the share price over five years are as follows:

- *the initial amount is the higher of the average opening price of the BNP Paribas share in the rolling 12-month period prior to the grant date, and the opening BNP Paribas share price on the grant date;*
- *the final amount is the average of the opening price of the BNP Paribas share in the rolling 12-month period preceding the payment date.*

Evolution of the share price during the five year period	Factor applied to the amount awarded, which may be reduced by application of the condition below
Strictly under 5%	0 (no payment)
Equal or higher than 5% and under 10%	40%
Equal to or higher than 10% and under 20%	80%
Equal to or higher than 20% and under 33%	120%
Equal to or higher than 33% and under 50%	130%
Equal to or higher than 50% and under 75%	150%
Equal or higher than 75%	175%

The amount thus determined under this condition can also be reduced in the event of an underperformance of the BNP Paribas share relative to the Dow Jones EURO STOXX Banks index of main euro zone banks.

This condition consists of the measurement, after each year of the five-year vesting period, of the performance of the BNP Paribas share price relative to the Dow Jones EURO STOXX Banks index. At each measurement, a fifth of the amount can be reduced or forfeited in the event of a relative underperformance.

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 amount awarded 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

Compensation paid under the LTIP is subject to a dual ceiling: the first results from the factor applied in the event of an increase in the share price, which is capped at 175%. In addition, the amount ultimately paid shall in any event be limited to a maximum amount equal to the sum of the fixed salary and variable compensation awarded to the beneficiary in respect of the year preceding the one during which the Board of Directors decided to make an award under the LTIP.

LTIP amounts allocated in respect of 2014

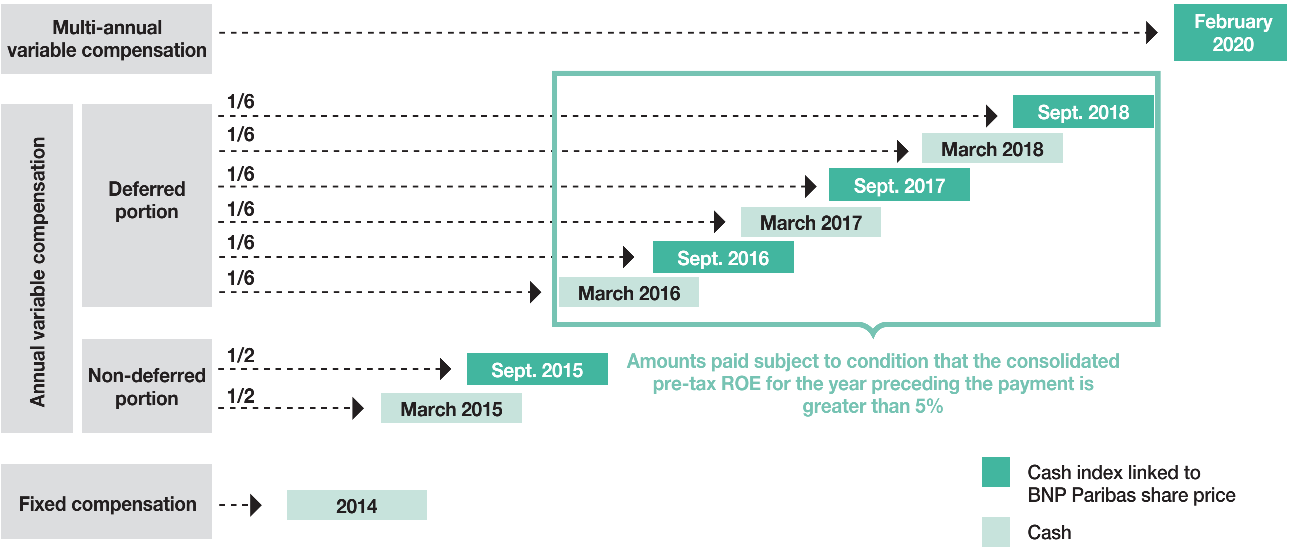
The Board of Directors, on the recommendation of the Compensation Committee, set the amounts awarded under the LTIP in respect of 2014. The amounts awarded, measured at fair value, are as follows:

LTIP granted on 4 February 2015 *(in euros)*	Total awarded*	Valuation of the fair value of the amount awarded**
Jean-Laurent BONNAFÉ	1,200,000	331,200
Philippe BORDENAVE	610,000	168,360
François VILLEROY de GALHAU	440,000	121,440

(*) Equal to the amount of annual variable compensation for 2014.
(**) Fair value of 27.60% of the amount awarded, as calculated by an independent expert.

Summary of the compensation of sitting executive corporate officers in place as at 31/12/2014

1. Breakdown over time of payment of compensation in respect of 2014



2. Total compensation in respect of 2014 compared with 2013

In euros	Total compensation in respect of 2014					Total compensation* in respect of 2013
	Fixed	Annual variable	LTIP (at fair value)	Total	Ratio Variable/Fixed	
Jean-Laurent BONNAFÉ	1,250,000	1,200,000	331,200	**2,781,200**	1.2	3,279,668
Philippe BORDENAVE	640,000	610,000	168,360	**1,418,360**	1.2	1,670,526
François VILLEROY de GALHAU	450,000	440,000	121,440	**1,011,440**	1.2	1,092,300

(*) *Fixed compensation paid in 2013 + Annual variable compensation in respect of 2013 + LTIP awarded on 29 April 2014..*

3. Impact on variable compensation of the settlement with the US authorities

The impact is approximately one year's target annual variable compensation.

In euros	Impact on variable compensation awarded in respect of 2014 (annual and LTIP)*	Total deferred compensation cancelled in 2015**	Total	Reminder of target annual variable compensation for 2014
Jean-Laurent BONNAFÉ	(984,627)	(883,565)	**(1,868,192)**	1,875,000
Philippe BORDENAVE	(509,743)	(346,880)	**(856,622)**	960,000
François VILLEROY de GALHAU	(141,191)	(150,711)	**(291,901)**	540,000

(*) *Difference between the annual variable compensation calculated without taking into account the impact of the settlement with the US authorities and the total variable compensation awarded.*

(**) *Deferred compensation payable in 2015, cancelled due to the fact that the performance condition, namely pre-tax ROE above 5%, was not fulfilled in fiscal year 2014.*

III. 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.

IV. Performance shares: None

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

V. Post-employment benefits

1. Payments and benefits due or likely to become due upon termination or change of duties

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 that he had enjoyed for almost 20 years as an employee and corporate officer (and particularly his rights as regards the 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 severance payment in the event of:
   - serious or gross misconduct,
   - failure to meet the performance conditions set out in point 2, or
   - voluntary resignation from his duties 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 severance payments:
   a) if, for at least two of the three years preceding the 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 severance payment 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 severance payment 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 severance payment due will be:
   - limited to half of the benefits as set out above, and
   - subject to the same terms and conditions.

Jean Lemierre, who joined BNP Paribas in 2008, following the recommendations of the Afep-Medef Code, waived his employment contract, which ended on 30 November 2014. As a result, he loses, as of that date, the benefits awarded to him as an employee of BNP Paribas. He does not benefit from any contractual compensation in respect of the termination of his term of office.

He does, however, in his capacity as a corporate officer, continue to benefit from collective death or disability, and health insurance, and a defined-contribution pension plan.

Philippe Bordenave and François Villeroy de Galhau are not entitled to any contractual benefits upon termination of their office.

2. Retirement bonuses

Pursuant to the agreement authorised by the Board of Directors and ratified by the General Meeting of Shareholders under related-party agreements, BNP Paribas paid Baudouin Prot upon his retirement an amount of EUR 150,000 covering the retirement bonus he would have received under the agreement relating to the Banque Nationale de Paris staff provident fund.

Georges Chodron de Courcel, following the termination of his term of office, claimed his pension and left the Company on 30 September 2014. He received a retirement bonus of EUR 285,736 under an agreement relating to the Banque Nationale de Paris staff provident fund.

Jean-Laurent Bonnafé will receive no retirement bonus when he goes into retirement.

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 pursuant to their initial employment contract.

No commitment has been made in respect of Jean Lemierre.

3. Top-up pension plan

Baudouin Prot, Chairman until 1 December 2014, and Georges Chodron de Courcel, Chief Operating Officer until 30 June 2014, who retired on 30 September 2014, are beneficiaries of a contingent collective defined-benefit top-up pension plan in accordance with the provisions of article L.137.11 of the French Social Security Code.

Under this scheme, pensions are calculated on the basis of fixed and variable compensation received in 1999 and 2000, the date at which the scheme was closed.

Under this plan, 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 represent less than 50% of the above-mentioned compensation amounts.

These retirement benefits were 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 is limited to the effects of this revaluation. On payment of the benefits, the top-up pensions correspond to the differential between these revalued amounts and the pension benefits provided by the above-mentioned general and top-up schemes. 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 guaranteed annual pension amount is set at EUR 527,933 for Baudouin Prot and EUR 337,881 for Georges Chodron de Courcel. These amounts include the pensions to be used for early retirement (Sécurité Sociale, ARRCO, AGIRC, PERE company pension plan).

The company pension plan has been outsourced to an insurance company outside the Group since 2004.

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 2014 was EUR 413 per beneficiary for the whole year.

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 also benefit from death and disability insurance covering all employees of BNP Paribas SA.

The CEO and the COOs are also entitled 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. An annual employer contribution of EUR 1,460, recognised as a benefit in kind, was paid as part of this scheme in respect of fiscal 2014.

The total amount of contributions paid by BNP Paribas for pension plans and health coverage amounted to EUR 13,692.

VI. Holding of shares resulting from the exercise of stock options

The Board of Directors has decided that the minimum number of shares that Jean-Laurent Bonnafé shall be required to hold for the duration of his term of office shall be 80,000. Jean-Laurent Bonnafé has complied with this obligation, through the direct ownership of shares or units in the Company Savings Plan fully invested in BNP Paribas shares. For Jean Lemierre, the number of shares has been set at 10,000, with compliance required no later than 1 June 2016, i.e. within 18 months of his appointment as Chairman.

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. The minimum 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.

VII. Compensation and benefits awarded to employee-elected Directors

Total compensation paid in 2014 to Directors representing employees amounted to EUR 87,681 (EUR 81,636 in 2013), excluding Directors' fees related to their office. The total amount of Directors' fees paid in 2014 to Directors representing employees was EUR 120,081 (EUR 112,352 in 2013). 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 2014 on behalf of the Directors representing employees was EUR 1,707 (EUR 1,831 in 2013).

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 2014 on behalf of these corporate officers was EUR 697 (EUR 720 in 2013). They are also entitled to top-up banking industry pensions under the industry-wide agreement that took effect on 1 January 1994.

VIII. Loans, advances and guarantees granted to the Group's corporate officers

At 31 December 2014, total outstanding loans granted directly or indirectly to the Group's corporate officers amounted to EUR 1,352,550 (EUR 1,263,432 at 31 December 2013). This 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.

IX. Quantitative information on the compensation of executive corporate officers

Note:

Since 2011, the executive corporate officers of the BNP Paribas Group have received an annual award under the long-term incentive plan (LTIP), the award amount being determined on the basis of the performance in the year preceding the award. Thus, the amounts awarded under the LTIP on 4 February 2015, 29 April 2014, 2 May 2013, 3 May 2012 and 12 April 2011 were set in relation to the performance in 2014, 2013, 2012, 2011 and 2010 respectively.

Until 2014 included, BNP Paribas disclosed the amounts awarded under the LTIP during the year under review in the Registration document and annual financial report. As such, the presentation of the LTIP differed from that of annual variable compensation, which is still recorded in respect of the year preceding the award.

This time difference makes it difficult to read the overall change in the variable compensation of executive corporate officers, and is not fully consistent with European directive CRD 4 applicable to credit institutions, which provides that the amount of variable compensation, both annual and multi-annual, should not exceed the fixed compensation of the reference year or, subject to approval by the General Meeting of Shareholders, twice the amount of fixed compensation.

It has therefore been decided to change the presentation in order to reconcile the annual and multi-annual variable compensation awarded in respect of the performance of the same year.

This decision, by allowing a better match between annual and multi-annual variable compensation in relation to the performance of the past year, makes it immediately possible to analyse the ratio between fixed compensation and variable compensation awarded to executive Corporate Officers, as required by the aforementioned Directive.

This is why the multi-annual variable compensation awarded to executive corporate officers by the Board of Directors on 29 April 2014 will now appear in the "Amounts awarded 2013" column. The multi-annual variable compensation awarded to executive corporate officers in 2015 accordingly appears in the "2014" column. Thus, solely for the LTIP component of executive corporate officers' compensation, the consultative vote this year will bear on fiscal year 2013 and 2014.

Accordingly, in the case of Jean-Laurent Bonnafé, the amount of multi-annual variable compensation presented in the 2013 column has been modified, replacing the amount of EUR 560,112 disclosed last year, corresponding to the LTIP awarded on 2 May 2013 on the basis of the 2012 performance, by an amount of EUR 449,668 corresponding to the fair value of the LTIP awarded on 29 April 2014 set in relation to the fiscal year 2013 performance. Similarly, the multi-annual variable compensation of EUR 331,200 given in the 2014 column represents the fair value of the LTIP awarded on 4 February 2015 in relation to the 2014 performance.

The table below shows the gross compensation **awarded in respect of the financial year**, including Directors' fees and benefits in kind, for each Group's corporate officer.

Summary table of the compensation awarded to each executive corporate officer

In euros		2013 Amounts awarded	2014 Amounts awarded
Jean LEMIERRE **Chairman of the Board of Directors from 1 December 2014**	Fixed salary		79,167
	Annual variable compensation		None
	Multi-annual variable remuneration(1)		None
	Value of stock options granted during the financial year		None
	Value of performance shares awarded during the financial year		None
	Sub-total		**79,167**
	Extraordinary compensation		None
	Directors' fees(2)		4,414
	including Directors' fees deducted from variable compensation		
	Benefits in kind(3)		131
	TOTAL		**83,712**
Jean-Laurent BONNAFÉ **Chief Executive Officer**	Fixed salary	1,250,000	1,250,000
	Annual variable compensation	1,580,000	1,200,000
	Multi-annual variable remuneration(1)	449,668	331,200
	Value of stock options granted during the financial year	None	None
	Value of performance shares awarded during the financial year	None	None
	Sub-total	**3,279,668**	**2,781,200**
	Extraordinary compensation	None	None
	Directors' fees(2)	140,801	62,391
	including Directors' fees deducted from variable compensation	(93,646)	(9,531)
	Benefits in kind(3)	3,108	4,568
	TOTAL	**3,329,931**	**2,838,628**

In euros		2013 Amounts awarded	2014 Amounts awarded
Philippe BORDENAVE Chief Operating Officer	Fixed salary	630,000	640,000
	Annual variable compensation	810,000	610,000
	Multi-annual variable remuneration(1)	230,526	168,360
	Value of stock options granted during the financial year	None	None
	Value of performance shares awarded during the financial year	None	None
	Sub-total	**1,670,526**	**1,418,360**
	Extraordinary compensation	None	None
	Directors' fees(2)	12,075	1,218
	including Directors' fees deducted from variable compensation	(12,075)	(1,218)
	Benefits in kind(3)	5,172	6,631
	TOTAL	**1,675,698**	**1,424,991**
François VILLEROY de GALHAU Chief Operating Officer	Fixed salary	450,000	450,000
	Annual variable compensation	500,000	440,000
	Multi-annual variable remuneration(1)	142,300	121,440
	Value of stock options granted during the financial year	None	None
	Value of performance shares awarded during the financial year	None	None
	Sub-total	**1,092,300**	**1,011,440**
	Extraordinary compensation	None	None
	Directors' fees(2)	129,331	135,578
	including Directors' fees deducted from variable compensation	(129,331)	(135,578)
	Benefits in kind(3)	3,530	5,006
	TOTAL	**1,095,830**	**1,016,446**

In euros		2013 Amounts awarded	2014 Amounts awarded
Baudouin PROT Chairman of the Board of Directors until 1 December 2014	Fixed salary	850,000	779,167
	Annual variable compensation	None	None
	Multi-annual variable remuneration[(1)]	None	None
	Value of stock options granted during the financial year	None	None
	Value of performance shares awarded during the financial year	None	None
	Sub-total	**850,000**	**779,167**
	Extraordinary compensation under related-party agreements[(4)]	None	150,000
	Directors' fees[(2)]	80,248	52,861
	including Directors' fees deducted from variable compensation		
	Benefits in kind[(3)]	3,658	3,780
	TOTAL	**933,906**	**985,808**
Georges CHODRON de COURCEL Chief Operating Officer until 30 June 2014	Fixed salary	683,333	350,000
	Annual variable compensation	650,000	None
	Multi-annual variable remuneration[(1)]	None	None
	Value of stock options granted during the financial year	None	None
	Value of performance shares awarded during the financial year	None	None
	Sub-total	**1,333,333**	**350,000**
	Extraordinary compensation[(5)]	None	285,736
	Directors' fees[(2)]	77,063	12,399
	including Directors' fees deducted from variable compensation	(77,063)	
	Benefits in kind[(3)]	4,140	2,070
	TOTAL	**1,337,473**	**650,205**

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

(2) Where relevant, the Directors' fees received for the offices held in Group companies (except BNP Paribas SA) are deducted from the variable compensation. The Group's corporate officers do not receive Directors' fees for the offices they hold in Group companies, except the following:
- concerning Jean Lemierre: BNP Paribas SA and BNP Paribas Investment Partners;
- concerning Jean-Laurent Bonnafé: BNP Paribas SA and BNP Paribas Fortis;
- concerning Philippe Bordenave: BNP Paribas Personal Finance;
- concerning François Villeroy de Galhau: BGL, BNL, BNP Paribas Fortis, and Cortal Consors;
- concerning Baudouin Prot: BNP Paribas SA;
- concerning Georges Chodron de Courcel: BNP Paribas Suisse and BNP Paribas Fortis (the amounts taken into account only concern the Directors' fees received until the end of his term of office on 30 June 2014).
Concerning Jean-Laurent Bonnafé and Baudouin Prot, their terms of office as Directors of Erbé ended on 31 December 2013.

(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. The Chief Executive Officer and Chief Operating Officers receive Executive Committee professional life insurance, for which the Company's contribution is recognised as a benefit in kind.

(4) Baudouin Prot received a retirement bonus of EUR 150,000 pursuant to the provisions of the agreement approved by the Board of Directors and ratified by the General Meeting of Shareholders of 6 May 2011 under related-party agreements.

(5) George Chodron de Courcel received a retirement bonus of EUR 285,736 upon claiming his pension entitlements on 30 September 2014.

2

The table below shows the gross compensation **paid in 2014**, including directors' fees and benefits in kind for each Group's corporate officer.

Summary table of the compensation paid to each executive corporate officer

In euros		2013 Amounts paid	2014 Amounts paid
Jean LEMIERRE Chairman of the Board of Directors from 1 December 2014	Fixed salary		79,167
	Annual variable compensation		-
	Multi-annual variable compensation		
	Extraordinary compensation		None
	Directors' fees(1)		4,414
	Benefits in kind(2)		131
	Total		**83,712**
Jean-Laurent BONNAFÉ Chief Executive Officer	Fixed salary	1,250,000	1,250,000
	Annual variable compensation(3)	1,183,772	1,400,819
	of which annual variable compensation in respect of 2013		500,274
	of which annual variable compensation in respect of 2012	604,025	363,498
	of which annual variable compensation in respect of 2011	266,347	273,251
	of which annual variable compensation in respect of 2010	258,038	263,796
	of which annual variable compensation in respect of 2009	55,362	
	Multi-annual variable remuneration(1)		
	Extraordinary compensation	None	None
	Directors' fees(1)	140,801	62,391
	Benefits in kind(2)	3,108	4,568
	TOTAL	**2,577,680**	**2,717,778**
Philippe BORDENAVE Chief Operating Officer	Fixed salary	630,000	640,000
	Annual variable compensation(3)	679,977	774,535
	of which annual variable compensation in respect of 2013		292,408
	of which annual variable compensation in respect of 2012	355,890	186,044
	of which annual variable compensation in respect of 2011	165,567	169,858
	of which annual variable compensation in respect of 2010	123,543	126,225
	of which annual variable compensation in respect of 2009	34,977	
	Multi-annual variable remuneration(1)		
	Extraordinary compensation	None	None
	Directors' fees(1)	12,075	1,218
	Benefits in kind(2)	5,172	6,631
	TOTAL	**1,327,224**	**1,422,384**
François VILLEROY de GALHAU Chief Operating Officer	Fixed salary	450,000	450,000
	Annual variable compensation(3)	344,124	344,494
	of which annual variable compensation in respect of 2013		152,609
	of which annual variable compensation in respect of 2012	230,873	82,926
	of which annual variable compensation in respect of 2011	61,815	63,417
	of which annual variable compensation in respect of 2010	44,423	45,542
	of which annual variable compensation in respect of 2009	7,013	
	Multi-annual variable remuneration(1)		
	Extraordinary compensation	None	None
	Directors' fees(1)	129,331	135,578
	Benefits in kind(2)	3,530	5,006
	TOTAL	**926,985**	**935,078**

In euros		2013 Amounts paid	2014 Amounts paid
Baudouin PROT Chairman of the Board of Directors until 1 December 2014	Fixed salary	850,000	779,167
	Annual variable compensation[(3)]	1,069,324	781,975
	of which annual variable compensation in respect of 2013		
	of which annual variable compensation in respect of 2012	293,328	178,488
	of which annual variable compensation in respect of 2011	271,477	278,515
	of which annual variable compensation in respect of 2010	317,916	324,972
	of which annual variable compensation in respect of 2009	186,603	
	Multi-annual variable remuneration[(1)]		
	Extraordinary compensation under related-party agreements[(4)]	None	150,000
	Directors' fees[(1)]	80,248	52,861
	Benefits in kind[(2)]	3,658	3,780
	TOTAL	**2,003,230**	**1,767,783**
Georges CHODRON de COURCEL Chief Operating Officer until 30 June 2014	Fixed salary	683,333	350,000
	Annual variable compensation[(3)]	779,884	348,308
	of which annual variable compensation in respect of 2013		72,937
	of which annual variable compensation in respect of 2012	277,520	88,996
	of which annual variable compensation in respect of 2011	175,487	76,278
	of which annual variable compensation in respect of 2010	209,009	110,097
	of which annual variable compensation in respect of 2009	117,868	
	Multi-annual variable remuneration[(1)]		
	Extraordinary compensation[(5)]	None	285,736
	Directors' fees[(1)]	77,063	12,399
	Benefits in kind[(2)]	4,140	2,070
	TOTAL	**1,544,420**	**998,513**

(1) See note 2 of the Summary table of the compensation awarded to each executive corporate officer.

(2) The Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officers have a company car and a mobile phone. The Chief Executive Officer and Chief Operating Officers receive Executive Committee professional life insurance, for which the Company's contribution is recognised as a benefit in kind.

(3) The amounts paid in 2014 for 2010, 2011 and 2012 were subject to the condition of pre-tax ROE being above 5% in 2013 (condition met). The amount paid in 2014 in respect of 2013 covers the non-deferred portion of the variable compensation awarded, and is not subject to performance conditions.

(4) Baudouin Prot received a retirement bonus of EUR 150,000 pursuant to the provisions of the agreement approved by the Board of Directors and ratified by the General Meeting of Shareholders of 6 May 2011 under related-party agreements.

(5) George Chodron de Courcel received a retirement bonus of EUR 285,736 upon claiming his pension entitlements on 30 September 2014.

The average tax and social contribution rate on these compensations was 38% in 2014 (44% in 2013).

2

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

Non-executive corporate officers	Amounts paid in 2013	Amounts paid in 2014
De CHALENDAR Pierre André		
Directors' fees	49,535	63,662
Other compensation		None
COHEN Monique(2)		
Directors' fees		53,877
Other compensation		None
GUILLOU Marion(3)		
Directors' fees	16,255	55,021
Other compensation		None
KESSLER Denis		
Directors' fees	91,223	67,219
Other compensation		None
KUNEVA Meglena(4)		
Directors' fees	23,792	
Other compensation		
LEPETIT Jean-François		
Directors' fees	93,324	76,368
Other compensation		None
De MARGERIE Christophe(3)		
Directors' fees	13,961	53,750
Other compensation		None
MISSON Nicole		
Directors' fees	60,355	65,568
Other compensation(1)		
MOUCHARD Thierry		
Directors' fees	51,997	54,513
Other compensation(1)		
PARISOT Laurence		
Directors' fees	51,997	56,419
Other compensation		None
PÉBEREAU Michel		
Directors' fees	62,850	65,568
Other compensation		None
PLOIX Hélène		
Directors' fees	68,305	17,948
Other compensation		None
SCHWARTZER Daniela(5)		
Directors' fees		45,713
Other compensation		None
SCHWEITZER Louis(4)		
Directors' fees	37,375	
Other compensation		
TILMANT Michel		
Directors' fees	68,567	60,104
Other compensation		None
VAN BROEKHOVEN Emiel		
Directors' fees	68,567	66,203
Other compensation		None
WEBER-REY Daniela(6)		
Directors' fees	34,072	
Other compensation		
WICKER-MIURIN Fields		
Directors' fees	68,567	64,932
Other compensation		None
TOTAL	**860,742**	**866,865**

(1) See section VI: Compensation and benefits awarded to employee-elected Directors.
(2) Term of office beginning 12 February 2014.
(3) Term of office beginning 15 May 2013.
(4) Term of office ended 15 May 2013.
(5) Term of office beginning 14 May 2014.
(6) Term of office ended 31 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
Jean LEMIERRE			None			
Jean-Laurent BONNAFÉ			None			
Philippe BORDENAVE			None			
François VILLEROY de GALHAU			None			
Baudouin PROT			None			
Georges CHODRON de COURCEL			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
Jean LEMIERRE, from 1 December 2014		None	
Jean-Laurent BONNAFÉ		None	
Philippe BORDENAVE		None	
François VILLEROY de GALHAU	Plan 7 dated 6 April 2009	5,650	35.11
Baudouin PROT		None	
Georges CHODRON de COURCEL		None	

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 performance shares according to the method adopted for the consolidated financial statements	Vesting date	Date of availability	Performance conditions
Jean LEMIERRE			None			
Jean-Laurent BONNAFÉ			None			
Philippe BORDENAVE			None			
François VILLEROY de GALHAU			None			
Baudouin PROT			None			
Georges CHODRON de COURCEL			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
Jean LEMIERRE		None	
Jean-Laurent BONNAFÉ		None	
Philippe BORDENAVE		None	
François VILLEROY de GALHAU		None	
Baudouin PROT		None	
Georges CHODRON de COURCEL		None	

History of purchase or subscription option awards

List	Plan 2	Plan 4	Plan 5	Plan 6	Plan 7	Plan 8	Plan 9
Date of Annual General Meeting	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	24/03/2004	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:	1,830,649	3,987,389	3,719,812	4,085,347	2,437,234	2,423,700	2,296,820
Corporate officers	15,325	380,354	380,386	394,737	96,409	63,100	47,300
Jean LEMIERRE					14,381	13,300	9,980
Jean-Laurent BONNAFÉ		51,261	61,518	61,517			
Philippe BORDENAVE		36,908	36,911	41,012	41,014	24,900	18,660
François VILLEROY de GALHAU	15,325	15,379	15,380	15,380	41,014	24,900	18,660
Baudouin PROT		184,537	174,300	174,299			
Georges CHODRON de COURCEL		92,269	92,277	102,529			
Starting point for exercising options	24/03/2008	06/04/2010	08/03/2011	18/04/2012	08/04/2013	05/03/2014	04/03/2015
Expiration date	21/03/2014	04/04/2014	06/03/2015	15/04/2016	05/04/2017	02/03/2018	04/03/2019
Subscription or purchase price(1)	48.15	73.40	80.66	64.47	35.11	51.20	56.45
Adjusted price at 31/12/2014(2)	50.55	77.06					67.74
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 achievement of 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 31/12/2014	7,575	-	-	-	15,645	-	-
Cumulative number of lapsed and cancelled share subscription or purchase options	7,750	380,354	-	-	-	-	-
Remaining share subscription or purchase options at close of year (31/12/2014)	-	-	380,386	394,737	80,764	63,100	47,300

(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.

Measurement of performance conditions attached to stock options granted in 2010 and 2011

Grant date	Vesting date	Measurement	Year of measurement	Performance of the BNP Paribas	Performance of the index	Degree of achievement of the performance condition
05/03/2010	05/03/2014	First	2010	118%	104%	Condition met
		Second	2011	84%	76%	Condition met
		Third	2012	79%	70%	Condition met
		Fourth	2013	136%	121%	Condition met
04/03/2011	04/03/2015	First	2011	84%	76%	Condition met
		Second	2012	79%	70%	Condition met
		Third	2013	136%	121%	Condition met
		Fourth	2014	111%	122%	Condition partially met(1)

(1) *Due to the partial fulfilment of the performance condition, the exercise price of EUR 56.45 set initially will be increased by 20% for this tranche (to EUR 67.74).*

History of performance share awards

Performance share information	Plan 1	Plan 2	Plan 3
Date of Annual General Meeting	21/05/2008	21/05/2008	11/05/2011
Date of Board of Directors Meeting	05/03/2010	04/03/2011	06/03/2012
Total number of shares awarded, including the number awarded to:	998,015	1,040,450	1,921,935
Corporate officers	7,875	11,835	7,000
Jean LEMIERRE	1,665	2,505	7,000
Jean-Laurent BONNAFÉ		-	-
Philippe BORDENAVE	3,105	4,665	-
François VILLEROY de GALHAU	3,105	4,665	-
Baudouin PROT		-	-
Georges CHODRON de COURCEL		-	-
Vesting date	05/03/2013	04/03/2014	09/03/2015
End date of holding period	05/03/2015	04/03/2016	09/03/2017
Performance conditions	yes(1)	yes(1)	yes(2)
Number of shares vested at 31/12/2014	5,250	3,945	-
Cumulative number of lapsed and cancelled shares	2,625	7,890	-
Remaining performance shares at close of year (31/12/2014)	-	-	7,000

(1) *This performance condition is based on growth in the Group's earnings per share (and is measured 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).*
(2) *This performance condition is based on the relative performance of BNP Paribas in relation to the DJ EURO STOXX Banks index of European banks.*

Measurement of performance conditions attached to free shares granted in 2011

Grant date	Vesting date	Measurement	Annual EPS growth		EPS growth over 3 years (between 2010 and 2013)	Level of achievement of the performance condition
04/03/2011	04/03/2014	First	2010-2011	-24%	N/A	Condition partially met(1)
		Second	2011-2012	7%	N/A	Condition met
		Third	2012-2013	-28%	-42%	Condition partially met(1)

(1) Due to the non-fulfilment of the performance condition on the first and third measurements, two-thirds of the original grant are permanently lost.

Valuation(1) of multi-annual variable compensation plans at the grant date and at 31 December 2014

Grant date	12/04/2011		03/05/2012		02/05/2013		29/04/2014		04/02/2015
Due date		12/04/2016		03/05/2017		02/05/2018		29/04/2019	04/02/2020
Valuation(1)	Grant date	At 31/12/2014	Grant date	At 31/12/2014	Grant date	At 31/12/2014	Grant date	At 31/12/2014	Grant date
Jean LEMIERRE	-	-	-	-	-	-	-	-	-
Jean-Laurent BONNAFÉ	399,744	234,113	311,323	798,626	560,112	865,368	449,668	355,342	331,200
Philippe BORDENAVE	-	-	193,561	496,535	286,724	442,986	230,526	182,169	168,360
François VILLEROY de GALHAU	-	-	108,421	278,129	176,702	273,003	142,300	112,450	121,440
Baudouin PROT	492,506	288,439	228,565	586,330	275,055	424,958	-	-	-
Georges CHODRON de COURCEL	323,780	189,624	205,132	526,219	296,726	458,439	-	-	-
TOTAL	**1,216,030**	**712,176**	**1,047,002**	**2,685,839**	**1,595,319**	**2,464,754**	**822,494**	**649,961**	**621,000**

(1) Valued using the method adopted for the consolidated financial statements.

Assumptions used to value the LTIP in accordance with the method adopted for the consolidated financial statements

Valuation at grant date		
Grant date	29/04/2014	04/02/2015
Opening BNP Paribas share price	€55.11	€48.62
Opening level of the DJ EURO STOXX Banks index	152.86	135.02
Zero-coupon rates	Euribor	Euribor
Volatility of the BNP Paribas share price	24.04%	24.24%
Volatility of the DJ EURO STOXX Banks index	23.29%	23.15%
Correlation between the BNP Paribas share and the DJ EURO STOXX Banks index	88.00%	85.77%
Financial model used	Monte-Carlo	Monte-Carlo
Fair value of the plan at grant date(*)	**28.46%**	**27.60%**

(*) As a percentage of the amount awarded.

	Share reference value upon their award[(1)]	Fair value on award date	Valuation at closing date 31/12/2013	Valuation at closing date 31/12/2014
Opening BNP Paribas share price			€56.65	€49.26
Opening level of the DJ EURO STOXX Banks index			141.43	134.51
Zero-coupon rates			Euribor	Euribor
Volatility of the BNP Paribas share price			24.33%	25.01%
Volatility of the DJ EURO STOXX Banks index			24.24%	25.42%
Correlation between the BNP Paribas share and the DJ EURO STOXX Banks index			89.00%	84.00%
Financial model used			Monte-Carlo	Monte-Carlo
Fair value of the plan awarded on 12 April 2011	**€53.68**	**29.42%[(2)]**	**42.05%[(2)]**	**17.23%[(2)]**
Fair value of the plan awarded on 3 May 2012	**€37.39**	**26.89%[(2)]**	**84.03%[(2)]**	**68.98%[(2)]**
Fair value of the plan awarded on 2 May 2013	**€42.15**	**33.34%[(2)]**	**63.49%[(2)]**	**51.51%[(2)]**
Fair value of the plan awarded on 29 April 2014	**€55.11**	**28.46%[(2)]**	**N/A**	**22.49%[(2)]**

(1) See Detailed description of the LTIP (footnote (1) page 49).
(2) As a percentage of the amount awarded.

Detailed contractual situation of the Group's corporate officers

Group's corporate officers as at 31 December 2014	Employment contract		Top-up pension plan		Payments and benefits due or likely to become due upon termination or change of duties		Payment in relation to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Jean LEMIERRE Chairman of the Board of Directors as of 1 December 2014		✓[(1)]	✓[(3)]			✓		✓
Jean-Laurent BONNAFÉ Chief Executive Officer		✓[(2)]	✓[(3)]		✓[(4)]			✓
Philippe BORDENAVE Chief Operating Officer	✓[(5)]		✓[(3)]			✓		✓
François VILLEROY de GALHAU Chief Operating Officer	✓[(5)]		✓[(3)]			✓		✓

(1) Employment contract waived effective 1 December 2014.
(2) Employment contract waived effective 1 July 2012.
(3) Jean Lemierre, 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.
(4) See section V.1 Payments and benefits due or likely to become due upon termination or change of duties.
(5) Employment contract suspended.

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 in respect of the 2014 financial year to each Group's corporate officer, subject to the vote of the shareholders on a consultative basis, are as follows:

Items of compensation due or awarded to Jean Lemierre for the year subject to a consultative vote by shareholders

(amounts in euros)

As Jean Lemierre was appointed Chairman of the Board of Directors as of 1 December 2014, the table below refers only to items of compensation related to his corporate office in 2014.

	2014	Comments
Jean LEMIERRE – Chairman of the Board of Directors from 1 December 2014		
Fixed remuneration for the year	79,167	The compensation paid to Jean LEMIERRE is determined by the method recommended by the Compensation Committee and approved by the Board of Directors. His fixed compensation did not change in 2014.
Annual variable compensation awarded for the year	Nil	Jean LEMIERRE is not entitled to annual variable compensation. The absence of variable compensation reflects the independence of the Chairman with respect to the Executive Management.
Multi-annual variable compensation	Nil	Jean LEMIERRE is not entitled to multi-annual variable compensation. The absence of variable compensation reflects the independence of the Chairman with respect to the Executive Management.
Directors' fees	4,414	Jean LEMIERRE received EUR 2,414 in December 2014 in respect of his office at BNP Paribas SA. He also received EUR 2,000 as a member of the Board of BNP Paribas Investment Partners.
including Directors' fees deducted from variable compensation	Nil	
Extraordinary compensation	Nil	Jean LEMIERRE received no extraordinary compensation during the year.
Stock options awarded during the year	Nil	No options were granted to Jean LEMIERRE during the year.
Performance shares awarded during the year	Nil	No performance shares were granted to Jean LEMIERRE during the year.
Sign-on bonuses and severance payments	Nil	Jean LEMIERRE received no sign-on bonuses or severance payments.
Supplemental defined-benefit pension plans	Nil	Jean LEMIERRE is not entitled to any supplemental defined-benefit pension plans.
Supplemental defined-contribution pension plans	34	Jean LEMIERRE 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 by the Company under the plan to Jean Lemierre was EUR 34 in 2014 since he became a corporate officer.
Collective welfare benefit and health care plans	250	Jean LEMIERRE belongs to the disability, invalidity and death, and health insurance plans offered to employees and corporate officers of BNP Paribas SA. He also benefits from death and disability insurance covering all employees of BNP Paribas SA. This corresponds to the amounts received since he has been a corporate officer.
Benefits in kind	131	Jean LEMIERRE has a company car and a mobile phone.
TOTAL	**83,996**	

Items of compensation due or awarded to Jean-Laurent Bonnafé for the year subject to a consultative vote by shareholders

(amounts in euros)

	2013*	2014	Comments
Jean-Laurent BONNAFÉ – Chief Executive Officer			
Fixed remuneration for the year	1,250,000	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 2014.
Annual variable compensation awarded for the year	1,580,000	1,200,000	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 achievement of the Group's budgeted gross operating income (37.5% of the target variable compensation). After taking into account the quantitative and qualitative criteria, and the evolution of the Group's results, the Board of Directors set annual variable compensation at 64% of the target. The variable compensation of Jean-Laurent BONNAFÉ awarded in respect of the year 2014 therefore amounts to EUR 1,200,000. ■ Half of the non-deferred portion of the variable compensation will be paid in March 2015, less Directors' fees received within the Group in 2014 for entities other than BNP Paribas SA, and half in September 2015, indexed to the performance of the BNP Paribas share. ■ The deferred portion of the variable compensation will be paid in thirds, in 2016, 2017 and 2018. Each annual payment will be made 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%.
Conditional long-term incentive plan (payment deferred in full for five years)	449,668*	331,200	The fair value of the LTIP awarded to Jean-Laurent BONNAFÉ on 4 February 2015 in respect of fiscal year 2014 is EUR 331,200. The five-year long-term incentive plan (LTIP) will only be paid if, five years after the award date, the share price has increased by at least 5%. The amount ultimately paid will vary in a less than proportional manner to that increase, and shall in no case be more than 1.75 times the variable compensation awarded in respect of the previous year (i.e. a maximum of EUR 2,100,000). Moreover, the LTIP fully depends on the performance of the BNP Paribas share compared to a panel of European banks.
Directors' fees	140,801	62,391	Jean-Laurent BONNAFÉ does not receive Directors' fees from any Group companies other than BNP Paribas SA and BNP Paribas Fortis.
including Directors' fees deducted from variable compensation	(93,646)	(9,531)	The amount of Directors' fees awarded to Jean-Laurent BONNAFÉ for offices held in the Group's consolidated companies (excluding BNP Paribas SA) is deducted from his variable compensation.
Extraordinary compensation	Nil	Nil	Jean-Laurent BONNAFÉ received no extraordinary compensation during the year.
Stock options awarded during the year	Nil	Nil	No stock options were awarded to Jean-Laurent BONNAFÉ for the year.
Performance shares awarded during the year	Nil	Nil	No performance shares were awarded to Jean-Laurent BONNAFÉ for the year.

	2013*	2014	Comments
Jean-Laurent BONNAFÉ - Chief Executive Officer (continued)			
Sign-on bonuses and severance payments	Nil	Nil	Subject to the fulfilment of the performance conditions stated below, Jean-Laurent BONNAFÉ would receive a severance payment in the event that the Board of Directors 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 severance payment in the the event of: ■ serious or gross misconduct; ■ 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 severance payment 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 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 a severance payment 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 severance payment due will be: ■ limited to half of the benefits as set out above; and ■ subject to the same terms and conditions.
Supplemental defined-benefit pension plans	Nil	Nil	Jean-Laurent BONNAFÉ does not benefit from to any supplemental defined-benefit pension plans.
Supplemental defined-contribution pension plans	407	413	Jean-Laurent BONNAFÉ benefits from 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 by the Company under the plan to Jean-Laurent BONNAFÉ was EUR 413 in 2014.
Collective welfare benefit and health care plans	5,000	3,067	Jean-Laurent BONNAFÉ benefits from to the disability, invalidity and death and health care coverage plans offered to employees and corporate officers of BNP Paribas SA. He also benefits from death and disability insurance covering all employees of BNP Paribas SA.
Benefits in kind	3,108	4,568	Jean-Laurent BONNAFÉ has a company car and a mobile phone. This amount also includes the employer contribution under the Executive Committee professional life insurance contract.
TOTAL	**3,335,338**	**2,842,108**	

(*) The multi-annual variable compensation (LTIP) given on the Say on Pay sheet submitted to the consultative vote of the shareholders at the General Meeting of 14 May 2014 was the amount awarded in 2013 (EUR 560,112), as opposed to the annual variable compensation which was the one awarded in 2014 in respect of 2013. To avoid the time difference between these two types of variable compensation and comply fully with EU Capital Requirement Directive IV applicable to credit institutions, this presentation has now been changed. This is why the multi-annual variable compensation shown above in the 2013 column (EUR 449,668) is that awarded by the Board of Directors on 29 April 2014. Similarly, the multi-annual variable compensation shown in the 2014 column (EUR 331,200) is that awarded by the Board of Directors on 4 February 2015 in respect of fiscal year 2014. Solely for the LTIP component of compensation, the consultative vote will bear on fiscal years 2013 and 2014.

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Items of compensation due or awarded to Philippe Bordenave for the year subject to a consultative vote by shareholders

(amounts ineuros)

	2013*	2014	Comments
Philippe BORDENAVE – Chief Operating Officer			
Fixed remuneration for the year	630,000	640,000	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 to EUR 640,000 effective 1 March 2013. His fixed compensation did not change in 2014.
Annual variable compensation awarded for the year	810,000	610,000	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 achievement of the Group's budgeted gross operating income (37.5% of the target variable compensation). After taking into account the quantitative and qualitative criteria, and trends in the Group's results, the Board of Directors set annual variable compensation at 64% of the target. The variable compensation of Philippe BORDENAVE awarded in respect of the year therefore amounts to EUR 610,000. ■ Half of the non-deferred portion of the variable compensation will be paid in March 2015, less Directors' fees received within the Group in 2014 for entities other than BNP Paribas SA, and half in September 2015, indexed to the performance of the BNP Paribas share. ■ The deferred portion of the variable compensation will be paid in thirds, in 2016, 2017 and 2018. Each annual payment will be made 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%.
Conditional long-term incentive plan (payment deferred in full for five years)	230,526*	168,360	The fair value of the LTIP awarded to Philippe BORDENAVE on 4 February 2015 in respect of fiscal year 2014 is EUR 168,360. The five-year long-term incentive plan (LTIP) will only be paid if, five years after the award date, the share price has risen by at least 5%. The amount ultimately paid will vary in a less than proportional manner to that increase, and shall be no more than 1.75 times the variable compensation awarded in respect of the previous year (i.e. a maximum of EUR 1,067,500). Moreover, the LTIP fully depends on the performance of the BNP Paribas share compared to a panel of European banks.
Directors' fees	12,075	1,218	Philippe BORDENAVE does not receive Directors' fees from any Group company other than BNP Paribas Personal Finance, for which he ceased receiving Directors' fees in September 2014, when they were abolished.
including Directors' fees deducted from variable compensation	(12,075)	(1,218)	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	Nil	Philippe BORDENAVE received no extraordinary compensation during the year.
Stock options awarded during the year	Nil	Nil	No options were granted to Philippe BORDENAVE during the year.
Performance shares awarded during the year	Nil	Nil	No performance shares were granted to Philippe BORDENAVE during the year.
Sign-on bonuses and severance payments	Nil	Nil	Philippe BORDENAVE receives no sign-on bonuses or severance payments.
Supplemental defined-benefit pension plans	Nil	Nil	Philippe BORDENAVE benefits from no supplemental defined-benefit pension plans.
Supplemental defined-contribution pension plans	407	413	The corporate officers benefit from 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 by the Company under the plan to Philippe BORDENAVE was EUR 413 in 2014.
Collective welfare benefit and health care plans	4,784	3,067	Philippe BORDENAVE benefits from the disability, invalidity and death and health care coverage plans offered to employees and corporate officers of BNP Paribas SA. He also benefits from death and disability insurance covering all employees of BNP Paribas SA.
Benefits in kind	5,172	6,631	Philippe BORDENAVE has a company car and a mobile phone. This amount also includes the employer contribution under the Executive Committee professional life insurance contract.
TOTAL	**1,680,889**	**1,428,471**	

(*) The multi-annual variable compensation (LTIP) given on the Say on Pay sheet submitted to the consultative vote of the shareholders at the General Meeting of 14 May 2014 was the amount awarded in 2013 (EUR 286,724), as opposed to the annual variable compensation which was the one awarded in 2014 in respect of 2013. To avoid the time difference between these two types of variable compensation and comply fully with EU Capital Requirement Directive IV applicable to credit institutions, this presentation has now been changed. This is why the multi-annual variable compensation shown above in the 2013 column (EUR 230,526) is that awarded by the Board of Directors on 29 April 2014. Similarly, the multi-annual variable compensation shown in the 2014 column (EUR 168,360) is that awarded by the Board of Directors on 4 February 2015 in respect of fiscal year 2014. Solely for the LTIP component of compensation, the consultative vote will bear on fiscal years 2013 and 2014.

Items of compensation due or awarded to François Villeroy de Galhau for the year subject to a consultative vote by shareholders *(amounts in euros)*

	2013*	2014	Comments
François VILLEROY de GALHAU – Chief Operating Officer			
Fixed remuneration for the year	450,000	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 2014.
Annual variable compensation awarded in respect of the year	500,000	440,000	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 achievement of the Group's budgeted gross operating income (18.75% of the target variable compensation); ■ 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 achievement of budgeted gross operating income from activities under his responsibility (18.75% of the target variable compensation). After taking into account the quantitative and qualitative criteria, and trends in the Group's results, the Board of Directors set annual variable compensation at 81% of the target. The variable compensation of François VILLEROY de GALHAU awarded in respect of the year therefore amounts to EUR 440,000. ■ half of the non-deferred portion of the variable compensation will be paid in March 2015, less Directors' fees received within the Group in 2014 for entities other than BNP Paribas SA, and half in September 2015, indexed to the performance of the BNP Paribas share; ■ the deferred portion of the variable compensation will be paid in thirds, in 2016, 2017 and 2018. Each annual payment will be made 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%.
Conditional long-term incentive plan (payment deferred in full for five years)	142,300*	121,440	The fair value of the LTIP awarded to François VILLEROY de GALHAU on 4 February 2015 in respect of fiscal year 2014 is EUR 121,440. The five-year long-term incentive plan (LTIP) will only be paid if, five years after the award date, the share price has risen by at least 5%. The amount ultimately paid will vary in a less than proportional manner to that increase, and shall be no more than 1.75 times the variable compensation awarded in respect of the previous year (i.e. a maximum of EUR 770,000). Moreover, the LTIP fully depends on the performance of the BNP Paribas share compared to a panel of European banks.
Directors' fees	129,331	135,578	François VILLEROY de GALHAU does not receive Directors' fees from any Group companies other than BGL, BNL, BNP Paribas Fortis and Cortal Consors.
including Directors' fees deducted from variable compensation	(129,331)	(135,578)	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	Nil	François VILLEROY de GALHAU received no extraordinary compensation during the year.
Stock options awarded during the year	Nil	Nil	No stock options were awarded to François VILLEROY de GALHAU during the year.
Performance shares awarded during the year	Nil	Nil	No performance shares were awarded to François VILLEROY de GALHAU during the year.
Sign-on bonuses and severance payments	Nil	Nil	François VILLEROY de GALHAU receives no sign-on bonuses or severance payments.
Supplemental defined-benefit pension plans	Nil	Nil	François VILLEROY de GALHAU benefits from no supplemental defined-benefit pension plans.
Supplemental defined-contribution pension plans	407	413	François VILLEROY de GALHAU benefits from 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 by the Company under the plan to François VILLEROY de GALHAU was EUR 413 in 2014.
Collective welfare benefit and health care plans	4,680	3,067	François VILLEROY de GALHAU benefits from the disability, invalidity and death and health care coverage plans offered to employees and corporate officers of BNP Paribas SA. He also benefits from death and disability insurance covering all employees of BNP Paribas SA.
Benefits in kind	3,530	5,006	François VILLEROY de GALHAU has a company car and a mobile phone. This amount also includes the employer contribution under the Executive Committee professional life insurance contract.
TOTAL	**1,100,917**	**1,019,926**	

(*) The multi-annual variable compensation (LTIP) given on the Say on Pay sheet submitted to the consultative vote of the shareholders at the General Meeting of 14 May 2014 was the amount awarded in 2013 (EUR 176,702), as opposed to the annual variable compensation which was the one awarded in 2014 in respect of 2013. To avoid the time difference between these two types of variable compensation and comply fully with EU Capital Requirement Directive IV applicable to credit institutions, this presentation has now been changed. This is why the multi-annual variable compensation shown above in the 2013 column (EUR 142,300) is that awarded by the Board of Directors on 29 April 2014. Similarly, the multi-annual variable compensation shown in the 2014 column (EUR 121,440) is that awarded by the Board of Directors on 4 February 2015 in respect of fiscal year 2014. Solely for the LTIP component of compensation, the consultative vote will bear on fiscal years 2013 and 2014.

2

Items of compensation due or awarded to Baudouin Prot for the year subject to a consultative vote by shareholders

(amounts in euros)

	2013	2014	Comments
Baudouin PROT – Chairman of the Board of Directors until 1 December 2014			
Fixed remuneration for the year	850,000	779,167	The remuneration paid to Baudouin PROT was determined by the method recommended by the Compensation Committee and approved by the Board of Directors. His fixed compensation did not change in 2014.
Annual variable compensation awarded in respect of the year	Nil	Nil	Under the rules applicable within BNP Paribas, the Chairman of the Board of Directors does not receive variable compensation.
Multi-annual variable compensation	Baudouin PROT waived his entitlement to the amount of EUR 283,333 under the medium-term compensation plan awarded in 2014 in respect of 2013, and has since then received no multi-annual variable compensation.		
Directors' fees	80,248	52,861	Baudouin PROT only received Directors' fees in respect of his office at BNP Paribas SA.
including Directors' fees deducted from variable compensation	Nil	Nil	
Exceptional compensation (agreement authorised by the Board of Directors and ratified by the Annual General Meeting of 6 May 2011 under related-party agreements)	Nil	150,000	Upon termination of his office, Baudouin PROT received a compensatory payment of EUR 150,000, corresponding to the retirement bonus that he would have received as an employee.
Stock options awarded during the year	Nil	Nil	No options were granted to Baudouin PROT during the year.
Performance shares awarded during the year	Nil	Nil	No performance shares were granted to Baudouin PROT during the year.
Sign-on bonuses and severance payments	Nil	Nil	Baudouin PROT received no sign-on bonuses or severance payments.
Supplemental defined-benefit pension plans	Nil	Nil	Baudouin PROT was covered under a contingent collective defined-benefit top-up pension plan that is compliant with article L. 137.11 of the French Social Security Code. Baudouin PROT left BNP Paribas on 1 December 2014 in order to claim his pension. Under this scheme, his pension was calculated on the basis of his fixed and variable compensation received in 1999 and 2000, without the possibility of subsequently acquiring entitlements. His guaranteed pension including the basic Social Security pension and mandatory additional pensions is EUR 527,933.
Supplemental defined-contribution pension plans	407	378	Baudouin PROT benefited from 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 by the Company under the plan to Baudouin PROT was EUR 378 in 2014.
Collective welfare benefit and health care plans	4,905	2,756	Baudouin PROT benefited from the disability, invalidity and death and health care coverage plans offered to employees and corporate officers of BNP Paribas SA. He also benefits from death and disability insurance covering all employees of BNP Paribas SA.
Benefits in kind	3,658	3,780	Baudouin PROT had a company car and a mobile phone.
TOTAL	**939,218**	**988,942**	

Items of compensation due or awarded to Georges Chodron de Courcel for the year subject to a consultative vote by shareholders *(amounts in euros)*

	2013	2014	Comments
Georges CHODRON de COURCEL – Chief Operating Officer until 30 June 2014			
Fixed remuneration for the year	683,333	350,000	The remuneration paid to Georges CHODRON de COURCEL was determined by the method recommended by the Compensation Committee and approved by the Board of Directors. His fixed compensation did not change in 2014.
Annual variable compensation awarded in respect of the year	650,000	Nil	Georges CHODRON de COURCEL did not receive annual variable compensation in respect of 2014.
Conditional long-term incentive plan (payment deferred in full for five years)	Nil	Nil	Georges CHODRON de COURCEL did not receive multi-annual variable compensation in respect of 2014.
Directors' fees	77,063	12,399	Georges CHODRON de COURCEL did not receive Directors' fees from any Group companies other than BNP Paribas Switzerland and BNP Paribas Fortis. The Directors' fees received from these companies are deducted from his variable compensation. The amounts included relate solely to fees received until the end of his term on 30 June 2014.
including Directors' fees deducted from variable compensation	(77,063)	Nil	
Extraordinary compensation	Nil	285,736	George CHODRON de COURCEL received a retirement bonus of EUR 285,736 as a former BNP employee upon claiming his pension on 30 September 2014.
Stock options awarded during the year	Nil	Nil	No stock options were awarded to Georges CHODRON de COURCEL during the year.
Performance shares awarded during the year	Nil	Nil	No performance shares were granted to Georges CHODRON de COURCEL during the year.
Sign-on bonuses and severance payments	Nil	Nil	Georges CHODRON de COURCEL received no sign-on bonuses or severance payments.
Supplemental defined-benefit pension plans	Nil	Nil	Georges CHODRON de COURCEL was covered under a contingent collective defined-benefit top-up pension plan that is compliant with article L. 137.11 of the French Social Security Code. Georges CHODRON de COURCEL left BNP Paribas on 30 September 2014 in order to claim his pension. Under this scheme, his pension was calculated on the basis of his fixed and variable compensation received in 1999 and 2000, without the possibility of subsequently acquiring entitlements. His guaranteed pension including the basic Social Security pension and mandatory additional pensions is EUR 337,881.
Supplemental defined-contribution pension plans	407	206	Georges CHODRON de COURCEL benefited from 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 by the Company under the plan to Georges CHODRON de COURCEL was EUR 206 in 2014.
Collective welfare benefit and health care plans	4,814	1,485	Georges CHODRON de COURCEL benefited from the disability, invalidity and death and health care coverage plans offered to employees and corporate officers of BNP Paribas SA. He also benefits from death and disability insurance covering all employees of BNP Paribas SA.
Benefits in kind	4,140	2,070	Georges CHODRON de COURCEL had a company car and a mobile phone.
TOTAL	**1,342,694**	**651,896**	

SUMMARY OF TRANSACTIONS REPORTED ON BNP PARIBAS STOCK

The following table lists the transactions on BNP Paribas stock carried out in 2014 by the corporate officers covered by article L. 621-18-2 of the French Monetary and Financial Code and which must be disclosed pursuant to articles 223-22 to 223-26 of the General Regulation of the AMF.

Name Function	Transactions carried out	Type of financial instrument	Nature of the transaction	Number of transactions	Total transaction amount *(in euros)*
BONNAFÉ Jean-Laurent[(1)] Chief Executive Officer of BNP Paribas	Personally	BNP Paribas shares	Purchase of 738 shares	2	37,376.28
COHEN Monique Director of BNP Paribas	By a related party	BNP Paribas shares	Sale of 3,000 shares	1	147,000.00
GUILLOU Marion Director of BNP Paribas	Personally	BNP Paribas shares	Purchase of 300 shares	1	15,099.00
MISSON Nicole Director of BNP Paribas	Personally	BNP Paribas shares	Sale of 198 shares	1	10,940.92
SCHWARZER Daniela Director of BNP Paribas	Personally	BNP Paribas shares	Purchase of 200 shares	1	9,804.40

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

OTHER INFORMATION

INFORMATION ON SUBSCRIPTION OR PURCHASE OPTION PLANS AND PERFORMANCE SHARES

The following table lists for 2014 the BNP Paribas employees other than corporate officers having received the largest numbers of financial instruments, as well as the largest numbers of financial instruments transferred or exercised by them in 2014.

	Number of options granted/exercised	Weighted average exercise price *(in euros)*	Date of grant
Options granted in 2014 (Sum of 10 largest grants)	-	-	-
Options exercised in 2014 (10 employees)	117,928 4,000	35.11 51.20	06/04/2009 05/03/2010

	Number of shares granted/transferred	Date of grant
Performance shares granted in 2014 (Sum of 10 largest grants)	-	-
Performance shares transferred in 2014 (10 employees)	6,700 7,326	05/03/2010 04/03/2011

2.2 Report of the Chairman of the Board of Directors prepared pursuant to article L.225-37 of the French Commercial Code

In this report, the Chairman of the Board of Directors reviews the composition of the Board of Directors and the application of the principle of balanced representation of men and women, the conditions governing the preparation and organisation of the work of the Board of Directors, and the internal control and risk management procedures implemented by the company, notably those relating to the preparation and processing of financial and accounting information for the separate financial statements and, where applicable, the consolidated financial statements.

The information contained herein notably takes into account annex I of European Regulation (EC) no. 809/2004 of 29 April 2004, AMF Recommendation no. 2012-02[(1)] and the Annual Report of the High Committee for Corporate Governance (Haut Comité de Gouvernement d'Entreprise – HCGE).

CORPORATE GOVERNANCE AT BNP PARIBAS

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' organisation Association Française des Entreprises Privées (Afep) and Mouvement des Entreprises de France (Medef). BNP Paribas applies the recommendations of this Code, hereinafter referred to as the Corporate Governance Code, which can be viewed on the Afep website (http://www.afep.com) and the Medef website (http://www.medef.com).

In addition, the special guidelines on the participation of the shareholders at the Shareholders' General 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 and a report on the organisation and proceedings of the Shareholders' General Meeting of 14 May 2014 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.

They lay out the way the Board operates, the division of responsibilities between Executive Management and the Board of Directors, the mandates and operations of the specialised Committees and the behaviour expected of Directors and non-voting Directors.

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 Risk Management Committee to any matter relating to compliance policy, notably in relation to reputational risk and 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

(1) *AMF recommendation no. 2012-02 – Corporate governance and compensation of corporate officers, referring to the Afep-Medef Code – Consolidated presentation of the recommendations contained in the annual reports of the AMF (modified on 11 December 2014).*

prepare the work of the Board on the assessment of risk management policies and mechanisms. In 2014, it was decided that any risks liable to have a material impact on the financial statements would henceforth be systematically reviewed at a joint meeting of the two Committees, which work on the basis of documentation prepared jointly by the Group's Chief Financial Officer and the Head of Group Risk Management, and, when necessary, by the General Counsel. These three people and the Head of Compliance attend meetings, thereby allowing a comprehensive review of risks.

The composition of the two Committees and the work they do in their respective fields are intended to fulfil the requirements of banking and prudential discipline, whether provided by law, contained in provisions defined by regulators and supervisors, or included 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. This choice, maintained since then, is consistent with the obligations imposed on credit institutions since 2014.

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 provides support and advice to the Chief Executive Officer, while respecting his executive responsibilities. The Chairman organises his activities so as to ensure his availability and put his experience to the Group's service. 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 public 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 his views on the principles of action governing BNP Paribas, in particular in the field of professional ethics. He contributes to enhancing the Group's image through the responsibilities he exercises personally in national and/or 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 Internal Rules 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

The composition of the Board of Directors and change thereto

- Upon the proposal of the Board of Directors, the Annual General Meeting of Shareholders of 14 May 2014 renewed the term of Baudouin Prot, Jean-François Lepetit and Fields Wicker-Miurin, ratified the appointment of Monique Cohen to replace Daniela Weber-Rey, and reappointing her for a three-year term, and appointed Daniela Schwarzer to replace Hélène Ploix, whose term expired at the end of the Meeting. Sixteen Directors attended this General Meeting.
- At the end of the General Meeting of 14 May 2014, the Board of Directors had 16 members, 14 of whom had been appointed by the shareholders.

  The composition of the Board changed during the course of 2014. The Board of Directors had not decided on a replacement for Christophe de Margerie, following his tragic death, by 31 December 2014. Baudouin Prot resigned effective 1 December 2014 and claimed his right to pension at the same date. Jean Lemierre was co-opted to replace him.

  Accordingly, as of 31 December 2014, the Board of Directors comprised 15 Directors, 13 of whom had been appointed by the shareholders. Women accounted for 38.46% (5/13) of the Directors appointed by shareholders. Four nationalities are represented on the Board.

(1) References to § refer to the paragraph numbers of the Board of Director's Internal Rules.

Chairmanship of the Board

Baudouin Prot's term as Chairman of the Board of Directors ended on 1 December 2014, when he resigned his Chairmanship. Jean Lemierre was appointed to fill the function at the same Board meeting (see item 3d).

Independence of Directors (as of 31 December 2014)

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:

	1st Criterion	2nd Criterion	3rd Criterion	4th Criterion	5th Criterion	6th Criterion	7th Criterion
J. LEMIERRE	x	o	o	o	o	o	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. COHEN	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
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
D. SCHWARZER	o	o	o	o	o	o	o
M. TILMANT	o	o	o	o	o	o	o(*)
E. VAN BROEKHOVEN	o	o	o	o	o	o	o(*)
F. WICKER-MIURIN	o	o	o	o	o	o	o

Key:
"o": compliance with independence criterion defined in the Afep-Medef Code.
"x": non-compliance with an independence criterion defined in the Afep-Medef Code.
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.
(*) See comments below.

The following Directors meet the independence criteria contained in the Corporate Governance Code: Pierre André de Chalendar, Monique Cohen, Marion Guillou, Jean-François Lepetit, Laurence Parisot, Daniela Schwarzer and Fields Wicker-Miurin.

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.

During the period of more than 12 years that Denis Kessler has sat on the Board, he has served under three successive Chief Executive Officers each having managed the Bank in accordance with his own personality and his own methods and practices. The sitting Chief Executive Officer has held the position for just three years. Accordingly, the Board deems that Denis Kessler's criticism faculties are renewed with each effective change of management, thereby guaranteeing his independence. The Board also took into consideration Denis Kessler's financial expertise, a critical factor in understanding banking mechanisms (Doctorate in economics and HEC graduate), reinforced by his position as the Chairman and Chief Executive Officer of one of Europe's major reinsurance companies.

Over half of the Directors of BNP Paribas are therefore independent in terms of the criteria for independence contained in the Corporate Governance Code and the Board of Directors' assessment of it in defining the notion of independence.

The two employee representatives on the Board, Nicole Misson and Thierry Mouchard, do not qualify as independent Directors pursuant to the criteria contained in the Corporate Governance Code, despite their status and the method by which they were elected, which nevertheless guarantee their independence.

A Director whose appointment will be submitted to the General Meeting of 13 May 2015, Jean Lemierre, and two Directors appointed by the shareholders, Michel Pébereau, Honorary Chairman, and Lean-Laurent Bonnafé, CEO, do not fulfil the independence criteria laid down by 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 selecting 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 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 them 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, receivership 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. They are notably required to comply with legal requirements relating to the definition, communication and use of 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).
- 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).
- 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 strategy seminar held on 17 December 2014 included a session on pending regulations and their medium- to long-term impact on the Group.
- An expanded Corporate Governance and Nominations Committee meeting was held on 23 September 2014 on the implementation of the governance component of the European Capital Requirement Directive 4 (CRD 4), which was transposed into French law in 2014. The final texts relative to the transposition were published in late 2014, and work is underway within the Committees and the Board of Directors to make the necessary adjustments.
- 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 2014, recently appointed or elected Directors and those who wished to take part were invited to attend a half-day presentation devoted to risk, and a full day devoted to the BNP Paribas Securities Services (BP2S) business, its change and positioning change to accounting standards, stress tests and the Asset Quality Review (AQR) of the 130 largest European banks operating in the euro area and stress tests undertaken by the European banking authorities (risks), and the German and Polish markets. Directors who attended were able to meet the managers responsible for the relevant areas.

2

2. MEETINGS OF THE BOARD AND COMMITTEES IN 2014

- The Board of Directors met 20 times in 2014, of which 13 times in specially convened meetings. The average attendance rate was 94%. In addition, the Board met once for a strategic seminar.
- The Financial Statements Committee met four times, with a 95% attendance rate.
- The Internal Control, Risk Management and Compliance Committee met five times, with a 100% attendance rate.
- In addition, the Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee met three times in joint meetings, with a 100% attendance rate. Together or separately, these two Committees thus met 12 times during 2014.
- The Corporate Governance and Nominations Committee met six times, including two sessions attended by the Chairmen of other Committees and a Director, Michel Tilmant, due to his experience acquired as a former executive of an international bank. Excluding the expanded Corporate Governance and Nominations Committee meeting, the attendance rate was 100%.
- The Compensation Committee met six times, with a 100% attendance rate.

ATTENDANCE AT MEETINGS OF THE BOARD AND ITS COMMITTEES IN 2014

Directors	Board meetings		Committee meetings		All meetings		Individual attendance rates
	Column1	Column2	Column1	Column2	Column1	Column2	
B. PROT (until 01/12/2014)	19	19			19	19	100%
J. LEMIERRE	2	2			2	2	100%
M. PÉBEREAU	20	20	6	6	26	26	100%
J-L. BONNAFÉ	20	20			20	20	100%
P A. de CHALENDAR	17	20	6	6	23	26	88.4%
M. COHEN (from 12/02/2014)	20	20	3	3	23	23	100%
M. GUILLOU	17	20	8	8	25	28	89%
D. KESSLER	16	20	8	9	24	29	82.8%
J-F. LEPETIT	20	20	12	12	32	32	100%
C. DE MARGERIE (until 20/10/2014)	17	17	5	5	22	22	100%
N. MISSON	20	20	10	10	30	30	100%
T. MOUCHARD	17	20	7	7	24	27	89%
L. PARISOT	19	20	6	6	25	26	96%
H. PLOIX (until 14/05/2014)	5	5	6	6	11	11	100%
D. SCHWARZER (from 14/05/2014)	15	15			15	15	100%
M. TILMANT	17	20	6	6	23	26	88%
E. VAN BROEKHOVEN	19	20	7	7	26	27	96%
F. WICKER-MIURIN	19	20	6	7	25	27	92.6%
Average		**94%**		**98%**		**95%**	

The column 1 shows the number of meetings attended.
The column 2 shows the total number of meetings held during the year.

Composition of the specialised committees *(as of 31December 2014)*	Financial Statements Committee	Internal Control, Risk Management and Compliance Committee	Corporate Governance and Nominations Committee	Compensation Committee
Denis KESSLER	▯			
Monique COHEN	◊			◊
Thierry MOUCHARD	◊ ∆			
Emiel VAN BROEKHOVEN	◊			
Fields WICKER-MIURIN	◊			
Jean-François LEPETIT		▯		◊
Nicole MISSON		◊ ∆		◊ ∆
Michel TILMANT		◊		
Marion GUILLOU		◊	◊	
Michel PÉBEREAU			▯	
Laurence PARISOT			◊	
Pierre André de CHALENDAR			◊	▯

▯ Committee Chairman; ◊: Committee Member; ∆: Director elected by employees

3. WORK OF THE BOARD IN 2014

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 of Directors discussed the economic situation and the state of the financial markets on several occasions. It approved the implementation of the measures proposed to adjust the Bank's capital in line with new national, European and international regulatory requirements, together with those relating to its balance sheet size and liquidity proposed by Executive Management.
- 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).
- The Board discussed the comparison of the Bank's performance with its competitors, as well as its balance sheet, on the basis of the results available in respect of 2013.
- It discussed BNP Paribas' policy concerning gender equality and equal pay.
- It was informed of the results of the annual survey of employee satisfaction (Global People Survey) and of the ensuing actions.
- The Board took note of the 2014-2016 development plan, which consists of five planks:
  - further emphasise proximity with retail customers (through the development of digital innovations), corporates (based on its European and global mechanism) and institutional clients (with a more coordinated approach through close cooperation between market businesses, the Securities Services and Investment Partners);
  - simplify our organisation and how we operate (simple);
  - continue improving operating efficiency (efficient);
  - adapt certain businesses to their economic and regulatory environment (BNL, Capital Markets, Investment Partners);
  - successfully develop initiatives in some geographies (Asia-Pacific, CIB – North America, Germany and Turkey) and continue the development of specialised business lines that are leaders in their field (Personal Finance, Insurance, Securities Services, Arval, Leasing Solutions and Real Estate).
- In connection with the Company's share buyback programme authorised by the General Meeting, the Board discussed the amount to be allocated to the various objectives of the programme.
- It was informed of BNP Paribas' policy with regard to corporate social responsibility (CSR).
- It was informed of the termination of the Memorandum of Understanding between BNP Paribas and AXA.
- It was informed of the consequences for the Group of events in Ukraine and the impact on the activity of its subsidiary UkrSibbank.
- It was informed of the status of the US and European embargoes against Russia and the impact on commercial transactions.
- It called a meeting of the holders of the USD 500 million in perpetual subordinated notes issued by BNP Paribas in 1986.
- It authorised the Executive Management to proceed with the creation and issuance in France or internationally of debt securities (bonds and

similar securities, including but not limited to EMTNs, USMTNs and perpetual or fixed-term subordinated notes).

- It approved the plan for BNP Paribas to take over Cortal Consors.
- It approved the participation in the capital increase of Bank of Nanjing.
- It approved the proposed full acquisition of German bank DAB Bank.
- The Board was informed of the finalisation of the Group's acquisition of Poland's Bank Gospodarki Sywnosciowej (BGZ), which it had authorised in 2013, and the completion of the takeover of LaSer.
- It approved the proposed takeover of Omnium de Gestion et de Développement Immobilier (OGDI) by BNP Paribas.
- The Board was informed of the new organisation of BNP Paribas' Executive Management, effective on 1 July 2014.
- The Board discussed the strategy and the issues facing the Group's US activities in relation to the new US regulations, and decided to establish an Intermediary Holding Company (IHC) with governance combining the Group's activities in the United States (with the exception of the branch).
- It was reminded of the necessity of updating reporting obligations in accordance with the Bank's registration as a swap dealer.
- The Board of Directors met, as in previous years, for a dedicated strategic seminar, examining, among other items, the implementation of the 2014-2016 Development Plan, with analysis of the development of domestic and CIB markets, and future regulations (2016-2018). It examined strategic lessons and issues for the Bank.

3.b Risks, liquidity, compliance and internal control

The Board of Directors regularly discussed the economic, financial and regulatory (and in particular prudential) environment in the light of the report of the Internal Control, Risk Management 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. In a difficult environment, 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 2014.
- It examined the pricing and maturity conditions of issues of debt securities, including bonds and similar notes, made in 2013 and 2014.
- It reviewed the changes to the Recovery and Resolution Plan (RRP) established at the request of regulators and supervisors, the updated version of which was provided to the Autorité de Contrôle Prudentiel et de Résolution (ACPR). It authorised the Chief Executive Officer to complete the wind-down plan of certain Group entities and operations in the United States, and granted him full powers to take all necessary or useful steps for this purpose.
- It also reviewed the new French and European regulations imposing new frameworks for bank resolution.
- It was informed of the process related to the Asset Quality Review (AQR) and stress tests initiated by the European Banking Authority (EBA) and the European Central Bank (ECB), as well as the results and impact on the solvency ratio.
- It approved the annual ICAAP (Internal Capital Adequacy Assessment Process) presentation.
- Based on the BNP Paribas Risk Profile Statement that it approved in 2013 and the scoreboard presenting the measurement of indicators chosen to represent this risk profile, the Board examined the various categories of risk.
- 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.
- The Board was regularly informed during the first half of 2014 of the development of administrative and judicial proceedings initiated by the US authorities regarding the review by those same authorities of transactions denominated in US dollars. The Board met on numerous occasions (in the first half, 13 Board meetings were held, nine of which were specifically on this subject) to monitor the progress of negotiations with the US authorities, namely the Fed (Federal Reserve), OFAC (Office of Foreign Assets Control), DOJ (Department of Justice), DFS (Department of Financial Services) and DANY (District Attorney of New York), and to discuss them. The Board agreed that the bank plead guilty according to the terms of US law and pay a penalty of EUR 6.6 billion to the US authorities. Finally, the Board and its Committees analysed the different stages of the case and the consequences to be drawn regarding business operation and the internal control mechanism.
- It heard the conclusions of the work carried out jointly by the Financial Statements Committee and the Internal Control, Risk Management and Compliance Committee based on the 2013 report on measuring and monitoring risks, in accordance with the provisions of Regulation CRBF 97-02 on the internal control of credit institutions and investment firms, replaced by the Order of 3 November 2014 relating to the internal control of banking, payment services and investment services companies under the control of the Autorité de Contrôle Prudentiel et de Résolution (ACPR). It assessed the effectiveness of the policies and systems in place.

Compliance and internal control

- The Board of Directors was given copies of the 2013 Report on Compliance and the 2013 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 was briefed on the key results of periodic controls performed in 2013 and the first half of 2014, as well as 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 control and security programme implemented by Executive Management, notably in respect of market trading. It reviewed the amount of gains and losses due to operational incidents and major disputes.

The Board monitored the implementation of the remediation plan requested by the US authorities, representing the translation of commitments made by BNP Paribas to control activities carried out in US dollars.

- The Board was informed of the establishment by the Executive Management of change to the internal control system and the reinforcement of compliance and control means and procedures. The main thrusts of this change are the integration of the compliance line, under a new operational model, and the legal line, the creation of a Group Supervisory and Control Committee and the establishment of an *Ethics Committee*.
- The Board, without the presence of the Chairman or the 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 2015 budget 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 of the fourth quarter of 2013, full year 2013 and the first three quarters of 2014.
- It decided, on the proposal of the Financial Statements Committee and following the start of negotiations with the US authorities in the case related to the review by these same authorities of transactions denominated in US dollars, to make a provision in the Q4 2013 financial statements.
- Each quarter, it examined trends in revenues and cost/income ratio by business.
- For each period, the Board heard a summary of the work of the Financial Statements Committee and the findings of the Statutory Auditors.
- The Board discussed changes in equity and the capital adequacy ratio in light of new regulations and new requirements imposed by the regulator. It was informed of the result of the Asset Quality Review and Stress Tests initiated by the European Central Bank (ECB) and the European Banking Authority (EBA) and their impact on the capital adequacy ratio.
- 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 Officer, without the presence of the Chairman or the Chief Executive Officer.

Financial management

- The Board received the report on medium- and long-term funding in 2013 and the first half of 2014. 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

- The Board reviewed and approved a draft media statement at each meeting devoted to results, and approved the report of the Board of Directors in respect of 2013.
- It was informed of the long-term financial ratings of the Company issued by the major rating agencies. They are included in the registration document and annual financial report, in the *Key Figures* section of Chapter 1, *BNP Paribas Group presentation*.

3.d Corporate governance

Developments in corporate governance at BNP Paribas

On 1 December 2014, Jean Lemierre, following an extensive review of external and internal personalities initiated and directed by the Corporate Governance and Nominations Committee, was co-opted as Director to replace Baudouin Prot and unanimously appointed Chairman of the Board of Directors (see 4.c).

Assessment of the Board of Directors with respect to 2014

It was decided for the first time to call on an external firm to conduct the assessment of the Board of Directors and its specialised Committees, which for 13 years have been subject to internal assessment. The decision, taken by the Board at its meeting of 30 October 2014, meets the requirements of European Directive CRD 4, as transposed into the

French Monetary and Financial Code. It is stipulated that the Nominations Committee must "assess the balance and diversity of knowledge, skills and experiences held individually and collectively by the members of the Board of Directors". As this is a new provision, the Board decided to entrust the assessment to an external firm.

This evaluation was conducted in part on the basis of a questionnaire prepared by the firm, containing more than a hundred questions on the composition and functioning of the Board, its main areas of responsibility and activity as described in this report, the powers of the directors, the work of its specialised committees, its priorities and the pertinence of its minutes, and in part on interviews carried out by the external firm. The findings express genuine satisfaction as to the Bank's governance, and lists areas of improvement in the implementation of CRD 4, notably in its risk monitoring component.

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.
- The Board approved the proposed appointment of Monique Cohen to replace Daniela Weber-Rey until the end of Ms Weber-Rey's term. The Board of Directors asked the General Meeting to appoint Daniela Schwarzer for a term of three years to replace Hélène Ploix, who had not requested the renewal of her term. A proposal was also made to renew the terms of Baudouin Prot, Jean-François Lepetit and Fields Wicker-Miurin.

Report of the Chairman

The Chairman's 2013 report was approved by the Board of Directors, and the present 2014 report was approved in early 2015.

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.
- Fees allocated to the directors in consideration for their activity on the Board of Directors comprise a fixed component and a large, variable component based on actual attendance at Board meetings.
- As decided by the Board in July 2013, for application from 2014, the fixed portion of directors' fees was set at EUR 17,000 for all Directors in 2014.
- For Directors resident in France, the variable portion of Directors' fees is calculated on the basis of EUR 2,400 per scheduled meeting (assuming seven meetings per year) and EUR 3,800 for each extraordinary meeting.
- For Directors resident outside France, the variable portion of directors' fees is calculated on the basis of EUR 3,600 per scheduled meeting and EUR 4,000 for each extraordinary meeting.
- In consideration for their work on the specialised Committees, Committee chairmen receive EUR 5,000 per meeting and other members EUR 2,000. No distinction is made between the fixed and the variable portion per meeting for the specialist 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

- The Board of Directors agreed on the principles governing the compensation of corporate officers in respect of 2014. These provisions are described in the *Compensation* section of point 2.1 of this chapter.

  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 Board's decisions were made public in accordance with the Corporate Governance Code, and are published on the Bank's website.
- On the proposal of the Compensation Committee, the Board of Directors set the variable compensation of Directors and corporate officers on the same terms as those applied in 2013. They are regularly reviewed and are made public as part of regulated disclosures. The Board took note of the results of calculations bearing on quantitative criteria relating to the Group's performance or business lines under the supervision of the Chief Operating Officers. It assessed the extent to which personal targets had been achieved, based notably on its assessment of the capacity to anticipate, take decisions, manage and lead by example, of each corporate officer. The Board of Directors ensured that trends in variable compensation were consistent with trends in the BNP Paribas Group's income.
- The Board decided to terminate the annual variable compensation of the former Chairman in order to comply with the standard practice now used for "dissociated" Chairmen.
- The Board has set the compensation for the new Chairman of the Board of Directors with effect from 1 December 2014. It consists solely of fixed annual compensation.
- The Board decided to modify, with effect from 1 January 2015, the fixed compensation of Philippe Bordenave, Chief Operating Officer, following the reorganisation of the Executive Management resulting in an expansion of his areas of responsibility.
- On the proposal of the Compensation Committee, the Board approved the characteristics of a long-term compensation plan to link the compensation of executive Directors to long-term value creation, based strictly on share-price trends, while ensuring a sustainable

(1) Directors who are members of the Group: Nicole Misson, Thierry Mouchard, Jean-Laurent Bonnafé and Baudouin Prot until 1 December 2014 and Jean Lemierre from that date.

and consistent performance with respect to that of other European banks. 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 Chief Executive Officer and the Chief Operating Officers.

Compensation of the categories of employees subject to specific regulations

- The Board was informed by the Compensation Committee of the approach taken to identify those employees whose professional activities have a significant influence on the Company's risk profile.
- It approved a number of substantial changes to the compensation policy applied to these employees, particularly in the context of the implementation of CRD 4 from 1 January 2014, and reviewed the main orientations envisaged by Executive Management to determine the compensation packages of regulated employees in respect of 2014.

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

No stock option or free share plan was established in 2014.

4. THE WORK OF THE COMMITTEES IN 2014

No member of the Executive Management and no Chairman of the Board of Directors has sat on any Committee since 1997.

4.a Financial Statements Committee

- Composition and powers

In 2014, the Financial Statements Committee was made up of Denis Kessler, Fields Wicker-Miurin, Emiel Van Broekhoven and Thierry Mouchard, Christophe de Margerie (until 20 October 2014) and Monique Cohen (from 3 December 2014). The majority of the Committee's members have experience and expertise in the areas of corporate financial management, accounting and financial information (see *Composition of the Board*). In consideration of his financial skills, reinforced by his position as Chief Executive Officer of SCOR, a major European reinsurance company, Denis Kessler was appointed Chairman of the Committee.

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.

- Missions

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

- Meetings and work

The Financial Statements Committee met four times in 2014, with a 95% attendance rate. It also met three times 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 2013 and changes from end-2013 to 30 June 2014. On the same occasion, it was briefed on the changes to 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, facilitating the analysis of balance sheet structure and liquidity.
- The Committee reviewed sensitive 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 acquisitions on the Group's results.
- The Committee examined goodwill and possible adjustments.
- It was provided with explanations relative to the Funding Valuation Adjustment (FVA), the Prudent Valuation Adjustment (PVA) and adjustments to the Credit Valuation Adjustment (CVA).
- The results of the Asset Quality Review (AQR) of the European Central Bank (ECB) and the stress tests of the European Banking Authority (EBA) were presented, as was the impact on the capital adequacy ratio.
- At the time the income statement was reviewed, the Financial Statements Committee heard from the Group Chief Financial Officer and the senior executive for accounting and financial reporting. Every quarter it heard from the Group Chief Financial Officer, without the presence of the Chairman or 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 or the Group's Chief Financial Officer, and asked the questions it considered necessary.
- Each quarter, the Financial Statements Committee examined the report on audit control points flagged 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 processing 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 received a written report from the Statutory Auditors on their main findings in relation to the improvement in internal control, and noted the main guidelines underpinning the Statutory Auditors' 2014 audit plan and the key points for attention.
- The Committees were informed of and monitored the most significant risks liable to have a long-term impact on the financial statements, notably investigations and inquiries conducted with a certain number of financial institutions by the regulatory and judicial authorities in several countries in relation to transactions in foreign exchange markets.
- The Committees monitored the status of discussions with the US authorities as part of the case related to the review by these same authorities of transactions denominated in US dollars, and analysed the different stages of the case and the consequences to be drawn regarding business functions and the internal control mechanism.
- The Committees were informed of the establishment by the Executive Management of change to the internal control system and the reinforcement of compliance and control means and procedures. The main thrusts of this change are the integration of the compliance line, with a new operational model, and the legal line, the creation of a Group Supervisory and Control Committee and the establishment of an Ethics Committee.

4.b Internal Control, Risk Management and Compliance Committee

- Composition and powers

Since 11 May 2011, the Internal Control, Risk Management and Compliance Committee has been chaired by Jean-François Lepetit. It is composed of Michel Tilmant, Nicole Misson, Hélène Ploix (until 15 May 2014) and Marion Guillou (from 25 September 2014).

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 AMF and Chairman of the Conseil National de la Comptabilité. Another of the committee's members has international experience in banking management.

- Missions

The remit of the Internal Control, Risk Management and Compliance Committee appears in the Internal Rules (§ 8.2).

- Meetings and work

The Committee met five times in 2014, 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 Bank's Risk Profile Statement, which 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 market trends and regulations 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 all the tasks assigned to Assets and Liabilities Management-Treasury (ALM-Treasury).
- The Committee met with the Head of ALM-Treasury without the presence of the Chairman or Chief Executive Officer.

Permanent control, compliance, litigation and periodic control

- The Committee reviewed the 2013 report on compliance, permanent operational control and business continuity. It was informed of the reorganisation of the central Compliance Function, with the centralisation of certain functions, and reviewed the report on the results of permanent control. It examined the permanent control action plan for 2014 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 reviewed the key incidents, and the main disputes and litigation presented by the legal officer, who has attended Committee meetings since December 2014.
- The Committee was informed of the progress of discussions initiated with the US authorities following investigations and reviews previously conducted in collaboration with these authorities, as part of the review of transactions denominated in US dollars.
- It met with the Head of Compliance and Permanent Control, without the presence of the Chairman or the Chief Executive Officer.
- It received the draft 2013 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 or the Chief Executive Officer.
- It examined the draft 2013 annual internal control report and recommended its approval by the Board of Directors.

Relations with regulators

- The Committee was informed of the adjustments and additional demands made by regulators in respect of the Recovery and Resolution Plan.
- 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 Corporate Governance and Nominations Committee

- Composition and powers

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. Christophe de Margerie had been appointed to this Committee in late July 2014. After his tragic death, the Board appointed Pierre André de Chalendar on 1 December 2014. Michel Pébereau is not regarded as independent according to the Afep-Medef criteria, but his experience and knowledge of the sector and high degree of personal integrity guarantee his freedom of judgment and sense of the public interest. The Committee's 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 and on succession planning for corporate officers.

- Missions

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

- Meetings and work

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

- The Committee discussed developments in the Group's corporate governance on several occasions. In this respect, the Board decided, as part of its reflection and action in regard to the implementation of the governance component of European Directive CRD 4, to expand the membership of the Committee to the Chairmen of the Financial Statements, the Internal Control, Risk Management and Compliance, and the Compensation Committees, as well as Michel Tilmant. The expanded Committee presented initial steps to the Board.
- The Committee initiated and conducted a thorough process in preparation for the replacement of Baudouin Prot as Chairman of the Board. The newly expanded Committee first of all unanimously determined a series of criteria necessary for holding this position. It then drew up a list for review of personalities outside BNP Paribas in addition to some internal figures. The Committee met twice to discuss this issue. At its first meeting it examined the profiles of the personalities and rejected most of them. It took some time to reflect before, at its second meeting, choosing to appoint Jean Lemierre, whose skills and qualifications are widely acknowledged, and who has a remarkable knowledge of public authorities, in particular the regulatory environment, both at the national and European level.
- The Committee prepared the 2014 assessment of the Board of Directors, and the manner in which the Board and its specialised Committees function. On 30 October 2014, it proposed that the Board call on an external firm for the assessment of the Board, due to the new provisions of European Directive CRD 4 as transposed into the French Monetary and Financial Code.
- 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 Corporate Governance and Nominations Committee has made a review, in view of the expiry dates of the terms of office of each director, of prospective changes to the composition of the Board.
- The Committee proposed that the Board submit appointments as Director for Monique Cohen and Daniela Schwarzer.
- The Committee examined the section of the Chairman's report on corporate governance, and recommended its approval by the Board of Directors.
- It was informed of the new approval process imposed by the banking authorities for Directors.
- The Committee allocated Directors' fees, and submitted their allocation to the Board for their settlement.

4.d Compensation Committee

- Composition and powers

The Compensation Committee has been chaired by Pierre André de Chalendar since 6 December 2013. It is composed of Jean-François Lepetit and Hélène Ploix until 14 May 2014, and Nicole Misson and Monique Cohen since 17 November 2014. Its composition fulfils the recommendations of the Corporate Governance Code: its members have experience of compensation systems and market practice in this area, and members include an employee Director.

Two members of the Compensation Committee are also members of the Internal Control, Risk Management and Compliance Committee (Jean-François Lepetit and Nicole Misson). This composition is intended to promote the work of the Board on the appropriateness of the compensation principles in respect of BNP Paribas' risk policy. The Chairman is not a member, but is invited to take part in discussions, excluding those that concern him personally.

- Missions

The remit of the Compensation Committee appears in the Internal Rules (§ 10.2).

- Meetings and work

The Compensation Committee met six times, 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 reviewed the changes to the principles of compensation in respect of regulated activities brought about by the implementation of Directive CRD 4 and submitted for approval to the Board of Directors the new compensation policy for these persons. It reviewed the list of the highest paid employees in 2013. It was informed of the correspondence with the Autorité de Contrôle Prudentiel et de Résolution (ACPR) on these issues.
- It reviewed the new scope of regulated persons.
- The Committee determined and proposed to the Board the variable compensation to be paid to corporate officers in respect of 2013 and the provisions for deferring this compensation over several years and indexing a portion of it to changes in the share price.
- It discussed the incentive plans for corporate officers designed to encourage value creation over the long term. It proposed that the Board extend the conditions of a long-term compensation plan entirely based on performance conditions and indexed to changes in BNP Paribas' share price.
- It proposed that the Board amend the plan in light of the new provisions ushered in by Directive CRD 4 in respect of the cap on variable compensation as a proportion of fixed compensation. It proposed that the plan should cover the Chief Executive Officer and the Chief Operating Officers.
- It set the principles of the compensation policy, actual compensation, allowances and benefits in kind granted to directors of subsidiaries of the Group entering into the threshold set by law and which have delegated these missions to the Committee.
- The Committee was informed about the 2013 variable compensation determined by the Chief Executive Officer for the members of the Executive Committee who are not corporate officers. In early 2015, it audited the compensation of the Head of Risk Management and Head of Compliance, and submitted its findings to the Board for approval.
- It reviewed the "Say on Pay" sheets for each corporate officer, as well as the resolutions relating to compensation paid to regulated employees and the increase in the maximum ratio between fixed and variable compensation.

APPENDIX: INTERNAL RULES

The Internal Rules, as updated on 12 February 2014, are presented in full hereunder.

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 Shareholders' General 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 seeks to maintain a close and trusting relationship with the CEO, 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 – OPERATION 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 fulfil 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 SPECIALISED COMMITTEES OF THE BOARD OF DIRECTORS

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

The Chairman of the Board of Directors sees to it that the number, 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.

To take into account the nature and characteristics of banking, Board Committees include: the Financial Statements Committee, the Internal Control, Risk Management and Compliance Committee, the Compensation Committee, and 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 sit on this 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 financial 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 Company's Executive Management sit on this 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 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. Provisions common to the Financial Statements Committee and to the Internal Control, Risk Management and Compliance Committee

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

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

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

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 Bank'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 Shareholders' General 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 OBSERVERS

12. Directors' compensation

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. Non-voting Directors' compensation

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 attendance 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 Shareholders' General Meeting own a number of shares in a personal capacity, equivalent to at least one year's worth of directors' fees. The Directors undertake not to engage in any hedging transactions to cover their risk on such shares.

17. Directors 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 – OBLIGATIONS OF NON-VOTING DIRECTORS

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 text applicable to BNP Paribas is the Ministerial Decree of 3 November 2014, which superseded regulation No. 97-02 as amended[1] of the Advisory Committee for Financial Legislation and regulation (*Comité Consultatif de la Législation et de la Règlementation Financières* – CCLRF). The new text, which brought regulation 97-02 into compliance with CRD 4, sets out the conditions governing the implementation and monitoring of internal control in credit institutions 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 258 of this Decree, banks are required to prepare an annual report on internal control for the attention of the Board of Directors.

The Decree, as regulation 97-02 did prior to it, requires BNP Paribas to set up an internal control system (referred to herein as internal control) in which the organisations and managers in charge of permanent controls (including Compliance and Risk Management) and periodic controls are different. The internal control system must also take into account, as appropriate, the General Regulation of the AMF (French Securities Regulator), regulations applicable to branches and subsidiaries outside France and in 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.

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

(1) This text is subject to frequent changes, notably in order to improve the effectiveness of internal control systems.

which the Group ensures operational management, even if they are not part of 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:

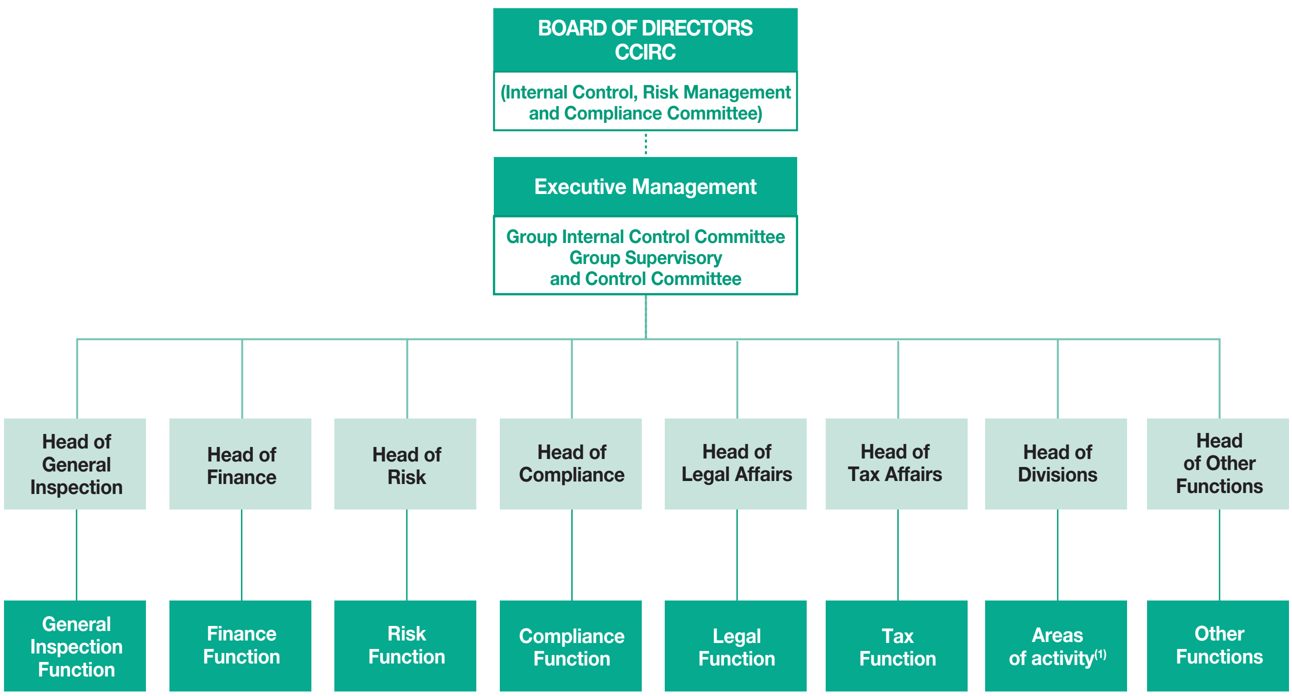
- responsibility of operational staff: the permanent control mechanism must be incorporated within the operational organisation of the entities. Operational managers must ensure effective control over the activities for which they are responsible, and all employees are under a duty to blow the whistle 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;
- 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, control 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.*

MAIN PARTIES INVOLVED IN INTERNAL CONTROL

- Executive Management, under the supervision of the Board of Directors, is responsible for the Group's overall internal control system. In 2014, to strengthen its oversight of the Group's internal control, it set up two new Group-level committees in which it takes an active part, namely the Group Internal Control Committee and the Group Supervisory and Control Committee.
- 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 the ongoing monitoring of compliance with laws and regulations, and with professional and ethical standards. It also contributes to framing the overall strategy of the Board of Directors and the directives issued by Executive Management. Until 2014, this involved shared oversight with line managers of the teams in charge of compliance in the core and support functions. The system will now be reinforced by bringing the function under the sole authority of its manager, in a new organisation to be established during the first half of 2015. 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. His 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;
  - 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 play an important role in permanent control in their areas of responsibility: Legal, Tax, Technology and Processes, Human Resources.
- Periodic control ("third-level" control) is independently exercised by General Inspection for all Group entities. It includes:
  - inspectors based at headquarters, who are authorised to carry out controls throughout the Group;
  - auditors deployed at geographical or business line hubs;
  - periodic controls fall under the responsibility of the Head of General Inspection who reports to the Chief Executive Officer.
- The Board of Directors performs internal control assignments. In particular, the Committee for Internal Control, Risk and Compliance (CCIRC), a specialised committee of the Board of Directors (see 4.b above):
  - 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;
  - reports to the Board of Directors.

The implementation of the provisions of CRD 4 relative to governance will reinforce the Board's role. The Board of Directors, notably on the recommendation of CCIRC, will approve strategies and policies for taking, managing, monitoring and reducing risk, and will review governance arrangements.

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.

The Heads of Risk and Compliance, as well as the people in charge of periodic controls, may go directly to the Board whenever they consider that an event liable to have a significant impact should be referred to the Board; they cannot be dismissed without the consent of the Board.

COORDINATION OF INTERNAL CONTROL

Coordination is now provided by the Group Supervisory and Control Committee, as part of its brief. This Committee, which has been in place since October 2014 and meets twice every month, is chaired by the Chief Executive Officer. Its other members include the Chief Operating Officers and Heads of Compliance, General Inspection, Legal and Risk. Its role is to lay down guidelines and policy, to contribute to the organisation of the control functions and consistency between them, and to ensure their overall consistency in relation to the Group's operating entities.

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 2014

Group Compliance

The organisation of the Compliance function underwent major changes in 2014. It was decided in the second half to make it an integrated function and to strengthen the means at its disposal.

In the United States, a "Financial Security" team was created to strengthen the system designed to ensure compliance with embargoes and sanctions across the Group as a whole, and the New York and Paris teams were assigned permanent responsibility for control in respect of "Financial Security" issues. The number of staff working in the Group Compliance function increased significantly to 2,051 full-time equivalents (FTE), an increase of 24.3% compared with 2013 (excluding staff dedicated to the supervision of permanent control/operational risk). The Compliance function will supervise the implementation of the "remediation plan" requested by the US authorities, representing the translation of commitments made by BNP Paribas to improve the control of activities carried out in US dollars. Several other projects are underway to better adapt the organisation to the many challenges faced by Compliance (new regulatory requirements, complex transactions, etc.), particularly in the areas of financial security (anti-money laundering, corruption and the financing of terrorism, international financial sanctions) and market integrity, and to improve the system designed to protect customers.

The work of the Compliance Function in 2014 may be summarised notably as follows:

- the corpus of Group standards was enhanced by several important documents defining the Group's rules and standards. In particular:
  - in the field of financial security, reinforcement of rules governing knowledge of customers ("Know Your Customer", KYC), and other counterparties and partners, and establishment, continuing in 2015 in conjunction with the relevant authorities, of a mechanism to ensure compliance with international financial sanctions, particularly American. In this same area, reinforcement of the many policies and procedures related to compliance with new international sanctions or changes thereto; on a broader level, review of all policies and procedures relating to compliance with international sanctions, with changes made whenever necessary;
  - updating of the whistleblowing procedure,
  - distribution of generic permanent control programmes for the protection of personal data, which is becoming increasingly critical with the growing digitisation of the economy, and for the protection of customers' interests,
  - compensation policy when it is potentially the source of conflicts of interest.

In training, a major effort was undertaken across the entire Group, using multiple channels (online training, mandatory for employees exposed to risk in this area, distribution of a guide, etc.), to raise awareness among all employees involved of the importance of international financial sanctions and their main features.

Various projects will be pursued and finalised in 2015:

- establishment of a completely new organisation for the Compliance function, in addition to a further increase in its human and technical resources;
- introduction of new financial safety mechanisms across the Group in the field of international financial sanctions.

Permanent operational control

The BNP Paribas Group's permanent control and operational risk management system is built on two pillars: significant accountability of operational staff in the management of operational risk, and second-level control of this management by separate functions. Several significant steps are worthy of particular mention:

- the Group's various businesses and functions have enriched and/or updated their generic processes, adding risks and controls that must be shared by the different actors in permanent control to achieve greater uniformity of the system between the various units;
- the governance system has been adapted to changes made by the Executive Management, notably under the responsibilities of the Country Heads;
- several reports designed to inform management have been standardised, and the means for performing them reinforced at Group level and within the various units;
- works to improve analysis of each unit's risk profile has gathered pace.

2

Periodic control

General Inspection completed the deployment of its new UNIK tool across geographic platforms. Efforts will continue in 2015, in conjunction with the central ITP function and the software company selected to improve its functionality and to introduce new modules.

Targeted monitoring of the consistency of findings under the new audit methodology was pursued by the Review Committee established in 2013 to assist in its proper application by all hubs.

The new audit methodology published in 2013 was the subject of several amendments based on the lessons drawn from its concrete application; a framework for the preparation of the audit plan was issued in October.

Also with a view to continuous improvement in the quality of periodic inspection work, the Quality Assurance Review (QAR) programme continued, with six new assignments completed in 2014. Since its launch in November 2006, this programme has enabled the practices of all audit teams to be benchmarked against professional standards and the reference framework defined by the function.

Investments in training continued, with 11,500 days dedicated to this process for the function as a whole. Special emphasis was placed this year on financial security and the use of the UNIK tool.

At the end of October 2014, there were 199 certified audit staff, bringing the ratio of certified staff to total staff to 20.9%, a slight increase compared with 2013.

INTERNAL CONTROL STAFF

At the end of 2014, the various internal control functions had the following workforce (in full-time equivalent staff – FTEs):

	2008	2009 (excluding Fortis)	2009 (including Fortis)	2010	2011	2012	2013	2014	Change 2014/2013
Compliance (excluding Permanent Control/2OPC)	864	904	1,125	1,369	1,567	1,577	1,650	2,051(1)	+24.3%
Oversight of Permanent Control/ Operational risk (2OPC)	562	637	760	315(2)	381	361	331	371	+12.1%
Group Risk Management	954	950	2,940(3)	1,801	1,971	1,965	1,920	2,080	+8.3%%
Periodic Control	828	824	1,016	1,014(4)	1,107	1,030	962	965	+0.3%
TOTAL	**3,208**	**3,315**	**5,841**	**4,499**	**5,026**	**4,933**	**4,807**	**5,471**	**+13.8%**

(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

With 2,051 FTEs estimated at the end of 2014, the number of Compliance staff (excluding Permanent Control 2OPC) was up by 24.3% compared with 2013. The ratio of Compliance employees (excluding 2OPC) to the Group's total workforce was 1.09% based on an estimate of the workforce managed by the Group at the end of 2014, up from 0.89% based on the actual number in 2013.

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. In 2014, the scope of employees assigned to the second level was reviewed in the Investment Partners and the International Retail Banking businesses.

The size of the Risk function's headcount was stable, the difference between 2013 and 2014 being attributable to a change in scope (transfer of Belgian staff from "business" positions to the Risk function, such as BNP Paribas Fortis credit analysts).

Periodic control

There were 965 FTEs in General Inspection at 31 December 2014, including 904 FTEs covering audit (excluding support staff), compared with 962 (902 FTEs excluding support staff) at 31 December 2013.

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: decentralising 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) 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 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:** the particular responsibility of the accounting channel is to perform the entities' financial and cost accounting, and to prepare the Group's consolidated financial statements in compliance with accounting policies and standards. It also produces related information on solvency and liquidity, ensuring that it is consistent with the accounting at each level. The channel certifies the reliability of the information produced by applying internal certification procedures (described below);
- **the management channel:** this 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 in the context of the development of pooled account processing and synthesis within the Group.

For the preparation of liquidity-related data, the Group has adopted the principle of integrating internal management data and those required for regulatory reporting, which revolves around the following system:

- governance involving Finance, ALM-Treasury and Risk Management, both at Group level and at the level of the Divisions/OEs/business lines and entities;
- policies and methodologies applicable as required by regulations;
- permanent tools and processes at the Group level and at the level of the Divisions/OEs/business lines and entities;
- a dedicated Group tool ensuring data collection and the production of internal and regulatory reports.

This system ensures the production of LCR and NSFR regulatory reports.

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, which 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. As such 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 use of tools to map the processes and associated risks, and to document the checks as well as the coordination with other control channels (such as Compliance and Risks) contributes to improve the quality.

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 Reportings 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 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.

On the same principles, a certification system was introduced in 2014 for liquidity-related data. The various contributors report on compliance with standards and the results of key controls performed to ensure the quality of reporting.

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 (e.g. middle office, back office, Human Resources, Accounts Payable, etc.) formally certify that the basic controls designed to ensure the reliability of the accounting and financial data for which they are responsible are working effectively. The elementary certificates are sent to the local Finance Department, which analyses them in combination with the accounting controls that it exercises directly, prepares a summary report intended to be used to prepare the main certificate, and liaises with the various players in order to monitor points requiring attention.

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

Control of the value of financial instruments and the use of valuation in determining the results of market activities and accounting reports

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:

- checking the appropriateness of the valuation system as part of the approval process for new transactions or activities;
- checking the proper recording of transactions in the systems and ensuring it is appropriate with the valuation methodologies;
- checking the development and approval mechanism independent of valuation methods;
- determining the market parameters and the procedure for an independant checking of these parameters;
- determining valuation adjustments for market, liquidity and counterparty risks;
- classifying instruments within the fair value hierarchy, determining day one profit adjustments, estimating the sensitivity of level 3 valuations to valuation assumptions.

Through appropriate processes and tools, 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. It can thus provide the appropriate data to the various decision-making bodies, data that also informs the operational processes for compiling the accounting and management results, and ensures the transparency of annexes dedicated to fair value.

The control exercised by the valuation channel which involves all players 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, 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 once every quarter, and brings together Group Finance, CIB Finance and Group Risk Management. There are also Intermediary Committees (Intermediary PFC), which define priorities for projects, monitor their implementation and perform in-depth reviews of selected 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 preparation of quantitative indicators for some controls, the performance of targeted cross-function reviews of selected major controls 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, the certification system of the data contributing to the calculation of the capital adequacy ratio is subject to adjustment in order to take into account developments in the processes and the organisation (regarding for instance the standardisation of reconciliation methodologies of accounting data and data relating to credit risk) and to capitalise on indicators and controls in place in the various sectors in connection with the improvement programme on the reporting and the quality of the data mentioned below.

In addition, as part of the programme undertaken in respect of liquidity reporting, specific actions were taken with the various contributors in 2014 to ensure:

- the consideration of methodological developments and changes to standards;
- the convergence of reporting schedules with the applicable regulatory schedule at the beginning of 2015;
- the definition, implementation and proper documentation of major controls, the results of which are returned as part of an ad hoc certification process.

Lastly, the Group undertook, starting in 2013, a programme to ensure compliance with the principles set by the Basel Committee for effective risk data aggregation and risk reporting. The purpose of this is to renew and improve the reporting of various risks (credit, market, liquidity, operational), and to increase the quality and integrity of the data involved. It is organised in different areas, and this year resulted in the identification of critical data for which a high and sustainable level must be achieved.

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 is homogenous with that used at an internal level.

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 prepare 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 communications 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, who approve them.

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 SA

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 2014

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

To the Shareholders,

BNP Paribas SA

16, boulevard des Italiens

75009 Paris

In our capacity as Statutory Auditors of BNP Paribas SA, 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 2014.

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, 6 March 2015

The Statutory Auditors

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

2.4 The Executive Committee

As of 31 December 2014, the BNP Paribas Executive Committee had the following members:

- **Jean-Laurent Bonnafé**, Director and Chief Executive Officer;
- **Philippe Bordenave**, Chief Operating Officer;
- **François Villeroy de Galhau**, Chief Operating Officer; Domestic Markets;
- **Jacques d'Estais**, Deputy Chief Operating Officer, Investment Solutions, BNP Paribas Personal Finance and International Retail Banking;
- **Michel Konczaty**, Deputy Chief Operating Officer;
- **Alain Papiasse**, Deputy Chief Operating Officer, North America, Corporate and Institutional Banking;
- **Marie-Claire Capobianco**, Head of French Retail Banking;
- **Stefaan Decraene**, Head of International Retail Banking;
- **Fabio Gallia**, Country Head for Italy, and Director and Chief Executive Officer of BNL;
- **Yann Gérardin**, Head of Corporate and Institutional Banking;
- **Maxime Jadot**, Head of BNP Paribas Fortis;
- **Frédéric Janbon**, special advisor to Executive Management;
- **Thierry Laborde**, Head of BNP Paribas Personal Finance;
- **Eric Martin**, Head of Group Compliance;
- **Yves Martrenchar**, Head of Group Human Resources;
- **Eric Raynaud**, Head of the Asia Pacific region;
- **Frank Roncey**, Head of Group Risk Management;
- **Thierry Varène**, Head of Key Accounts, Chairman of Corporate Clients Financing and Advisory EMEA.

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

3 2014 REVIEW OF OPERATIONS

3.1 BNP Paribas consolidated results

In millions of euros	2014	2013	2014/2013
Revenues	**39,168**	**38,409**	**+2.0%**
Operating Expenses and Dep.	(26,526)	(25,968)	+2.1%
Gross Operating Income	**12,642**	**12,441**	**+1.6%**
Cost of Risk	(3,705)	(3,801)	-2.5%
Costs related to the comprehensive settlement with US authorities	(6,000)	(798)	n.s.
Operating Income	**2,937**	**7,842**	**-62.5%**
Share of Earnings of Associates	408	361	+13.0%
Other non Operating Items	(196)	36	n.s.
Non Operating Items	**212**	**397**	**-46.6%**
Pre-Tax Income	**3,149**	**8,239**	**-61.8%**
Corporate Income Tax	(2,642)	(2,742)	-3.6%
Net Income Attributable to Minority Interests	(350)	(679)	-48.5%
Net Income Attributable to Equity Holders	**157**	**4,818**	**-96.7%**
Cost/Income	**67.7%**	**67.6%**	**+0.1 pt**

In order to ensure the comparability with 2014 results, pro forma 2013 accounts have been prepared considering TEB group under full consolidation for the whole of 2013. The difference between the use of the full integration method regarding TEB instead of the equity method is disclosed at the end of section 3.2 *Core business results*.

GOOD OPERATING PERFORMANCE BUT SIGNIFICANT IMPACT OF ONE-OFF ITEMS IN 2014

The Group's results reflect this year the negative impact of significant one-off items. Excluding these items, the Group delivered a good operating performance thanks to its diversified business model and to the trust of its institutional, corporate and individual clients. The Group made three bolt-on acquisitions this year with the buyout of the remaining 50% equity interest in LaSer, as well as the acquisitions of Bank BGZ in Poland and of DAB Bank in Germany.

Revenues totalled EUR 39,168 million, up 2.0% compared to 2013. They included this year one-off items that totalled -EUR 324 million (+EUR 147 million in 2013): a -EUR 459 million Own Credit Adjustment (OCA) and own credit risk included in derivatives (DVA), -EUR 166 million as a result of the introduction of the Funding Valuation Adjustment (FVA) at Fixed Income and +EUR 301 million in capital gains from the one-off sale of securities. Excluding one-off items, revenues rose by 3.2%.

The revenues of the operating divisions rose by 1.9%[1] compared to 2013, with in particular a very good performance by the specialised businesses. Revenues were up in all the operating divisions: +2.0%[2] at Retail Banking[3], +3.7%[2] at Investment Solutions and +2.1%[1] for Corporate and Investment Banking.

Operating expenses, which amounted to EUR 26,526 million, were up by 2.1%. They included the one-off impact of EUR 717 million in Simple & Efficient transformation costs (EUR 661 million in 2013).

The operating expenses of the operating divisions were up 1.7%[2]. The increase related to the business development plans is limited thanks to the effects of Simple & Efficient. Operating expenses were up by 1.2%[2] at Retail Banking[3], 2.9%[2] at Investment Solutions and 2.2%[2] for CIB.

Gross operating income was up 1.6% at EUR 12,642 million (+5.6% excluding exceptional items). It was up by 2.2%[1] for the operating divisions.

(1) At constant scope and exchange rates, excluding one-off items.

(2) At constant scope and exchange rates.

(3) Including 100% of Private Banking of the domestic markets, BancWest and TEB (excluding PEL/CEL effects).

The Group's cost of risk was down 2.5%, at EUR 3,705 million (57 basis points of outstanding customer loans), reflecting the Group's good risk control. It includes a one-off 100 million euro provision due to the situation in Eastern Europe.

The Group booked the impact of the comprehensive settlement with the U.S. authorities regarding the review of certain USD transactions which included, among other things, the payment by BNP Paribas of a total of USD 8.97 billion in penalties (EUR 6.6 billion). Given the amounts already provisioned, the Group booked this year a one-off charge for a total amount of EUR 6 billion, of which 5,750 millions in penalties, and EUR 250 million corresponding to the future costs of the remediation plan announced as part of the comprehensive settlement.

Non operating items totalled EUR 212 million. They included in particular this year a -EUR 297 million impairment of BNL bc's goodwill. Non operating items totalled +EUR 397 million in 2013 and included in particular -EUR 171 million in one-off items.

Pre-tax income thus came to EUR 3,149 million compared to 8,239 millions in 2013. Excluding one-off items[1], it was up by 8.9%.

The Group generated EUR 157 million in net income attributable to equity holders (EUR 4,818 million in 2013). Excluding one-off items[1], it totalled EUR 7,049 million.

The Group's balance sheet is rock-solid. At 31 December 2014, the fully loaded Basel 3 common equity Tier 1 ratio[2], which factors in the results of the banks' Asset Quality Review (AQR) performed by the European Central Bank (ECB) and the early introduction of Prudent Valuation Adjustment (PVA), was 10.3%. The fully loaded Basel 3 leverage ratio[3] came to 3.6%[4]. The Liquidity Coverage Ratio was 114%. Lastly, the Group's immediately available liquidity reserve was EUR 291 billion (EUR 247 billion as at 31 December 2013), equivalent to over one year of room to manoeuvre in terms of wholesale funding.

The net book value per share[5] was EUR 61.7, or a compounded annualised growth rate of 4.5% since 31 December 2008.

The Board of Directors will propose to shareholders at the Shareholders' Meeting to pay out the same amount of dividend paid last year, i.e. EUR 1.50 per share to be paid in cash.

Lastly, the Group is actively implementing the remediation plan agreed as part of the comprehensive settlement with the U.S. authorities and is reinforcing its internal control and compliance setup.

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 CRD IV regulation, also known as Basel 3, 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 standard approach or the Internal Ratings Based Approach (IRBA) depending on the particular entity or business activity;
- the regulatory capital requirement for market risks, for adjustment of credit valuation and for operational risk, multiplied by 12.5.

Moreover, elements that are deducted from Tier 1 capital are allocated to each division.

The capital allocated to the insurance business is equal to the maximum between the solvency requirement calculated according to insurance regulations and the capital calculated according to CRD IV regulation.

3

(1) See Main exceptional elements in 2014 detailed in section 3.2 Core business results.

(2) Ratio taking in account all the CRD IV rules with no transitory provisions.

(3) Ratio taking in account all the CRD IV rules with no transitory provisions, calculated according to the delegated act of the European Commission dated 10 October 2014.

(4) Including the forthcoming replacement of Tier 1 instruments that have become ineligible with equivalent eligible instruments.

(5) Not revaluated.

3.2 Core business results

RETAIL BANKING

In millions of euros	2014	2013	2014/2013
Revenues	**24,110**	**23,476**	**+2.7%**
Operating Expenses and Dep.	(14,844)	(14,585)	+1.8%
Gross Operating Income	**9,266**	**8,891**	**+4.2%**
Cost of Risk	(3,575)	(3,272)	+9.3%
Operating Income	**5,691**	**5,619**	**+1.3%**
Associated Companies	179	207	-13.5%
Other Non Operating Items	5	104	-95.2%
Pre-Tax Income	**5,875**	**5,930**	**-0.9%**
Income Attributable to Investment Solutions	(256)	(219)	+16.9%
Pre-Tax Income of Retail Banking	**5,619**	**5,711**	**-1.6%**
Cost/Income	61.6%	62.1%	-0.5 pt
Allocated Equity *(€bn)*	29.9	30.1	-0.8%

Including 100% of Private Banking in France (excluding PEL/CEL effects), Italy, Belgium, Luxembourg, BancWest and TEB for the Revenues to Pre-tax income line items.

DOMESTIC MARKETS

In millions of euros	2014	2013	2014/2013
Revenues	**15,700**	**15,493**	**+1.3%**
Operating Expenses and Dep.	(9,981)	(9,979)	+0.0%
Gross Operating Income	**5,719**	**5,514**	**+3.7%**
Cost of Risk	(2,074)	(1,848)	+12.2%
Operating Income	**3,645**	**3,666**	**-0.6%**
Associated Companies	(7)	55	n.s.
Other Non Operating Items	(19)	(4)	n.s.
Pre-Tax Income	**3,619**	**3,717**	**-2.6%**
Income Attributable to Investment Solutions	(247)	(216)	+14.4%
Pre-Tax Income of Domestic Markets	**3,372**	**3,501**	**-3.7%**
Cost/Income	63.6%	64.4%	-0.8 pt
Allocated Equity *(€bn)*	18.5	19.0	-2.8%

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

For the whole of 2014, Domestic Markets posted an overall good performance in a lacklustre environment. Deposits grew by 3.6% compared to 2013, with good growth in France, in Belgium and at Consorsbank in Germany. Outstanding loans declined slightly by 0.3% with the gradual stabilisation of demand. The sales and marketing drive of Domestic Markets was reflected in the number 1 position in cash management in Europe, as well as in France and in Belgium, and in the successful launch of Hello bank! which has already 800,000 clients in Germany, Belgium, France and Italy. Furthermore, Domestic Markets rolled out in all the networks new branch layouts with differentiated formats and new customer in-branch experience.

Revenues[(1)], at EUR 15,700 million, were up 1.3% compared to 2013, with good growth at BRB and in the specialised businesses (Arval, Leasing Solutions and Personal Investors) partly offset by the effects of a persistently low interest rate environment. Thanks to good cost containment, operating expenses[(1)], at EUR 9,981 million, were stable compared to a year earlier, helping Domestic Markets produce a positive 1.3 point jaws effect and continue improving its operating efficiency.

The cost/income ratio[(1)] thus again improved in France, Italy and Belgium, totalling 63.6% for the whole of Domestic Markets (-0.8 point compared to 2013).

Gross operating income[(1)] totalled EUR 5,719 million, up 3.7% compared to a year earlier.

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[(2)] came to EUR 3,372 million, down 3.7% compared to 2013.

FRENCH RETAIL BANKING (FRB)

In millions of euros	2014	2013	2014/2013
Revenues	**6,787**	**6,855**	**-1.0%**
incl. Net Interest Income	*4,057*	*4,078*	*-0.5%*
incl. Commissions	*2,730*	*2,777*	*-1.7%*
Operating Expenses and Dep.	(4,493)	(4,543)	-1.1%
Gross Operating Income	**2,294**	**2,312**	**-0.8%**
Cost of Risk	(402)	(343)	+17.2%
Operating Income	**1,892**	**1,969**	**-3.9%**
Non Operating Items	3	4	-25.0%
Pre-Tax Income	**1,895**	**1,973**	**-4.0%**
Income Attributable to Investment Solutions	(142)	(129)	+10.1%
Pre-Tax Income of French Retail Banking	**1,753**	**1,844**	**-4.9%**
Cost/Income	66.2%	66.3%	-0.1 pt
Allocated Equity *(€bn)*	6.7	6.9	-3.0%

Including 100% of French Private Banking for the Revenues to Pre-tax income line items (excluding PEL/CEL effects). Significant PEL/CEL effects in 2014: -EUR 57 million (+EUR 67 million in 2013).

For the whole of 2014, FRB held up well in a lacklustre environment. The business activity of FRB was reflected in a good drive in deposits, which grew by 4.2% compared to 2013, with in particular strong growth in current accounts. Outstanding loans declined by 0.9% but rose by 0.1% in the fourth quarter 2014 compared to the fourth quarter 2013 with stabilisation in the individual customer segment and slight growth in the corporate customer segment. The commercial drive at FRB was illustrated by the good start of BNP Paribas Entrepreneurs 2016 (1,300 VSEs/SMEs supported at an international level) and by the support given to SMEs and innovative startups with the launch of the Innov&Connect programme and the success of the 14 Innovation Hubs which support already 1,000 start-up clients. BNP Paribas Factor strenghtened its position by becoming number 1 in factoring in France and Private Banking confirmed its number 1 position in France posting a solid performance with assets under management up 6.0% compared to 2013.

Revenues[(3)] totalled EUR 6,787 million, down 1.0% compared to 2013. Net interest income were down by 0.5% given a persistently low interest rate environment which compressed current account deposit margins. Fees were down by 1.7% due in particular to the capping of processing fees introduced by France's banking law since 1 January 2014.

Thanks to the continuing effect of operating efficiency measures, operating expenses[(3)] were down by 1.1% compared to 2013. The cost/income ratio[(3)] thus improved slightly by 0.1 point to 66.2%.

Gross operating income[(3)] totalled EUR 2,294 million, down 0.8% compared to a year earlier.

The cost of risk[(1)] was still at a low level, at 28 basis points of outstanding customer loans. It was up EUR 59 million compared to 2013.

Thus, after allocating one-third of French Private Banking's net income to the Investment Solutions division, FRB posted EUR 1,753 million in pre-tax income[(2)] (-4.9% compared to 2013).

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

(2) Excluding PEL/CEL effects.

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

BNL BANCA COMMERCIALE (BNL BC)

In millions of euros	2014	2013	2014/2013
Revenues	**3,219**	**3,239**	**-0.6%**
Operating Expenses and Dep.	(1,769)	(1,781)	-0.7%
Gross Operating Income	**1,450**	**1,458**	**-0.5%**
Cost of Risk	(1,398)	(1,205)	+16.0%
Operating Income	**52**	**253**	**-79.4%**
Non Operating Items	0	0	n.s.
Pre-Tax Income	**52**	**253**	**-79.4%**
Income Attributable to Investment Solutions	(29)	(19)	+52.6%
Pre-Tax Income of BNL bc	**23**	**234**	**-90.2%**
Cost/Income	55.0%	55.0%	+0.0 pt
Allocated Equity *(€bn)*	5.6	6.0	-6.6%

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

For the whole of 2014, BNL bc continued adapting its commercial model in a still challenging context. Outstanding loans declined by 2.2% compared to 2013 due to the selective repositioning on the corporate and small business segments and despite moderate rise in loans to individuals. Deposits were down by 6.8% due to a decline focused on the most costly deposits, in particular those of corporates. BNL bc posted good performance in off balance sheet savings with strong growth compared to 2013 of life insurance outstandings (+18.7%) and mutual funds (+24.9%) and Private Banking enjoyed a good business drive with 5.2% growth in assets under management. Lastly, in order to expand the distribution of savings products, BNL bc is launching this year *Promotori Financiari*, its financial advisors' network.

Revenues[(1)] were down slightly (-0.6%) compared to 2013, at EUR 3,219 million. Net interest income was down 0.3% due to the decrease in loan volumes partly offset by the favourable structural effect on deposits. Fees were down by 1.3% due to lower commissions from loans and despite the good performance of off balance savings.

Thanks to the effect of operating efficiency measures, operating expenses[(1)] were down by 0.7% compared to 2013, at EUR 1,769 million.

Gross operating income[(1)] remained high at EUR 1,450 million, down by only 0.5% compared to a year earlier. The cost/income ratio[(1)] was stable compared to 2013, at 55.0%.

The cost of risk[(1)], at 179 basis points of outstanding customer loans, rose for its part by EUR 193 million compared to 2013 due to the protracted recession in Italy. However, it stabilised in the second half of 2014.

After allocating one-third of Italian Private Banking's net income to the Investment Solutions division, BNL bc generated EUR 23 million in pre-tax income, down by 90.2% compared to 2013.

(1) With 100% of Italian Private Banking.

BELGIAN RETAIL BANKING (BRB)

In millions of euros	2014	2013	2014/2013
Revenues	**3,385**	**3,237**	**+4.6%**
Operating Expenses and Dep.	(2,434)	(2,406)	+1.2%
Gross Operating Income	**951**	**831**	**+14.4%**
Cost of Risk	(131)	(142)	-7.7%
Operating Income	**820**	**689**	**+19.0%**
Non Operating Items	(10)	13	n.s.
Pre-Tax Income	**810**	**702**	**+15.4%**
Income Attributable to Investment Solutions	(72)	(64)	+12.5%
Pre-Tax Income of Belgian Retail Banking	**738**	**638**	**+15.7%**
Cost/Income	71.9%	74.3%	-2.4 pt
Allocated Equity *(€bn)*	3.5	3.3	+5.7%

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

For the whole of 2014, Belgian Retail Banking had a good sales and marketing drive. Deposits rose by 5.1% compared to 2013 thanks in particular to the good growth of current and savings accounts. Loans were up by 2.1% over the period, due in particular to growth in loans to individual customers and the fact that loans to SMEs held up well. Moreover, BRB continued to develop digital banking with over 1 million downloads of the Easy Banking application for iPhone/iPad and Android since its launch in mid-2012.

Revenues[(1)] were up 4.6% compared to 2013, at EUR 3,385 million. Net interest income was up by 5.1%, as a result of increased volumes and the fact that margins held up well and fees were up by 3.3% due in particular to financial and credit fees.

Operating expenses[(1)] rose by 1.2% compared to 2013 due to the significant impact of systemic taxes, up EUR 66 million compared to a year earlier, and partially offset by the significant improvement of operating efficiency in line with the Bank for the Future plan. The cost/income ratio[(1)] improved by 2.4 points at 71.9%.

At EUR 951 million, gross operating income[(1)] was thus up significantly (+14.4%).

The cost of risk[(1)] was very low, at 15 basis points of outstanding customer loans, down EUR 11 million compared to 2013.

Thus, after allocating one-third of Belgian Private Banking's net income to the Investment Solutions division, BRB generated EUR 738 million in pre-tax income, up 15.7% compared to a year earlier.

OTHER DOMESTIC MARKETS ACTIVITIES (ARVAL, LEASING SOLUTIONS, PERSONAL INVESTORS AND LUXEMBOURG RETAIL BANKING)

In millions of euros	2014	2013	2014/2013
Revenues	**2,309**	**2,162**	**+6.8%**
Operating Expenses and Dep.	(1,285)	(1,249)	+2.9%
Gross Operating Income	**1,024**	**913**	**+12.2%**
Cost of Risk	(143)	(158)	-9.5%
Operating Income	**881**	**755**	**+16.7%**
Associated Companies	(19)	35	n.s.
Other Non Operating Items	0	(1)	n.s.
Pre-Tax Income	**862**	**789**	**+9.3%**
Income Attributable to Investment Solutions	(4)	(4)	+0.0%
Pre-Tax Income of Other Domestic Markets	**858**	**785**	**+9.3%**
Cost/Income	55.7%	57.8%	-2.1 pt
Allocated Equity *(€bn)*	2.7	2.8	-4.3%

Including 100% of Private Banking in Luxembourg for the Revenues to Pre-tax income line items.

(1) With 100% of Belgian Private Banking.

For the whole of 2014, the business activity of Domestic Markets' specialised businesses showed a good drive. At Arval, the financed fleet was up 3.0% compared to 2013, surpassing 700,000 vehicles. Leasing Solutions' outstandings were up by 1.2%(1) despite the continued reduction of the non-core portfolio. Lastly, at Personal Investors, there was strong growth in deposits (+18.6%), with a good level of new customers in Germany, and assets under management rose by 9.6% thanks to the performance effect and the business drive. Personal Investors also closed on the acquisition of DAB Bank in Germany on 17 December which will create the number 1 online broker and the 5th largest digital bank in Germany with 1.5 million customers and EUR 63 billion in assets under management, of which EUR 17 billion in deposits.

Luxembourg Retail Banking's outstanding loans grew by 1.4% compared to 2013 due to good growth in mortgage loans. Deposits were up by 3.6% with good asset inflows from corporate clients as a result of the development of cash management.

Revenues(2) were up 6.8% compared to 2013, at EUR 2,309 million, due to a sharp rise in revenues from Arval (stemming from the development of business activity and a rise in used vehicle prices), from Leasing Solutions (in line with the increase in volumes and thanks to a selective policy in terms of profitability of transactions), and from Personal Investors (as a result of business development).

Operating expenses(2) rose by 2.9% compared to 2013, at EUR 1,285 million, as a result of business development, which helped produce a largely positive jaws effect (3.9 points). The cost/income ratio improved by 2.1 points, at 55.7%.

The cost of risk(2) was down EUR 15 million compared to 2013.

On the whole, the contribution by these four business units to Domestic Markets' pre-tax income, after allocating one-third of Luxembourg Private Banking's net income to the Investment Solutions division, was up by 9.3% compared to 2013, at EUR 858 million.

EUROPE-MEDITERRANEAN

In millions of euros	2014	2013	2014/2013
Revenues	**2,104**	**2,086**	**+0.9%**
Operating Expenses and Dep.	(1,467)	(1,479)	-0.8%
Gross Operating Income	**637**	**607**	**+4.9%**
Cost of Risk	(357)	(272)	+31.3%
Operating Income	**280**	**335**	**-16.4%**
Non Operating Items	106	199	-46.7%
Pre-Tax Income	**386**	**534**	**-27.7%**
Income Attributable to Investment Solutions	(1)	0	n.s.
Pre-Tax Income of Europe-Mediterranean	**385**	**534**	**-27.9%**
Cost/Income	69.7%	70.9%	-1.2 pt
Allocated Equity *(€bn)*	3.7	3.7	+0.9%

Including 100% of Turkish Private Banking for the Revenue to Pre-tax income line items.

In order to ensure the comparability with 2014 results, pro-forma 2013 accounts have been prepared considering TEB group under full consolidation for the whole of 2013. The difference between the use of the full integration method regarding TEB instead of the equity method is disclosed at the end of section 3.2 *Core business results*.

For the whole of 2014, Europe-Mediterranean maintained its strong sales and marketing drive. Deposits increased by 11.3%(1) compared to 2013, and were up across all countries with a sharp rise in Turkey. Loans grew by 12.1%(1), driven by a rise in volumes in Turkey. The business closed this year on the acquisition of BGZ in Poland. This buyout will help create, along with BNP Paribas Bank Polska SA and the Group's specialised businesses, a reference bank in this country with an over 4% market share.

Revenues(3), at EUR 2,104 million, rose by 10.2%(1) compared to 2013. Excluding the impact of new regulations on charging fees for overdrafts in Turkey and foreign exchange fees in Algeria since the beginning of the third quarter 2013 (EUR 159 million in lost income in 2014), it was up 14.6%(1), with revenue growth in all regions, in particular thanks to increased volumes.

Operating expenses(3) rose by 6.6%(1) compared to a year earlier, at EUR 1,467 million, due in particular to the bolstering of the commercial setup in Turkey and in Morocco. The cost/income ratio(3) came to 69.7%, a 2.4 point(1) improvement compared to 2013.

The cost of risk(3), at EUR 357 million came to 119 basis points of outstanding customer loans, up EUR 85 million compared to 2013 due to the situation in Eastern Europe.

Thus, after allocating one-third of Turkish Private Banking's net income to the Investment Solutions division, Europe-Mediterranean generated EUR 385 million in pre-tax income, up 2.5%(1) compared to a year earlier.

(1) At constant scope and exchange rates.

(2) With 100% of Luxembourg Private Banking.

(3) With 100% of Private Banking in Turkey.

BANCWEST

In millions of euros	2014	2013	2014/2013
Revenues	**2,229**	**2,204**	**+1.1%**
Operating Expenses and Dep.	(1,443)	(1,386)	+4.1%
Gross Operating Income	**786**	**818**	**-3.9%**
Cost of Risk	(50)	(54)	-7.4%
Operating Income	**736**	**764**	**-3.7%**
Non Operating Items	4	6	-33.3%
Pre-Tax Income	**740**	**770**	**-3.9%**
Income Attributable to Investment Solutions	(8)	(3)	n.s.
Pre-Tax Income of BancWest	**732**	**767**	**-4.6%**
Cost/Income	64.7%	62.9%	+1.8 pts
Allocated Equity *(€bn)*	4.3	4.2	+3.3%

Including 100% of US Private Banking for the Revenues to Pre-tax income line items.

For the whole of 2014, BancWest reported strong business activity in a dynamic economy. Deposits grew by 6.7%[1] compared to 2013, with strong growth in current and savings accounts. Loans increased by 6.3%[1] due to sustained growth in corporate and consumer loans. BancWest continued to develop Private Banking with assets under management that totalled USD 8.6 billion as at 31 December 2014 (+23% compared to 31 December 2013). The success of the Mobile Banking services was also confirmed with 279,000 monthly users (+25% compared to 31 December 2013).

Revenues[2], at EUR 2,229 million, were up by 1.0%[1] compared to 2013. Excluding the impact of lesser capital gains from sales of securities this year, it was up 3.6%[1], as a result of the rise in volumes, although mitigated by unfavourable interest rates.

At EUR 1,443 million, operating expenses[2] rose by 4.0%[1] compared to 2013 due primarily to the rise in regulatory costs (CCAR and setting up an Intermediate Holding Company), the impact of the bolstering of the commercial setups (Private Banking and consumer finance) being partly offset by savings stemming from the streamlining of the network. The cost/income ratio[2] thus rose by 1.8 points[1], at 64.7%.

The cost of risk[2] was at a very low level (12 basis points of outstanding customer loans) and virtually stable (-EUR 4 million) compared to 2013.

Thus, after allocating one-third of U.S. Private Banking's net income to the Investment Solutions division, BancWest generated EUR 732 million in pre-tax income, down 4.5%[1] compared to 2013.

PERSONAL FINANCE

In millions of euros	2014	2013	2014/2013
Revenues	**4,077**	**3,693**	**+10.4%**
Operating Expenses and Dep.	(1,953)	(1,741)	+12.2%
Gross Operating Income	**2,124**	**1,952**	**+8.8%**
Cost of Risk	(1,094)	(1,098)	-0.4%
Operating Income	**1,030**	**854**	**+20.6%**
Associated Companies	84	63	+33.3%
Other Non Operating Items	16	(8)	n.s.
Pre-Tax Income	**1,130**	**909**	**+24.3%**
Cost/Income	47.9%	47.1%	+0.8 pt
Allocated Equity *(€bn)*	3.3	3.2	+3.5%

(1) At constant scope and exchange rates.

(2) With 100% of U.S. Private Banking.

For the whole of 2014, Personal Finance continued to grow rapidly.

Following Galeries Lafayette's exercising of the put option that it had under partnership agreements, Personal Finance increased on 25 July 2014 from 50% to 100% its stake in LaSer (4,700 employees, EUR 9.3 billion in outstandings). Personal Finance thus strengthened its position as the number 1 specialised player in Europe. The business unit also closed the acquisition of RCS, a point of sale credit specialist in South Africa, and the JD Group's consumer lending business.

Outstanding loans were thus up 10.4% compared to 2013. At constant scope and exchange rates, they rose by 2.8%, in particular in Germany, Belgium and Central Europe.

The business unit also continued to develop partnerships with retailers (Suning in China, Americanas in Brazil) and in car loans (PSA in Turkey, Toyota in Belgium) where its outstandings enjoyed good growth (+4.5%[1]).

Revenues rose by 10.4% compared to 2013, at EUR 4,077 million. At constant scope and exchange rates, it rose by 2.4%[2].

Operating expenses were up 12.2% compared to 2013, at EUR 1,953 million. At constant scope and exchange rates, they rose by 1.2%. The cost/income ratio thus improved by 0.6 point[1] at 46.4%[2].

The cost of risk was down by EUR 4 million compared to 2013, at 219 basis points of outstanding customer loans. Excluding the scope effect related to the acquisition of LaSer (+EUR 67 million), it was down EUR 71 million.

Personal Finance's pre-tax income was thus up sharply (+24.3%) compared to 2013, totalling EUR 1,130 million.

INVESTMENT SOLUTIONS

In millions of euros	2014	2013	2014/2013
Revenues	**6,543**	**6,325**	**+3.4%**
Operating Expenses and Dep.	(4,536)	(4,385)	+3.4%
Gross Operating Income	**2,007**	**1,940**	**+3.5%**
Cost of Risk	(4)	(2)	+100.0%
Operating Income	**2,003**	**1,938**	**+3.4%**
Associated Companies	178	150	+18.7%
Other Non Operating Items	26	5	n.s.
Pre-Tax Income	**2,207**	**2,093**	**+5.4%**
Cost/Income	69.3%	69.3%	0.0 pt
Allocated Equity *(€bn)*	8.5	8.1	+5.0%

For the whole of 2014, Investment Solutions enjoyed good growth in its business. Assets under management[3] reached EUR 917 billion as at 31 December 2014 and were up 7.4% compared to what they were as at 31 December 2013, due in particular to a performance effect of +EUR 48.4 billion, benefiting from the favourable trend of the equity markets and interest rates, and a +EUR 9.9 billion exchange rate effect due to the depreciation of the euro. Asset inflows were +EUR 6.7 billion for the year with good asset inflows in Wealth Management, in particular in Asia, France and Italy, strong asset inflows in Insurance, in particular in Italy and in Asia, and outflows in Asset Management but substantially reduced compared to 2013.

As at 31 December 2014, Investment Solutions assets under management[3] broke down as follows: EUR 391 billion for Asset Management, EUR 305 billion for Wealth Management, EUR 202 billion for Insurance, and EUR 19 billion for Real Estate Services.

Securities Services, which ranks number 1 in Europe and number 5 worldwide, continued its strong business development, which was illustrated this year by a 22.0% rise in assets under custody compared to 2013 as well as the winning of significant mandates.

Insurance also enjoyed good growth in its savings and protection businesses with gross written premiums up 8.5% compared to 2013, at EUR 27.5 billion.

Investment Solutions' revenues, at EUR 6,543 million, grew by 3.7%[1] compared to 2013. Insurance's revenues rose by 4.1%[1] due to the good growth of protection insurance outside of France, in particular in Asia and in Latin America, and of savings in Italy. Wealth and Asset Management's revenues were up 0.9%[1] due to growth at Wealth Management, in particular in domestic markets and in Asia, and the good performance of Real Estate Services. Lastly, Securities Services' revenues were up 8.8%[1] on the back of the sharp rise in the number of transactions and in assets under custody.

(1) At constant scope and exchange rates.

(2) Excluding the one-off retrocession of handling fees in Germany (EUR 49.5 million).

(3) Including assets under advisory on behalf of external clients and distributed assets.

Investment Solutions' operating expenses, at EUR 4,536 million, rose by 2.9%[1] compared to 2013, with a 1.7%[1] rise in Insurance due to continued business growth, a 2.4%[1] increase for Wealth and Asset Management because of the impact of business development investments, in particular for Wealth Management in Asia and for Real Estate Services, and a 5.0%[1] rise for Securities Services due to business growth. The cost/income ratio was thus down by 0.5 point[1], at 69.3%, compared to a year earlier.

Given the rise in income from associated companies (+22.8%[1] compared to 2013) in particular in Insurance, Investment Solutions' pre-tax income, after receiving one-third of the net income of Private Banking in the domestic markets, in Turkey and in the United States, rose by 7.3%[1] compared to 2013, at EUR 2,207 million.

WEALTH AND ASSET MANAGEMENT

In millions of euros	2014	2013	2014/2013
Revenues	**2,805**	**2,780**	**+0.9%**
Operating Expenses and Dep.	(2,171)	(2,119)	+2.5%
Gross Operating Income	**634**	**661**	**-4.1%**
Cost of Risk	(3)	(14)	-78.6%
Operating Income	**631**	**647**	**-2.5%**
Associated Companies	55	55	+0.0%
Other Non Operating Items	20	2	n.s.
Pre-Tax Income	**706**	**704**	**+0.3%**
Cost/Income	77.4%	76.2%	+1.2 pts
Allocated Equity *(€bn)*	1.7	1.5	+11.1%

INSURANCE

In millions of euros	2014	2013	2014/2013
Revenues	**2,180**	**2,136**	**+2.1%**
Operating Expenses and Dep.	(1,079)	(1,076)	+0.3%
Gross Operating Income	**1,101**	**1,060**	**+3.9%**
Cost of Risk	(6)	2	n.s.
Operating Income	**1,095**	**1,062**	**+3.1%**
Associated Companies	124	96	+29.2%
Other Non Operating Items	(3)	3	n.s.
Pre-Tax Income	**1,216**	**1,161**	**+4.7%**
Cost/Income	49.5%	50.4%	-0.9 pt
Allocated Equity *(€bn)*	6.3	6.0	+4.1%

SECURITIES SERVICES

In millions of euros	2014	2013	2014/2013
Revenues	**1,558**	**1,409**	**+10.6%**
Operating Expenses and Dep.	(1,286)	(1,190)	+8.1%
Gross Operating Income	**272**	**219**	**+24.2%**
Cost of Risk	5	10	-50.0%
Operating Income	**277**	**229**	**+21.0%**
Other Non Operating Items	8	(1)	n.s.
Pre-Tax Income	**285**	**228**	**+25.0%**
Cost/Income	82.5%	84.5%	-2.0 pts
Allocated Equity *(€bn)*	0.5	0.5	-1.6%

(1) At constant scope and exchange rates.

CORPORATE AND INVESTMENT BANKING (CIB)

In millions of euros	2014	2013	2014/2013
Revenues	**8,722**	**8,701**	**+0.2%**
Operating Expenses and Dep.	(6,137)	(5,976)	+2.7%
Gross Operating Income	**2,585**	**2,725**	**-5.1%**
Cost of Risk	(81)	(515)	-84.3%
Operating Income	**2,504**	**2,210**	**+13.3%**
Associated Companies	38	23	+65.2%
Other Non Operating Items	(17)	8	n.s.
Pre-Tax Income	**2,525**	**2,241**	**+12.7%**
Cost/Income	70.4%	68.7%	+1.7 pts
Allocated Equity *(€bn)*	15.4	15.5	-0.5%

For the whole of 2014, revenues rose by 2.1%(1) compared to 2013, at EUR 8,888 million(2).

Revenues from Advisory and Capital Markets, at EUR 5,596 million(2), were up 2.9%(1), reflecting good growth in the business and the strengthening of the franchise. They were driven by growth in client business in volatile markets. VaR remained at a very low level (EUR 32 million).

Revenues from Fixed Income, at EUR 3,714 million(2), were up 2.3%(1) compared to 2013 with growth in the Forex and Rates businesses and the Credit business was down. The bond origination business was good and the business unit ranked number 1 for all bonds issued in euros and number 9 for all international bonds issues.

At EUR 1,882 million, Equities and Advisory's revenues rose by 4.2%(3) compared to 2013, with growth in equity derivatives, both in structured products and in flow businesses, an upswing in the merger & acquisitions activity and equity issues where the business ranked number 1 in Europe for the number of equity-linked transactions.

Corporate Banking's revenues grew by 0.8%(3) compared to 2013, at EUR 3,292 million, with strong growth in Asia Pacific and an increase in the Americas. In Europe, revenues from the Energy and Commodities sector were down, but were up elsewhere. Loans, at EUR 110 billion, were up 0.5%(3) compared to 2013 with growth in Asia and in the Americas. Deposits, at EUR 78 billion, were up sharply (+21.6%(3)) compared to a year earlier thanks in particular to the development of international cash management where the business unit obtained several new significant mandates. Corporate Banking also confirmed its position as the number 1 bookrunner for EMEA syndicated loans(4).

Operating expenses of CIB, at EUR 6,137 million, rose by 2.2%(3) compared to 2013 due to the rise in regulatory costs (~+EUR 100 million compared to 2013), the continued business development investments (~+EUR 100 million compared to 2013), and increased Advisory & Capital Markets business, despite the effects of Simple & Efficient (~EUR 200 million of cost savings).

CIB's cost of risk was at a low level (EUR 81 million), down sharply compared to last year when it was at EUR 515 million.

CIB's pre-tax income thus came to EUR 2,525 million, up 13.7%(3) compared to 2013, reflecting good overall performance in a lacklustre environment in Europe.

(1) At constant scope and exchange rates, excluding the one-off impact of -EUR 166 million from the introduction of Funding Valuation Adjustment (FVA) in the second quarter 2014.

(2) Excluding FVA.

(3) At constant scope and exchange rates.

(4) Europe, Middle East, Africa. Source: Dealogic.

ADVISORY AND CAPITAL MARKETS

In millions of euros	2014	2013	2014/2013
Revenues	**5,430**	**5,426**	**+0.1%**
Incl. Equities and Advisory	*1,882*	*1,811*	*+3.9%*
Incl. Fixed Income	*3,548*	*3,615*	*-1.9%*
Operating Expenses and Dep.	(4,375)	(4,236)	+3.3%
Gross Operating Income	**1,055**	**1,190**	**-11.3%**
Cost of Risk	50	(78)	n.s.
Operating Income	**1,105**	**1,112**	**-0.6%**
Associated Companies	22	5	n.s.
Other Non Operating Items	(17)	8	n.s.
Pre-Tax Income	**1,110**	**1,125**	**-1.3%**
Cost/Income	80.6%	78.1%	+2.5 pts
Allocated Equity *(€bn)*	7.8	8.1	-3.9%

CORPORATE BANKING

In millions of euros	2014	2013	2014/2013
Revenues	**3,292**	**3,275**	**+0.5%**
Operating Expenses and Dep.	(1,762)	(1,740)	+1.3%
Gross Operating Income	**1,530**	**1,535**	**-0.3%**
Cost of Risk	(131)	(437)	-70.0%
Operating Income	**1,399**	**1,098**	**+27.4%**
Non Operating Items	16	18	-11.1%
Pre-Tax Income	**1,415**	**1,116**	**+26.8%**
Cost/Income	53.5%	53.1%	+0.4 pt
Allocated Equity *(€bn)*	7.7	7.4	+3.3%

CORPORATE CENTRE

In millions of euros	2014	2013
Revenues	**375**	**322**
Operating Expenses and Dep.	(1,275)	(1,280)
Incl. Restructuring and Transformation Costs	*(757)*	*(661)*
Gross Operating Income	**(900)**	**(958)**
Cost of Risk	(49)	(17)
Costs related to the comprehensive settlement with US authorities	(6,000)	(798)
Operating Income	**(6,949)**	**(1,773)**
Share of earnings of associates	14	(19)
Other non operating items	(210)	(81)
Pre-Tax Income	**(7,145)**	**(1,873)**

For the whole of 2014, Corporate Centre revenues were +EUR 375 million compared to +EUR 322 million in 2013. They factor in -EUR 459 million of own credit adjustment (OCA) and own credit risk included in derivatives (DVA) (-EUR 71 million in 2013), +EUR 301 million in net capital gains from one-off sales of securities, a very good contribution of BNP Paribas Principal Investments and of the investment portfolio products, the continued decrease of revenues from mortgage loans in connection with the plan to adapt this business, and the decreasing cost of surplus deposits placed with Central Banks. The Corporate Centre's revenues in 2013 also included +EUR 218 million capital gains from the sale of Royal Park Investments assets.

Operating expenses totalled EUR 1,275 million compared to EUR 1,280 million in 2013. They include in particular EUR 717 million in transformation costs related to the Simple & Efficient programme (EUR 661 million in 2013).

The cost of risk totalled EUR 49 million (EUR 17 million in 2013) due to the impact of a specific file.

Following the comprehensive settlement with the U.S. authorities regarding the review of certain USD transactions, the Group booked in 2014 one-off charges of EUR 6,000 million (EUR 5,750 million in penalties and EUR 250 million related to the future costs of the overall remediation plan[1]). The Group had booked in 2013 EUR 798 million provision (USD 1.1 billion) in connection with this review[2].

Non operating items totalled -EUR 196 million compared to -EUR 100 million in 2013. They include in particular -EUR 297 million goodwill impairment exclusively related to BNL bc (-EUR 252 million in 2013 of which -EUR 186 million on BNL bc).

The Corporate Centre's pre-tax income thus came to -EUR 7,145 million compared to -EUR 1,873 million last year.

(1) See note 3.g in the 2014 consolidated financial statements.

(2) See note 3.g in the 2013 consolidated financial statements.

2014 MAIN EXCEPTIONAL ITEMS

In millions of euros	2014	2013
Revenues		
Own credit adjustment and DVA *(Corporate Centre)*	(459)	(71)
Sale of Royal Park Investments' assets *(Corporate Centre)*		218
Introduction of FVA(*) (CIB – Advisory and Capital Markets)	(166)	
Net capital gains from exceptional equity investment sales *(Corporate Centre)*	301	
Total one-off revenue items	***(324)***	***147***
Operating expenses		
Simple & Efficient transformation costs *(Corporate Centre)*	(717)	(661)
Total one-off operating expenses	***(717)***	***(661)***
Cost of risk		
Portfolio provision due to the exceptional situation in Eastern Europe(**)	(100)	
Total one-off cost of risk	***(100)***	
Costs related to the comprehensive settlement with U.S. authorities *(Corporate Centre)*		
Amount of penalties	(5,750)	(798)
Costs related to the remediation plan	(250)	
Total	***(6,000)***	***(798)***
Non operating items		
Sale of BNP Paribas Egypt		81
One-off impairments(***) *(Corporate Centre)*	(297)	(252)
Total one-off non operating items	***(297)***	***(171)***
TOTAL ONE-OFF ITEMS	**(7,438)**	**(1,483)**

(*) Funding Valuation Adjustment.
(**) EM (-EUR 43 million), PF (-EUR 7 million), CIB-Corporate Banking (-EUR 50 million).
(***) Of which BNL bc's goodwill adjustments: -EUR 297 million in 4Q14 and -EUR 186 million in 4Q13.

IMPACT ON 2013 RESULTS OF THE USE OF THE FULL INTEGRATION METHOD REGARDING TEB INSTEAD OF THE EQUITY METHOD

In millions of euros	2013 restated(*) with TEB consolidated using the equity method	Impact of the change from equity method to full consolidation for TEB	2013 restated(*) with TEB fully consolidated
Revenues	**37,286**	**1,123**	**38,409**
Operating Expenses and Dep.	(25,317)	(651)	(25,968)
Gross Operating Income	**11,969**	**472**	**12,441**
Cost of Risk	(3,643)	(158)	(3,801)
Costs related to the comprehensive settlement with U.S. authorities	(798)	0	(798)
Operating Income	**7,528**	**314**	**7,842**
Associated Companies	537	(176)	361
Other Non Operating Items	36	0	36
Non Operating Items	**573**	**(176)**	**397**
Pre-Tax Income	**8,101**	**138**	**8,239**
Corporate Income Tax	(2,680)	(62)	(2,742)
Net Income Attributable to Minority Interests	(603)	(76)	(679)
Net Income Attributable to Equity Holders	**4,818**	**0**	**4,818**

(*) Following application of accounting standards IFRS 10, IFRS 11 and IAS 32 revised.

3.3 Balance sheet[(1)]

ASSETS

OVERVIEW

The Group's consolidated assets amounted to EUR 2,077.8 billion at 31 December 2014, an increase of 15% from EUR 1,810.5 billion at 31 December 2013. The main components of the Group's assets 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, which together accounted for 90% of total assets at 31 December 2014 (unchanged from 31 December 2013). The 15% increase in assets is mainly due to:

- a 19% increase in financial instruments at fair value through profit or loss, primarily through an increase in derivatives;
- a 7% or EUR 44.9 billion increase in loans and receivables due from customers to EUR 657.4 billion at 31 December 2014;
- a 27% or EUR 53.2 billion increase in available-for-sale assets to EUR 252.3 billion at 31 December 2014;
- a 24% or EUR 21.4 billion increase in accrued income and other assets to EUR 110.1 billion at 31 December 2014.

These changes were partially offset by:

- a 25% or EUR 14.2 billion decline in loans and receivables due from credit institutions to EUR 43.3 billion at 31 December 2014.

FINANCIAL ASSETS RECORDED AT FAIR OR MODEL VALUE THROUGH PROFIT OR LOSS

Financial assets at fair or model value through profit or loss consist of trading 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 in particular 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 up 19% compared with 31 December 2013. This increase mainly reflects a 35% or EUR 106.7 billion increase in the replacement value of derivatives to EUR 412.5 billion at 31 December 2014. The increase was particularly pronounced for interest rate and foreign exchange derivatives, which were up 36%, standing EUR 78.8 billion at 31 December 2014.

LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

Loans and receivables due from credit institutions (net of provisions) totalled EUR 43.3 billion at 31 December 2014, down 25% from EUR 57.5 billion at 31 December 2013, and comprise demand deposits, interbank loans and repurchase agreements.

Most of this decrease is due to a reduction in loans to credit institutions, which fell by 32% to EUR 33.0 billion at 31 December 2014, down from EUR 48.7 billion at 31 December 2013. Demand deposits increased by 9% to EUR 7.9 billion at 31 December 2014, from EUR 7.2 billion at 31 December 2013. Impairment provisions were down from EUR 0.4 billion at 31 December 2013 to EUR 0.3 billion at 31 December 2014.

LOANS AND RECEIVABLES DUE FROM CUSTOMERS

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

Loans and receivables due from customers (net of impairment provisions) amounted to EUR 657.4 billion at 31 December 2014, up 7% from EUR 612.5 billion at 31 December 2013. This was attributable to the increase in customer loans (up 6% to EUR 596.3 billion at 31 December 2014, compared with EUR 565.1 billion at 31 December 2013), while on demand accounts increased by 28% to EUR 58.4 billion at 31 December 2014. Finance leases increased by 4% from 31 December 2013 to EUR 27.3 billion at 31 December 2014, and repurchase agreements rose by 92% from 31 December 2013 to EUR 1.8 billion at 31 December 2014. Impairment provisions were stable at EUR 26.4 billion at 31 December 2014, compared with EUR 25.3 billion at 31 December 2013.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are fixed-income and variable-income securities that are not managed in the same way as financial assets at fair or model value through profit or loss and, with respect to fixed-

(1) Data at 31 December 2013 have been restated in accordance with IFRS 10 and 11 and the amendment to IAS 32 (see notes 1a and 2 to the consolidated financial statements at 31 December 2014).

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 increased by EUR 53.2 billion between 31 December 2013 and 31 December 2014 to EUR 252.3 billion (net of provisions).

Provisions on available-for-sale financial assets fell by 17% to EUR 3.0 billion at 31 December 2014 from EUR 3.7 billion at 31 December 2013. Impairment provisions on available-for-sale financial assets are calculated at each balance sheet date. The unrealised gain on available-for-sale financial assets totalled EUR 19.6 billion at 31 December 2014, compared with an unrealised gain of EUR 10.0 billion at 31 December 2013, mainly due to the increase in the prices of listed fixed-income securities stemming from rises in the bond markets. This EUR 9.6 billion increase reflects a EUR 9.9 billion rise in the unrealised gain on fixed-income securities and a EUR 0.3 billion decline in the unrealised gain on variable-income securities.

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. They are divided into two sub-categories: government bonds and treasury bills, and other fixed-income securities.

Held-to-maturity financial assets fell by 9% in 2014, from EUR 9.9 billion at 31 December 2013 to EUR 9.0 billion at 31 December 2014, principally due to the redemption of securities at maturity.

ACCRUED INCOME AND OTHER ASSETS

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

Accrued income and other assets totalled EUR 110.1 billion at 31 December 2014, up 24% from EUR 88.7 billion at 31 December 2013. This growth reflects a 60% or EUR 24.8 billion increase in guarantee deposits and bank guarantees paid. This increase was partially offset by a 32% or EUR 6.0 billion decrease in settlement accounts related to securities transactions. All other accruals increased by EUR 2.6 billion or 9%.

CASH AND AMOUNTS DUE FROM CENTRAL BANKS

Cash and amounts due from central banks totalled EUR 117.5 billion at 31 December 2014, up 17% from EUR 100.8 billion at 31 December 2013.

LIABILITIES (EXCLUDING CONSOLIDATED EQUITY)

OVERVIEW

The Group's consolidated liabilities (excluding consolidated equity) stood at EUR 1,984.1 billion at 31 December 2014, up 15% from EUR 1,719.6 billion at 31 December 2013. The main components of the Group's liabilities are financial liabilities at fair or model value through profit or loss, amounts due to customers and credit institutions, debt securities, accrued expenses and other liabilities, and technical reserves of insurance companies. These items together accounted for 97% of the Group's total liabilities excluding consolidated equity at 31 December 2014 (98% at 31 December 2013). The 15% increase in liabilities in 2014 is mainly attributable to:

- a 20% increase in financial liabilities at fair value through profit or loss;
- a 7% or EUR 5.8 billion increase in amounts due to credit institutions to EUR 90.4 billion at 31 December 2014;
- a 16% or EUR 88 billion increase in amounts due to customers to EUR 641.5 billion at 31 December 2014.

FINANCIAL INSTRUMENTS 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 compensated by changes in the value of the hedging instrument.

The total value of financial instruments at fair or model value through profit or loss rose by 20% compared with 31 December 2013, due mainly to the increase in the replacement value of derivatives, which was up 36% or EUR 108.8 billion at EUR 410.2 billion at 31 December 2014, with interest rate derivatives up particularly sharply at EUR 280.3 billion at 31 December 2014, an increase of 38% from 31 December 2013.

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 increased by 7% or EUR 5.8 billion to EUR 90.4 billion at 31 December 2014. This rise mainly reflects a 7% or EUR 4.5 billion increase in borrowings from credit institutions to EUR 73.0 billion at 31 December 2014, as well as a 22% or EUR 2.1 billion increase in demand deposits to EUR 11.6 billion at 31 December 2014; repurchase agreements edged down to EUR 5.8 billion at 31 December 2014, from EUR 6.6 billion at 31 December 2013.

AMOUNTS DUE TO CUSTOMERS

Amounts due to customers consist primarily of demand deposits, term accounts, regulated savings accounts, and repurchase agreements. Amounts due to customers stood at EUR 641.5 billion at 31 December 2014, up 16% or EUR 88 billion from EUR 553.5 billion at 31 December 2013. This rise was mainly attributable to the 23% or EUR 68.5 billion increase in current accounts to EUR 372.4 billion at 31 December 2014 and the 13% or EUR 18.7 billion increase in term deposits and short-term notes to EUR 159.3 billion at 31 December 2014.

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). Debt securities were stable at EUR 187.1 billion at 31 December 2014, compared with EUR 186.7 billion at 31 December 2013.

SUBORDINATED DEBT

Subordinated debt totalled EUR 13.9 billion at 31 December 2014, up 18% from EUR 11.8 billion at 31 December 2013.

ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following: guarantee deposits received, settlement accounts related to securities transactions, collection accounts, accrued expenses and deferred income, and other creditors and miscellaneous liabilities. Accrued expenses and other liabilities increased by 12%, from EUR 78.4 billion at 31 December 2013 to EUR 87.8 billion at 31 December 2014.

TECHNICAL RESERVES OF INSURANCE COMPANIES

Technical reserves of insurance companies amounted to EUR 175.2 billion at 31 December 2014, up 13% from EUR 155.2 billion at 31 December 2013. This increase is mainly due to the increase in liabilities relating to insurance contracts.

MINORITY INTERESTS

Minority interests increased by EUR 0.7 billion to EUR 4.2 billion at 31 December 2014, from EUR 3.5 billion at 31 December 2013. This increase was mainly due to the income for the period (EUR 0.4 billion) and the impact of entries into the scope of consolidation.

SHAREHOLDERS' EQUITY

Shareholders' equity (before dividend pay-out) stood at EUR 89.4 billion at 31 December 2014, compared with EUR 87.4 billion at 31 December 2013. The EUR 2.0 billion increase is attributable mainly to a EUR 1.6 billion increase in translation reserves and a EUR 1.9 billion increase in the AFS revaluation reserve, partially offset by the dividend paid in respect of the year ended 31 December 2013 in the amount of EUR 1.9 billion.

FINANCING AND GUARANTEE COMMITMENTS

FINANCING COMMITMENTS

Financing commitments given consist mostly of documentary credits and other confirmed letters of credit, and commitments relating to reverse repurchase agreements between the transaction date and the value date. These commitments increased by 19% to EUR 246.4 billion at 31 December 2014.

Financing commitments given to credit institutions fell by 36% to EUR 3.6 billion at 31 December 2014, and those given to customers increased by 21% to EUR 242.8 billion at 31 December 2014.

Financing commitments received consist primarily of stand-by letters of credit and commitments relating to repurchase agreements. They increased by 15% to EUR 107.0 billion at 31 December 2014, compared with EUR 93.2 billion at 31 December 2013.

This increase resulted from the increase in commitments received from credit institutions (EUR 104.9 billion at 31 December 2014, compared with EUR 89.8 billion at 31 December 2013, an increase of 17%).

GUARANTEE COMMITMENTS

Guarantee commitments fell by 2% to EUR 90.7 billion at 31 December 2014 from EUR 92.3 billion at 31 December 2013. This decline is mainly attributable to a 16% fall in commitments given to credit institutions to EUR 10.6 billion at 31 December 2014, guarantee commitments given to customers having remained stable.

3.4 Profit and loss account[1]

REVENUES

In millions of euros	2014	2013[1]	Change (2014/2013)
Net interest income	20,319	19,451	+4%
Net commission income	7,388	6,845	+8%
Net gain on financial instruments at fair value through profit or loss	4,631	4,602	+1%
Net gain on available-for-sale financial assets and other financial assets not measured at fair value	1,969	1,626	+21%
Net income from other activities	4,861	4,762	+2%
REVENUES	**39,168**	**37,286**	**+5%**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32.

OVERVIEW

The 5% increase in the Group's revenues in 2014 mainly reflects a 4% rise in net interest income and an 8% rise in net commission income and a 21% increase in financial instruments 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 derivatives used for interest rate portfolio hedge; 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, including interest, transaction costs, fees and commissions included in the initial value of the loan. These items are calculated using the effective interest method, and recognised in the profit and loss account over the life of the loan;
- net interest income from fixed-income securities held by the Group, which are classified as Financial assets at fair value through profit or loss (for the contractual accrued interest) and Available-for-sale financial assets (for the interest calculated using the effective interest method);
- interest income from held-to-maturity assets, which are investments with fixed or determinable payments and fixed maturities that the Group has the intention and ability to hold until maturity;
- net interest income from cash flow hedges, which are used in particular to hedge interest rate risk on variable income 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.

(1) Data at 31 December 2013 have been restated in accordance with IFRS 10 and 11 and the amendment to IAS 32 (see notes 1a and 2 to the consolidated financial statements at 31 December 2014).

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

Net interest income increased by 4% to EUR 20,319 million. This increase was mainly attributable to a 3% increase in net revenues from transactions with customers (EUR 16,295 million at 31 December 2014, compared with EUR 15,844 million at 31 December 2013) and an 8% reduction in net charges on loans issued by the Group from -EUR 2,192 million at 31 December 2013 to -EUR 2,023 million at 31 December 2014, offset by a 2% decline in net interest income on available-for-sale financial assets.

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 increased by 8% from EUR 6,845 million at 31 December 2013 to EUR 7,388 million at 31 December 2014.

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 at 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 investment hedges.

Net gains on financial instruments as at fair or model value through profit or loss remained stable (1% increase from EUR 4,602 million at 31 December 2013 to EUR 4,631 million at 31 December 2014). 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 change in the net gain on financial instruments designated as at fair or model value through profit or loss is partly attributable to the change in the issuer risk of the BNP Paribas Group from a loss of EUR 435 million for the year ended 31 December 2013 to a loss of EUR 277 million for the year ended 31 December 2014. 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 gains on portfolios of financial assets and financial liabilities at fair or model value through profit or loss is due to the combination of an increase in equity financial instruments and a decrease in net gains on interest-rate and credit financial instruments.

NET GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS AND OTHER FINANCIAL ASSETS NOT MEASURED AT FAIR 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 343 million between the year ended 31 December 2013 and the year ended 31 December 2014. This increase is due to a EUR 234 million increase in the net gain on variable-income financial assets and a EUR 109 million increase in the net gain on fixed-income financial assets.

NET INCOME FROM OTHER ACTIVITIES

This line item consists, among others, 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 increased by 2% from EUR 4,762 million for the year ended 31 December 2013 to EUR 4,861 million for the year ended 31 December 2014. This change resulted primarily from a EUR 47 million increase in net income from assets under operating leases, a EUR 25 million increase in net income from the property development business and a EUR 66 million increase in other net income, partially offset by a EUR 30 million decline in net income from investment property.

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

The change in net income from insurance activities was mainly due to the increase in gross earned premiums from EUR 21,811 million in 2013 to EUR 23,588 million in 2014, offset by the increase of the expense relating to technical provisions, which rose from -EUR 5,232 million in 2013 to -EUR 8,051 million in 2014, and a decline in net income from changes in the value of assets underlying unit-linked products from EUR 2,768 million in 2013 to EUR 2,513 million in 2014. The claims and benefits expense also declined from -EUR 15,532 million in 2013 to -EUR 14,295 million in 2014.

OPERATING EXPENSES, DEPRECIATION, AND AMORTISATION

In millions of euros	2014	2013[1]	Change (2014/2013)
Operating expenses	(24,960)	(23,787)	+5%
Depreciation, amortisation, and impairment of property, plant and equipment and intangible assets	(1,566)	(1,530)	+2%
TOTAL OPERATING EXPENSES, DEPRECIATION, AND AMORTISATION	**(26,526)**	**(25,317)**	**+5%**

(1) *Restated according to IFRS 10 and 11 and the amendment to IAS 32.*

Operating expenses, depreciation and amortisation increased by 5% from EUR 25,317 million in 2013 to EUR 26,526 million in 2014.

GROSS OPERATING INCOME

The Group's gross operating income rose by 6% to EUR 12,642 million for the year ended 31 December 2014 (compared with EUR 11,969 million for the year ended 31 December 2013), due mainly to the 5% increase in revenues, partially offset by a 5% increase in general operating expenses.

COST OF RISK

In millions of euros	2014	2013[1]	Change (2014/2013)
Net allowances to impairment	(3,501)	(3,792)	-8%
Recoveries on loans and receivables previously written off	482	557	-13%
Irrecoverable loans and receivables not covered by impairment provisions	(686)	(408)	+68%
TOTAL COST OF RISK FOR THE PERIOD	**(3,705)**	**(3,643)**	**+2%**

(1) *Restated according to IFRS 10 and 11 and the amendment to IAS 32.*

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.

At EUR 3,705 million, the Group's cost of risk increased by 2% compared with 2013.

The increase in the cost of risk in 2014 compared with 2013 stemmed mainly from a 9% increase in net additions to Retail Banking provisions to EUR 3,571 million in 2014 (compared with EUR 3,267 million in 2013), including a EUR 193 million increase in BNL banca commerciale provisions (net provision of EUR 1,397 million in 2014, compared with EUR 1,204 million in 2013). This increase in Retail Banking was offset by lower net additions to provisions of EUR 81 million for the CIB business in 2014 (compared with EUR 515 million in 2013). Within CIB, Corporate Banking recorded the biggest drop (-70%), with EUR 131 million in 2014, compared with EUR 437 million in 2013.

At 31 December 2014, doubtful loans and commitments net of guarantees totalled EUR 31 billion, down from EUR 32 billion at 31 December 2013, and provisions totalled EUR 28 billion, compared with EUR 27 billion at 31 December 2013. The coverage ratio was 87% at 31 December 2014, compared with 81% at 31 December 2013.

For more details on the net additions to provisions for each business, see the section *Core business results*.

OPERATING INCOME

The Group's financial statements this year include the costs related to the comprehensive settlement with the US authorities in the amount of EUR 6 billion (see note 3.g of the consolidated financial statements at 31 December 2014).

In total, operating income fell by 61% to EUR 2,937 million (compared with EUR 7,528 million in 2013).

NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS

In millions of euros	2014	2013(1)	Change (2014/2013)
OPERATING INCOME	**2,937**	**7,528**	**-61%**
Share of earnings of equity-method entities	408	537	-24%
Net gain on non-current assets	155	287	-46%
Goodwill	(351)	(251)	+40%
Corporate income tax	(2,642)	(2,680)	-1%
Net income attributable to minority interests	(350)	(603)	-42%
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS	**157**	**4,818**	**-97%**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32.

OVERVIEW

The return on assets is the ratio of net income to total balance sheet assets. It reached zero basis point in 2014 compared to 30 basis points in 2013 (application of Decree No 2014-1315 of 3 November 2014).

SHARE OF EARNINGS OF EQUITY-METHOD ENTITIES

The share of earnings of equity-method entities decreased from EUR 537 million in 2013 to EUR 408 million in 2014.

NET GAIN ON NON-CURRENT ASSETS

This item includes net realised gains or losses on sales of tangible and intangible assets used in operations and on sales of investments in consolidated undertakings. Net gains on other non-current assets fell from EUR 287 million in 2013 (including a capital gain of EUR 120 million in connection with the disposal of Erbé) to EUR 155 million in 2014.

CHANGE IN VALUE OF GOODWILL

Change in the value of goodwill was a negative EUR 351 million in 2014 (including a EUR 297 million negative adjustment to the goodwill of BNL banca commerciale), compared with a negative change of EUR 251 million in 2013.

INCOME TAX EXPENSE

The Group recorded income tax expense of EUR 2,642 million in 2014, a decline compared with income tax expense of EUR 2,680 million recorded in 2013.

MINORITY INTERESTS

The share of earnings attributable to minority interests in consolidated companies fell to EUR 350 million in 2014, compared with EUR 603 million in 2013, primarily because of the 14 November 2013 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 the fourth update to the 2013 Registration document was issued on 4 November 2014.

3.6 Outlook

GROUP OUTLOOK: THE 2014-2016 BUSINESS DEVELOPMENT PLAN

2014 CONFIRMED THE CHOICES OF THE 2014-2016 BUSINESS DEVELOPMENT PLAN

Major projects designed to prepare the retail bank of the future were implemented with in particular the successful launch of Hello bank! (already 800,000 clients in Europe), the international roll-out of digital banking (CEPTETEB in Turkey or BGZ Optima in Poland), the adaptation of distribution platforms to customers' new practices and expectations and the launch of new multi-banking online payment solutions such as *PayLib* in France or *Sixdots* in Belgium.

The results of geographic business development plans were good with significant revenue growth compared to 2013 in all the target regions (+7%[1] in Asia Pacific, +9%[1] in CIB in North America, +15%[1] in Turkey, and +5%[1] in Germany).

In addition, the drivers of growth for the Group performed well: the revenues of Personal Finance, the number 1 specialty player in Europe, rose by 10% compared to 2013; Insurance, the 11th largest insurer in Europe, continued its business development with revenue growth of 2% compared to 2013; and Securities Services, number 1 in Europe and number 5 globally, pursued its growth drive with an 11% rise in revenues compared to 2013.

At CIB, the capital markets have successfully continued their adaptation to the new environment, marked by the continued credit disintermediation and by increasingly electronic and cleared markets, as evidenced by the success of the Cortex and Centric electronic client platforms at Fixed Income and Smart Derivatives for equity derivatives. Certain Energy and Commodities businesses are being rightsized relative to certain clients and certain countries. Corporate and Investment Banking is currently speeding up the evolution of its business model with the new organisation announced in November 2014.

BOLT-ON ACQUISITIONS IN 2014 THAT CONTRIBUTE TO THE ACHIEVEMENT OF THE PLAN

The Group made several bolt-on acquisitions in 2014 such as primarily Bank BGZ in Poland, which will enable it to achieve critical mass in a country with favourable growth prospects; the other 50% of LaSer that it did not already own, strengthening Personal Finance's position as the number 1 specialty player in Europe and making it possible to extend the business to new countries; and, lastly, DAB Bank in Germany which will make a significant contribution to the business development plan in this country as well as to the development of digital banking in Europe.

All of these acquisitions will give the Group an additional contribution in 2016 of approximately 1.6 billion in revenues, 900 million in operating expenses[2] and 300 million in cost of risk.

ADDITIONAL COMPLIANCE AND CONTROL COSTS ABSORBED THANKS TO COST SAVINGS TARGETS OF THE SIMPLE AND EFFICIENT PLAN BEING REVISED UPWARD

The Group is continuing its policy to strictly control operating expenses.

It will, however, have to pay an additional EUR 250 million in costs in 2016 over and above the initial plan: about EUR 160 million earmarked for reinforcing resources of compliance and controls and EUR 90 million in connection with some new regulatory initiatives.

Virtually all of these additional costs will be offset by the upward revision of the cost savings generated by the Simple & Efficient plan (+EUR 230 million) that the 2,597 projects, which are doing well, helped to identify with no additional transformation costs.

RIGOROUS CREDIT RISK MANAGEMENT

The Group is continuing its rigorous risk management, confirmed by a cost of risk stable at a moderate level in 2014 as well as by the results of the comprehensive assessment of bank assets conducted by the ECB (Asset Quality Review).

Given Italy's weaker than expected GDP growth (cumulative difference of 120 basis points in 2016 between the base scenario and the revised scenario), the decrease in BNL bc's cost of risk will turn out to be slower than expected in the initial plan. However, this difference should be offset by other business units as testified in particular by the more favourable than expected trend of Corporate Bankings' and Personal Finance's cost of risk in 2014.

A DETERIORATED ECONOMIC AND INTEREST RATE CONTEXT COMPARED TO THE BASE SCENARIO

The Group is facing a deteriorated economic and interest rate context compared to the base scenario.

Interest rates levels are particularly low, especially in the Eurozone and the difference, in terms of the interest rate hypothesis in 2016, between base scenario and the new projection is for example -130 basis points

(1) At constant exchange rates.

(2) Excluding restructuring costs estimated to be EUR 100 million in 2016.

for the 3-month Euribor. This context has an adverse impact on the revenues generated on deposits in Retail Banking and has no real positive impact on credit margins due in particular to disintermediation and weak demand.

GDP growth is also weaker than expected in the euro zone. The cumulative difference between the base scenario and the revised scenario is -60 basis points of growth in the euro zone in 2016. This context has an unfavourable impact on loan volumes in Retail Banking and at CIB in particular.

NEW TAXES AND REGULATIONS

The Group is also facing a sharp rise in taxes on banks in Europe, which will be reflected in 2016 by EUR 370 million in additional costs above and beyond the initial plan, primarily related to the contribution to the Single Resolution Fund and to the Single Supervisory Mechanism (EUR 340 million). Taxes specific to the banking industry expected in 2016, including those already factored into the initial plan, will thus exceed EUR 900 million. These taxes are, however, expected to decrease with the gradual suppression of France's systemic tax by 2019 and the end of the Single Resolution Fund contribution in 2022.

The Group also has to incorporate the additional costs stemming from new regulations that apply to foreign banks in the United States with the ongoing setting up of an Intermediate Holding Company (IHC) and the additional costs stemming from the introduction of the Comprehensive Capital Analysis and Review (CCAR) by 2016.

It also has to take into account the future introduction of the Total Loss Absorbing Capacity (TLAC) mechanism that was agreed in principle by the G20 in Brisbane, the specific terms of which are in the process of being evaluated (implementation expected at earliest in 2019), but which could add additional costs as soon as 2016.

All of these new taxes and regulations are expected to have an aggregate impact of the order of -EUR 500 million on the Group's net income in 2016, or approximately -70 basis points on the return on equity. This impact is expected to be reduced in the future with the reduction and then the suppression of certain taxes and contributions as well as some set up costs.

TOTAL CAPITAL MANAGEMENT

The Group has a strong cash flow generation capacity.

It is expected to devote in 2015-2016 about 20% of net earnings to financing organic growth. The Group expects the growth of risk-weighted assets to be of the order of 2.5%[1] a year during this period compared to the 3% originally planned. The dividend pay-out ratio is expected to be about 45% of net earnings. The available free cash flow is thus expected to be of the order of 35% of net earnings, which could be used to finance additional organic risk-weighted asset growth in a scenario of higher than expected growth in Europe or bolt-on acquisitions and/or share buy-backs, depending on opportunities and market conditions.

The Group will implement its Tier 1 and Tier 2 instruments' issuance programme to meet total capital ratio requirements in 2019 with, depending on opportunities and market conditions, resumption in issuance of Tier 1 instruments (about EUR 500 million a year) and Tier 2 instruments on the order of EUR 2 to EUR 3 billion a year.

CORE BUSINESSES' OUTLOOK: 2015 ACTION PLANS

RETAIL BANKING

Domestic Markets will continue in 2015 the implementation of multi-domestic retail banking centering on three major areas of focus: cross-selling with Private Banking and the specialised businesses; cross-border by supporting along with CIB corporate customers internationally thanks to the success of One Bank for Corporates and the leading position in Europe in cash management; and, lastly, cross-IT, by continuing to pool and secure IT applications.

The operating division will continue to invest in the bank of the future in particular by continuing digital innovations (digital banking, new payment solutions and distribution platforms) and will continue transforming the branch networks with differentiated and complementary branch formats.

Domestic Markets will continue adapting to the low interest rate environment by developing off balance sheet savings, by expanding the service offering as well as value-added financing solutions (Leasing Solutions, Arval) and by supporting the gradual recovery of demand for loans.

(1) Compounded annual growth rate.

Lastly, the entity will continue to improve its operating efficiency thanks to strict cost control in conjunction with the implementation of the Simple & Efficient plan.

BancWest will continue to expand its commercial offering in a favourable economic climate in the United States. It will speed up the pace of the deployment of the Private Banking and consumer finance setups by leveraging Group expertise. In the retail networks, BancWest will continue to expand digital banking services and to adapt the branch network. Lastly, with respect to corporate clients, the bank will continue to increase cooperation with CIB and keep developing cash management.

Europe-Mediterranean will continue focused business development. With regard to individual customers, the business will continue to deploy the digital offering and, in respect of corporate clients, will continue to strengthen the cash management offering. In Poland, the priority will be the integration of Bank BGZ, and in Turkey, TEB will continue its business development by leveraging in particular cross-selling with all the Group's business units. Lastly, in China, the Group will further strengthen its cooperation with the Bank of Nanjing.

Personal Finance will continue in 2015 to pursue the major strategic priorities of its 2014-2016 plan. The business will continue to develop business and strategic partnerships in certain targeted countries in Europe (in particular Germany, Central Europe and Italy) and in several countries with significant growth potential outside Europe (Brazil, South Africa, China). It will also extend the partnerships with automobile makers to include new countries, bolster the digital service offering in all regions and continue its strategy to expand client relationship to a wider range of savings and insurance products.

The integration of newly acquired companies will be one of this year's priorities with the implementation of the tie-up with LaSer and the integration of the RCS and JD Group consumer finance businesses in South Africa.

Lastly, Personal Finance will continue improving its operating efficiency, in particular through the ramping up of the consumer loan management IT system shared with the BPCE Group.

INSURANCE AND WEALTH AND ASSET MANAGEMENT

At Wealth and Asset Management, the objective of Wealth Management will be to consolidate its number 1 position in the Eurozone and number 5 worldwide: it will continue its international business development, in particular in Asia, and it will continue the digitalisation and the expansion of its product offering. Asset Management will aim to increase the asset inflows in the networks, in particular through the reinforcement of Parvest's product offering. It will also develop the product offering geared to institutional clients and will continue to consolidate its positions in key countries in Asia Pacific and in emerging countries (China, Brazil, South Korea and Indonesia). Lastly, Real Estate Services will continue to bolster its leading positions in real estate services, in particular in France, in the United Kingdom and in Germany.

In 2015, Insurance will pursue its expansion in Asia and in Latin America, in particular by expanding partnerships. The business unit will diversify its product offering, in particular in protection insurance and it will continue developing the digital offering geared to partners.

CORPORATE AND INVESTMENT BANKING (CIB)

In 2015, Corporate and Investment Banking will put in effect its new organisation announced in November 2014 with the creation of Global Markets, which will group together all the market business units, the tie-up of Securities Services and CIB, and a simplified regional approach that focuses on three major regions (EMEA, Asia Pacific and the Americas).

CIB, now named Corporate and Institutional Banking, will aim to better meet the expectations of corporate and institutional clients. With respect to corporate clients, the division will adapt its organisation by strengthening the debt platforms and by simplifying the commercial setup in particular in Europe. With regard to institutional clients, CIB will expand the Group's footprint and the global offering through close cooperation between the market business units and Securities Services and strengthened coverage.

CIB will continue to improve operating efficiency through a structural reduction of costs, industrialisation and sharing of platforms, and the development of the digital offering.

TREND INFORMATION

Trend information (*Macroeconomic environment* and *Laws and regulations applicable to financial institutions*) is described in the *Top and emerging risks of the year* sub-section, in the *Risks and capital adequacy* chapter.

3.7 Financial structure

The Group has a rock-solid balance sheet whose quality of assets has been confirmed by the results of the Asset Quality Review (AQR) performed by the European Central Bank (ECB).

The fully loaded Basel 3 common equity Tier 1 ratio[1] was 10.3% as at 31 December 2014, stable compared to what is was as at 31 December 2013. It factors in the results of the AQR and, by anticipation, the impact of regulation on prudent valuation that will come into force in 2015.

The fully loaded Basel 3 leverage ratio[2], calculated on total Tier 1 capital[3], was 3.6% as at 31 December 2014.

The Liquidity Coverage Ratio came to 114% as at 31 December 2014.

The Group's liquid and asset reserves immediately available totalled 291 billion euros (compared to 247 billion euros as at 31 December 2013), which is equivalent to over one year of room to manoeuvre in terms of wholesale funding.

(1) Taking into account all the rules of the CRD IV directives with no transitory provisions. Subject to the provisions of Article 26.2 of Regulation (EU) N° 575/2013.

(2) Taking into account all the rules of the CRD IV directives with no transitory provisions, calculated according to the delegated act of the European Commission dated 10 October 2014.

(3) Including the forthcoming replacement of Tier 1 instruments that have become ineligible with equivalent eligible instruments.

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 2014 and 31 December 2013. In accordance with article 20.1 of Annex I of European Commission Regulation (EC) 809/2004, the consolidated financial statements for 2012 are provided in the Registration document filed with the Autorité des Marchés Financiers on 7 March 2014 under number D.14-0123.

4.1 Profit and loss account for the year ended 31 December 2014

In millions of euros	Notes	Year to 31 Dec. 2014	Year to 31 Dec. 2013[1]
Interest income	3.a	38,707	36,967
Interest expense	3.a	(18,388)	(17,516)
Commission income	3.b	12,661	11,889
Commission expense	3.b	(5,273)	(5,044)
Net gain on financial instruments at fair value through profit or loss	3.c	4,631	4,602
Net gain on available-for-sale financial assets and other financial assets not measured at fair value	3.d	1,969	1,626
Income from other activities	3.e	35,760	34,113
Expense on other activities	3.e	(30,899)	(29,351)
REVENUES		**39,168**	**37,286**
Salary and employee benefit expense	7.a	(14,801)	(14,430)
Other operating expense		(10,159)	(9,357)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	5.n	(1,566)	(1,530)
GROSS OPERATING INCOME		**12,642**	**11,969**
Cost of risk	3.f	(3,705)	(3,643)
Costs related to the comprehensive settlement with US authorities	3.g	(6,000)	(798)
OPERATING INCOME		**2,937**	**7,528**
Share of earnings of equity-method entities	5.m	408	537
Net gain on non-current assets		155	287
Goodwill	5.o	(351)	(251)
PRE-TAX INCOME		**3,149**	**8,101**
Corporate income tax	3.h	(2,642)	(2,680)
NET INCOME		**507**	**5,421**
Net income attributable to minority interests		350	603
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		**157**	**4,818**
Basic earnings / (losses) per share	8.a	(0.07)	3.68
Diluted earnings / (losses) per share	8.a	(0.07)	3.67

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (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. 2014	Year to 31 Dec. 2013[1]
Net income for the period	**507**	**5,421**
Changes in assets and liabilities recognised directly in equity	**3,914**	**(1,364)**
Items that are or may be reclassified to profit or loss	**4,288**	**(1,699)**
Changes in exchange rate items	1,519	(1,368)
Changes in fair value of available-for-sale financial assets, including those reclassified as loans and receivables	2,422	1,371
Changes in fair value of available-for-sale financial assets reported in net income, including those reclassified as loans and receivables	(880)	(615)
Changes in fair value of hedging instruments	704	(864)
Changes in fair value of hedging instruments reported in net income	18	
Changes in equity-method investments	505	(223)
Items that will not be reclassified to profit or loss	**(374)**	**335**
Remeasurement gains (losses) related to post-employment benefit plans	(355)	336
Changes in equity-method investments	(19)	(1)
TOTAL	**4,421**	**4,057**
Attributable to equity shareholders	3,932	3,868
Attributable to minority interests	489	189

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

4.3 Balance sheet at 31 December 2014

In millions of euros	Notes	31 December 2014	31 December 2013[1]
ASSETS			
Cash and amounts due from central banks		117,473	100,787
Financial instruments at fair value through profit or loss			
Trading securities	5.a	156,546	157,735
Loans and repurchase agreements	5.a	165,776	152,036
Instruments designated as at fair value through profit or loss	5.a	78,827	68,185
Derivative financial instruments	5.a	412,498	305,755
Derivatives used for hedging purposes	5.b	19,766	8,368
Available-for-sale financial assets	5.c	252,292	199,056
Loans and receivables due from credit institutions	5.f	43,348	57,545
Loans and receivables due from customers	5.g	657,403	612,455
Remeasurement adjustment on interest-rate risk hedged portfolios		5,603	3,568
Held-to-maturity financial assets	5.j	8,965	9,881
Current and deferred tax assets	5.k	8,629	8,850
Accrued income and other assets	5.l	110,088	88,656
Equity-method investments	5.m	7,371	6,561
Investment property	5.n	1,614	1,772
Property, plant and equipment	5.n	18,032	16,929
Intangible assets	5.n	2,951	2,537
Goodwill	5.o	10,577	9,846
TOTAL ASSETS		**2,077,759**	**1,810,522**
LIABILITIES			
Due to central banks		1,680	662
Financial instruments at fair value through profit or loss			
Trading securities	5.a	78,912	69,792
Borrowings and repurchase agreements	5.a	196,733	202,662
Instruments designated as at fair value through profit or loss	5.a	57,632	47,342
Derivative financial instruments	5.a	410,250	301,439
Derivatives used for hedging purposes	5.b	22,993	12,139
Due to credit institutions	5.f	90,352	84,594
Due to customers	5.g	641,549	553,497
Debt securities	5.i	187,074	186,686
Remeasurement adjustment on interest-rate risk hedged portfolios		4,765	924
Current and deferred tax liabilities	5.k	2,893	2,477
Accrued expenses and other liabilities	5.l	87,798	78,381
Technical reserves of insurance companies	5.p	175,214	155,226
Provisions for contingencies and charges	5.q	12,337	11,922
Subordinated debt	5.i	13,936	11,824
TOTAL LIABILITIES		**1,984,118**	**1,719,567**
CONSOLIDATED EQUITY			
Share capital, additional paid-in capital and retained earnings		*83,162*	*80,672*
Net income for the period attributable to shareholders		*157*	*4,818*
Total capital, retained earnings and net income for the period attributable to shareholders		**83,319**	**85,490**
Changes in assets and liabilities recognised directly in equity		6,091	1,943
Shareholders' equity		**89,410**	**87,433**
Retained earnings and net income for the period attributable to minority interests		4,097	3,528
Changes in assets and liabilities recognised directly in equity		134	(6)
Total minority interests		**4,231**	**3,522**
TOTAL CONSOLIDATED EQUITY		**93,641**	**90,955**
TOTAL LIABILITIES AND EQUITY		**2,077,759**	**1,810,522**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

4.4 Cash flow statement for the year ended 31 December 2014

In millions of euros	Notes	Year to 31 Dec. 2014	Year to 31 Dec. 2013[(1)]
Pre-tax income		**3,149**	**8,101**
Non-monetary items included in pre-tax net income and other adjustments		**9,398**	**8,623**
Net depreciation/amortisation expense on property, plant and equipment and intangible assets		3,442	3,419
Impairment of goodwill and other non-current assets		361	166
Net addition to provisions		12,385	10,560
Share of earnings of equity-method entities		(408)	(537)
Net expense from investing activities		47	85
Net expense (income) from financing activities		40	(89)
Other movements		(6,469)	(4,981)
Net increase (decrease) in cash related to assets and liabilities generated by operating activities		**3,988**	**(7,275)**
Net increase (decrease) in cash related to transactions with credit institutions		10,875	(34,986)
Net increase in cash related to transactions with customers		46,407	45,323
Net decrease in cash related to transactions involving other financial assets and liabilities		(48,000)	(12,675)
Net decrease in cash related to transactions involving non-financial assets and liabilities		(2,911)	(2,118)
Taxes paid		(2,383)	(2,819)
NET INCREASE IN CASH AND EQUIVALENTS GENERATED BY OPERATING ACTIVITIES		**16,535**	**9,449**
Net increase (decrease) in cash related to acquisitions and disposals of consolidated entities		(1,331)	1,405
Net decrease related to property, plant and equipment and intangible assets		(1,727)	(1,434)
NET DECREASE IN CASH AND EQUIVALENTS RELATED TO INVESTING ACTIVITIES		**(3,058)**	**(29)**
Decrease in cash and equivalents related to transactions with shareholders		(1,715)	(2,241)
Decrease in cash and equivalents generated by other financing activities		(2,126)	(3,406)
NET DECREASE IN CASH AND EQUIVALENTS RELATED TO FINANCING ACTIVITIES		**(3,841)**	**(5,647)**
EFFECT OF MOVEMENT IN EXCHANGE RATES ON CASH AND EQUIVALENTS		**4,600**	**(4,827)**
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS		**14,236**	**(1,054)**
Balance of cash and equivalent accounts at the start of the period		**97,755**	**98,809**
Cash and amounts due from central banks		100,787	101,701
Due to central banks		(662)	(1,532)
On demand deposits with credit institutions	5.f	7,239	8,595
On demand loans from credit institutions	5.f	(9,485)	(9,679)
Deduction of receivables and accrued interest on cash and equivalents		(124)	(276)
Balance of cash and equivalent accounts at the end of the period		**111,991**	**97,755**
Cash and amounts due from central banks		117,473	100,787
Due to central banks		(1,680)	(662)
On demand deposits with credit institutions	5.f	7,924	7,239
On demand loans from credit institutions	5.f	(11,618)	(9,485)
Deduction of receivables and accrued interest on cash and equivalents		(108)	(124)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS		**14,236**	**(1,054)**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

4.5 Statement of changes in shareholders'

In millions of euros	Capital and retained earnings			
	Attributable to shareholders			
	Share capital and additional paid-in capital	Undated Super Subordinated Notes	Non-distributed reserves	Total
Capital and retained earnings at 31 December 2012 (before IFRS 10 and 11)	**26,714**	**7,241**	**48,263**	**82,218**
Impact of IFRS 10 and IFRS 11			(151)	(151)
Capital and retained earnings at 1 January 2013[(1)]	**26,714**	**7,241**	**48,112**	**82,067**
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.d)			78	78
Movements in consolidation scope impacting minority shareholders			(16)	(16)
Acquisitions of additional interests or partial sales of interests (note 8.d)			911	911
Changes in commitments to repurchase minority shareholders' interests			(1)	(1)
Other movements	(1)			(1)
Changes in assets and liabilities recognised directly in equity[(1)]			333	333
Net income for 2013			**4,818**	**4,818**
Interim dividend payments				
Capital and retained earnings at 31 December 2013[(1)]	**26,812**	**6,614**	**52,064**	**85,490**
Appropriation of net income for 2013			**(1,866)**	**(1,866)**
Increases in capital and issues	53			53
Reduction in capital	(30)			(30)
Movements in own equity instruments	136	(25)	(121)	(10)
Share-based payment plans			19	19
Remuneration on preferred shares and undated super subordinated notes			(238)	(238)
Impact of internal transactions on minority shareholders (note 8.d)				
Movements in consolidation scope impacting minority shareholders				
Acquisitions of additional interests or partial sales of interests (note 8.d)			12	12
Changes in commitments to repurchase minority shareholders' interests			77	77
Other movements			28	28
Changes in assets and liabilities recognised directly in equity			(373)	(373)
Net income for 2014			**157**	**157**
Capital and retained earnings at 31 December 2014	**26,971**	**6,589**	**49,759**	**83,319**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

equity between 1 Jan. 2013 and 31 Dec. 2014

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
7,409	**752**	**8,161**	**(501)**	**2,149**	**1,578**	**3,226**	**412**	**94,017**
(54)	(67)	(121)					(2)	(274)
7,355	**685**	**8,040**	**(501)**	**2,149**	**1,578**	**3,226**	**410**	**93,743**
(171)		**(171)**						**(2,034)**
								108
	(685)	(685)						(1,335)
								(77)
								49
(39)		(39)						(305)
(83)		(83)						(5)
(15)		(15)						(31)
(4,161)		(4,161)						(3,250)
(8)		(8)						(9)
55		55						54
2		2	(1,378)	861	(766)	(1,283)	(416)	(1,364)
603		**603**						**5,421**
(10)		(10)						(10)
3,528		**3,528**	**(1,879)**	**3,010**	**812**	**1,943**	**(6)**	**90,955**
(107)		**(107)**						**(1,973)**
								53
								(30)
								(10)
								19
(1)		(1)						(239)
367	73	440						440
21		21						33
(130)		(130)						(53)
(3)		(3)						25
(1)		(1)	1,588	1,855	705	4,148	140	3,914
350		**350**						507
4,024	**73**	**4,097**	**(291)**	**4,865**	**1,517**	**6,091**	**134**	**93,641**

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 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 IFRIC 21 "Levies" (adopted by the European Union on 14 June 2014) will be mandatory only for annual reporting periods beginning on or after 17 June 2014.

As of 1 January 2014, the Group has applied IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities", the amended IAS 28 "Investments in Associates and Joint Ventures" and the amendment to IAS 32 "Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities", adopted on 29 December 2012 by the European Union. As these standards and amendments have a retrospective effect, the comparative financial statements as at 1 January and 31 December 2013 have been restated as presented in note 2.

The introduction of the other standards which are mandatory as of 1 January 2014 has no effect on the 2014 financial statements.

The Group did not choose to early-adopt the new standards, amendments, and interpretations adopted by the European Union, whose application in 2014 was optional.

The Group will apply the IFRIC 21 "Levies" interpretation in the consolidated financial statements as of 1 January 2015. The application of this interpretation as at 31 December 2014 would have triggered an estimated increase of EUR 49 million in shareholders' equity, including a non-material impact on the 2014 net income after tax.

Information on the nature and extent of risks relating to financial instruments as required by IFRS 7 "Financial Instruments: Disclosures" and to insurance contracts as required by IFRS 4 "Insurance Contracts", along with information on regulatory capital required by IAS 1 "Presentation of Financial Statements" is presented in chapter 5 of the 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".

The Group did not change its accounting principles following the asset quality review (AQR) performed by the European Central Bank in 2014.

1.b CONSOLIDATION

1.b.1 Scope of consolidation

The consolidated financial statements of BNP Paribas include entities that are controlled by the Group, jointly controlled, and under 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.b.2 Consolidation methods

Controlled enterprises are fully consolidated. The Group controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

For entities governed by voting rights, the Group generally controls the entity if it directly or indirectly holds the majority of voting rights and if there are no other agreements altering the power of these voting rights.

For structured entities defined as entities that are not governed by voting rights, such as when those voting rights relate to administrative tasks only, whereas the relevant activities are directed by means of contractual arrangements, the analysis of control shall consider the purpose and design of the entity, the risks to which the entity is designed to be exposed and to what extent the Group absorbs the related variability. The assessment of control shall consider all facts and circumstances able

(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.

to determine the Group's practical ability to make decisions that could significantly affect its returns, even if such decisions are contingent on uncertain future events or circumstances.

In assessing whether it has power, the Group considers only substantive rights which it holds or which are held by third parties. For a right to be substantive, the holder must have the practical ability to exercise that right when decisions about the relevant activities of the entity need to be made.

Control shall be reassessed if facts and circumstances indicate that there are changes to one or more of the elements of control.

Where the Group contractually holds the decision-making power, for instance where the Group acts as fund manager, it shall determine whether it is acting as agent or principal. Indeed, when associated with a certain level of exposure to the variability of returns, this decision-making power may indicate that the Group is acting on its own account and that it thus has control over those entities.

Where the Group carries out an activity with one or more partners, sharing control by virtue of a contractual agreement which requires unanimous consent on relevant activities (those that significantly affect the entity's returns), the Group exercises joint control over the activity. Where the jointly controlled activity is structured through a separate vehicle in which the partners have rights to the net assets, this joint venture is accounted for using the equity method. Where the jointly controlled activity is not structured through a separate vehicle or where the partners have rights to the assets and obligations for the liabilities of the jointly controlled activity, the Group accounts for its share of the assets, liabilities, revenues and expenses in accordance with the applicable IFRSs.

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, or 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 equity-method entities" and in the relevant component of shareholders' equity. Goodwill on associates is also included under "Investments in equity-method entities".

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 less costs to sell) to its carrying amount. Where appropriate, impairment is recognised under "Share of earnings of equity-method entities" in the consolidated income statement and can be reversed at a later date.

If the Group's share of losses of an equity-method entity equals or exceeds the carrying amount of its investment in this entity, the Group discontinues including its share of further losses. The investment is reported at nil value. Additional losses of the equity-method entity 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 this entity.

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.

As regards fully consolidated funds, units held by third-party investors are recognised as debts at fair value through profit or loss, inasmuch as they are redeemable at market value at the subscriber's initiative.

For transactions resulting in a loss of control, any equity interest retained by the Group is remeasured at its fair value through profit or loss.

Realised gains and losses on investments in consolidated undertakings are recognised in the profit and loss account under "Net gain on non-current assets".

1.b.3 Consolidation procedures

The consolidated financial statements are prepared using uniform accounting policies for reporting like transactions and other events in similar circumstances.

Elimination of intragroup balances and transactions

Intragroup balances arising from transactions between consolidated enterprises, and the transactions themselves (including income, expenses and dividends), are eliminated. Profits and losses arising from intragroup sales of assets are eliminated, except where there is an indication that the asset sold is impaired. Unrealised gains and losses included in the value of available-for-sale assets are maintained in the consolidated financial statements.

Translation of financial statements expressed in foreign currencies

The consolidated financial statements of BNP Paribas are prepared in euros.

The financial statements of enterprises whose functional currency is not the euro are translated using the closing rate method. Under this method, all assets and liabilities, both monetary and non-monetary, are translated using the spot exchange rate at the balance sheet date. Income and expense items are translated at the average rate for the period.

The same method is applied to the financial statements of enterprises located in hyperinflationary economies, after adjusting for the effects of inflation by applying a general price index.

Differences arising from the translation of balance sheet items and profit and loss items are recorded in shareholders' equity under "Exchange rates" for the portion attributable to shareholders, and in "Minority interests" for the portion attributable to outside investors. Under the optional treatment permitted by IFRS 1, the Group has reset to zero all translation differences, by booking all cumulative translation differences attributable to shareholders and to minority interests in the opening balance sheet at 1 January 2004 to retained earnings.

On liquidation or disposal of some or all of an interest held in a foreign enterprise located outside the euro zone, leading to a change in the nature of the investment (loss of control, loss of significant influence or loss of joint control without keeping a significant influence), the cumulative translation adjustment at the date of liquidation or sale, determined according to the step method, is recognised in the profit and loss account.

Should the interest percentage 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 enterprises consolidated under the equity method, 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.

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 less costs to sell, 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

(1) As defined by IAS 36.

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-

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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 recognized 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

(3) Monetary assets and liabilities are assets and liabilities to be received or paid in fixed or determinable amounts of cash.

provision recognised against affected portfolios of loans with similar characteristics.

Impairment of available-for-sale financial assets

Impairment of available-for-sale financial assets (which mainly comprise securities) is recognised on an individual basis if there is objective evidence of impairment as a result of one or more events occurring since acquisition.

In the case of variable-income securities quoted in an active market, 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) and 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 as 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 THE 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 "Expense 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 "Expense 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 IFRS 10, IFRS 11 AND THE AMENDMENT TO IAS 32

As of 1 January 2014, the Group has applied IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and the amendment to IAS 32 "Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities". As these standards and amendments have a retrospective effect, the comparative financial statements as at 1 January and 31 December 2013 have been restated.

Retrospective impact of IFRS 10 and IFRS 11

The main impact of the first-time adoption of IFRS 10 is the consolidation of two asset-backed commercial paper conduits.

The adoption of IFRS 11 has resulted in the Group's use of the equity method to account for jointly controlled activities conducted via a separate vehicle in which the partners have rights to the net assets. Such activities had hitherto been proportionally consolidated.

The relevant entities are identified in note 8.k Scope of Consolidation.

The TEB group, fully consolidated since 20 December 2013, was previously proportionally consolidated. The application of IFRS 11 led to its consolidation under the equity method until 20 December 2013 in the restated 2013 financial statements. Thus, the TEB group contributes to the IFRS 11 adjustments to the balance sheet as at 1 January 2013 and to the 2013 profit and loss account. Then, the TEB group is fully consolidated in the balance sheet as at 31 December 2013.

Retrospective impact of the amendment to IAS 32

The principles of offsetting financial assets and liabilities have been clarified: the legally enforceable right to set off the recognised amounts must be unconditional and must exist in all circumstances. Clarification has been given on the circumstances in which simultaneous gross settlement may be considered equivalent to net settlement.

Balance sheet

The following tables present the impact of the application of IFRS 10, IFRS 11 and the amendment to IAS 32 on the balance sheet of the Group at 1 January 2013 and 31 December 2013.

In millions of euros	1 January 2013 before IFRS 10 and 11, and the amendment to IAS 32	IFRS 10 adjustments	IFRS 11 adjustments	IAS 32 amendment adjustments	1 January 2013 restated
ASSETS					
Cash and amounts due from central banks	103,190		(1,489)		101,701
Financial instruments at fair value through profit or loss					
Trading securities	143,465		(300)		143,165
Loans and repurchase agreements	146,899		144	1,981	149,024
Instruments designated as at fair value through profit or loss	62,800	809			63,609
Derivative financial instruments	410,635	(13)	67	5,160	415,849
Derivatives used for hedging purposes	14,267		(81)		14,186
Available-for-sale financial assets	192,506		(5,743)		186,763
Loans and receivables due from credit institutions	40,406	79	7,079		47,564
Loans and receivables due from customers	630,520	4,449	(19,418)	22	615,573
Remeasurement adjustment on interest-rate risk hedged portfolios	5,836		(142)		5,694
Held-to-maturity financial assets	10,284		(6)		10,278
Current and deferred tax assets	8,732		(248)		8,484
Accrued income and other assets	99,207	(1)	(864)		98,342
Equity-method investments	7,031		2,497		9,528
Investment property	927	1,023			1,950
Property, plant and equipment	17,319		(368)		16,951
Intangible assets	2,585		(60)		2,525
Goodwill	10,591		(428)		10,163
TOTAL ASSETS	**1,907,200**	**6,346**	**(19,360)**	**7,163**	**1,901,349**
LIABILITIES					
Due to central banks	1,532				1,532
Financial instruments at fair value through profit or loss					
Trading securities	52,432		(154)		52,278
Borrowings and repurchase agreements	203,063		1	1,981	205,045
Instruments designated as at fair value through profit or loss	43,530	1,832			45,362
Derivative financial instruments	404,598		50	5,160	409,808
Derivatives used for hedging purposes	17,286		(279)		17,007
Due to credit institutions	111,735		(1,985)		109,750
Due to customers	539,513	(216)	(12,817)	22	526,502
Debt securities	173,198	4,589	(2,580)		175,207
Remeasurement adjustment on interest-rate risk hedged portfolios	2,067				2,067
Current and deferred tax liabilities	2,943		(186)		2,757
Accrued expenses and other liabilities	86,691	141	(687)		86,145
Technical reserves of insurance companies	147,992				147,992
Provisions for contingencies and charges	11,380		(120)		11,260
Subordinated debt	15,223		(329)		14,894
TOTAL LIABILITIES	**1,813,183**	**6,346**	**(19,086)**	**7,163**	**1,807,606**
CONSOLIDATED EQUITY					
Total capital, retained earnings and net income for the periode attributable to shareholders	*82,218*		*(151)*		*82,067*
Changes in assets and liabilities recognised directly in equity	*3,226*				*3,226*
Attributable to equity shareholders	**85,444**	**-**	**(151)**	**-**	**85,293**
Retained earnings and net income for the period attributable to minority interests	*8,161*		*(121)*		*8,040*
Changes in assets and liabilities recognised directly in equity	*412*		*(2)*		*410*
Attributable to minority interests	**8,573**	**-**	**(123)**	**-**	**8,450**
TOTAL CONSOLIDATED EQUITY	**94,017**		**(274)**		**93,743**
TOTAL LIABILITIES AND EQUITY	**1,907,200**	**6,346**	**(19,360)**	**7,163**	**1,901,349**

In millions of euros	31 December 2013 before IFRS10 and 11, and amendment to IAS32	IFRS10 adjustments	IFRS11 adjustments	IAS32 amendment adjustments	31 December 2013 restated
ASSETS					
Cash and amounts due from central banks	101,066		(279)		100,787
Financial instruments at fair value through profit or loss					
Trading securities	157,740		(5)		157,735
Loans and repurchase agreements	145,308			6,728	152,036
Instruments designated as at fair value through profit or loss	67,230	955			68,185
Derivative financial instruments	301,409	(14)	54	4,306	305,755
Derivatives used for hedging purposes	8,426		(58)		8,368
Available-for-sale financial assets	203,413		(4,357)		199,056
Loans and receivables due from credit institutions	50,487	2	7,056		57,545
Loans and receivables due from customers	617,161	4,909	(9,637)	22	612,455
Remeasurement adjustment on interest-rate risk hedged portfolios	3,657		(89)		3,568
Held-to-maturity financial assets	9,881				9,881
Current and deferred tax assets	9,048		(198)		8,850
Accrued income and other assets	89,105	(1)	(448)		88,656
Equity-method investments	5,747		814		6,561
Investment property	713	1,059			1,772
Property, plant and equipment	17,177		(248)		16,929
Intangible assets	2,577		(40)		2,537
Goodwill	9,994	-	(148)		9,846
TOTAL ASSETS	**1,800,139**	**6,910**	**(7,583)**	**11,056**	**1,810,522**
LIABILITIES					
Due to central banks	661		1		662
Financial instruments at fair value through profit or loss					
Trading securities	69,803		(11)		69,792
Borrowings and repurchase agreements	195,934			6,728	202,662
Instruments designated as at fair value through profit or loss	45,329	2,013			47,342
Derivative financial instruments	297,081	(5)	57	4,306	301,439
Derivatives used for hedging purposes	12,289		(150)		12,139
Due to credit institutions	85,021		(427)		84,594
Due to customers	557,903	(273)	(4,155)	22	553,497
Debt securities	183,507	5,114	(1,935)		186,686
Remeasurement adjustment on interest-rate risk hedged portfolios	924				924
Current and deferred tax liabilities	2,632		(155)		2,477
Accrued expenses and other liabilities	78,676	61	(356)		78,381
Technical reserves of insurance companies	155,226				155,226
Provisions for contingencies and charges	11,963		(41)		11,922
Subordinated debt	12,028		(204)		11,824
TOTAL LIABILITIES	**1,708,977**	**6,910**	**(7,376)**	**11,056**	**1,719,567**
CONSOLIDATED EQUITY					
Total capital, retained earnings and net income for the period attributable to shareholders	*85,656*		*(166)*		*85,490*
Changes in assets and liabilities recognised directly in equity	*1,935*		*8*		*1,943*
Attributable to equity shareholders	**87,591**	**-**	**(158)**	**-**	**87,433**
Retained earnings and net income for the period attributable to minority interests	*3,579*		*(51)*		*3,528*
Changes in assets and liabilities recognised directly in equity	*(8)*		*2*		*(6)*
Attributable to minority interests	**3,571**	**-**	**(49)**	**-**	**3,522**
TOTAL CONSOLIDATED EQUITY	**91,162**	**-**	**(207)**	**-**	**90,955**
TOTAL LIABILITIES AND EQUITY	**1,800,139**	**6,910**	**(7,583)**	**11,056**	**1,810,522**

Profit and loss account

The following table shows the impacts of the application of IFRS 10 and IFRS 11 on the 2013 profit and loss account. The amendment to IAS 32 has no impact on the profit and loss account.

In millions of euros	Year to 31 Dec. 2013 before IFRS10 and 11	IFRS10 adjustments	IFRS11 adjustments	Year to 31 Dec. 2013 restated
Interest income	38,955	22	(2,010)	36,967
Interest expense	(18,359)	12	831	(17,516)
Commission income	12,301	(8)	(404)	11,889
Commission expense	(5,123)	(30)	109	(5,044)
Net gain on financial instruments at fair value through profit or loss	4,581	4	17	4,602
Net gain on available-for-sale financial assets and other financial assets not measured at fair value	1,665		(39)	1,626
Income from other activities	34,350		(237)	34,113
Expense on other activities	(29,548)		197	(29,351)
REVENUES	**38,822**	**-**	**(1,536)**	**37,286**
Salary and employee benefit expense	(14,842)		412	(14,430)
Other operating expense	(9,714)		357	(9,357)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(1,582)		52	(1,530)
GROSS OPERATING INCOME	**12,684**	**-**	**(715)**	**11,969**
Cost of risk	(4,054)		411	(3,643)
Provision related to US dollar payments involving parties subject to US sanctions	(798)			(798)
OPERATING INCOME	**7,832**	**-**	**(304)**	**7,528**
Share of earnings of equity-method entities	323		214	537
Net gain on non-current assets	285		2	287
Goodwill	(251)			(251)
PRE-TAX INCOME	**8,189**	**-**	**(88)**	**8,101**
Corporate income tax	(2,750)		70	(2,680)
NET INCOME	**5,439**	**-**	**(18)**	**5,421**
Net income attributable to minority interests	607		(4)	603
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS	**4,832**	**-**	**(14)**	**4,818**

Statement of net income and changes in assets and liabilities recognised directly in equity

The following table shows impacts on the statement of net income and changes in assets and liabilities recognised directly in equity for the year ended 31 December 2013 due to the application of IFRS 10 and IFRS 11. The amendment to IAS 32 has no impact on the statement of net income and changes in assets and liabilities recognised directly in equity.

In millions of euros	Year to 31 Dec. 2013 before IFRS10 and 11	IFRS10 adjustments	IFRS11 adjustments	Year to 31 Dec. 2013 restated
Net income for the period	**5,439**	**-**	**(18)**	**5,421**
Changes in assets and liabilities recognised directly in equity	**(1,376)**	**-**	**12**	**(1,364)**
Items that are or may be reclassified to profit or loss	**(1,711)**	**-**	**12**	**(1,699)**
Changes in exchange rate items	(1,228)		(140)	(1,368)
Changes in fair value of available-for-sale financial assets, including those reclassified as loans and receivables	1,308		63	1,371
Changes in fair value of available-for-sale financial assets reported in net income, including those reclassified as loans and receivables	(646)		31	(615)
Changes in fair value of hedging instruments	(836)		(28)	(864)
Changes in equity-method investments	(309)		86	(223)
Items that will not be reclassified to profit or loss	**335**	**-**	**-**	**335**
Remeasurement gains (losses) related to post-employment benefit plans	341		(5)	336
Changes in equity-method investments	(6)		5	(1)
TOTAL	**4,063**	**-**	**(6)**	**4,057**
Attributable to equity shareholders	3,874		(6)	3,868
Attributable to minority interests	189			189

Cash flow statement

The cash flow statement for the year ended 31 December 2013 showed a balance of cash and equivalent accounts of EUR 100.2 billion as at 1 January 2013 and of EUR 98.1 billion as at 31 December 2013. The impacts of IFRS 10 and IFRS 11 on the balance of cash and equivalent accounts at 1 January 2013 and 31 December 2013 amounted respectively to EUR -1.4 billion and EUR -0.4 billion, i.e. a EUR 1 billion increase over the period.

Note 3 NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

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

In millions of euros	Year to 31 Dec. 2014			Year to 31 Dec. 2013[(1)]		
	Income	Expense	Net	Income	Expense	Net
Customer items	**24,320**	**(8,025)**	**16,295**	**23,217**	**(7,373)**	**15,844**
Deposits, loans and borrowings	23,065	(7,902)	15,163	21,932	(7,277)	14,655
Repurchase agreements	25	(41)	(16)	20	(33)	(13)
Finance leases	1,230	(82)	1,148	1,265	(63)	1,202
Interbank items	**1,548**	**(1,391)**	**157**	**1,696**	**(1,750)**	**(54)**
Deposits, loans and borrowings	1,479	(1,257)	222	1,593	(1,668)	(75)
Repurchase agreements	69	(134)	(65)	103	(82)	21
Debt securities issued		**(2,023)**	**(2,023)**		**(2,192)**	**(2,192)**
Cash flow hedge instruments	**2,948**	**(2,565)**	**383**	**2,256**	**(1,893)**	**363**
Interest rate portfolio hedge instruments	**2,709**	**(2,909)**	**(200)**	**2,354**	**(3,152)**	**(798)**
Financial instruments at fair value through profit or loss	**1,678**	**(1,475)**	**203**	**1,811**	**(1,156)**	**655**
Fixed-income securities	944		944	1,204		1,204
Loans/borrowings	154	(273)	(119)	221	(348)	(127)
Repurchase agreements	580	(750)	(170)	386	(595)	(209)
Debt securities		(452)	(452)		(213)	(213)
Available-for-sale financial assets	**5,063**		**5,063**	**5,179**		**5,179**
Held-to-maturity financial assets	**441**		**441**	**454**		**454**
TOTAL INTEREST INCOME/(EXPENSE)	**38,707**	**(18,388)**	**20,319**	**36,967**	**(17,516)**	**19,451**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

Interest income on individually impaired loans amounted to EUR 574 million in the year ended 31 December 2014 compared with EUR 490 million in the year ended 31 December 2013.

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 3,114 million and EUR 334 million respectively in 2014, compared with income of EUR 3,161 million and expense of EUR 400 million in 2013.

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 2,304 million in 2014, compared with EUR 2,128 million in 2013.

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 (including dividends) relating to financial instruments managed in the trading book and financial instruments 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).

Gains and losses on financial instruments designated as at fair value through profit or loss are mainly related to instruments whose changes in value may be compensated by changes in the value of economic hedging trading book instruments.

In millions of euros	Year to 31 Dec. 2014	Year to 31 Dec. 2013(1)
Trading book	**3,641**	**4,763**
Interest rate and credit instruments	132	1,061
Equity financial instruments	4,092	3,497
Foreign exchange financial instruments	(60)	(564)
Other derivatives	(509)	702
Repurchase agreements	(14)	67
Financial instruments designated as at fair value through profit or loss	**980**	**(68)**
of which debt remeasurement effect arising from BNP Paribas Group issuer risk (note 5.d)	*(277)*	*(435)*
Impact of hedge accounting	**10**	**(93)**
Fair value hedging derivatives	2,148	822
Hedged items in fair value hedge	(2,138)	(915)
TOTAL	**4,631**	**4,602**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

Net gains on the trading book in 2014 and 2013 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. 2014	Year to 31 Dec. 2013(1)
Loans and receivables, fixed-income securities(2)	**512**	**403**
Disposal gains and losses	512	403
Equities and other variable-income securities	**1,457**	**1,223**
Dividend income	534	568
Additions to impairment provisions	(210)	(261)
Net disposal gains	1,133	916
TOTAL	**1,969**	**1,626**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).
(2) 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 1,046 million for the year ended 31 December 2014 compared with a net gain of EUR 797 million for the year ended 31 December 2013.

The application of the automatic impairment criteria and qualitative analysis led to a first impairment of variable-income securities, for the following amounts:

- EUR 11 million linked to a decline in price of more than 50% of the acquisition price (EUR 23 million in 2013);
- EUR 9 million linked to the observation of an unrealised loss over two consecutive years (EUR 28 million in 2013);
- EUR 1 million linked to the observation of an unrealised loss of at least an average of 30% over one year (EUR 1 million in 2013);
- EUR 29 million linked to an additional qualitative analysis (EUR 14 million in 2013).

3.e NET INCOME FROM OTHER ACTIVITIES

In millions of euros	Year to 31 Dec. 2014			Year to 31 Dec. 2013[1]		
	Income	Expense	Net	Income	Expense	Net
Net income from insurance activities	27,529	(24,088)	3,441	26,120	(22,670)	3,450
Net income from investment property	78	(78)	-	104	(74)	30
Net income from assets held under operating leases	5,661	(4,576)	1,085	5,434	(4,396)	1,038
Net income from property development activities	929	(739)	190	1,297	(1,132)	165
Other net income	1,563	(1,418)	145	1,158	(1,079)	79
TOTAL NET INCOME FROM OTHER ACTIVITIES	**35,760**	**(30,899)**	**4,861**	**34,113**	**(29,351)**	**4,762**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

➤ NET INCOME FROM INSURANCE ACTIVITIES

In millions of euros	Year to 31 Dec. 2014	Year to 31 Dec. 2013
Gross premiums written	23,588	21,811
Policy benefit expenses	(14,295)	(15,532)
Changes in technical reserves	(8,051)	(5,232)
Change in value of admissible investments related to unit-linked policies	2,513	2,768
Reinsurance ceded	(394)	(375)
Other income and expense	80	10
TOTAL NET INCOME FROM INSURANCE ACTIVITIES	**3,441**	**3,450**

"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. 2014	Year to 31 Dec. 2013[1]
Net allowances to impairment	(3,501)	(3,792)
Recoveries on loans and receivables previously written off	482	557
Irrecoverable loans and receivables not covered by impairment provisions	(686)	(408)
TOTAL COST OF RISK FOR THE PERIOD	**(3,705)**	**(3,643)**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

➤ COST OF RISK FOR THE PERIOD BY ASSET TYPE

In millions of euros	Year to 31 Dec. 2014	Year to 31 Dec. 2013[1]
Loans and receivables due from credit institutions	48	(7)
Loans and receivables due from customers	(3,674)	(3,410)
Available-for-sale financial assets	(19)	(19)
Financial instruments of trading activities	32	(108)
Other assets	(7)	(9)
Commitments given and other items	(85)	(90)
TOTAL COST OF RISK FOR THE PERIOD	**(3,705)**	**(3,643)**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

Credit risk impairment

➤ IMPAIRMENT VARIANCE DURING THE PERIOD

In millions of euros	Year to 31 Dec. 2014	Year to 31 Dec. 2013(1)
TOTAL IMPAIRMENT AT BEGINNING OF YEAR	**27,014**	**26,976**
Net allowance to impairment	3,501	3,792
Impairment provisions used	(3,146)	(3,055)
Effect of exchange rate movements and other items	576	(699)
TOTAL IMPAIRMENT AT END OF YEAR	**27,945**	**27,014**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

➤ IMPAIRMENT BY ASSET TYPE

In millions of euros	31 December 2014	31 December 2013(1)
Impairment of assets		
Loans and receivables due from credit institutions *(note 5.f)*	257	392
Loans and receivables due from customers *(note 5.g)*	26,418	25,336
Financial instruments of trading activities	132	162
Available-for-sale financial assets *(note 5.c)*	85	84
Other assets	39	38
Total impairment of financial assets	**26,931**	**26,012**
of which specific impairment	*23,248*	*22,395*
of which collective provisions	*3,683*	*3,617*
Provisions recognised as liabilities		
Provisions for commitments given		
to credit institutions	19	23
to customers	434	469
Other specific provisions	561	510
Total provisions recognised for credit commitments (note 5.q)	**1,014**	**1,002**
of which specific impairment for commitments given	*312*	*335*
of which collective provisions	*142*	*157*
TOTAL IMPAIRMENT AND PROVISIONS	**27,945**	**27,014**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

3.g COSTS RELATED TO THE COMPREHENSIVE SETTLEMENT WITH US AUTHORITIES

On 30 June 2014, the Group has come to a comprehensive settlement of the pending investigation relating to US dollar transactions involving parties subject to US sanctions, including agreements with the US Department of Justice, the U.S. Attorney's Office for the Southern District of New York, the New York County District Attorney's Office, the Board of Governors of the U.S. Federal Reserve System (FED), the New York State Department of Financial Services (DFS), and the US Department of the Treasury's Office of Foreign Assets Control (OFAC).

The settlement includes guilty pleas entered into by BNP Paribas SA in relation to violations of certain US laws and regulations regarding economic sanctions against certain countries and related recordkeeping. BNP Paribas also agrees to pay a total of USD 8.97 billion (EUR 6.55 billion). Beyond what has already been provisioned as at 31 December 2013 (EUR 0.8 billion), this resulted in an exceptional charge of EUR 5.75 billion recorded in the second quarter of 2014. An uncertainty remains regarding the fiscal rule that will apply eventually to the different Group entities involved in the settlement. BNP Paribas also accepts a temporary suspension of one year, starting 1 January 2015, of the USD direct clearing focused mainly on the Oil & Gas Energy & Commodity Finance business line in certain locations.

BNP Paribas has worked with the US authorities to resolve these issues and the resolution of these matters was coordinated by its home regulator (Autorité de Contrôle Prudentiel et de Résolution – ACPR) with its lead regulators. BNP Paribas maintains its licenses as part of the settlements.

In advance of the settlement, the bank designed new robust compliance and control procedures. They involve important changes to the Group's procedures. Specifically:

- a new department called Group Financial Security US, part of the Group Compliance Function, is headquartered in New York and ensures that BNP Paribas complies globally with US regulation related to international sanctions and embargoes;
- all USD flows for the entire BNP Paribas Group will be ultimately processed and controlled via the branch in New York.

The Group recorded a EUR 250 million provision for additional implementation costs related to the remediation plan agreed upon with US authorities. Including these, total costs related to the comprehensive settlement amount to EUR 6 billion for the year ended 31 December 2014.

3.h CORPORATE INCOME TAX

Reconciliation of the effective tax expense to the theoretical tax expense at standard tax rate in France[2]	Year to 31 Dec. 2014		Year to 31 Dec. 2013[1]	
	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[3]	**(1,175)**	**38.0%**	**(2,970)**	**38.0%**
Impact of differently taxed foreign profits	483	-15.6%	293	-3.7%
Impact of dividends and securities disposals taxed at reduced rate	268	-8.7%	309	-3.9%
Tax impact of previously unrecognised deferred taxes (tax losses and temporary differences)	87	-2.8%	14	-0.2%
Tax impact of using tax losses for which no deferred tax asset was previously recognised	28	-0.9%	32	-0.4%
Impact of the non-deduction of the costs related to the comprehensive settlement with US authorities	(2,185)	70.7%	(303)	3.9%
Other items	(148)	4.7%	(55)	0.6%
Corporate income tax expense	**(2,642)**	**85.4%**	**(2,680)**	**34.3%**
of which				
Current tax expense for the year to 31 December	*(2,634)*		*(2,445)*	
Deferred tax expense for the year to 31 December *(note 5.k)*	*(8)*		*(235)*	

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).
(2) 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%.
(3) Restated for the share of profits in equity-method entities and goodwill impairment.

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, Americas, Middle East Africa) businesses.

Other activities mainly include Principal Investments, activities related to the Group's central treasury function, some costs related to cross-business projects, the residential mortgage lending business of Personal Finance (a significant part of which is managed in run-off), and investments such as the Klépierre property investment company.

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 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. The breakdown of balance sheet by core business follows the same rules as the breakdown of the profit and loss by core business.

So as to be comparable with 2014, the segment information for 2013 has been restated of the following main effects as if these had occurred from 1 January 2013:

1. in the context of the medium-term plan, internal transfers of activities and results have been made as of 1 January 2014, the main ones being:
   - the allocation of the mortgage activity of Personal Finance to the Corporate Centre (a significant portion of which is managed in run-off),
   - the set-up of two new internal Private Banking joint ventures between Investment Solutions and, on the one hand TEB group (Europe-Mediterranean), on the other hand BancWest. Henceforth, the results of Europe-Mediterranean and BancWest are published in an identical manner to that of Domestic Markets,
   - the reallocation of Hello bank! launching costs, previously accounted for under "Other Domestic Markets", to the operating businesses of Domestic Markets which benefit from them;
2. the capital allocation by division and business line has been modified to take into account the application of Basel 3 (CRD 4) starting from 1 January 2014 and the above-mentioned internal transfers. The capital allocated to each business line is based on its risk-weighted assets (average of beginning of quarterly periods) multiplied by 9%, with the exception of the Insurance business whose allocation is based on the prudential requirement of the insurance regulation;
3. the Group has changed the allocation practices of the liquidity costs to the operating divisions in order to take account of the new Liquidity Coverage Ratio requirements;
4. the adoption by the European Union of the accounting standards IFRS 10 "Consolidated Financial Statements" and IFRS 11 "Joint Arrangements" leads to an evolution of the consolidation method of several Group entities as of 1 January 2014, and has the effect of decreasing the 2013 net income attributable to equity holders by EUR 14 million.

   TEB group, fully consolidated since 20 December 2013, was previously proportionally consolidated. The application of IFRS 11 thus leads to its consolidation under the equity method until 20 December in the restated 2013 financial statements. Pro forma 2013 income by business segment presented hereafter have been prepared with TEB group under full consolidation for the whole year, in order to ensure comparability with the 2014 income. The line "Impact of the consolidation of TEB entities under the equity method" shows the impact of consolidating TEB under the equity method instead of the full consolidation method.

➤ INCOME BY BUSINESS SEGMENT

In millions of euros	Year to 31 Dec. 2014							Year to 31 Dec. 2013[1]						
	Revenues	Operating expense	Cost of risk	Exceptional costs[3]	Operating income	Non-operating items	Pre-tax income	Revenues	Operating expense	Cost of risk	Exceptional costs[3]	Operating income	Non-operating items	Pre-tax income
Retail Banking														
Domestic Markets														
French Retail Banking[2]	6,468	(4,373)	(401)		1,694	2	1,696	6,675	(4,427)	(341)		1,907	4	1,911
BNL banca commerciale[2]	3,158	(1,738)	(1,397)		23		23	3,190	(1,752)	(1,204)		234		234
Belgian Retail Banking[2]	3,227	(2,350)	(129)		748	(10)	738	3,088	(2,323)	(140)		625	13	638
Other Domestic Markets activities[2]	2,299	(1,279)	(143)		877	(19)	858	2,151	(1,242)	(158)		751	34	785
Personal Finance	4,077	(1,953)	(1,094)	-	1,030	100	1,130	3,693	(1,741)	(1,098)	-	854	55	909
International Retail Banking														
Europe-Mediterranean[2]	2,097	(1,461)	(357)		279	106	385	2,080	(1,473)	(272)		335	199	534
BancWest[2]	2,202	(1,424)	(50)		728	4	732	2,184	(1,369)	(54)		761	6	767
Investment Solutions	6,543	(4,536)	(4)	-	2,003	204	2,207	6,325	(4,385)	(2)	-	1,938	155	2,093
Corporate and Investment Banking														
Advisory & Capital Markets	5,430	(4,375)	50		1,105	5	1,110	5,426	(4,236)	(78)		1,112	13	1,125
Corporate Banking	3,292	(1,762)	(131)		1,399	16	1,415	3,275	(1,740)	(437)		1,098	18	1,116
Other Activities	375	(1,275)	(49)	(6,000)	(6,949)	(196)	(7,145)	322	(1,280)	(17)	(798)	(1,773)	(100)	(1,873)
Impact of the consolidation of TEB entities under the equity method								(1,123)	651	158		(314)	176	(138)
TOTAL GROUP	**39,168**	**(26,526)**	**(3,705)**	**(6,000)**	**2,937**	**212**	**3,149**	**37,286**	**(25,317)**	**(3,643)**	**(798)**	**7,528**	**573**	**8,101**

(1) Restated according to IFRS 10 and IFRS 11 and the amendment to IAS 32 (see notes 1.a and 2).

(2) French Retail Banking, BNL banca commerciale, Belgian Retail Banking, Other Domestic Markets activities, Europe-Mediterranean and BancWest after the reallocation within Investment Solutions of one-third of the Wealth Management activities in France, Italy, Belgium, Luxembourg, Turkey and the United States.

(3) Costs related to the comprehensive settlement with US authorities.

ASSETS AND LIABILITIES BY BUSINESS SEGMENT

In millions of euros	31 December 2014		31 December 2013(1)	
	Asset	Liability	Asset	Liability
Retail Banking				
Domestic Markets	**394,509**	**410,197**	**386,941**	**392,095**
French Retail Banking	155,839	164,673	154,360	157,317
BNL banca commerciale	73,994	66,136	77,177	62,177
Belgian Retail Banking	118,918	138,799	115,278	137,548
Other Domestic Markets activities	45,758	40,589	40,126	35,053
Personal Finance	**51,137**	**13,961**	**44,364**	**9,018**
International Retail Banking	**120,286**	**109,783**	**92,955**	**86,201**
Europe-Mediterranean	50,860	44,915	36,570	33,338
BancWest	69,426	64,868	56,385	52,863
Investment Solutions	**259,691**	**309,819**	**216,260**	**266,255**
Corporate and Investment Banking	**1,178,608**	**1,079,392**	**995,675**	**898,519**
Other Activities	**73,528**	**154,607**	**74,327**	**158,434**
TOTAL GROUP	**2,077,759**	**2,077,759**	**1,810,522**	**1,810,522**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

Information by business segment relating to goodwill is presented in 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.

REVENUES BY GEOGRAPHIC AREA

In millions of euros	Year to 31 Dec. 2014	Year to 31 Dec. 2013(1)
Europe	29,644	29,218
North America	4,041	3,846
APAC	2,713	2,589
Others	2,770	1,633
TOTAL GROUP	**39,168**	**37,286**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

ASSETS AND LIABILITIES, IN CONTRIBUTION TO THE CONSOLIDATED ACCOUNTS, BY GEOGRAPHIC AREA

In millions of euros	31 December 2014	31 December 2013(1)
Europe	1,622,888	1,414,030
North America	250,880	219,382
APAC	151,481	119,493
Others	52,510	57,617
TOTAL GROUP	**2,077,759**	**1,810,522**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

Note 5 NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2014

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 2014		31 December 2013[(1)]	
	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	156,546	78,563	157,735	68,145
Loans and repurchase agreements	165,776	264	152,036	40
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**322,322**	**78,827**	**309,771**	**68,185**
Securities portfolio	78,912		69,792	
Borrowings and repurchase agreements	196,733	2,009	202,662	1,372
Debt securities *(note 5.i)*		48,171		42,344
Subordinated debt *(note 5.i)*		1,550		1,613
Debt representative of shares of consolidated funds held by third parties		5,902		2,013
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**275,645**	**57,632**	**272,454**	**47,342**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

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, which amount to EUR 47,462 million as at 31 December 2014 (compared with EUR 43,692 million as at 31 December 2013) 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 700 million at 31 December 2014 compared with EUR 841 million at 31 December 2013, and variable-income securities (shares mainly issued by BNP Paribas SA) amounted to EUR 137 million at 31 December 2014 compared with EUR 37 million at 31 December 2013. 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 may be compensated by changes in the value of economic hedging derivatives.

The redemption value of debt issued and designated as at fair value through profit or loss at 31 December 2014 was EUR 51,592 million (EUR 45,522 million at 31 December 2013).

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 2014		31 December 2013(1)	
	Positive market value	Negative market value	Positive market value	Negative market value
Interest rate derivatives	295,651	280,311	216,835	202,600
Foreign exchange derivatives	57,211	62,823	32,310	36,353
Credit derivatives	18,425	18,054	18,494	18,167
Equity derivatives	33,112	41,838	34,809	41,162
Other derivatives	8,099	7,224	3,307	3,157
DERIVATIVE FINANCIAL INSTRUMENTS	**412,498**	**410,250**	**305,755**	**301,439**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

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 2014			31 December 2013(1)		
	Organised markets(2)	Over-the-counter	Total	Organised markets(2)	Over-the-counter	Total
Interest rate derivatives	20,042,832	13,000,642	33,043,474	23,588,262	11,380,138	34,968,400
Foreign exchange derivatives	28,833	3,443,439	3,472,272	19,533	2,557,322	2,576,855
Credit derivatives	47,537	1,752,947	1,800,484	55,591	1,870,305	1,925,896
Equity derivatives	773,280	643,631	1,416,911	1,185,689	582,365	1,768,054
Other derivatives	89,464	79,431	168,895	73,799	59,647	133,446
DERIVATIVE FINANCIAL INSTRUMENTS	**20,981,946**	**18,920,090**	**39,902,036**	**24,922,874**	**16,449,777**	**41,372,651**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).
(2) Financial instruments negotiated on organized markets are mainly traded with clearing houses.

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 2014		31 December 2013(1)	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Fair value hedges	**15,976**	**19,326**	**6,035**	**10,548**
Interest rate derivatives	15,976	19,321	6,035	10,536
Foreign exchange derivatives		5		12
Cash flow hedges	**3,704**	**3,664**	**2,280**	**1,580**
Interest rate derivatives	3,607	3,555	2,117	1,484
Foreign exchange derivatives	71	102	81	96
Other derivatives	26	7	82	
Net foreign investment hedges	**86**	**3**	**53**	**11**
Foreign exchange derivatives	86	3	53	11
DERIVATIVES USED FOR HEDGING PURPOSES	**19,766**	**22,993**	**8,368**	**12,139**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

The total notional amount of derivatives used for hedging purposes stood at EUR 920,215 million at 31 December 2014, compared with EUR 786,150 million at 31 December 2013.

5.c AVAILABLE-FOR-SALE FINANCIAL ASSETS

In millions of euros	31 December 2014			31 December 2013(1)		
	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	**234,032**	**(85)**	**15,761**	**181,784**	**(84)**	**5,903**
Treasury bills and government bonds	123,405	(4)	8,869	100,028	(3)	2,254
Other fixed-income securities	110,627	(81)	6,892	81,756	(81)	3,649
Equities and other variable-income securities	**18,260**	**(2,953)**	**3,833**	**17,272**	**(3,593)**	**4,087**
of which listed securities	5,273	(945)	1,707	5,976	(1,329)	2,065
of which unlisted securities	12,987	(2,008)	2,126	11,296	(2,264)	2,022
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**252,292**	**(3,038)**	**19,594**	**199,056**	**(3,677)**	**9,990**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

The gross amount of impaired fixed-income securities is EUR 201 million at 31 December 2014 (EUR 136 million at 31 December 2013).

Changes in value taken directly to equity are detailed as follows:

In millions of euros	31 December 2014			31 December 2013(1)		
	Fixed-income securities	Equities and other variable-income securities	Total	Fixed-income securities	Equities and other variable-income securities	Total
Non-hedged changes in value of securities, recognised in "Available-for-sale financial assets"	**15,761**	**3,833**	**19,594**	**5,903**	**4,087**	**9,990**
Deferred tax linked to these changes in value	(5,281)	(842)	(6,123)	(1,934)	(881)	(2,815)
Insurance policyholders' surplus reserve from insurance entities, after deferred tax	(8,257)	(1,072)	(9,329)	(3,529)	(1,046)	(4,575)
Group share of changes in value of available-for-sale securities owned by equity-method entities, after deferred tax and insurance policyholders' surplus reserve	884	84	968	499	79	578
Unamortised changes in value of available-for-sale securities reclassified as loans and receivables	(74)		(74)	(108)		(108)
Other variations	(52)	14	(38)	(40)	36	(4)
Changes in value of assets taken directly to equity under the heading "Financial assets available for sale and reclassified as loans and receivables"	**2,981**	**2,017**	**4,998**	**791**	**2,275**	**3,066**
Attributable to equity shareholders	2,859	2,006	4,865	746	2,264	3,010
Attributable to minority interests	122	11	133	45	11	56

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

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 in case of an exit transaction in the principal market. When valuation techniques are used for the purpose of deriving fair value, funding assumptions related to the future expected cash flows are an integral part of the mid-market valuation, notably through the use of appropriate discount rates. These assumptions reflect what the Bank anticipates as being the effective funding conditions of the instrument that a market participant would consider. This notably takes into account the existence and terms of any collateral agreement. In particular, for non- or imperfectly collateralized derivative instruments, they include an explicit adjustment to the interbank interest rate (Funding Valuation Adjustment – FVA).

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 determination of CVA remains judgemental due to i) the possible absence or lack of price discovery in the inter-dealer market, ii) the influence of the regulatory landscape relating to counterparty risk on the market participants' pricing behaviour and iii) 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. The DVA adjustment is determined after taking into account the Funding Valuation Adjustment (FVA).

  Thus, the carrying value of debt securities designated as at fair value though profit or loss is increased by EUR 682 million as at 31 December 2014, compared with an increase in value of EUR 405 million as at 31 December 2013, i.e. a – EUR 277 million variation recognised in net gain on financial instruments at fair value through profit or loss (note 3.c).

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 2014											
	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	**119,509**	**33,221**	**3,816**	**156,546**	**63,888**	**11,872**	**2,803**	**78,563**	**190,828**	**52,231**	**9,233**	**252,292**
Treasury bills and government bonds	57,043	5,369		62,412	1,499	29		1,528	117,689	5,716		123,405
Asset Backed Securities(1)		11,684	2,165	13,849				-		3,691	232	3,923
CDOs/CLOs(2)		*199*	*2,140*	*2,339*				-		*141*	*224*	*365*
Other Asset Backed Securities		*11,485*	*25*	*11,510*				-		*3,550*	*8*	*3,558*
Other fixed-income securities	13,847	14,125	1,230	29,202	1,814	4,638	32	6,484	65,303	39,513	1,888	106,704
Equities and other variable-income securities	48,619	2,043	421	51,083	60,575	7,205	2,771	70,551	7,836	3,311	7,113	18,260
Loans and repurchase agreements	**-**	**160,228**	**5,548**	**165,776**	**-**	**264**	**-**	**264**				
Loans		684		684		264		264				
Repurchase agreements		159,544	5,548	165,092				-				
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND AVAILABLE-FOR-SALE FINANCIAL ASSETS	**119,509**	**193,449**	**9,364**	**322,322**	**63,888**	**12,136**	**2,803**	**78,827**	**190,828**	**52,231**	**9,233**	**252,292**
Securities portfolio	**74,857**	**3,823**	**232**	**78,912**	**-**	**-**	**-**	**-**				
Treasury bills and government bonds	57,064	655		57,719				-				
Other fixed-income securities	6,216	2,847	232	9,295				-				
Equities and other variable-income securities	11,577	321		11,898				-				
Borrowings and repurchase agreements	**-**	**182,733**	**14,000**	**196,733**	**-**	**1,921**	**88**	**2,009**				
Borrowings		4,131	5	4,136		1,921	88	2,009				
Repurchase agreements		178,602	13,995	192,597				-				
Debt securities (note 5.i)	**-**	**-**	**-**	**-**	**-**	**36,537**	**11,634**	**48,171**				
Subordinated debt (note 5.i)	**-**	**-**	**-**	**-**	**-**	**1,540**	**10**	**1,550**				
Debt representative of shares of consolidated funds held by third parties	**-**	**-**	**-**	**-**	**5,261**	**641**	**-**	**5,902**				
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**74,857**	**186,556**	**14,232**	**275,645**	**5,261**	**40,639**	**11,732**	**57,632**				

	31 December 2013[3]											
	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	**125,439**	**28,638**	**3,658**	**157,735**	**54,453**	**10,833**	**2,859**	**68,145**	**141,028**	**50,348**	**7,680**	**199,056**
Treasury bills and government bonds	53,075	7,661		60,736	334	4		338	94,704	5,324		100,028
Asset Backed Securities[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	11,651	11,260	217	23,128	1,775	5,399	29	7,203	37,038	40,755	1,039	78,832
Equities and other variable-income securities	60,713	1,233	365	62,311	52,344	5,430	2,830	60,604	9,286	1,637	6,349	17,272
Loans and repurchase agreements	**-**	**147,330**	**4,706**	**152,036**	**-**	**40**	**-**	**40**				
Loans		445		445		40		40				
Repurchase agreements		146,885	4,706	151,591				-				
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS AND AVAILABLE-FOR-SALE FINANCIAL ASSETS	**125,439**	**175,968**	**8,364**	**309,771**	**54,453**	**10,873**	**2,859**	**68,185**	**141,028**	**50,348**	**7,680**	**199,056**
Securities portfolio	**66,630**	**3,055**	**107**	**69,792**	**-**	**-**	**-**	**-**				
Treasury bills and government bonds	55,127	159		55,286				-				
Other fixed-income securities	5,634	2,846	107	8,587				-				
Equities and other variable-income securities	5,869	50		5,919				-				
Borrowings and repurchase agreements	**-**	**193,525**	**9,137**	**202,662**	**-**	**1,372**		**1,372**				
Borrowings		3,755	3	3,758		1,372		1,372				
Repurchase agreements		189,770	9,134	198,904				-				
Debt securities (note 5.i)	**-**	**-**	**-**	**-**	**2,610**	**29,621**	**10,113**	**42,344**				
Subordinated debt (*note 5.i)*	**-**	**-**	**-**	**-**	**-**	**1,603**	**10**	**1,613**				
Debt representative of shares of consolidated funds held by third parties	**-**	**-**	**-**	**-**	**1,514**	**499**	**-**	**2,013**				
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**66,630**	**196,580**	**9,244**	**272,454**	**4,124**	**33,095**	**10,123**	**47,342**				

(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
(3) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

In millions of euros	31 December 2014							
	Positive market value				Negative market value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate derivatives	280	288,004	7,367	295,651	349	275,690	4,272	280,311
Foreign exchange derivatives	4	56,931	276	57,211	5	62,792	26	62,823
Credit derivatives		17,183	1,242	18,425		16,579	1,475	18,054
Equity derivatives	5,415	25,997	1,700	33,112	5,671	31,116	5,051	41,838
Other derivatives	1,375	6,718	6	8,099	1,071	5,730	423	7,224
DERIVATIVE FINANCIAL INSTRUMENTS NOT USED FOR HEDGING PURPOSES	**7,074**	**394,833**	**10,591**	**412,498**	**7,096**	**391,907**	**11,247**	**410,250**
DERIVATIVE FINANCIAL INSTRUMENTS USED FOR HEDGING PURPOSES	**-**	**19,766**	**-**	**19,766**	**-**	**22,993**	**-**	**22,993**

In millions of euros	31 December 2013[(1)]							
	Positive market value				Negative market value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Interest rate derivatives	185	213,009	3,641	216,835	258	198,994	3,348	202,600
Foreign exchange derivatives		32,310		32,310	13	36,340		36,353
Credit derivatives		17,236	1,258	18,494		16,574	1,593	18,167
Equity derivatives	6,654	27,213	942	34,809	5,917	32,565	2,680	41,162
Other derivatives	148	3,127	32	3,307	169	2,957	31	3,157
DERIVATIVE FINANCIAL INSTRUMENTS NOT USED FOR HEDGING PURPOSES	**6,987**	**292,895**	**5,873**	**305,755**	**6,357**	**287,430**	**7,652**	**301,439**
DERIVATIVE FINANCIAL INSTRUMENTS USED FOR HEDGING PURPOSES	**-**	**8,368**	**-**	**8,368**	**-**	**12,139**	**-**	**12,139**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

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.

During 2014, transfers between Level 1 and Level 2 were not significant.

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...). It includes shares of funds and UCITS, for which the net asset value is calculated on a daily basis, as well as debt representative of shares of consolidated funds held by third parties.

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. The issuance spread is considered observable.

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. The issuance spread is considered observable.

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. Linear baskets are considered observable.
- ***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.

Valuation adjustments (CVA, DVA and FVA)

The additional valuation adjustment for counterparty credit risk (CVA), own-credit risk for derivatives (DVA) and the explicit funding valuation adjustment (FVA) are deemed to be unobservable components of the valuation framework and therefore classified in Level 3. This does not impact, in general cases, the classification of individual transactions into the fair value hierarchy. However since 2014, a specific process allows to identify individual deals for which the marginal contribution of these adjustments and related uncertainty is significant. Are particularly concerned some poorly collateralized instruments with very long residual maturity.

For these products classified in Level 3, 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		Main product types composing the Level3 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 Level3 population considered	Weighted average
	Asset	Liability					
Cash instruments	2,364		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	25 bp to 1,282 bp[1]	193 bp[a]
					Constant payment rate (CLOs)	0 -10%	10%[b]
					Cash/synthetic funding basis (€)	2 - 6 bp	not meaningful
Repurchase agreements	5,548	13,995	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 underlying repo	Long-term repo spread on private bonds (High Yield, High Grade) and on ABSs	0 bp - 90 bp	66 bp[c]
Interest rate derivatives	7,367	4,272	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% - 56%	45%[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	0.8% - 10%	[d]
					Volatility of the year on year inflation rate	0.4% - 1.8%	
			Forward Volatility products such as volatility swaps, mainly in euro	Interest rates option pricing model	Forward volatility of interest rates	0.3% - 0.7%	[d]
			Balance-guaranteed fixed rate, basis or cross currency swaps, predominantly on European collateral pools	Prepayment modeling Discounted cash flows	Constant prepayment rates	0.1 - 40%	10%[c]
Credit derivatives	1,242	1,475	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 93%	[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	50% - 98%	60%[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)	40 bp to 128 bp[2]	104 bp[a]
					Illiquid credit default spread curves (across main tenors)	12 bp to 896 bp[3]	193 bp[a]
Equity derivatives	1,700	5,051	Simple and complex derivatives on multi-underlying baskets on stocks	Various volatility option models	Unobservable equity volatility	4% - 132%[4]	27%[e]
					Unobservable equity correlation	22% - 98%	61%[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 25bp to 731bp.
(2) The upper part of the range relates to non material balance sheet and net risk position on European sovereign issuers.
(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 450bp.
(4) The upper part of the range relates to an equity instrument representing a non-material portion of the balance sheet on options with equity underlying instruments. Removing this outlier, the upper bound of the range would be around 65%.
(a) Weighting is not based on risks, but on an 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 large majority 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 2013 and 31 December 2014:

	Financial Assets				Financial Liabilities		
In millions of euros	Financial instruments at fair value through profit or loss held for trading	Financial instruments designated as at fair value through profit or loss	Available-for-sale financial assets	Total	Financial instruments at fair value through profit or loss held for trading	Financial instruments designated as at fair value through profit or loss	Total
AT 31 DECEMBER 2012	**13,639**	**4,049**	**9,936**	**27,624**	**(17,289)**	**(8,554)**	**(25,843)**
Purchases	5,145	2,382	973	**8,500**			-
Issues				-	(6,963)	(8,134)	**(15,097)**
Sales	(2,414)	(2,383)	(1,122)	**(5,919)**			-
Settlements[1]	(1,917)	(1,111)	(701)	**(3,729)**	6,563	6,595	**13,158**
Transfers to level 3	850	12	133	**995**	(569)	(554)	**(1,123)**
Transfers from level 3	(866)	(89)	(1,551)	**(2,506)**	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			255	**255**			-
AT 31 DECEMBER 2013[2]	**14,237**	**2,859**	**7,680**	**24,776**	**(16,896)**	**(10,123)**	**(27,019)**
Purchases	8,725	2,743	3,532	**15,000**			-
Issues				-	(12,622)	(4,506)	**(17,128)**
Sales	(1,459)	(2,562)	(1,266)	**(5,287)**			-
Settlements[1]	(7,727)	(233)	(1,262)	**(9,222)**	3,838	2,507	**6,345**
Transfers to level 3	3,204		90	**3,294**	(2,188)	(4,178)	**(6,366)**
Transfers from level 3	(3,106)	(122)	(409)	**(3,637)**	332	4,197	**4,529**
Gains (or losses) recognised in profit or loss with respect to transactions expired or terminated during the period	132	48	(87)	**93**	880	239	**1,119**
Gains (or losses) recognised in profit or loss with respect to unexpired instruments at the end of the period	5,302	70	(8)	**5,364**	2,127	313	**2,440**
Changes in fair value of assets and liabilities recognised directly in equity							
Items related to exchange rate movements	647		151	**798**	(950)	(181)	**(1,131)**
Changes in fair value of assets and liabilities recognised in equity			812	**812**			-
AT 31 DECEMBER 2014	**19,955**	**2,803**	**9,233**	**31,991**	**(25,479)**	**(11,732)**	**(37,211)**

(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.
(2) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

The main changes during 2014 are mainly transfers to Level 3 of instruments whose valuation adjustments (CVA, DVA and FVA) are significant. They amounted to EUR 2.4 billion.

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 of 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 summarises 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 (CVA), the explicit funding valuation adjustment (FVA) and the parameter and model uncertainty additional adjustments related to Level 3.

Regarding the additional credit valuation (CVA) and the explicit funding valuation adjustment (FVA), the uncertainty was calibrated based on prudent valuation adjustments described in the technical standard "Prudent Valuation" published by the European Banking Authority. For other additional adjustments, 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 2014		31 December 2013[(1)]	
In millions of euros	Potential impact on income	Potential impact on equity	Potential impact on income	Potential impact on equity
Treasury bills and government bonds				
Asset Backed Securities (ABS)	+/-43	+/-2	+/-62	+/-3
CDOs/CLOs	*+/-43*	*+/-2*	*+/-62*	
Other Asset Backed Securities				*+/-3*
Other fixed-income securities	+/-10	+/-19	+/-2	+/-10
Equities and other variable-income securities	+/-32	+/-71	+/-32	+/-63
Repurchase agreements	+/-84		+/-44	
Derivative financial instruments	+/-1,076		+/-1,010	
Interest rate derivatives	*+/-831*		*+/-691*	
Credit derivatives	*+/-73*		*+/-159*	
Equity derivatives	*+/-135*		*+/-125*	
Other derivatives	*+/-37*		*+/-35*	
SENSITIVITY OF LEVEL 3 FINANCIAL INSTRUMENTS	**+/-1,245**	**+/-92**	**+/-1,150**	**+/-76**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

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 2013	Deferred margin on transactions during the year	Margin taken to the profit and loss account during the year	Deferred margin at 31 December 2014
Interest rate derivatives	193	123	(68)	248
Credit derivatives	177	83	(91)	169
Equity derivatives	244	261	(189)	316
Other derivatives	18	20	(20)	18
Derivative financial instruments	**632**	**487**	**(368)**	**751**

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 2014		31 December 2013(1)	
		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		**700**	**869**	**944**	**1,086**
of which Portuguese sovereign securities	30 June 2011	419	495	623	696
of which Irish sovereign securities	30 June 2011	223	314	215	289
of which structured transactions and other fixed-income securities	30 June 2009	58	60	106	101
Structured transactions and other fixed-income securities from the trading portfolio	**1 October 2008/ 30 June 2009**	**1,979**	**1,970**	**2,369**	**2,341**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

Without these reclassifications, the Group's net income would not have been significantly different for the year ended 31 December 2014, nor for the year ended 31 December 2013. Similarly, changes in value of assets and liabilities recognised directly in equity would not have been significantly different in 2014, nor in 2013.

5.f INTERBANK AND MONEY-MARKET ITEMS

➤ LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

In millions of euros	31 December 2014	31 December 2013[1]
On demand accounts	7,924	7,239
Loans[2]	33,010	48,709
Repurchase agreements	2,671	1,989
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS, BEFORE IMPAIRMENT	**43,605**	**57,937**
of which doubtful loans	*439*	*747*
Impairment of loans and receivables due from credit institutions (note 3.f)	**(257)**	**(392)**
specific impairment	(230)	(357)
collective provisions	(27)	(35)
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS, NET OF IMPAIRMENT	**43,348**	**57,545**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).
(2) Loans and receivables due from credit institutions include term deposits made with central banks, which amounted to EUR 1,973 million as at 31 December 2014 (EUR 5,331 million as at 31 December 2013).

➤ DUE TO CREDIT INSTITUTIONS

In millions of euros	31 December 2014	31 December 2013[1]
On demand accounts	11,618	9,485
Borrowings	72,956	68,484
Repurchase agreements	5,778	6,625
TOTAL DUE TO CREDIT INSTITUTIONS	**90,352**	**84,594**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

5.g CUSTOMER ITEMS

➤ LOANS AND RECEIVABLES DUE FROM CUSTOMERS

In millions of euros	31 December 2014	31 December 2013[1]
On demand accounts	58,444	45,523
Loans to customers	596,293	565,134
Repurchase agreements	1,832	954
Finance leases	27,252	26,180
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS, BEFORE IMPAIRMENT	**683,821**	**637,791**
of which doubtful loans	*42,896*	*43,585*
Impairment of loans and receivables due from customers *(note 3.f)*	**(26,418)**	**(25,336)**
specific impairment	(22,762)	(21,755)
collective provisions	(3,656)	(3,581)
TOTAL LOANS AND RECEIVABLES DUE FROM CUSTOMERS, NET OF IMPAIRMENT	**657,403**	**612,455**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

BREAKDOWN OF FINANCE LEASES

In millions of euros	31 December 2014	31 December 2013(1)
Gross investment	31,061	29,472
Receivable within 1 year	*8,764*	*8,176*
Receivable after 1 year but within 5 years	*16,130*	*14,855*
Receivable beyond 5 years	*6,167*	*6,441*
Unearned interest income	(3,809)	(3,292)
Net investment before impairment	27,252	26,180
Receivable within 1 year	*7,765*	*7,378*
Receivable after 1 year but within 5 years	*14,041*	*13,179*
Receivable beyond 5 years	*5,446*	*5,623*
Impairment provisions	(1,038)	(981)
Net investment after impairment	26,214	25,199

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

DUE TO CUSTOMERS

In millions of euros	31 December 2014	31 December 2013(1)
On demand deposits	372,393	303,900
Term accounts and short-term notes	159,312	140,556
Regulated savings accounts	105,174	103,787
Repurchase agreements	4,670	5,254
TOTAL DUE TO CUSTOMERS	**641,549**	**553,497**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

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 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 2014					
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	140				140	90
Loans and receivables due from customers	11,643	326	66	217	12,252	6,048
TOTAL PAST-DUE BUT NOT IMPAIRED LOANS	**11,783**	**326**	**66**	**217**	**12,392**	**6,138**

	31 December 2013(1)					
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			21	295	65
Loans and receivables due from customers	11,971	214	68	279	12,532	6,872
TOTAL PAST-DUE BUT NOT IMPAIRED LOANS	**12,245**	**214**	**68**	**300**	**12,827**	**6,937**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

DOUBTFUL LOANS

In millions of euros	31 December 2014			
	Doubtful loans			
	Gross value	Impairment	Net	Collateral received
Available-for-sale financial assets (excl. variable-income securities) (note 5.c)	201	(85)	116	
Loans and receivables due from credit institutions (note 5.f)	439	(230)	209	109
Loans and receivables due from customers (note 5.g)	42,896	(22,762)	20,134	13,190
Doubtful assets	**43,536**	**(23,077)**	**20,459**	**13,299**
Financing commitments given	461	(32)	429	321
Guarantee commitments given	1,076	(280)	796	-
Off-balance sheet doubtful commitments	**1,537**	**(312)**	**1,225**	**321**
TOTAL	**45,073**	**(23,389)**	**21,684**	**13,620**

In millions of euros	31 December 2013(1)			
	Doubtful loans			
	Gross value	Impairment	Net	Collateral received
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)	43,585	(21,755)	21,830	13,162
Doubtful assets	**44,468**	**(22,196)**	**22,272**	**13,450**
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	**46,215**	**(22,531)**	**23,684**	**13,894**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

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(2)	Amount(3) eligible to Tier 1	Amount(3) eligible to Tier 2	31 Dec 2014	31 Dec 2013(4)
Debt securities						1				48,171	**42,344**
Subordinated debt								**241**	**390**	**1,550**	**1,613**
Redeemable subordinated debt			(5)			2		-	352	733	817
Perpetual subordinated debt								241	38	817	796
BNP Paribas Fortis Dec. 2007	EUR	3,000	Dec.-14	3-month Euribor +200 bp	-	5	A	241		780	748
Others									38	37	48

(1) *The subordination ranking reflects where the debt stands in the order of priority for repayment against other financial liabilities.*
(2) *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.
(3) *Given the eligibility criteria and prudential adjustments, including the own credit risk and instruments amortisation.*
(4) *Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).*
(5) *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.*

The perpetual subordinated debt recognised at fair value through profit or loss mainly consists 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 2014, the net balance represents a subordinated liability of EUR 241 million that is eligible to Tier 1 capital (during the transitional period).

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*	2015	2016	2017	2018	2019	2020-2024	After 2024	Total at 31 Dec. 2014
Medium- and long-term debt securities	9,773	7,759	5,667	4,699	5,631	8,665	5,977	48,171
Redeemable subordinated debt	254	16	279	43		98	43	733
TOTAL	**10,027**	**7,775**	**5,946**	**4,742**	**5,631**	**8,763**	**6,020**	**48,904**

Maturity or call option date *In millions of euros*	2014	2015	2016	2017	2018	2019-2023	After 2023	Total at 31 Dec. 2013(1)
Medium- and long-term debt securities	9,496	6,866	6,412	4,578	4,783	5,641	4,568	42,344
Redeemable subordinated debt	98	244	16	281	43	97	38	817
TOTAL	**9,594**	**7,110**	**6,428**	**4,859**	**4,826**	**5,738**	**4,606**	**43,161**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

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[2]	Amount[3] eligible to Tier1	Amount[3] eligible to Tier2	31 Dec. 2014	31 Dec. 2013[4]
Debt securities										187,074	186,686
Debt securities in issue with an initial maturity of less than one year						**1**				**95,673**	**95,234**
Negotiable debt securities										95,673	95,234
Debt securities in issue with an initial maturity of more than one year						**1**				**91,401**	**91,452**
Negotiable debt securities										80,079	78,123
Bonds										11,322	13,329
Subordinated debt								83	7,934	13,936	11,824
Redeemable subordinated debt			(5)			**2**		**83**	**7,126**	**12,095**	**10,085**
Undated subordinated notes			(5)					**-**	**586**	**1,607**	**1,493**
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		226	226	199
BNP Paribas Fortis Oct. 04	EUR	1,000	Oct.-14	4.625%	3 months Euribor +170 bp	5	D				945
BNP Paribas Cardif Nov. 14	EUR	1,000	Nov.-25	4.032%	3 months Euribor +393 bp	3	E			1,000	
Other									106	127	95
Participating notes								**-**	**222**	**222**	**222**
BNP Paribas SA July 84[6]	EUR	337	-	(7)	-	4	NA		215	215	215
Other									7	7	7
Expenses and commission, related debt								**-**	**-**	**12**	**24**

(1) (5) See reference relating to "Debt securities at fair value through profit or loss".
(2) 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.
E Payment of the interest is mandatory, except for cases of regulatory deficiency, in agreement with the regulator, or of suspension of payments. Interest payments are cumulative and are payable in full, once coupon payments resume, or, if these events occur before, when the issuance is redeemed or when the issuer is liquidated.
(3) Given the eligibility criteria and prudential adjustments, including the own credit risk and instruments amortisation.
(4) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).
(6) The participating notes issued by BNP Paribas SA may be repurchased as provided for in the law of 3 January 1983. The number of notes in the market is 1,434,092.
(7) Depending on net income subject to a minimum of 85% of the TMO rate and a maximum of 130% of the TMO rate.

On 27 October 2014, BNP Paribas Fortis redeemed the perpetual subordinated notes issued in October 2004 for EUR 1 billion.

On 25 November 2014, BNP Paribas Cardif issued EUR 1 billion of undated subordinated notes.

On 20 January 2015, BancWest Corporation redeemed the EUR 100 million redeemable subordinated notes issued in July 1997. Their euro-equivalent value as at 31 December 2014 was EUR 83 million and they were eligible to Tier 1.

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*	2015	2016	2017	2018	2019	2020-2024	After 2024	Total at 31 Dec. 2014
Medium- and long-term debt securities	19,716	13,011	11,910	5,668	10,191	27,480	3,425	91,401
Redeemable subordinated debt	1,240	1,420	3,938	633	195	2,207	2,462	12,095
TOTAL	**20,956**	**14,431**	**15,848**	**6,301**	**10,386**	**29,687**	**5,887**	**103,496**

Maturity or call option date, *In millions of euros*	2014	2015	2016	2017	2018	2019-2023	After 2023	Total at 31 Dec. 2013(1)
Medium- and long-term debt securities	17,355	17,308	11,384	10,276	6,761	24,900	3,468	91,452
Redeemable subordinated debt	1,362	1,116	1,008	4,116	545	1,676	262	10,085
TOTAL	**18,717**	**18,424**	**12,392**	**14,392**	**7,306**	**26,576**	**3,730**	**101,537**

(1) *Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).*

5.j HELD-TO-MATURITY FINANCIAL ASSETS

In millions of euros	31 December 2014	31 December 2013(1)
Treasury bills and government bonds	8,836	9,752
Other fixed-income securities	129	129
TOTAL HELD-TO-MATURITY FINANCIAL ASSETS	**8,965**	**9,881**

(1) *Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).*

No held-to-maturity financial asset has been impaired as at 31 December 2014, nor as at 31 December 2013.

5.k CURRENT AND DEFERRED TAXES

In millions of euros	31 December 2014	31 December 2013(1)
Current taxes	1,470	1,460
Deferred taxes	7,159	7,390
Current and deferred tax assets	**8,629**	**8,850**
Current taxes	794	815
Deferred taxes	2,099	1,662
Current and deferred tax liabilities	**2,893**	**2,477**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

➤ CHANGE IN DEFERRED TAX OVER THE PERIOD:

In millions of euros	Year to 31 Dec. 2014	Year to 31 Dec. 2013(1)
NET DEFERRED TAXES AT START OF PERIOD	**5,728**	**5,828**
Net losses arising from deferred taxes *(note 3.h)*	(8)	(235)
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	(842)	(204)
Changes in deferred taxes linked to changes in value and reversal through profit or loss of changes in value of cash flow hedge derivatives	(424)	455
Changes in deferred taxes linked to items recognised directly in equity that will not be reclassified to profit and loss	143	(166)
Effect of exchange rate, scope and other movements	463	50
NET DEFERRED TAXES AT END OF PERIOD	**5,060**	**5,728**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

➤ BREAKDOWN OF DEFERRED TAX ASSETS AND LIABILITIES BY NATURE:

In millions of euros	31 December 2014	31 December 2013(1)
Available-for-sale financial assets, including those reclassified as loans and receivables	(1,292)	(450)
Unrealised finance lease reserve	(571)	(551)
Provisions for employee benefit obligations	1,191	993
Provisions for credit risk	3,155	2,827
Other items	109	135
Tax loss carryforwards	2,468	2,774
NET DEFERRED TAXES	**5,060**	**5,728**
Deferred tax assets	7,159	7,390
Deferred tax liabilities	(2,099)	(1,662)

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

Unrecognised deferred tax assets totalled EUR 1,836 million at 31 December 2014 compared with EUR 1,614 million at 31 December 2013.

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 2014	Statutory time limit on carryforwards	Expected recovery period
BNP Paribas Fortis	1,926	unlimited	7 years
BNP Paribas Securities Japan Ltd	84	9 years	9 years
Others	458		
TOTAL DEFERRED TAX ASSETS RELATING TO TAX LOSS CARRYFORWARDS	**2,468**		

5.l ACCRUED INCOME/EXPENSE AND OTHER ASSETS/LIABILITIES

In millions of euros	31 December 2014	31 December 2013[(1)]
Guarantee deposits and bank guarantees paid	65,765	41,009
Settlement accounts related to securities transactions	12,703	18,656
Collection accounts	427	389
Reinsurers' share of technical reserves	2,782	2,712
Accrued income and prepaid expenses	5,520	4,614
Other debtors and miscellaneous assets	22,891	21,276
TOTAL ACCRUED INCOME AND OTHER ASSETS	**110,088**	**88,656**
Guarantee deposits received	41,936	31,015
Settlement accounts related to securities transactions	13,908	19,222
Collection accounts	1,004	1,167
Accrued expense and deferred income	8,030	6,563
Other creditors and miscellaneous liabilities	22,920	20,414
TOTAL ACCRUED EXPENSE AND OTHER LIABILITIES	**87,798**	**78,381**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (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. 2014	Year to 31 Dec. 2013
REINSURERS' SHARE OF TECHNICAL RESERVES AT START OF PERIOD	**2,712**	**2,827**
Increase in technical reserves borne by reinsurers	415	218
Amounts received in respect of claims and benefits passed on to reinsurers	(347)	(327)
Effect of changes in exchange rates and scope of consolidation	2	(6)
REINSURERS' SHARE OF TECHNICAL RESERVES AT END OF PERIOD	**2,782**	**2,712**

5.m EQUITY-METHOD INVESTMENTS

Cumulated financial information of associates and joint ventures is presented in the following table:

In millions of euros	Year to 31Dec.2014			31 December 2014	Year to 31Dec.2013(1)			31 December 2013(1)
	Share of net income	Share of changes in assets and liabilities recognised directly in equity	Share of net income and changes in assets and liabilities recognised directly in equity	Equity-method investments	Share of net income	Share of changes in assets and liabilities recognised directly in equity	Share of net income and changes in assets and liabilities recognised directly in equity	Equity-method investments
Joint ventures	(26)	119	93	1,049	220	80	300	964
Associates(2)	434	367	801	6,322	317	(304)	13	5,597
TOTAL EQUITY-METHOD ENTITIES	**408**	**486**	**894**	**7,371**	**537**	**(224)**	**313**	**6,561**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).
(2) Including controlled but non material entities consolidated under the equity method.

Financing and guarantee commitments given by the Group to joint ventures are listed in the note 8.h Other related parties.

The carrying amount of the Group's investment in the main joint ventures and associates is presented in the following table:

In millions of euros	Country of registration	Activity	Interest (%)	31 December 2014	31 December 2013(1)
JOINT VENTURES					
Bpost banque	Belgium	Retail Banking	50%	405	328
Union de Creditos Inmobiliarios	Spain	Retail mortgage	50%	283	311
ASSOCIATES					
AG Insurance	Belgium	Insurance	25%	1,628	1,317
Klépierre	France	Shopping centre real estate	22%	880	986
Bank of Nanjing	China	Retail Banking	16%	730	540

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

5.n PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS USED IN OPERATIONS, INVESTMENT PROPERTY

	31 December 2014			31 December 2013[1]		
In millions of euros	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount
INVESTMENT PROPERTY	**1,871**	**(257)**	**1,614**	**2,054**	**(282)**	**1,772**
Land and buildings	7,364	(1,824)	5,540	7,001	(1,572)	5,429
Equipment, furniture and fixtures	6,989	(4,801)	2,188	6,557	(4,342)	2,215
Plant and equipment leased as lessor under operating leases	13,100	(4,037)	9,063	12,317	(4,044)	8,273
Other property, plant and equipment	2,340	(1,099)	1,241	1,967	(955)	1,012
PROPERTY, PLANT AND EQUIPMENT	**29,793**	**(11,761)**	**18,032**	**27,842**	**(10,913)**	**16,929**
Purchased software	3,036	(2,346)	690	2,520	(1,967)	553
Internally-developed software	3,713	(2,756)	957	3,205	(2,329)	876
Other intangible assets	1,668	(364)	1,304	1,420	(312)	1,108
INTANGIBLE ASSETS	**8,417**	**(5,466)**	**2,951**	**7,145**	**(4,608)**	**2,537**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

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 2014 is EUR 1,808 million, compared with EUR 1,983 million at 31 December 2013.

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 2014	31 December 2013[1]
Future minimum lease payments receivable under non-cancellable leases	**4,468**	**4,363**
Payments receivable within 1 year	*1,989*	*1,898*
Payments receivable after 1 year but within 5 years	*2,409*	*2,379*
Payments receivable beyond 5 years	*70*	*86*

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

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 2014 was EUR 1,551 million, compared with EUR 1,519 million for the year ended 31 December 2013.

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 2014 amounted to EUR 15 million, compared with EUR 11 million for the year ended 31 December 2013.

5.o GOODWILL

In millions of euros	Year to 31 Dec. 2014	Year to 31 Dec. 2013[1]
CARRYING AMOUNT AT START OF PERIOD	**9,846**	**10,163**
Acquisitions	503	302
Divestments	(13)	(86)
Impairment recognised during the period	(351)	(253)
Exchange rate adjustments	594	(250)
Other movements	(2)	(30)
CARRYING AMOUNT AT END OF PERIOD	**10,577**	**9,846**
Gross value	12,284	11,193
Accumulated impairment recognised at the end of period	(1,707)	(1,347)

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

Goodwill by cash-generating unit is as follows:

In millions of euros	Carrying amount		Impairment recognised during the period		Acquisitions of the period	
	31 December 2014	31 December 2013[1]	Year to 31Dec. 2014	Year to 31Dec. 2013[1]	Year to 31Dec. 2014	Year to 31Dec. 2013[1]
Goodwill						
Retail Banking	**8,252**	**7,624**	**(348)**	**(252)**	**451**	**240**
Arval	317	301				
BancWest	4,125	3,620				
Italian retail banking	917	1,214	(297)	(186)		
Leasing Solutions	138	137				
Personal Finance	1,376	1,196			178	
Personal Finance – partnership tested individually	438	489	(51)	(66)		
Personal Investors	553	391			166	
Turk Ekonomi Bankasi	251	240				240
Bank BGZ	102				107	
Other	35	36				
Investment Solutions	**1,640**	**1,587**	**(3)**	**(1)**	**33**	**62**
Insurance	292	258			33	
Investment Partners	169	160				
Real Estate	375	371		(1)		22
Securities Services	415	399				40
Wealth Management	389	399	(3)			
Corporate and Investment Banking	**682**	**632**			**19**	
Advisory and Capital Markets	408	363			19	
Corporate Banking	274	269				
Other Activities	**3**	**3**				
TOTAL GOODWILL	**10,577**	**9,846**	**(351)**	**(253)**	**503**	**302**
Negative goodwill				2		
CHANGE IN VALUE OF GOODWILL			**(351)**	**(251)**		

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

The homogeneous groups of businesses to which goodwill is allocated are:

- **Arval:** Specialist in multi-brand full-service corporate 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. BNP Paribas Personal Finance operates in around 30 countries, and through brands such as Cetelem, LaSer, Cofinoga, 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. In Germany, Bulgaria, France, Hungary and Italy, the lending and insurance offer of Personal Finance has been complemented by savings products. It is also developing an active strategy of partnerships with retail chains, car manufacturers and dealers, web merchants and other financial institutions (banking and insurance).

  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 corporate and investment services to individual clients, mainly through digital channels. It includes notably Cortal Consors, rebranded as Consorsbank (European specialist in online savings and brokerage in Germany, France and Spain), B*Capital and Geojit BNP Paribas.
- **Turk Ekonomi Bankasi:** Present mostly in Turkey, Turk Ekonomi Bankasi offers its customers (Retail, Corporate and SME) a wide array of financial products and services, including retail and Private Banking, treasury and capital markets services, and financing.
- **Bank BGŻ:** Bank BGŻ is a universal commercial bank, one of the leading banks in Poland for years. Through its network of about 400 branches, it offers services to retail and institutional clients, including a sizeable group of businesses in the food and agricultural sector.
- **Insurance:** BNP Paribas Cardif, a world leader in personal insurance, has designed, developed and marketed savings and protection products and services.

  BNP Paribas Cardif has developed new forms of insurance and extended its offer of protection to health insurance, budget insurance, revenue and means of payment insurance, warranty extensions, non-life insurance, unemployment insurance, return-to-work assistance, protection of private digital data, 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 Distributors line offering a wide range of savings and services solutions adapted to the needs of distributors and their customers; and an Asia Pacific & Emerging Markets division (combining local asset management companies and global skills to meet the needs of both institutional investors and distributors in these regions).
- **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.

The key parameters which are sensitive to the assumptions made are the cost of capital, the cost/income ratio, the cost of risk 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 to 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, the cost/income ratio in terminal value, the cost of risk in terminal value and the growth rate to perpetuity.

In 2014, the difficult Italian economic environment led to the recognition of a EUR 297 million impairment of the goodwill allocated to the BNL bc homogeneous group. An impairment of EUR 186 million had been recorded in 2013.

➤ 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 IN TERMINAL VALUE, A 5% POINT CHANGE OF THE COST OF RISK IN TERMINAL VALUE AND A 50-BASIS POINT CHANGE IN THE GROWTH RATE TO PERPETUITY

In millions of euros	BNL bc	BancWest	Personal Finance
Cost of capital	**10.0%**	**7.9%**	**9.2%**
Adverse change (+10 basis points)	(82)	(169)	(173)
Positive change (-10 basis points)	84	175	177
Cost/income ratio	**53.0%**	**58.1%**	**45.8%**
Adverse change (+1%)	(260)	(333)	(523)
Positive change (-1%)	260	333	523
Cost of risk	**(623)**	**(192)**	**(1,389)**
Adverse change (+5%)	(166)	(76)	(435)
Positive change (-5%)	166	76	435
Growth rate to perpetuity	**2.0%**	**2.0%**	**2.1%**
Adverse change (-50 basis points)	(271)	(374)	(443)
Positive change (+50 basis points)	305	443	511

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 would be no grounds for goodwill impairment even if the four most adverse scenarios contained in the table were applied to the impairment test.

5.p TECHNICAL RESERVES OF INSURANCE COMPANIES

In millions of euros	31 December 2014	31 December 2013
Liabilities related to insurance contracts	**128,396**	**118,785**
Gross technical reserves		
Unit-linked contracts	46,382	42,677
Other insurance contracts	82,014	76,108
Liabilities related to financial contracts with discretionary participation feature	**30,444**	**28,383**
Policyholders' surplus reserve – liability	**16,374**	**8,058**
TOTAL TECHNICAL RESERVES OF INSURANCE COMPANIES	**175,214**	**155,226**
Liabilities related to unit-linked financial contracts(1)	2,434	2,260
Liabilities related to general fund financial contracts		2
TOTAL LIABILITIES RELATED TO CONTRACTS WRITTEN BY INSURANCE COMPANIES	**177,648**	**157,488**

(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 2014, unchanged from 2013.

The movement in liabilities related to insurance contracts breaks down as follows:

In millions of euros	Year to 31 Dec. 2014	Year to 31 Dec. 2013
LIABILITIES RELATED TO INSURANCE CONTRACTS AT START OF PERIOD	**157,488**	**149,315**
Additions to insurance contract technical reserves and deposits taken on financial contracts related to life insurance	31,413	21,275
Claims and benefits paid	(14,339)	(15,579)
Effect of changes in value of admissible investments related to unit-linked business	2,513	2,768
Effect of movements in exchange rates	482	(494)
Effect of changes in the scope of consolidation	91	203
LIABILITIES RELATED TO INSURANCE CONTRACTS AT END OF PERIOD	**177,648**	**157,488**

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. 2013[(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. 2014
Provisions for employee benefits	**6,451**	**552**	**(757)**	**596**	**62**	**6,904**
of which post-employment benefits *(note 7.b)*	4,193	116	(179)	572	67	4,769
of which post-employment healthcare benefits *(note 7.b)*	131	2	(1)	24	9	165
of which provision for other long-term benefits *(note 7.c)*	1,040	265	(213)		(6)	1,086
of which provision for voluntary departure, early retirement plans, and headcount adaptation plan *(note 7.d)*	418	28	(56)		(8)	382
of which provision for share-based payments *(note 7.e)*	669	141	(308)			502
Provisions for home savings accounts and plans	**78**	**59**	**-**		**-**	**137**
Provisions for credit commitments ***(note 3.f)***	**1,002**	**10**	**(48)**		**50**	**1,014**
Provisions for litigations	**2,711**	**523**	**(1,081)**		**40**	**2,193**
Other provisions for contingencies and charges	**1,680**	**537**	**(147)**		**19**	**2,089**
TOTAL PROVISIONS FOR CONTINGENCIES AND CHARGES	**11,922**	**1,681**	**(2,033)**	**596**	**171**	**12,337**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

➤ PROVISIONS AND DISCOUNT FOR HOME SAVINGS ACCOUNTS AND PLANS

In millions of euros	31 December 2014	31 December 2013
Deposits collected under home savings accounts and plans	**16,287**	**15,390**
of which deposits collected under home savings plans	13,744	12,639
Aged more than 10 years	*3,840*	*4,837*
Aged between 4 and 10 years	*3,760*	*3,906*
Aged less than 4 years	*6,144*	*3,896*
Outstanding loans granted under home savings accounts and plans	**233**	**303**
of which loans granted under home savings plans	42	57
Provisions and discount recognised for home savings accounts and plans	**143**	**85**
provisions recognised for home savings plans	125	65
provisions recognised for home savings accounts	12	13
discount recognised for home savings accounts and plans	6	7

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 IFRS 7, 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 31December 2014	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	156,546		156,546			156,546
Loans	684		684			684
Repurchase agreements	270,731	(105,639)	165,092	(32,176)	(128,899)	4,017
Instruments designated as at fair value through profit or loss	78,827		78,827			78,827
Derivative financial instruments (including derivatives used for hedging purposes)	712,875	(280,611)	432,264	(350,206)	(33,258)	48,800
Loans and receivables due from customers and credit institutions	701,323	(572)	700,751	(878)	(3,516)	696,357
of which repurchase agreements	*4,503*		*4,503*	*(878)*	*(3,516)*	*109*
Accrued income and other assets	112,575	(2,487)	110,088		(39,669)	70,419
of which guarantee deposits paid	*65,765*		*65,765*		*(39,669)*	*26,096*
Other assets not subject to offsetting	433,507		433,507			433,507
TOTAL ASSETS	**2,467,068**	**(389,309)**	**2,077,759**	**(383,260)**	**(205,342)**	**1,489,157**

In millions of euros, at 31December 2014	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	78,912		78,912			78,912
Borrowings	4,136		4,136			4,136
Repurchase agreements	298,236	(105,639)	192,597	(31,353)	(149,703)	11,541
Instruments designated as at fair value through profit or loss	57,632		57,632			57,632
Derivative financial instruments (including derivatives used for hedging purposes)	713,854	(280,611)	433,243	(350,206)	(46,936)	36,101
Due to customers and to credit institutions	732,473	(572)	731,901	(1,701)	(8,121)	722,079
of which repurchase agreements	*10,448*		*10,448*	*(1,701)*	*(8,121)*	*626*
Accrued expense and other liabilities	90,285	(2,487)	87,798		(33,665)	54,133
of which guarantee deposits received	*41,936*		*41,936*		*(33,665)*	*8,271*
Other liabilities not subject to offsetting	397,899		397,899			397,899
TOTAL LIABILITIES	**2,373,427**	**(389,309)**	**1,984,118**	**(383,260)**	**(238,425)**	**1,362,433**

In millions of euros, at 31 December 2013[1]	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	157,735		157,735			157,735
Loans	445		445			445
Repurchase agreements	224,516	(72,925)	151,591	(39,879)	(109,137)	2,575
Instruments designated as at fair value through profit or loss	68,185		68,185			68,185
Derivative financial instruments (including derivatives used for hedging purposes)	593,513	(279,390)	314,123	(267,633)	(21,557)	24,933
Loans and receivables due from customers and credit institutions	670,848	(848)	670,000	(796)	(2,119)	667,085
of which repurchase agreements	*2,943*		*2,943*	*(774)*	*(2,119)*	*50*
Accrued income and other assets	90,791	(2,135)	88,656		(25,380)	63,276
Of which guarantee deposits paid	*41,009*		*41,009*		*(25,380)*	*15,629*
Other assets not subject to offsetting	359,787		359,787			359,787
TOTAL ASSETS	**2,165,820**	**(355,298)**	**1,810,522**	**(308,308)**	**(158,193)**	**1,344,021**

In millions of euros, at 31 December 2013[1]	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	69,792		69,792			69,792
Borrowings	3,758		3,758			3,758
Repurchase agreements	271,829	(72,925)	198,904	(38,362)	(152,625)	7,917
Instruments designated as at fair value through profit or loss	47,342		47,342			47,342
Derivative financial instruments (including derivatives used for hedging purposes)	592,968	(279,390)	313,578	(267,633)	(25,229)	20,716
Due to customers and to credit institutions	638,939	(848)	638,091	(2,313)	(9,115)	626,663
of which repurchase agreements	*11,879*		*11,879*	*(2,291)*	*(9,115)*	*473*
Accrued expense and other liabilities	80,516	(2,135)	78,381		(21,925)	56,456
Of which guarantee deposits received	*31,015*		*31,015*		*(21,925)*	*9,090*
Other liabilities not subject to offsetting	369,721		369,721			369,721
TOTAL LIABILITIES	**2,074,865**	**(355,298)**	**1,719,567**	**(308,308)**	**(208,894)**	**1,202,365**

Restated according to IFRS 10 and 11 and the amendment to IAS 32 (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, at	31 December 2014		31 December 2013(1)	
	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	2,104		2,086	
Securities classified as loans and receivables	20		-	
Available-for-sale financial assets	56		-	
Repurchase agreements				
Securities at fair value through profit or loss	55,976	55,188	68,336	66,710
Securities classified as loans and receivables	1,215	1,180	1,650	1,440
Available-for-sale financial assets	11,884	11,878	10,800	10,789
Other transactions				
Securities at fair value through profit or loss	477	477	927	828
TOTAL	**71,732**	**68,723**	**83,799**	**79,767**

(1) *Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).*

SECURITISATION TRANSACTIONS PARTIALLY REFINANCED BY EXTERNAL INVESTORS, WHOSE RECOURSE IS LIMITED TO THE TRANSFERRED ASSETS:

In millions of euros, at 31 December 2014	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	64	56	64	56	8
Loans and receivables	15,159	13,450	15,484	13,376	2,108
Available-for-sale financial assets	393	359	365	322	43
TOTAL	**15,616**	**13,865**	**15,913**	**13,754**	**2,159**

In millions of euros, at 31 December 2013(1)	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	16,254	15,264	16,563	15,335	1,228
Available-for-sale financial assets	456	511	441	480	(39)
TOTAL	**16,765**	**15,829**	**17,059**	**15,869**	**1,190**

(1) *Restated according to IFRS 10 and 11 and to the amendment to IAS 32 (see notes 1.a and 2).*

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 2014	31 December 2013(1)
Financing commitments given		
to credit institutions	**3,626**	**5,624**
to customers	**242,755**	**201,268**
Confirmed letters of credit	202,363	165,565
Other commitments given to customers	40,392	35,703
TOTAL FINANCING COMMITMENTS GIVEN	**246,381**	**206,892**
Financing commitments received		
from credit institutions	**104,857**	**89,774**
from customers	**2,180**	**3,429**
TOTAL FINANCING COMMITMENTS RECEIVED	**107,037**	**93,203**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

6.b GUARANTEE COMMITMENTS GIVEN BY SIGNATURE

In millions of euros	31 December 2014	31 December 2013(1)
Guarantee commitments given		
to credit institutions	**10,583**	**12,600**
to customers	**80,154**	**79,694**
Property guarantees	1,066	971
Sureties provided to tax and other authorities, other sureties	51,120	47,239
Other guarantees	27,968	31,484
TOTAL GUARANTEE COMMITMENTS GIVEN	**90,737**	**92,294**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

6.c OTHER GUARANTEE COMMITMENTS

➤ FINANCIAL INSTRUMENTS GIVEN AS COLLATERAL:

In millions of euros	31 December 2014	31 December 2013(1)
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	**118,764**	**93,153**
Used as collateral with central banks	22,761	17,426
Available for refinancing transactions	96,003	75,727
Securities sold under repurchase agreements	**301,444**	**261,508**
Other financial assets pledged as collateral for transactions with credit institutions, financial customers or subscribers of covered bonds issued by the Group(2)	**161,472**	**143,856**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).
(2) 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 385,415 million at 31 December 2014 (EUR 334,678 million at 31 December 2013).

➤ FINANCIAL INSTRUMENTS RECEIVED AS COLLATERAL:

In millions of euros	31 December 2014	31 December 2013(1)
Financial instruments received as collateral (excluding repurchase agreements)	**89,283**	**63,119**
of which instruments that the Group is authorised to sell and reuse as collateral	*40,317*	*30,780*
Securities received under repurchase agreements	**271,548**	**194,968**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

The financial instruments received as collateral or under repurchase agreements that the Group effectively sold or reused as collateral amounted to EUR 226,850 million at 31 December 2014 (compared with EUR 171,241 million at 31 December 2013).

Note 7 SALARIES AND EMPLOYEE BENEFITS

7.a SALARY AND EMPLOYEE BENEFIT EXPENSE

In millions of euros	Year to 31 Dec. 2014	Year to 31 Dec. 2013(1)
Fixed and variable remuneration, incentive bonuses and profit-sharing	10,779	10,501
Employee benefit expense	3,487	3,475
Payroll taxes	535	454
TOTAL SALARY AND EMPLOYEE BENEFIT EXPENSE	**14,801**	**14,430**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (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 2014 was EUR 551 million, compared with EUR 536 million for the year to 31 December 2013.

The breakdown by major contributors is determined as follows:

Contribution amount *In millions of euros*	Year to 31 Dec. 2014	Year to 31 Dec. 2013[(1)]
France	292	283
Italy	57	67
UK	44	44
USA	29	28
Turkey	41	30
Others	88	84
TOTAL	**551**	**536**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

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 89% at 31 December 2014 (compared with 87% at 31 December 2013) 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 74% at 31 December 2014 (80% at 31 December 2013) through AXA Belgium and AG Insurance. As of 1 January 2015, this plan is closed for new senior managers. They will be offered a new defined-contribution scheme with guaranteed returns, which will also be open to current senior managers who would like to join this scheme.

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 review ensures that the financial assets are sufficient to honour the guaranteed return imposed upon the employer. At 31 December 2014, the amount of assets is 5% higher than that of obligations (7% at 31 December 2013).

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 2014, 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 2014, 91% of these pension plans were funded through insurance companies (87% at 31 December 2013).

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 generally based on final salary and number of years of service. Pension schemes are managed by independent management bodies (Trustees). At 31 December 2014, obligations for all UK entities were 96% covered by financial assets, compared with 99% at 31 December 2013.

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 2014, obligations were 97% covered by financial assets, compared with 100% at the end of 2013.

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 2014, the obligation was 70% covered by financial assets, compared with 82% at 31 December 2013.

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 2014, 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 2014 reached 195% (204% at 31 December 2013).

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 2014, this obligation was 79% covered by financial assets, compared with 84% at 31 December 2013.

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.

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 2014	*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	3,196	19	3,215	(33)	(2,778)		404	(2,778)		(2,778)	3,182
France	1,584	135	1,719	(1,265)			454				454
UK	1,470	1	1,471	(1,410)			61	(12)	(12)		73
Switzerland	908	16	924	(882)			42				42
USA	646	169	815	(572)			243	(2)	(2)		245
Italy		432	432				432				432
Turkey	253	36	289	(492)		239	36				36
Others	583	156	739	(440)	(24)		275	(30)	(6)	(24)	305
TOTAL	**8,640**	**964**	**9,604**	**(5,094)**	**(2,802)**	**239**	**1,947**	**(2,822)**	**(20)**	**(2,802)**	**4,769**

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[2]*	**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	128	1,577	(1,233)			344				344
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**	**872**	**8,392**	**(4,477)**	**(2,658)**	**219**	**1,476**	**(2,717)**	**(59)**	**(2,658)**	**4,193**

(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 IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).*

➤ CHANGE IN THE PRESENT VALUE OF THE DEFINED-BENEFIT OBLIGATION

In millions of euros	Year to 31 Dec. 2014	Year to 31 Dec. 2013[1]
PRESENT VALUE OF DEFINED-BENEFIT OBLIGATION AT START OF PERIOD	**8,392**	**8,662**
Current service cost	269	272
Interest cost	240	218
Past service cost	(2)	(12)
Settlements	(10)	(10)
Actuarial (gains)/losses on change in demographic assumptions	52	(10)
Actuarial (gains)/losses on change in financial assumptions	988	(353)
Actuarial (gains)/losses on experience gaps	(152)	122
Actual employee contributions	24	24
Benefits paid directly by the employer	(108)	(120)
Benefits paid from assets/reimbursement rights	(354)	(367)
Exchange rate (gains)/losses on obligation	222	(129)
(Gains)/losses on obligation related to changes in the consolidation scope	46	81
Others	(3)	14
PRESENT VALUE OF DEFINED-BENEFIT OBLIGATION AT END OF PERIOD	**9,604**	**8,392**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

➤ CHANGE IN THE FAIR VALUE OF PLAN ASSETS AND REIMBURSEMENT RIGHTS

In millions of euros	Plan assets		Reimbursement rights	
	Year to 31 Dec. 2014	Year to 31 Dec. 2013	Year to 31 Dec. 2014	Year to 31 Dec. 2013
FAIR VALUE OF ASSETS AT START OF PERIOD	**4,477**	**4,148**	**2,658**	**2,639**
Expected return on assets	157	120	64	62
Settlements	(6)			
Actuarial gains/(losses) on assets	284	229	112	13
Actual employee contributions	14	14	10	10
Employer contributions	162	202	110	112
Benefits paid from assets	(199)	(189)	(155)	(178)
Exchange rate gains/(losses) on assets	203	(141)		
Gains/(losses) on assets related to changes in the consolidation scope	1	123	3	1
Others	1	(29)		(1)
FAIR VALUE OF ASSETS AT END OF PERIOD	**5,094**	**4,477**	**2,802**	**2,658**

COMPONENTS OF THE COST OF DEFINED-BENEFIT PLANS

In millions of euros	Year to 31 Dec. 2014	Year to 31 Dec. 2013[1]
Service costs	**263**	**250**
Current service cost	269	272
Past service cost	(2)	(12)
Settlements	(4)	(10)
Net financial expense	**38**	**55**
Interest cost	240	218
Interest income on plan asset	(138)	(101)
Interest income on reimbursement rights	(64)	(62)
TOTAL RECOGNISED IN SALARY AND EMPLOYEE BENEFIT EXPENSE	**301**	**305**

(1) *Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).*

OTHER ITEMS RECOGNISED DIRECTLY IN EQUITY

In millions of euros	Year to 31 Dec. 2014	Year to 31 Dec. 2013[1]
Other items recognised directly in equity	**(463)**	**513**
Actuarial (losses)/gains on plan assets or reimbursement rights	396	242
Actuarial (losses)/gains of demographic assumptions on the present value of obligations	(52)	10
Actuarial (losses)/gains of financial assumptions on the present value of obligations	(988)	353
Experience (losses)/gains on obligations	152	(122)
Variation of the effect of assets limitation	29	30

(1) *Restated according to IFRS 10 and 11 and the amendment to IAS 32 (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 ranges of rates used are as follows:

	31 December 2014		31 December 2013	
In %	Discount rate	Compensation increase rate[1]	Discount rate	Compensation increase rate[1]
Belgium	0.40%-1.50%	1.95%-3.30%	1.20%-3.25%	1.95%-3.70%
France	0.70%-1.50%	2.00%-3.00%	2.09%-3.17%	2.30%-3.30%
UK	3.40%-4.10%	2.00%-4.75%	3.40%-4.30%	2.00%-4.50%
Switzerland	1.10%-1.30%	2.20%	1.30%-2.10%	2.20%
USA	4.15%	4.00%	4.95%	4.00%
Italy	0.70%-2.20%	2.80%	1.90%-3.00%	2.20%
Turkey	8.60%	6.00%	9.92%-10.10%	7.50%

(1) *Including price increases (inflation)*

Observed weighted average rates are as follows:

- in the Eurozone: 1.06% at 31 December 2014 (2.34% at 31 December 2013);
- in the United Kingdom: 3.40% at 31 December 2014 (4.30% at 31 December 3013);
- in Switzerland: 1.10% at 31 December 2014 (2.10% at 31 December 2013).

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 2014		31 December 2013[1]	
	Discount rate -100bp	Discount rate +100bp	Discount rate -100bp	Discount rate +100bp
Belgium	269	(225)	228	(168)
France	181	(150)	152	(133)
UK	365	(273)	248	(227)
Switzerland	140	(108)	76	(75)
USA	108	(91)	75	(64)
Italy	36	(30)	34	(29)
Turkey	20	(16)	21	(16)

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

➤ ACTUAL RATE OF RETURN ON PLAN ASSETS AND REIMBURSEMENT RIGHTS OVER THE PERIOD

In %[1]	Year to 31 December 2014	Year to 31 December 2013
Belgium	1.30%-8.30%	2.30%-6.20%
France	3.60%	3.70%
UK	3.30%-21.00%	7.60%-12.10%
Switzerland	7.80%-8.00%	6.40%-7.00%
USA	6.22%-11.94%	9.79%-15.77%
Turkey	8.72%	5.82%

(1) Range of value, reflecting the existence of several plans in the same country.

Observed weighted average rates are as follows:

- in Belgium: 6.68% at 31 December 2014 (2.99% at 31 December 2013);
- in the United Kingdom: 17.07% at 31 December 2014 (8.24% at 31 December 3013);
- in Switzerland: 7.94% at 31 December 2014 (6.43% at 31 December 2013);
- in the United States: 7.57% at 31 December 2014 (12.88% at 31 December 2013).

➤ BREAKDOWN OF PLAN ASSETS

In %	31 December 2014						31 December 2013					
	Shares	Governmental bonds	Non-Governmental bonds	Real-estate	Deposit accounts	Others	Shares	Governmental bonds	Non-Governmental bonds	Real-estate	Deposit accounts	Others
Belgium	2%	63%	17%	0%	0%	18%	2%	63%	17%	0%	0%	18%
France	6%	68%	18%	8%	0%	0%	7%	62%	22%	9%	0%	0%
UK	31%	50%	12%	0%	2%	5%	40%	44%	14%	0%	1%	1%
Switzerland	38%	34%	0%	13%	4%	11%	33%	34%	0%	13%	9%	11%
USA	48%	24%	26%	2%	0%	0%	48%	17%	19%	1%	0%	15%
Turkey	0%	1%	0%	5%	91%	3%	0%	3%	0%	5%	91%	1%
Others	10%	15%	12%	1%	13%	49%	12%	14%	10%	1%	15%	48%
GROUP	**15%**	**49%**	**14%**	**3%**	**7%**	**12%**	**16%**	**47%**	**14%**	**4%**	**7%**	**12%**

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 165 million at 31 December 2014, up from EUR 131 million at 31 December 2013, i.e. an increase of EUR 34 million in 2014, compared with a decrease of EUR 16 million in 2013.

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 520 million at 31 December 2014 (EUR 450 million at 31 December 2013).

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.

Since 2013, BNP Paribas has 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 and the ISIS plan amounts to EUR 456 million at 31 December 2014 (EUR 457 million at 31 December 2013).

In millions of euros	31 December 2014	31 December 2013[1]
Net provisions for other long-term benefits	**976**	**907**
Asset recognised in the balance sheet under the other long-term benefits	(110)	(133)
Obligation recognised in the balance sheet under the other long-term benefits	1,086	1,040

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

7.d TERMINATION BENEFITS

BNP Paribas has implemented a number of voluntary redundancy plans and headcount adaptation plans 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 2014	31 December 2013[1]
Provision for voluntary departure, early retirement plans, and headcount adaptation plans	382	418

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

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.

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, and following the new provisions of the European Directive CRD4 of 26 July 2013 transposed into the French law in the Monetary and Financial Code by the Order of 20 February 2014 as well as the Decrees and Orders of 3 November 2014 and the delegated European regulation of 4 March 2014, the variable compensation plans apply to Group employees performing activities that may have a material impact on the Group's risk profile.

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, in accordance with the regulatory requirements in force, 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

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 duration of the options granted is 8 years.

Performance shares awarded between 2009 and 2012 vest after a period of 3 or 4 years, depending on the case and provided that 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 has been 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 seven out of thirty 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 ten 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

	Year to 31 Dec. 2014				Year to 31 Dec. 2013
Expense/(revenue) *In millions of euros*	Stock subscription and purchase option plans	Performance share plans	Variable deferred compensation plans	Total expense	Total expense
Prior deferred compensation plans			(80)	(80)	128
Deferred compensation plans for the year			221	221	256
Global Share-Based Incentive Plan	7	12		19	48
TOTAL	**7**	**12**	**141**	**160**	**432**

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 of the 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 last performance shares were granted in 2012.

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 2014:

STOCK SUBSCRIPTION OPTION PLANS

Characteristics of the plan							Options outstanding at end of period	
Originating company	Date of grant	Number of grantees	Number of options granted	Start date of exercise period	Option expiry date	Adjusted exercise price (in euros)(1)	Number of options(1)	Remaining period until expiry of options (years)
BNP Paribas SA(2)	08/03/2007	2,023	3,630,165	08/03/2011	06/03/2015	80.66	3,088,106	0.2
BNP Paribas SA(2)	06/04/2007	219	405,680	06/04/2011	03/04/2015	76.57	332,397	0.3
BNP Paribas SA(2)	18/04/2008	2,402	3,985,590	18/04/2012	15/04/2016	64.47	3,473,714	1.3
BNP Paribas SA(2)	06/04/2009	1,397	2,376,600	08/04/2013	05/04/2017	35.11	1,279,300	2.3
BNP Paribas SA(2)	05/03/2010	1,820	2,423,700	05/03/2014	02/03/2018	51.20	2,107,600	3.2
BNP Paribas SA(2)	04/03/2011	1,915	2,296,820	04/03/2015	04/03/2019	56.45	2,135,760	4.2
TOTAL OPTIONS OUTSTANDING AT END OF PERIOD							**12,416,877**	

(1) The number of options and the exercise price have been adjusted, where appropriate, for the detachment of pre-emptive subscription rights on 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 67.74 for 222,596 options under the 4 March 2011 plan, outstanding at the year-end.

PERFORMANCE SHARE PLANS

Characteristics of the plan						Number of shares outstanding at end of period
Originating company	Date of grant	Number of grantees	Number of shares granted	Vesting date of shares granted	Expiry date of holding period for shares granted	
BNP Paribas SA(1) (2)	06/04/2009	2,247	359,930	10/04/2012	10/04/2014	108
BNP Paribas SA(1)	05/03/2010	2,536	510,445	05/03/2013	05/03/2015	294
BNP Paribas SA(1)	05/03/2010	2,661	487,570	05/03/2014	05/03/2014	742
BNP Paribas SA(1)	04/03/2011	2,574	541,415	04/03/2014	04/03/2016	1,329
BNP Paribas SA	04/03/2011	2,743	499,035	04/03/2015	04/03/2015	362,923
BNP Paribas SA	06/03/2012	2,610	1,072,480	09/03/2015	09/03/2017	1,026,015
BNP Paribas SA	06/03/2012	2,755	849,455	07/03/2016	07/03/2016	787,730
TOTAL SHARES OUTSTANDING AT END OF PERIOD						**2,179,141**

(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. 2014		Year to 31 Dec. 2013	
	Number of options	Weighted average exercise price *(in euros)*	Number of options	Weighted average exercise price *(in euros)*
OPTIONS OUTSTANDING AT 1 JANUARY	**17,441,393**	**63.11**	**25,458,221**	**59.24**
Options exercised during the period	(1,185,557)	44.94	(2,900,848)	37.16
Options expired during the period	(3,838,959)		(5,115,980)	
OPTIONS OUTSTANDING AT 31 DECEMBER	**12,416,877**	**62.16**	**17,441,393**	**63.11**
OPTIONS EXERCISABLE AT 31 DECEMBER	**10,281,117**	**63.35**	**12,983,643**	**66.31**

The average quoted stock market price over the option exercise period in 2014 was EUR 56.99 (EUR 46.25 in 2013).

PERFORMANCE SHARE PLANS

	Year to 31 Dec. 2014	Year to 31 Dec. 2013
	Number of shares	Number of shares
SHARES OUTSTANDING AT 1 JANUARY	**3,264,620**	**4,127,061**
Shares vested during the period	(773,316)	(676,025)
Shares expired during the period	(312,163)	(186,416)
SHARES OUTSTANDING AT 31 DECEMBER	**2,179,141**	**3,264,620**

Note 8 ADDITIONAL INFORMATION

8.a CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

At 31 December 2014, the share capital of BNP Paribas SA amounted to EUR 2,491,915,350, and was divided into 1,245,957,675 shares. The nominal value of each share is EUR 2. At 31 December 2013, the share capital amounted to EUR 2,490,325,618 and was divided into 1,245,162,809 shares.

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 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**
Acquisitions	1,987,822	99			1,987,822	99
Disposals	(650,904)	(35)			(650,904)	(35)
Shares delivered to employees	(773,316)	(32)			(773,316)	(32)
Capital decrease	(390,691)	(30)			(390,691)	(30)
Other movements			(2,867,888)	(138)	(2,867,888)	(138)
Shares held at 31 December 2014	**2,971,853**	**140**	**(3,243,468)**	**(160)**	**(271,615)**	**(20)**

(1) Transactions realised in the framework of an activity of trading and arbitrage transactions on equity indices.

At 31 December 2014, the BNP Paribas Group was a net seller of 271,615 BNP Paribas shares representing an amount of EUR 20 million, which was recognised as an increase in equity.

BNP Paribas held 390,691 shares from the public tender launched in 2006 on Banca Nazionale del Lavoro (BNL). They were cancelled following the decision of the Board of Directors made on 18 December 2014.

In 2014, BNP Paribas SA has acquired on the market 1,320,384 shares, at an average price of EUR 48.60 per share with a par value of EUR 2, with the aim of honouring the obligations relating to the allocation of shares to employees.

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 667,438 shares in 2014 at an average share price of EUR 51.72, and sold 650,904 shares at an average share price of EUR 51.98. At 31 December 2014, 172,866 shares worth EUR 8.4 million were held by BNP Paribas SA under this agreement.

From 1 January 2014 to 31 December 2014, 773,316 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.

The LaSer group, which has been fully consolidated since 25 July 2014, made in 2003 and 2004 three issues of undated non-voting preferred shares through special purpose entities governed by UK law and exclusively controlled by this group. The 2003 issue was fully reimbursed in March 2013. The preferred shares issued in 2004 paid a non-cumulative preferred dividend for a ten-year period, at an indexed rate. After this ten-year period, they are redeemable at par at the issuer's discretion at each quarterly coupon date.

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	TEC 10(1) +1.35%	10 years	TEC 10(1) +1.35%
TOTAL AT 31 DECEMBER 2014			**73(2)**			

(1) TEC 10 is the daily long-term government bond index, corresponding to the yield-to-maturity of a fictitious 10-year Treasury note.
(2) Value at the date of acquisition of control over the LaSer group.

These issues and the related 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	5.954%	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 2014		**6,589(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 2014, the BNP Paribas Group held EUR 40 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.

	Year to 31 Dec. 2014	Year to 31 Dec. 2013(1)
Net profit/(loss) used to calculate basic and diluted earnings per ordinary share *(in millions of euros)*(2)	**(83)**	**4,566**
Weighted average number of ordinary shares outstanding during the year	**1,241,924,953**	**1,241,250,435**
Effect of potentially dilutive ordinary shares	2,480,136	2,957,952
Stock subscription option plan(3)	485,047	416,584
Performance share attribution plan(3)	1,995,089	2,541,368
Weighted average number of ordinary shares used to calculate diluted earnings per share	**1,244,405,089**	**1,244,208,387**
Basic earnings/(losses) per share *(in euros)*	**(0.07)**	**3.68**
Diluted earnings/(losses) per share *(in euros)*	**(0.07)**	**3.67**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).
(2) The net profit/(loss) used to calculate basic and diluted earnings per share is the net profit/(loss) 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 2014 out of the 2013 net income amounted to EUR 1.50, unchanged as compared with the dividend paid in 2013 out of the 2012 net income.

8.b 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. In two decisions dated 19 September 2014, and 9 December 2014, respectively, the Court of Appeals affirmed the dismissal of the complaint filed by the Republic of Iraq.

The Bank and certain of its subsidiaries are defendants in several actions pending before the United States Bankruptcy Court Southern District of New York brought by the Trustee appointed for the liquidation of Bernard L. Madoff Investment Securities LLC ("BLMIS"). These actions, known generally as "clawback claims", are similar to those brought by the BLMIS Trustee against numerous institutions, and seek recovery of amounts allegedly received by the BNP Paribas entities from BLMIS or indirectly through BLMIS-related "feeder funds" in which BNP Paribas entities held interests. The BLMIS Trustee claims in these actions that the amounts which BNP Paribas entities received are avoidable and recoverable under the U.S. Bankruptcy Code and New York state law. In the aggregate, the amounts sought to be recovered in these actions approximates USD 1.3 billion. BNP Paribas has substantial and credible defenses to these actions and is defending against them vigorously.

Various litigations and investigations 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 are litigations brought by shareholder groups in The Netherlands and Belgium against Ageas and, among others, against BNP Paribas Fortis, in relation to its role as global coordinator of Fortis (now Ageas)'s capital increase in October 2007 to partly finance its acquisition of ABN Amro Bank N.V. Those groups of shareholders mainly allege that there has been a breach in the financial communication, as, inter alia, the disclosure regarding the exposure to subprime mortgages.

The Bank is vigorously defending itself in these proceedings. The Court of Appeal of Amsterdam upheld on 29 July 2014 the ruling of the Dutch Court of first instance that Ageas was liable for mismanagement in relation to its financial communication during the period in question. BNP Paribas Fortis is not a party to this case.

If these litigations and investigations were to be successful, they could eventually result in monetary consequences for BNP Paribas Fortis. Such impact is unquantifiable at this stage.

Regulatory and law enforcement authorities in multiple jurisdictions are conducting investigations or making inquiries of a number of financial institutions regarding trading on the foreign exchange markets, including, among other things, possible collusion among financial institutions to manipulate certain benchmark currency exchange rates. The Bank has to date received requests for information in this respect from regulatory and law enforcement authorities in the United Kingdom, the United States and several countries in the Asia-Pacific region as well as from the European Competition Commission. The Bank is cooperating with the investigations and inquiries and responding to the information requests. In November 2014 the Financial Conduct Authority in the United Kingdom and in December 2014 the Hong Kong Monetary Authority informed the Bank that they had discontinued their investigation as to BNP Paribas. Moreover the Bank is conducting its own internal review of foreign exchange trading. While this review is ongoing, the Bank is not in a position to foresee the outcome of these investigations and proceedings nor their potential impact.

The Bank, along with eleven other financial institutions, was named as a defendant in a consolidated civil action filed in March 2014 in the U.S. District Court for the Southern District of New York on behalf of a purported class of plaintiffs alleging manipulation of foreign exchange markets. The plaintiffs allege in particular that the defendants colluded to manipulate the WM/Reuters rate (WMR), thereby causing the putative classes to suffer losses in connection with WMR-based financial instruments. The plaintiffs assert U.S. federal and state antitrust claims and claims for unjust enrichment, and seek compensatory damages, treble damages where authorized by statute, restitution, and declaratory and injunctive relief. The Bank and its co-defendants have filed a motion to dismiss the consolidated complaint, which was denied on 28 January 2015 in respect of the class of U.S. plaintiffs but was granted in respect of the class of non-U.S. plaintiffs. The Bank is vigorously contesting the allegations in the lawsuit.

8.c BUSINESS COMBINATIONS

Operations realised in 2014

LaSer group

On 25 July 2014, BNP Paribas Personal Finance acquired the 50% interest held by its partner, the Galeries Lafayette group, in the LaSer group, previously consolidated under the equity method. This acquisition is linked to the decision of the Galeries Lafayette group to exercise its sale option under the partnership agreements. The parties are involved in an arbitration.

Following this acquisition, the BNP Paribas Group took control of the LaSer group, and the latter is fully consolidated.

The change in the consolidation method has a EUR 63 million impact on the Group's profit and loss account. The estimated goodwill for the LaSer group amounts to EUR 131 million.

The Group's balance sheet increased by EUR 2.9 billion as a result of this additional acquisition with change of control; "Loans and receivables", in particular, rose by EUR 2.2 billion.

Bank BGŻ

Following a takeover bid during the second half of 2014 (finalised on 17 October 2014), BNP Paribas acquired an 88.98% interest in Bank BGŻ, 88.64% of which was contributed by Rabobank. As a result of this transaction, Bank BGŻ is fully consolidated by the BNP Paribas Group.

Goodwill for Bank BGŻ was EUR 107 million at the acquisition date.

A squeeze-out for the remaining 1.02% minority interest was launched on 23 December 2014 and completed on 7 January 2015. As at

31 December 2014, this commitment was recognised in liabilities in respect of the minority shareholders.

This acquisition adds EUR 8.7 billion to the Group's balance sheet. In particular, "Loans and receivables due from customers" rose by EUR 7.1 billion and amounts due to customers increased by EUR 7.6 billion.

Bank BGŻ is a Polish credit institution which specialises in the food and agricultural sector.

DAB Bank

BNP Paribas acquired a 91.7% stake in DAB Bank in the second half of 2014, following an agreement with Unicredit and a takeover bid finalised on 17 December 2014. 81.4% was contributed by Unicredit. As a result of this transaction, DAB Bank is fully consolidated by the BNP Paribas Group.

Goodwill arising from the transaction at acquisition date was EUR 166 million.

The effect of this acquisition is to increase the Group's balance sheet by EUR 5.3 billion, with notably EUR 3.4 billion added to "Available-for-sale financial assets" and EUR 5.2 billion to "Due to customers".

This acquisition strengthens the digital banking activity in Germany, and also lays the foundations for the expansion of the bank's retail business in Austria.

RCS

BNP Paribas Personal Finance acquired RCS Investments Holdings on 6 August 2014. As a result of this transaction, RCS is fully consolidated by the BNP Paribas Group.

Goodwill for RCS amounted to EUR 47 million at the acquisition date.

As a result of this acquisition, the Group's balance sheet rose by EUR 251 million at the acquisition date, with, in particular, "Loans and receivables due from customers" increasing by EUR 338 million.

RCS is a South-African consumer finance institution which develops retail credit cards with distributors and grants individual loans.

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 led to the full consolidation of the TEB ensemble.

The change in the consolidation method had a EUR -2 million impact on the Group's profit and loss account. The goodwill related to the TEB group amounted, at 31 December 2013, to TRY 708 million, or EUR 240 million.

The TEB group, fully consolidated since 20 December 2013, was previously proportionally consolidated. The application of IFRS 11 led to the consolidation of the TEB group under the equity method in the restated balance sheet as at 1 January 2013. As a result of the change of control, the Group's balance sheet rose by EUR 18 billion as at 31 December 2013; in particular, "Loans and receivables" due from customers increased by EUR 13.4 billion and "Amounts due to customers" was up by EUR 11.7 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.

8.d MINORITY INTERESTS

Main minority interests

The assessment of the material nature of minority interests is based on the contribution of the relevant subsidiaries to the Group balance sheet (before elimination of intra-group balances and transactions) and to the Group profit and loss account.

	31 December 2014	Year to 31Dec.2014						
In millions of euros	Total assets before elimination of intra-group transactions	Revenues	Net income	Net income and changes in assets and liabilities recognised directly in equity	Minority shareholders' interest (%)	Net income attributable to minority interests	Net income and changes in assets and liabilities recognised directly in equity – attributable to minority interests	Dividends paid to minority shareholders
Contribution of the entities belonging to the BGL BNP Paribas Group	63,917	1,546	437	668	34%	163	245	59
Other minority interests						187	244	48
TOTAL						**350**	**489**	**107**

In millions of euros	31 December 2013	Year to 31 Dec.2013						
	Total assets before elimination of intra-group transactions	Revenues	Net income	Net income and changes in assets and liabilities recognised directly in equity	Minority shareholders' interest (%)	Net income attributable to minority interests	Net income and changes in assets and liabilities recognised directly in equity – attributable to minority interests	Dividends paid to minority shareholders
Contribution of the entities belonging to the BGL BNP Paribas Group	60,888	1,631	524	428	34%	224	183	99
Other minority interests						379	6	82
TOTAL						**603**	**189**	**181**

There are no particular contractual restrictions on the assets of the BGL BNP Paribas Group related to the presence of the minority shareholder.

➤ INTERNAL RESTRUCTURING THAT LED TO A CHANGE IN MINORITY SHAREHOLDERS' INTEREST IN THE EQUITY OF SUBSIDIARIES

In millions of euros	31 December 2014		31 December 2013	
	Attributable to shareholders	Minority interests	Attributable to shareholders	Minority interests
Sale of assets by BNP Paribas SA to BNP Paribas Fortis			78	(83)
TOTAL	**-**	**-**	**78**	**(83)**

➤ 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 2014		31 December 2013	
	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)
BNP Paribas Bank Polska				
BNP Paribas Bank Polska SA realised a capital increase, fully subscribed by external investors. The Group's interest in this entity decreases from 99.83% to 84.94%.	(15)	67		
Turk Ekonomi Bankasi				
BNP Paribas Fortis Yatirimlar Holding bought out minority shareholders' interests representing 1.01% of the capital, lifting its interest pourcentage of Turk Ekonomi Bankasi AS to 69.48%	16	(35)		
Other	11	(11)		
TOTAL	**12**	**21**	**911**	**(4,161)**

➤ COMMITMENTS TO REPURCHASE MINORITY SHAREHOLDERS' INTERESTS

In connection with the acquisition of certain entities, the Group granted minority shareholders put options on their holdings.

The total value of these commitments, which are recorded as a reduction in shareholders' equity, amounts to EUR 853 million at 31 December 2014, compared with EUR 773 million at 31 December 2013.

8.e SIGNIFICANT RESTRICTIONS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Significant restrictions related to the ability of entities to transfer cash to the Group

The ability of entities to pay dividends or to repay loans and advances depends, *inter alia*, on local regulatory requirements for capitalisation and legal reserves, as well as the entities' financial and operating performance. During 2013 and 2014, no BNP Paribas Group entity was subject to significant restrictions other than those related to regulatory requirements.

Significant restrictions relative to the Group's ability to use the assets lodged in consolidated structured entities

Access to the assets of consolidated structured entities in which third-party investors have invested is limited inasmuch as these entities' assets are reserved for the holders of units or securities. These assets total EUR 23 billion as at 31 December 2014 (compared with EUR 20 billion as at 31 December 2013).

Significant restrictions related to the Group's ability to use assets pledged as collateral or under repurchase agreements

The financial instruments pledged by the BNP Paribas Group as collateral or under repurchase agreements are presented in notes 5.s and 6.c.

Significant restrictions related to liquidity reserves

Significant restrictions related to liquidity reserves correspond to the mandatory deposits placed with central banks presented in chapter 5 of the Registration document under "Liquidity risk".

Assets representative of unit-linked insurance contracts

Assets representative of unit-linked insurance contracts designated as at fair value through profit or loss (see note 5.a) are held for the benefit of the holders of these contracts.

8.f STRUCTURED ENTITIES

The BNP Paribas Group is engaged in transactions with sponsored structured entities mainly through its activities of securitisation of financial assets – as either originator or sponsor –, fund management and specialised asset financing.

In addition, the BNP Paribas Group is also engaged in transactions with structured entities that it has not sponsored, notably in the form of investments in funds or securitisation vehicles.

The method for assessing control for structured entities is detailed in note 1.b.2. "Consolidation methods".

Consolidated structured entities

The main categories of consolidated structured entities are:

- **ABCP (Asset-Backed Commercial Paper) conduits:** the ABCP securitisation conduits Starbird, Matchpoint and Scaldis fund securitisation transactions managed by the BNP Paribas Group on behalf of its customers. Details on how these are financed and the Group's risk exposure are presented in chapter 5 of the Registration document under "Securitisation on behalf of clients as sponsor/Short-term refinancing";
- **proprietary securitisation:** proprietary securitisation positions originated and held by the BNP Paribas Group are detailed in chapter 5 of the Registration document under "Proprietary securitisation (originator)";
- **funds managed by the Group:** the BNP Paribas Group structures different types of funds for which it may act as fund manager, investor, custodian or guarantor. These funds are consolidated when the Group is both the manager and a significant investor, and is therefore exposed to variable returns.

Unconsolidated structured entities

The BNP Paribas Group has entered into relations with unconsolidated structured entities in the course of its business activities to meet the needs of its customers.

Information relative to interests in sponsored structured entities

The main categories of unconsolidated sponsored structured entities are as follows:

- **securitisation:** the BNP Paribas Group structures securitisation vehicles for the purposes of offering customers financing solutions for their assets, either directly or through consolidated ABCP conduits. Each vehicle finances the purchase of customers' assets (receivables, bonds, etc.) primarily by issuing bonds backed by these assets and whose redemption is linked to their performance;
- **funds:** the Group structures and manages funds to offer investment opportunities to its customers. Dedicated or public funds are offered to institutional and individual customers, and are distributed and commercially monitored by the BNP Paribas Group. The entities of the BNP Paribas Group responsible for managing these funds may receive management fees and performance commission. The BNP Paribas Group may hold units in these funds, as well as units in funds dedicated to the insurance activity not managed by the BNP Paribas Group;
- **asset financing:** the BNP Paribas Group finances structured entities that acquire assets (aircraft, ships, etc.) intended for lease, and the lease payments received by the structured entity are used to repay the financing, which is guaranteed by the asset held by the structured entity;
- **other:** on behalf of its customers, the Group may also structure entities which invest in assets or are involved in debt restructuring.

An interest in an unconsolidated structured entity is a contractual or non-contractual link that exposes the BNP Paribas Group to variable returns from the performance of the entity.

The Group's assets and liabilities related to the interests held in sponsored structured entities are as follows:

In millions of euros, at 31 December 2014	Securitisation	Funds	Asset Financing	Others	Total
INTERESTS ON THE GROUP BALANCE SHEET					
Assets					
Trading book	396	772	298	2,872	4,338
Instruments designated as at fair value through profit or loss(1)		25,350	60		25,410
Available-for-sale financial assets	63	3,867	235	472	4,637
Loans and receivables	6,843	179	10,832	274	18,128
Other assets		577		22	599
TOTAL ASSETS	**7,302**	**30,745**	**11,425**	**3,640**	**53,112**
Liabilities					
Trading book	29	669	8	2,682	3,388
Instruments designated as at fair value through profit or loss		44		18	62
Financial liabilities carried at amortised cost	167	14,162	567	582	15,478
Other liabilities	384	270	41	13	708
TOTAL LIABILITIES	**580**	**15,145**	**616**	**3,295**	**19,636**
MAXIMUM EXPOSURE TO LOSS	**10,601**	**30,828**	**12,462**	**4,413**	**58,304**
SIZE OF STRUCTURED ENTITIES(2)	**62,653**	**394,518**	**42,754**	**11,084**	**511,009**

(1) of which EUR 17,096 million representative of unit-linked insurance contracts, invested in funds managed by the BNP Paribas Group.
(2) the size of sponsored structured entities equals the total assets of the structured entity for securitisation vehicles, the net asset value for funds and the structured entity's total assets or the amount of the BNP Paribas Group's commitment for asset financing and other structures.

The BNP Paribas Group's maximum exposure to losses on sponsored structured entities is the carrying amount of the assets, excluding, for available-for-sale financial assets, changes in value taken directly to equity, as well as the nominal amount of the financing commitments and guarantee commitments given and the notional amount of credit default swaps (CDS) sold.

Information relative to interests in non-sponsored structured entities

The main interests held by the BNP Paribas Group when it acts solely as an investor in non-sponsored structured entities are detailed below:

- **units in funds that are not managed by the Group, which are held by the Insurance business line:** as part of the asset allocation strategy corresponding to investments related to the premiums for unit-linked contracts or for the general fund, the Insurance business line subscribes to units of structured entities. These short- or medium-term investments are held for their financial performance and meet the risk diversification criteria inherent to the business. They amounted to EUR 31 billion as at 31 December 2014. Changes in value and the majority of the risks associated with these investments are borne by policyholders in the case of assets representative of unit-linked contracts, and by the insurer in the case of assets representative of the general fund;
- **other investments in funds not managed by the Group:** as part of its trading business, the BNP Paribas Group invests in structured entities without any involvement in either managing or structuring these entities (investments in mutual funds, securities funds or alternative funds), particularly as economic hedge for structured products sold to customers. The Group also invests in minority holdings in support of companies as part of its venture capital business. These investments amounted to EUR 10 billion as at 31 December 2014;
- **investments in securitisation vehicles:** the breakdown of the Group's exposure and the nature of the securities held are presented in chapter 5 of the Registration document in the section "Securitisation as investor".

8.g 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. 2014	Year to 31 Dec. 2013
Gross remuneration, including Directors' fees and benefits in kind		
payable for the year	€6,378,790	€7,550,344
paid during the year	€7,925,248	€8,379,539
Post-employment benefits		
Retirement bonuses: present value of the benefit obligation (payroll taxes excluded)	€261,438	€652,156
Contingent collective defined-benefit top-up pension plan	Nil	€19.4 m
Defined contribution pension plan: contributions paid by BNP Paribas during the year	€1,857	€2,037
Welfare benefits: premiums paid by BNP Paribas during the year	€13,692	€24,184
Share-based payments		
Stock subscription options		
value of stock options granted during the year	Nil	Nil
number of options held at 31 December	966,287	1,322,380
Performance shares		
value of shares granted during the year	Nil	Nil
number of shares held at 31 December	7,000	9,330
Long-term compensation(*)		
fair value at grant date(**)	€621,000	€822,494

(*) Up until 2014, the multi-annual variable compensation shown in the note to the consolidated financial statements ("Compensation and benefits awarded to the Group's corporate officers") was the amount allocated during the year under review, unlike the annual variable compensation, which was applicable to the year preceding its allocation. To avoid the time difference between these two types of variable compensation and comply fully with EU Capital Requirement Directive IV applicable to credit institutions, this presentation has now been changed. Consequently, the multi-annual variable compensation taken into account in the total compensation paid in 2013 is that awarded by the Board of Directors on 29 April 2014. Likewise, the multi-annual variable compensation taken into account in the total compensation paid in 2014 is that awarded by the Board of Directors on 4 February 2015.

(**) Valuation according to the method described in note 1.i.

The defined-benefit pension plan commitments for executive corporate officers in office on 31 December of the year under review, correspond to the discounted value, on that date, of the life annuities provided by this plan, i.e. EUR 19.4 million at 31 December 2013. This commitment, which was outsourced in 2004 through an insurance policy overseeing the financing and management of this pension plan, has been covered by the payment of premiums since that date.

At 31 December 2014, no executive corporate officer was eligible for a defined-benefit pension plan.

➤ DIRECTORS' FEES PAID TO MEMBERS OF THE BOARD OF DIRECTORS

The Directors' fees paid in 2014 to all members of the Board of Directors amount to EUR 975,001, compared with EUR 950,593 paid in 2013. The amount paid in 2014 to members other than corporate officers was EUR 866,865, compared with EUR 860,742 in 2013.

➤ REMUNERATION AND BENEFITS AWARDED TO DIRECTORS REPRESENTING THE EMPLOYEES

In euros	Year to 31 Dec. 2014	Year to 31 Dec. 2013
Gross remuneration paid during the year	87,681	81,636
Directors' fees (paid to the trade unions)	120,081	112,352
Premiums paid by BNP Paribas during the year into schemes related to Garantie Vie Professionnelle Accidents benefits and healthcare expense coverage	1,707	1,831
Contributions paid by BNP Paribas during the year into the defined-contribution plan	697	720

➤ LOANS, ADVANCES AND GUARANTEES GRANTED TO THE GROUP'S CORPORATE OFFICERS

At 31 December 2014, the total outstanding loans granted directly or indirectly to the Group's corporate officers and their spouses amounted to EUR 1,352,551 (EUR 1,263,432 at 31 December 2013). These loans representing normal transactions were carried out on an arm's length basis.

8.h 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

A list of companies consolidated by the BNP Paribas Group is provided in note 8.k "Scope of consolidation". Transactions and outstanding balances between fully-consolidated entities are eliminated. The tables below show transactions with entities accounted for under the equity method.

OUTSTANDING BALANCES OF RELATED-PARTY TRANSACTIONS:

In millions of euros	31 December 2014		31 December 2013(1)	
	Joint ventures	Associates(2)	Joint ventures	Associates(2)
ASSETS				
Loans, advances and securities				
On demand accounts		51	17	47
Loans	4,548	2,083	11,424	1,685
Securities	1,229		1,263	
Securities held in the non-trading portfolio	**12**	**38**	**94**	**1**
Other assets	**2**	**10**	**23**	**58**
TOTAL	**5,791**	**2,182**	**12,821**	**1,791**
LIABILITIES				
Deposits				
On demand accounts	152	209	118	512
Other borrowings	36	2,655	622	2,525
Debt securities	**-**	**1**	**125**	**-**
Other liabilities	**-**	**29**	**3**	**60**
TOTAL	**188**	**2,894**	**868**	**3,097**
FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS				
Financing commitments given	**3,265**	**3,044**	**533**	**2,027**
Guarantee commitments given	**-**	**1,485**	**132**	**3**
TOTAL	**3,265**	**4,529**	**665**	**2,030**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).
(2) Including controlled but non material entities consolidated under the equity method.

The Group also carries out trading transactions with related parties involving derivatives (swaps, options and forwards, etc.) and financial instruments purchased or underwritten and issued by them (equities, bonds, etc.).

RELATED-PARTY PROFIT AND LOSS ITEMS:

In millions of euros	Year to 31 Dec. 2014		Year to 31 Dec. 2013(1)	
	Joint ventures	Associates(2)	Joint ventures	Associates(2)
Interest income	136	141	234	106
Interest expense	(1)	(72)	(2)	(37)
Commission income	5	379	23	382
Commission expense	(36)	(34)	(75)	(12)
Services provided	1	15	2	2
Services received				8
Lease income		6	6	6
TOTAL	**105**	**435**	**188**	**455**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).
(2) Including controlled but non material entities consolidated under the equity method.

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 2014, the value of plan assets managed by Group companies or by companies over which the Group exercises significant influence was EUR 3,684 million (EUR 3,476 million as at 31 December 2013). Amounts received by Group companies in the year to 31 December 2014 totalled EUR 4.1 million, and were mainly composed of management and custody fees (EUR 4 million in 2013).

8.i FINANCIAL INSTRUMENTS BY MATURITY

The table below gives a breakdown of financial instruments 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 2014	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		117,473						117,473
Financial assets at fair value through profit or loss	813,647							813,647
Derivatives used for hedging purposes	19,766							19,766
Available-for-sale financial assets	18,261		19,106	10,624	14,477	78,455	111,369	252,292
Loans and receivables due from credit institutions	64	9,401	9,916	7,207	4,242	4,271	8,247	43,348
Loans and receivables due from customers		56,937	67,864	61,130	75,342	196,440	199,690	657,403
Remeasurement adjustment on interest-rate risk hedged portfolios	5,603							5,603
Held-to-maturity financial assets			27	721	662	5,596	1,959	8,965
FINANCIAL ASSETS	**857,341**	**183,811**	**96,913**	**79,682**	**94,723**	**284,762**	**321,265**	**1,918,497**
Due to central banks		1,680						1,680
Financial liabilities at fair value through profit or loss	694,591		553	1,586	7,921	24,093	14,783	743,527
Derivatives used for hedging purposes	22,993							22,993
Due to credit institutions		15,808	21,453	19,971	8,482	21,998	2,640	90,352
Due to customers		469,891	65,682	56,767	28,715	16,545	3,949	641,549
Debt securities			21,203	49,300	42,249	43,419	30,903	187,074
Subordinated debt	1,831		381	292	686	6,185	4,561	13,936
Remeasurement adjustment on interest-rate risk hedged portfolios	4,765							4,765
FINANCIAL LIABILITIES	**724,180**	**487,379**	**109,272**	**127,916**	**88,053**	**112,240**	**56,836**	**1,705,876**

In millions of euros, at 31 December 2013[(1)]	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		100,787						100,787
Financial assets at fair value through profit or loss	683,711							683,711
Derivatives used for hedging purposes	8,368							8,368
Available-for-sale financial assets	17,275		12,562	9,117	13,787	57,433	88,882	199,056
Loans and receivables due from credit institutions	39	11,794	10,457	9,371	6,216	6,698	12,970	57,545
Loans and receivables due from customers	143	47,007	45,837	55,526	72,706	190,959	200,277	612,455
Remeasurement adjustment on interest-rate risk hedged portfolios	3,568							3,568
Held-to-maturity financial assets				229	888	4,549	4,215	9,881
FINANCIAL ASSETS	**713,104**	**159,588**	**68,856**	**74,243**	**93,597**	**259,639**	**306,344**	**1,675,371**
Due to central banks		662						662
Financial liabilities at fair value through profit or loss	578,054		296	1,776	7,542	23,224	10,343	621,235
Derivatives used for hedging purposes	12,139							12,139
Due to credit institutions		15,174	21,201	17,838	8,779	20,026	1,576	84,594
Due to customers		411,090	55,742	35,177	24,871	20,216	6,401	553,497
Debt securities			14,953	48,168	48,886	46,311	28,368	186,686
Subordinated debt	1,719		59	595	728	6,785	1,938	11,824
Remeasurement adjustment on interest-rate risk hedged portfolios	924							924
FINANCIAL LIABILITIES	**592,836**	**426,926**	**92,251**	**103,554**	**90,806**	**116,562**	**48,626**	**1,471,561**

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

The majority of the financing and guarantee commitments given, which amounted to EUR 246,381 million and EUR 90,737 million respectively at 31 December 2014 (EUR 206,892 million and EUR 92,294 million respectively at 31 December 2013), can be drawn at sight.

8.j 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 2014. 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, at 31 December 2014	Estimated fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
FINANCIAL ASSETS					
Loans and receivables due from credit institutions *(note 5.f)*		43,299	25	43,324	43,348
Loans and receivables due from customers *(note 5.g)*[1]		62,751	580,189	642,940	631,189
Held-to-maturity financial assets *(note 5.j)*	10,206	113	82	10,401	8,965
FINANCIAL LIABILITIES					
Due to credit institutions *(note 5.f)*		90,729		90,729	90,352
Due to customers *(note 5.g)*		643,156		643,156	641,549
Debt securities *(note 5.i)*	79,463	109,805		189,268	187,074
Subordinated debt *(note 5.i)*	5,116	8,579		13,695	13,936

(1) Finance leases excluded

In millions of euros, at 31 December 2013[1]	Estimated fair value				Carrying value
	Level 1	Level 2	Level 3	Total	
FINANCIAL ASSETS					
Loans and receivables due from credit institutions *(note 5.f)*		57,348	109	57,457	57,545
Loans and receivables due from customers *(note 5.g)*[2]	3,655	41,588	553,129	598,372	587,258
Held-to-maturity financial assets	10,861	130	75	11,066	9,881
FINANCIAL LIABILITIES					
Due to credit institutions *(note 5.f)*		84,663		84,663	84,594
Due to customers *(note 5.g)*		554,303		554,303	553,497
Debt securities *(note 5.i)*	69,096	119,270		188,366	186,686
Subordinated debt *(note 5.i)*	3,774	7,468		11,242	11,824

(1) Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).
(2) 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.k SCOPE OF CONSOLIDATION

Name	Country	31 December 2014				31 December 2013			
		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 (Canada branch)	Canada	Full	100%	100%	E2				
BNP Paribas SA (Cayman Islands branch)	Cayman Islands	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (China branch)	China				S1	Full	100%	100%	
BNP Paribas SA (Germany branch)	Germany	Full	100%	100%		Full	100%	100%	
BNP Paribas SA (Greece branch)	Greece								S1
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%		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 (U.S.A branch)	U.S.A	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	France	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%	

Name	Country	31 December 2014				31 December 2013			
		Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
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%	
Société Alsacienne de développement et d'expansion	France	Full	100%	65.9%		Full	100%	65.9%	V1
Retail Banking – Belgium									
Alpha Card SCRL (Group)	Belgium	Equity	50.0%	50.0%		Equity	50.0%	50.0%	V1
Belgian Mobile Wallet	Belgium	Equity	33.2%	33.2%	V2&V3	Equity	50.0%	50.0%	E2
BNP Paribas Commercial Finance Ltd.	UK	Full	100%	99.9%		Full	100%	99.9%	V1&D1
BNP Paribas Factor Deutschland BV	Netherlands	Full	100%	99.9%		Full	100%	99.9%	V1&D1
BNP Paribas Factor GmbH	Germany	Full	100%	99.9%		Full	100%	99.9%	V1&D1
BNP Paribas Factoring Coverage Europe Holding NV	Netherlands	Full	100%	99.9%		Full	100%	99.9%	V1
BNP Paribas Fortis	Belgium	Full	99.9%	99.9%		Full	99.9%	99.9%	V1
BNP Paribas Fortis (Austria branch)	Austria	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis (Cayman Islands branch)	Cayman Islands	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis (Czech Republic branch)	Czech Republic	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis (Denmark branch)	Denmark	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis (Finland branch)	Finland	Full	100%	99.9%	E2				
BNP Paribas Fortis (Germany branch)	Germany	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis (Greece branch)	Greece								S1
BNP Paribas Fortis (Netherlands branch)	Netherlands	Full	100%	99.9%		Full	100%	99.9%	E2
BNP Paribas Fortis (Norway branch)	Norway	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis (Portugal branch)	Portugal								S1
BNP Paribas Fortis (Romania branch)	Romania	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis (Spain branch)	Spain	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis (Sweden branch)	Sweden	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis (U.S.A branch)	U.S.A	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis (UK branch)	UK	Full	100%	99.9%		Full	100%	99.9%	
BNP Paribas Fortis Factor NV	Belgium	Full	100%	99.9%		Full	100%	99.9%	V1
BNP Paribas Fortis Funding SA	Luxembourg	Full	100%	99.9%		Full	100%	99.9%	V1
Bpost banque	Belgium	Equity (3)	50.0%	50.0%		Equity (3)	50.0%	50.0%	V1&D3
Demetris NV	Belgium	Equity(*)	100%	99.9%		Equity(*)	100%	99.9%	V1
Fortis Finance Belgium S.C.R.L.	Belgium								S1
FV Holding N.V.	Belgium								S3
Immobilière Sauvenière SA	Belgium	Equity(*)	100%	99.9%		Equity(*)	100%	99.9%	V1
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%		Full	66.0%	65.9%	V1
BGL BNP Paribas (Germany branch)	Germany	Full	100%	65.9%		Full	100%	65.9%	E2
BGL BNP Paribas Factor SA	Luxembourg	Full	100%	65.9%		Full	100%	65.9%	V1
BNP Paribas Lease Group Luxembourg SA	Luxembourg	Full	100%	65.9%		Full	100%	65.9%	V1
Cofhylux SA	Luxembourg	Full	100%	65.9%		Full	100%	65.9%	V1
Special Purpose Entities									
Société Immobilière de Monterey SA	Luxembourg	Full	-	-		Full	-	-	E2
Société Immobilière du Royal Building SA	Luxembourg	Full	-	-		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%	

Changes in the scope of consolidation

New entries (E) in the scope of consolidation
E1 Passing qualifying thresholds as defined by the Group (see note 1.b).
E2 Incorporation.
E3 Purchase, gain of control or significant influence.
E4 Entities newly consolidated in accordance with IFRS 10 (see note 2).

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 (see 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

Miscellaneous.
D1 Consolidation method change not related to fluctuation in voting or ownership interest.
D2 96 Construction-Sale Companies (Real Estate programmes) of which 86 fully and 10 equity method consolidated.
D3 Entities previously under proportional consolidation, which become consolidated under the equity method in accordance with IFRS 11 (see note 2).
D4 The TEB group, previously proportionally consolidated, was consolidated under the equity method in accordance with IFRS 11, then fully consolidated as of 31 December 2013 (see note 2).
D5 The LaSer group was consolidated under the equity method until 25 July 2014. Following the additional purchase of interest by BNP Paribas Group, the LaSer group has been fully consolidated (see note 8.c.).

Prudential scope of consolidation
(1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in accordance with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council.
(2) Entites consolidated under the equity method for prudential purposes.
(3) Jointly controlled entities under proportional consolidation for prudential purposes.

Name	Country	31 December 2014 Method	Voting (%)	Interest (%)	Ref.	31 December 2013 Method	Voting (%)	Interest (%)	Ref.
BNL Finance SPA	Italy	Full	100%	100%		Full	100%	100%	
BNL Positivity SRL	Italy	Full	51.0%	51.0%		Full	51.0%	51.0%	
Business Partners Italia SCPA	Italy	Full	100%	100%	E2				
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	-	-	
Vela Home SRL	Italy	Full	-	-		Full	-	-	
Vela Mortgages SRL	Italy	Full	-	-		Full	-	-	
Vela OBG SRL	Italy	Full	-	-		Full	-	-	
Vela Public Sector SRL	Italy	Full	-	-		Full	-	-	
Vela RMBS SRL	Italy	Full	-	-	E2				
Arval									
Arval A/S	Denmark	Equity(*)	100%	100%		Equity(*)	100%	100%	E1
Arval Austria GmbH	Austria	Equity(*)	100%	100%		Equity(*)	100%	100%	
Arval Belgium SA	Belgium	Full	100%	100%		Full	100%	100%	
Arval Benelux BV	Netherlands	Full	100%	100%		Full	100%	100%	
Arval Brasil Limitada	Brazil	Full	100%	100%		Full	100%	100%	
Arval Business Services Ltd.	UK								S3
Arval BV	Netherlands	Full	100%	100%		Full	100%	100%	
Arval China Co Ltd	China	Equity(*)	100%	100%		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%	
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
Arval Luxembourg SA	Luxembourg	Equity(*)	100%	100%		Equity(*)	100%	100%	
Arval Magyarorszag KFT	Hungary	Equity(*)	100%	100%		Equity(*)	100%	100%	
Arval Maroc SA	Morocco	Equity(*)	100%	89.0%		Equity(*)	100%	89.0%	
Arval OOO	Russia	Full	100%	100%		Full	100%	100%	
Arval Oy	Finland	Equity(*)	100%	100%		Equity(*)	100%	100%	E1
Arval PHH Holdings Ltd.	UK								S3
Arval PHH Holdings UK Ltd.	UK								S3
Arval Schweiz AG	Switzerland	Equity(*)	100%	100%		Equity(*)	100%	100%	
Arval Service Gmbh	Germany								S4
Arval Service Lease	France	Full	100%	100%		Full	100%	100%	
Arval Service Lease Aluger Operational Automoveis SA	Portugal	Equity(*)	100%	100%		Equity(*)	100%	100%	
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%	
Arval Trading	France	Equity(*)	100%	100%		Equity(*)	100%	100%	
Arval UK Group Ltd.	UK	Full	100%	100%		Full	100%	100%	
Arval UK Ltd.	UK	Full	100%	100%		Full	100%	100%	
Autovalley	France	Equity(*)	100%	100%		Equity(*)	100%	100%	
BNP Paribas Fleet Holdings Ltd.	UK	Full	100%	100%		Full	100%	100%	
Cofiparc	France	Full	100%	100%		Full	100%	100%	
Gestion et Location Holding	France								S4
Greenval Insurance Company Ltd.	Ireland	Full (2)	100%	100%		Full (2)	100%	100%	
PHH Financial services Ltd.	UK								S3
Public Location Longue Durée	France	Equity(*)	100%	100%		Equity(*)	100%	100%	V1
TEB Arval Arac Filo Kiralama AS	Turkey	Full	100%	75.0%		Full	100%	75.0%	D4
Leasing Solutions									
Ace Equipment Leasing	Belgium	Full	100%	83.0%		Full	100%	83.0%	V1
Ace Leasing	Belgium				S4	Full	100%	83.0%	V1
Ace Leasing BV	Netherlands								S4
Agrilease BV	Netherlands				S3	Full	100%	83.0%	V1
Albury Asset Rentals Ltd.	UK	Full	100%	83.0%		Full	100%	83.0%	V1
All In One Vermietungsgesellschaft für Telekommunicationsanlagen mbH.	Germany	Equity(*)	100%	83.0%		Equity(*)	100%	83.0%	V1
All In One Vermietung GmbH	Austria	Equity(*)	100%	83.0%		Equity(*)	100%	83.0%	V1
Aprolis Finance	France	Full	51.0%	42.3%		Full	51.0%	42.3%	V1
Aprolis Finance (Romania branch)	Romania	Equity(*)	100%	42.3%	D1	Full	100%	42.3%	
Arius	France	Full	100%	83.0%		Full	100%	83.0%	V1
Artegy Ltd.	UK	Equity(*)	100%	83.0%	D1	Full	100%	83.0%	V1
Artegy	France	Full	100%	83.0%		Full	100%	83.0%	V1
BNP Paribas Finansal Kiralama AS	Turkey	Full	100%	82.4%	V1	Full	100%	82.3%	V1
BNP Paribas Lease Group BPLG	France	Full (1)	100%	83.0%		Full (1)	100%	83.0%	V1
BNP Paribas Lease Group BPLG (Germany branch)	Germany	Full (1)	100%	83.0%		Full (1)	100%	83.0%	
BNP Paribas Lease Group BPLG (Italy branch)	Italy	Full (1)	100%	83.0%		Full (1)	100%	83.0%	
BNP Paribas Lease Group BPLG (Portugal branch)	Portugal	Full (1)	100%	83.0%		Full (1)	100%	83.0%	
BNP Paribas Lease Group BPLG (Spain branch)	Spain	Full (1)	100%	83.0%		Full (1)	100%	83.0%	
BNP Paribas Lease Group (Rentals) Ltd.	UK	Full	100%	83.0%		Full	100%	83.0%	V1
BNP Paribas Lease Group IFN SA	Romania	Equity(*)	100%	83.0%		Equity(*)	100%	83.0%	V1
BNP Paribas Lease Group KFT	Hungary	Equity(*)	100%	83.0%		Equity(*)	100%	83.0%	V1
BNP Paribas Lease Group Leasing Solutions SPA	Italy	Full	100%	95.5%		Full	100%	95.5%	V1
BNP Paribas Lease Group Lizing RT	Hungary	Equity(*)	100%	83.0%		Equity(*)	100%	83.0%	V1
BNP Paribas Lease Group Netherlands BV	Netherlands								S4
BNP Paribas Lease Group Polska SP z.o.o	Poland	Equity(*)	100%	83.0%		Equity(*)	100%	83.0%	V1
BNP Paribas Lease Group PLC	UK	Full	100%	83.0%		Full	100%	83.0%	V1
BNP Paribas Lease Group SA Belgium	Belgium	Full	100%	83.0%		Full	100%	83.0%	V1
BNP Paribas Leasing Solutions	Luxembourg	Full	100%	83.0%		Full	100%	83.0%	V1
BNP Paribas Leasing Solutions Immobilier Suisse	Switzerland	Equity(*)	100%	83.0%		Equity(*)	100%	83.0%	V1
BNP Paribas Leasing Solutions Ltd.	UK	Full	100%	83.0%		Full	100%	83.0%	V1
BNP Paribas Leasing Solutions NV	Netherlands	Full	100%	83.0%		Full	100%	83.0%	V1
BNP Paribas Leasing Solutions Suisse SA	Switzerland	Equity(*)	100%	83.0%		Equity(*)	100%	83.0%	V1
Claas Financial Services	France	Full (1)	60.1%	49.9%		Full (1)	60.1%	49.9%	V1
Claas Financial Services (Germany branch)	Germany	Full (1)	100%	49.9%		Full (1)	100%	49.9%	
Claas Financial Services (Italy branch)	Italy	Full (1)	100%	49.9%		Full (1)	100%	49.9%	
Claas Financial Services (Poland branch)	Poland	Full (1)	100%	49.9%		Full (1)	100%	49.9%	
Claas Financial Services (Spain branch)	Spain	Full (1)	100%	49.9%		Full (1)	100%	49.9%	
Claas Financial Services Inc.	U.S.A	Full	100%	49.9%		Full	100%	49.9%	V1
Claas Financial Services Ltd.	UK	Full	51.0%	42.3%		Full	51.0%	42.3%	V1
CNH Industrial Capital Europe (ex- CNH Capital Europe)	France	Full (1)	50.1%	41.6%		Full (1)	50.1%	41.6%	V1
CNH Industrial Capital Europe (Belgium branch)	Belgium	Full (1)	100%	41.6%		Full (1)	100%	41.6%	
CNH Industrial Capital Europe (Germany branch)	Germany	Full (1)	100%	41.6%		Full (1)	100%	41.6%	
CNH Industrial Capital Europe (Italy branch)	Italy	Full (1)	100%	41.6%		Full (1)	100%	41.6%	
CNH Industrial Capital Europe (Poland branch)	Poland	Full (1)	100%	41.6%	E2				
CNH Industrial Capital Europe (Spain branch)	Spain	Full (1)	100%	41.6%		Full (1)	100%	41.6%	
CNH Industrial Capital Europe BV (ex- CNH Capital Europe BV)	Netherlands	Full	100%	41.6%		Full	100%	41.6%	V1
CNH Industrial Capital Europe GmbH (ex- CNH Capital Europe GmbH)	Austria	Full	100%	41.6%		Full	100%	41.6%	V1
CNH Industrial Capital Europe Ltd. (ex- CNH Capital Europe Ltd.)	UK	Full	100%	41.6%		Full	100%	41.6%	V1
Commercial Vehicle Finance Ltd.	UK	Full	100%	83.0%		Full	100%	83.0%	V1
Equipment Lease BV	Netherlands								S4
ES-Finance	Belgium	Full	100%	99.9%		Full	100%	99.9%	V1
Fortis Lease Belgium	Belgium	Full	100%	83.0%		Full	100%	83.0%	V1
Fortis Lease (France)	France	Full (1)	100%	83.0%		Full (1)	100%	83.0%	V1
Fortis Lease Car & Truck	Belgium				S4	Full	100%	83.0%	V1
Fortis Lease Deutschland GmbH	Germany	Equity(*)	100%	83.0%		Equity(*)	100%	83.0%	V1
Fortis Lease Iberia SA	Spain	Equity(*)	100%	86.6%		Equity(*)	100%	86.6%	V1
Fortis Lease Operativ Lizing Zartkoruen Mukodo Reszvenytarsasag	Hungary	Equity(*)	100%	83.0%		Equity(*)	100%	83.0%	V1
Fortis Lease Polska Sp.z.o.o.	Poland				S3	Full	100%	99.8%	V1
Fortis Lease Portugal	Portugal	Equity(*)	100%	83.0%		Equity(*)	100%	83.0%	V1
Fortis Lease Romania IFN SA	Romania	Equity(*)	100%	83.0%		Equity(*)	100%	83.0%	V1
Fortis Lease UK Ltd.	UK	Equity(*)	100%	83.0%	D1	Full	100%	83.0%	V1
Fortis Lease UK Retail Ltd.	UK	Equity(*)	100%	83.0%	D1	Full	100%	83.0%	V1
Fortis Vastgoedlease BV	Netherlands	Equity(*)	100%	83.0%	D1	Full	100%	83.0%	V1
Heffiq Heftruck Verhuur BV (ex-Barloworld Heftruck BV)	Netherlands				S3	Equity	50.0%	41.5%	V1
H.F.G.L Ltd.	UK	Full	100%	83.0%		Full	100%	83.0%	V1
Humberclyde Commercial Investments Ltd.	UK	Full	100%	83.0%		Full	100%	83.0%	V1
Humberclyde Commercial Investments N°1 Ltd.	UK	Full	100%	83.0%		Full	100%	83.0%	V1
JCB Finance	France	Full (1)	100%	41.6%		Full (1)	100%	41.6%	V1
JCB Finance (Germany branch)	Germany	Full (1)	100%	41.6%		Full (1)	100%	41.6%	
JCB Finance (Italy branch)	Italy	Full (1)	100%	41.6%		Full (1)	100%	41.6%	
JCB Finance (Spain branch)	Spain				S1	Full (1)	100%	41.6%	
JCB Finance Holdings Ltd.	UK	Full	50.1%	41.6%		Full	50.1%	41.6%	V1

Name	Country	31 December 2014					31 December 2013				
		Method		Voting (%)	Interest (%)	Ref.	Method		Voting (%)	Interest (%)	Ref.
Locatrice Italiana SPA	Italy	Equity(*)		100%	95.5%		Equity(*)		100%	95.5%	V1
Manitou Finance Ltd.	UK	Full		51.0%	42.3%		Full		51.0%	42.3%	V1
MFF	France	Full	(1)	51.0%	42.3%		Full	(1)	51.0%	42.3%	V1
Natiocrédibail	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
Natiocrédimurs	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
Natioénergie 2	France	Equity(*)		100%	100%		Equity(*)		100%	100%	D1
Same Deutz Fahr Finance Ltd.	UK	Full		100%	83.0%		Full		100%	83.0%	V1
Same Deutz-Fahr Finance	France	Full	(1)	100%	83.0%		Full	(1)	100%	83.0%	V1
SREI Equipement Finance Ltd. (ex-SREI Equipement Finance Private Ltd.)	India	Equity	(3)	50.0%	41.5%		Equity	(3)	50.0%	41.5%	V1&D3
Special Purpose Entities											
Fortis Energy Leasing XI BV	Netherlands										S4
Fortis Energy Leasing X2 BV	Netherlands										S4
Fortis Energy Leasing XIV BV	Netherlands										S4
Vela Lease SRL	Italy	Full		-	-		Full		-	-	
Personal Investors											
B(*)Capital	France	Full	(1)	100%	99.9%		Full	(1)	100%	99.9%	
Cortal Consors	France					S4	Full	(1)	100%	100%	
Cortal Consors (Germany branch)	Germany					S4	Full	(1)	100%	100%	
Cortal Consors (Italy branch)	Italy										S1
Cortal Consors (Spain branch)	Spain					S4	Full	(1)	100%	100%	
DAB Bank AG	Germany	Full		91.7%	91.7%	E3					
Direktanlage AT AG	Austria	Full		100%	91.7%	E3					
Geojit BNP Paribas Financial Services Ltd (Group)	India	Equity		34.4%	34.4%	V1	Equity		33.6%	33.6%	D3
Geojit Technologies Private Ltd.	India	Full		57.4%	57.4%	V1	Full		56.8%	56.8%	
Portzamparc Gestion	France					S3	Full		100%	51.0%	
Portzamparc société de Bourse	France	Full	(1)	51.0%	51.0%		Full	(1)	51.0%	51.0%	
Special Purpose Entities											
BNP Paribas Beteiligungsholding AG	Germany	Full		-	-	E3					
BNP Paribas Personal Finance											
Alpha Crédit SA	Belgium	Full		100%	99.9%		Full		100%	99.9%	V1
Axa Banque Financement	France	Equity		35.0%	35.0%		Equity		35.0%	35.0%	
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 Cetelem SA (ex- Banco BGN SA)	Brazil	Full		100%	100%		Full		100%	100%	
Banco de Servicios Financieros SA	Argentina	Equity		40.0%	40.0%		Equity		40.0%	40.0%	
Banque Solféa	France	Equity	(3)	44.9%	44.9%	V1&D5					
BGN Mercantil E Servicos Ltda	Brazil	Equity(*)		100%	100%		Equity(*)		100%	100%	
Bieffe 5 SPA	Italy					S4	Full		100%	100%	
BNP Paribas Personal Finance	France	Full		100%	100%		Full		100%	100%	
BNP Paribas Personal Finance BV	Netherlands	Full		100%	100%		Full		100%	100%	
BNP Paribas Personal Finance EAD	Bulgaria	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%	
Cetelem Algérie	Algeria	Equity(*)		100%	100%		Equity(*)		100%	100%	
Cetelem America Ltda	Brazil	Full		100%	100%		Full		100%	100%	
Cetelem Bank LLC	Russia	Equity		26.0%	26.0%		Equity		26.0%	26.0%	V2
Cetelem Brasil SA	Brazil					S4	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
Cetelem Serviços Ltda	Brazil	Full		100%	100%		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%	
Communication Marketing Services – CMS	France	Full		100%	100%	V1&D5					
Compagnie de Gestion et de Prêts	France	Full		65.0%	65.0%	V1&D5					
Cosimo	France										S3
Creation Consumer Finance Ltd.	UK	Full		100%	100%	V1&D5					
Creation Financial Services Ltd.	UK	Full		100%	100%	V1&D5					
Creation Marketing Services Ltd.	UK	Full		100%	100%	V1&D5					
Credirama SPA	Italy										S3
Crédit Moderne Antilles Guyane	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
Crédit Moderne Océan Indien	France	Full	(1)	97.8%	97.8%		Full	(1)	97.8%	97.8%	
Direct Services	Bulgaria	Full		100%	100%		Full		100%	100%	
Domofinance	France	Full	(1)	55.0%	55.0%		Full	(1)	55.0%	55.0%	
Effico	France	Full		100%	100%		Full		100%	100%	
Effico Iberia SA	Spain	Equity(*)		100%	100%		Equity(*)		100%	100%	D1
Effico Portugal	Portugal										S2
EkspresBank	Denmark	Full		100%	100%	V1&D5					
EkspresBank (Norway branch)	Norway	Full		100%	100%	V1&D5					
Eos Aremas Belgium SA	Belgium	Equity		50.0%	49.9%		Equity		50.0%	49.9%	V1
Eurocredito EFC SA	Spain	Full		100%	100%		Full		100%	100%	
Facet	France	Full	(1)	100%	100%		Full	(1)	100%	100%	
Fidecom	France	Full		82.4%	82.4%	V1&D5					
Fidem	France	Full	(1)	100%	100%		Full	(1)	100%	100%	V1
Fimestic Expansion SA	Spain	Full		100%	100%		Full		100%	100%	
Finalia	Belgium										S4
Findomestic Banca SPA	Italy	Full		100%	100%		Full		100%	100%	
Findomestic Banka AD	Serbia	Full		100%	100%		Full		100%	100%	
Gesellschaft für Capital & Vermögens-verwaltung Gmbh (GCV)	Germany	Equity(*)		100%	99.9%		Equity(*)		100%	99.9%	E1
Gestion et Services Groupe Cofinoga GIE	France	Full		100%	100%	V1&D5					
Inkasso Kodat Gmbh & Co KG	Germany	Equity(*)		100%	99.9%		Equity(*)		100%	99.9%	E1
LaSer Cofinoga	France	Full		100%	100%	V1&D5					
LaSer Loyalty	France	Full		100%	100%	V1&D5					
LaSer SA	France	Full		100%	100%	V1&D5	Equity	(3)	50.0%	50.0%	D3
LaSer Symag	France	Full		100%	100%	V1&D5					
Leval 20	France	Full		100%	100%		Full		100%	100%	
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%	
Nissan Finance Belgium NV	Belgium					S4	Full		100%	99.9%	V1
Norrsken Finance	France	Full	(1)	51.0%	51.0%		Full	(1)	51.0%	51.0%	
Oney Magyarorszag Zrt	Hungary	Equity		40.0%	40.0%		Equity		40.0%	40.0%	E1
Prestacomer SA de CV	Mexico										S3
Prêts et Services SAS	France	Full	(1)	100%	100%		Full	(1)	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 (see note 1.b).
E2 Incorporation.
E3 Purchase, gain of control or significant influence.
E4 Entities newly consolidated in accordance with IFRS 10 (see note 2).

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 (see 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

Miscellaneous.

D1 Consolidation method change not related to fluctuation in voting or ownership interest.
D2 96 Construction-Sale Companies (Real Estate programmes) of which 86 fully and 10 equity method consolidated.
D3 Entities previously under proportional consolidation, which become consolidated under the equity method in accordance with IFRS 11 (see note 2).
D4 The TEB group, previously proportionally consolidated, was consolidated under the equity method in accordance with IFRS 11, then fully consolidated as of 31 December 2013 (see note 2).
D5 The LaSer group was consolidated under the equity method until 25 July 2014. Following the additional purchase of interest by BNP Paribas Group, the LaSer group has been fully consolidated (see note 8.c.).

Prudential scope of consolidation

(1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in accordance with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council.
(2) Entites consolidated under the equity method for prudential purposes.
(3) Jointly controlled entities under proportional consolidation for prudential purposes.

Name	Country	31 December 2014 Method	Voting (%)	Interest (%)	Ref.	31 December 2013 Method	Voting (%)	Interest (%)	Ref.
Projeo	France	Full (1)	51.0%	51.0%		Full (1)	51.0%	51.0%	
RCS Botswana Proprietary Ltd.	Botswana	Full	100%	100%	E3				
RCS Cards Proprietary Ltd.	South Africa	Full	100%	100%	E3				
RCS Collections Proprietary Ltd.	South Africa	Full	100%	100%	E3				
RCS Home Loans Proprietary Ltd.	South Africa	Full	100%	100%	E3				
RCS Investment Holdings Ltd.	South Africa	Full	100%	100%	E3				
RCS Investment Holdings Namibia Proprietary Ltd.	Namibia	Full	100%	100%	E3				
Retail Mobile Wallet	France	Equity(*)	100%	100%	E1				
Servicios Financieros Carrefour EFC	Spain	Equity	37.3%	39.9%		Equity	37.3%	39.9%	
Sundaram BNP Paribas Home Finance Ltd.	India	Equity	49.9%	49.9%		Equity	49.9%	49.9%	
Sygma Banque	France	Full	100%	100%	V1&D5				
Sygma Banque (Poland branch)	Poland	Full	100%	100%	V1&D5				
Sygma Banque (UK branch)	UK	Full	100%	100%	V1&D5				
Sygma Funding Two Ltd.	UK	Full	100%	100%	V1&D5				
TEB Tuketici Finansman AS	Turkey	Full	100%	92.8%		Full	100%	92.8%	D4
UCB Ingatlanhitel RT	Hungary	Full	100%	100%		Full	100%	100%	
UCB Suisse	Switzerland								S4
Union de Creditos Inmobiliarios - UCI (Group)	Spain	Equity (3)	50.0%	50.0%		Equity (3)	50.0%	50.0%	D3
Von Essen GmbH & Co. KG Bankgesellschaft	Germany	Full	100%	99.9%		Full	100%	99.9%	V1
Special Purpose Entities									
Autonoria 2012 - 1 et 2	France	Full	-	-		Full	-	-	
Autonoria 2014	France	Full	-	-	E2				
Cofinoga Funding Two L.P.	UK	Full	-	-	V1&D5				
Domos 2011 - A et B	France	Full	-	-		Full	-	-	
FCC Retail ABS Finance - Noria 2009	France	Full	-	-		Full	-	-	
FCC Domos 2008	France	Full	-	-		Full	-	-	
FCC U.C.I 5 (18)	Spain	Equity (3)	-	-		Equity (3)	-	-	D3
Fideicomiso Financiero Cetelem II, III et IV	Argentina	Full	-	-	E2	Full	-	-	E2
Florence 1 SRL	Italy	Full	-	-		Full	-	-	
Florence SPV SRL	Italy	Full	-	-		Full	-	-	E2
Fundo de Investimento EM Direitos Creditorios BGN Life	Brazil								S1
Phedina Hypotheken 2010 BV	Netherlands	Full	-	-		Full	-	-	
Phedina Hypotheken 2011-I BV	Netherlands	Full	-	-		Full	-	-	
Phedina Hypotheken 2013-I BV	Netherlands	Full	-	-		Full	-	-	E2
International Retail Banking									
Retail Banking in the United States of America									
1897 Services Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
BancWest Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
Bancwest Investment Services, Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
Bank of the West Business Park Association LLC	U.S.A				S3	Full	38.0%	38.0%	
Bank of the West	U.S.A	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	U.S.A	Full	100%	100%		Full	100%	100%	
BW Insurance Agency, Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
Center Club, Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
CFB Community Development Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
Claas Financial Services LLC	U.S.A	Full	75.9%	63.4%		Full	75.9%	63.4%	
Commercial Federal Affordable Housing, Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
Commercial Federal Community Development Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
Commercial Federal Insurance Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
Commercial Federal Investment Service Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
Community Service, Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
Equity Lending Inc.	U.S.A				S1	Full	100%	100%	
Essex Credit Corporation	U.S.A				S4	Full	100%	100%	
FHB Guam Trust Co.	U.S.A	Full	100%	100%		Full	100%	100%	
FHL SPC One, Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
First Bancorp	U.S.A	Full	100%	100%		Full	100%	100%	
First Hawaian Bank	U.S.A	Full	100%	100%		Full	100%	100%	
First Hawaian Bank (Cayman Islands branch)	Cayman Islands	Full	100%	100%		Full	100%	100%	
First Hawaiian Capital 1	U.S.A	Full	100%	100%		Full	100%	100%	
First Hawaiian Leasing, Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
First National Bancorporation	U.S.A	Full	100%	100%		Full	100%	100%	
First Santa Clara Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
Liberty Leasing Company	U.S.A	Full	100%	100%		Full	100%	100%	
Mountain Falls Acquisition Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
Real Estate Delivery 2 Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
The Bankers Club, Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
Ursus Real estate, Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
Special Purpose Entities									
1997-LRV-FH	U.S.A								S2
BOW Auto Receivables LLC	U.S.A	Full	-	-	E2				
BOW Auto Trust LLC	U.S.A	Full	-	-	E2				
Commercial Federal Capital Trust 2	U.S.A								S1
Commercial Federal Realty Investors Corporation	U.S.A	Full	-	-		Full	-	-	
Commercial Federal Service Corporation	U.S.A	Full	-	-		Full	-	-	
Equipment Lot Bombardier 1997A-FH	U.S.A								S1
Equipment Lot FH	U.S.A	Full	-	-		Full	-	-	
Equipment Lot Siemens 1997A-FH	U.S.A								S2
Equipment Lot Siemens 1998A-FH	U.S.A	Full	-	-		Full	-	-	
FTS Acquisitions LLC	U.S.A								S1
Glendale Corporate Center Acquisition LLC	U.S.A	Full	-	-		Full	-	-	
LACMTA Rail Statutory Trust (FH1)	U.S.A	Full	-	-		Full	-	-	
Laveen Village Center Acquisition LLC	U.S.A								S1
Lexington Blue LLC	U.S.A	Equity	-	-		Equity	-	-	
MNCRC Equipement Lot	U.S.A	Full	-	-		Full	-	-	
NYCTA Equipement Lot	U.S.A								S2
Riverwalk Village Three Holdings LLC	U.S.A	Full	-	-		Full	-	-	
Santa Rita Townhomes Acquisition LLC	U.S.A	Full	-	-		Full	-	-	
Southwest Airlines 1993 Trust N363SW	U.S.A	Full	-	-		Full	-	-	
ST 2001 FH(1)	U.S.A	Full	-	-		Full	-	-	
SWB 99(1)	U.S.A	Full	-	-		Full	-	-	
VTA 1998-FH	U.S.A	Full	-	-		Full	-	-	
Europe Mediterranean									
Banque de Nankin	China	Equity	16.2%	16.2%		Equity	16.2%	16.2%	V1
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%		Equity	47.0%	47.0%	V1
Banque Internationale du Commerce et de l'Industrie Guinée	Guinea	Equity(*)	55.6%	55.6%	V1	Equity	40.5%	40.5%	V1
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 Gestion Asset Management (ex- Banque Marocaine du Commerce et de l'Industrie Gestion)	Morocco	Equity(*)	100%	67.0%		Equity(*)	100%	67.0%	
Banque Marocaine du Commerce etde l'Industrie Assurance	Morocco	Equity(*)	100%	67.0%		Equity(*)	100%	67.0%	
Banque Marocaine du Commerce etde l'Industrie Crédit Conso	Morocco				S4	Full	99.9%	66.9%	
Banque Marocaine du Commerce etde l'Industrie Leasing	Morocco	Full	86.9%	58.2%		Full	86.9%	58.2%	V1
Banque Marocaine du Commerce etde l'Industrie Offshore	Morocco	Full	100%	67.0%		Full	100%	67.0%	
BGZ SA	Poland	Full	89.0%	89.0%	E3				
BNP Intercontinentale - BNPI	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Bank Polska SA	Poland	Full	85.0%	84.9%	V3	Full	99.9%	99.8%	V1
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%		Full	100%	99.9%	V1
BNP Paribas SAE	Egypt								S2
BNP Paribas Yatirimlar Holding Anonim Sirketi	Turkey	Full	100%	100%		Full	100%	100%	
Dominet SA	Poland				S1	Full	100%	99.9%	V1
Fortis Bank Malta Ltd.	Malta								S3
Fortis Faktoring AS	Turkey								S4
Fortis Holding Malta BV	Netherlands								S3
Fortis Holding Malta Ltd.	Malta								S3
JSC IC Axa Insurance	Ukraine	Equity	49.8%	49.8%		Equity	49.8%	49.8%	

		31 December 2014				31 December 2013			
Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
Kronenburg Vastgoed BV	Netherlands	Full	100%	69.5%	E1				
Orient Commercial Bank	Viet Nam	Equity	20.0%	20.0%		Equity	20.0%	20.0%	
Stichting Effecten BV	Netherlands	Full	100%	69.5%	E1				
TEB Faktoring AS	Turkey	Full	100%	69.5%	V1	Full	100%	68.5%	D4
TEB Holding AS	Turkey	Full	50.0%	50.0%		Full	50.0%	50.0%	V1&D4
TEB Portfoy Yonetimi AS	Turkey	Full	100%	70.8%	V1	Full	100%	70.3%	D4
TEB Yatirim Menkul Degerler AS	Turkey	Full	100%	69.5%	V1	Full	100%	68.5%	D4
The Economy Bank NV	Netherlands	Full	100%	69.5%	V1	Full	100%	68.5%	D4
Turk Ekonomi Bankasi AS	Turkey	Full	97.0%	69.5%	V1	Full	96.0%	68.5%	D4
Turk Ekonomi Bankasi AS (Bahrain branch)	Bahrain	Full	100%	69.5%	V1	Full	100%	68.5%	D4
TEB SH A	Serbia	Full	100%	50.0%		Full	100%	50.0%	D4
Ukrainian Leasing Company	Ukraine								S3
UkrSibbank	Ukraine	Full	85.0%	100%		Full	85.0%	100%	
Union Bancaire pour le Commerce et l'Industrie	Tunisia	Full	50.1%	50.1%		Full	50.1%	50.1%	V1
Special Purpose Entities									
K-Kollect LLC	Ukraine								S2
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%	
BNP Paribas Suisse SA (Jersey branch)	Jersey	Full	100%	100%		Full	100%	100%	
Insurance									
AG Insurance (Group)	Belgium	Equity	25.0%	25.0%		Equity	25.0%	25.0%	V1
BNP Paribas Cardif	France	Full (2)	100%	100%		Full (2)	100%	100%	
BNP Paribas Cardif BV	Netherlands	Full (2)	100%	100%		Full (2)	100%	100%	
BNP Paribas Cardif Emeklilik Anonim Sirketi	Turkey	Equity(*)	100%	100%		Equity(*)	100%	100%	
BNP Paribas Cardif Levensverzekeringen NV	Netherlands	Full (2)	100%	100%		Full (2)	100%	100%	
BNP Paribas Cardif Pojistovna A.S	Czech Republic	Full (2)	100%	100%		Full (2)	100%	100%	
BNP Paribas Cardif PSC Ltd.	UK	Equity(*)	100%	100%		Equity(*)	100%	100%	
BNP Paribas Cardif Seguros Generales SA	Chile	Full (2)	100%	100%		Full (2)	100%	100%	
BNP Paribas Cardif Seguros de Vida SA	Chile	Full (2)	100%	100%		Full (2)	100%	100%	
BNP Paribas Cardif Schadeverzekeringen NV	Netherlands	Full (2)	100%	100%		Full (2)	100%	100%	
BNP Paribas Cardif 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
BNP Paribas Cardif Vita Compagnia di Assicurazione E Riassicurazione S.P.A. (ex- Cardif Assicurazioni SPA)	Italy	Full (2)	100%	100%		Full (2)	100%	100%	
BNP Paribas General Insurance Co. Ltd.	Rep. of Korea	Equity(*)	75.0%	75.0%	E3				
BOB-Cardif Life Insurance Company Ltd.	China	Equity	50.0%	50.0%	E3				
Cardif Assurances Risques Divers	France	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurances Risques Divers (Austria branch)	Austria	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurances Risques Divers (Belgium branch)	Belgium	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurances Risques Divers (Bulgaria branch)	Bulgaria	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurances Risques Divers (Germany branch)	Germany	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurances Risques Divers (Italy branch)	Italy	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurances Risques Divers (Japan branch)	Japan	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurances Risques Divers (Luxembourg branch)	Luxembourg	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurances Risques Divers (Poland branch)	Poland	Full (2)	100%	100%		Full (2)	100%	100%	

		31 December 2014				31 December 2013			
Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
Cardif Assurances Risques Divers (Portugal branch)	Portugal	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurances Risques Divers (Romania branch)	Romania	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurances Risques Divers (Spain branch)	Spain	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurances Risques Divers (Switzerland branch)	Switzerland	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurances Risques Divers (Taiwan branch)	Taiwan	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie	France	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie (Austria branch)	Austria	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie (Belgium branch)	Belgium	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie (Bulgaria branch)	Bulgaria	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie (Germany branch)	Germany	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie (Italy branch)	Italy	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie (Japan branch)	Japan	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie (Portugal branch)	Portugal	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie (Romania branch)	Romania	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie (Spain branch)	Spain	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie (Switzerland branch)	Switzerland	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Assurance Vie (Taiwan branch)	Taiwan	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Biztosito Magyarorszag Zrt	Hungary	Equity(*)	100%	100%		Equity(*)	100%	100%	
Cardif Colombia Seguros Generales	Colombia	Full (2)	100%	100%		Full (2)	100%	100%	D1
Cardif del Peru Sa Compania de Seguros	Peru	Equity(*)	100%	100%		Equity(*)	100%	100%	
Cardif do Brasil Vida e Previdencia SA	Brazil	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif do Brasil Seguros e Garantias	Brazil	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Extension De Garantia y Asistencia Limitada	Chile	Equity(*)	100%	100%	E1				
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 Insurance Company LLC	Russia	Full (2)	100%	100%		Full (2)	100%	100%	D1
Cardif I-Services	France	Equity(*)	100%	100%		Equity(*)	100%	100%	
Cardif Leven	Belgium	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Life Insurance Co. Ltd.	Rep. of Korea	Full (2)	85.0%	85.0%		Full (2)	85.0%	85.0%	
Cardif Livforsakring AB	Sweden	Equity(*)	100%	100%	E1				
Cardif Livforsakring AB (Denmark branch)	Denmark	Equity(*)	100%	100%	E1				
Cardif Livforsakring AB (Norway branch)	Norway	Equity(*)	100%	100%	E1				
Cardif Lux Vie	Luxembourg	Full (2)	66.7%	55.3%		Full (2)	66.7%	55.3%	V1
Cardif Lux Vie (France branch)	France								S1
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 (2)	100%	100%		Full (2)	100%	100%	
Cardif Pinnacle Insurance Holdings PLC	UK	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Pinnacle Insurance Management Services PLC	UK	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Polska Towarzystwo Ubezpieczen na Zycie SA	Poland	Full (2)	100%	100%		Full (2)	100%	100%	
Cardif Seguros SA	Argentina	Full (2)	100%	100%		Full (2)	100%	100%	
CB (UK) Ltd. (Fonds C)	UK	Full (2)	100%	100%		Full (2)	100%	100%	
Darnell Ltd.	Ireland	Full (2)	100%	100%		Full (2)	100%	100%	
F&B Insurance Holdings SA (Group)	Belgium	Equity	50.0%	50.0%		Equity	50.0%	50.0%	
Financial Telemarketing Services Ltd.	UK				S3	Equity(*)	100%	100%	
GIE BNP Paribas Cardif	France	Full (2)	100%	99.0%		Full (2)	100%	99.0%	

Changes in the scope of consolidation

New entries (E) in the scope of consolidation

E1 *Passing qualifying thresholds as defined by the Group (see note 1.b).*
E2 *Incorporation.*
E3 *Purchase, gain of control or significant influence.*
E4 *Entities newly consolidated in accordance with IFRS 10 (see note 2).*

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 (see 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*

Miscellaneous.

D1 *Consolidation method change not related to fluctuation in voting or ownership interest.*
D2 *96 Construction-Sale Companies (Real Estate programmes) of which 86 fully and 10 equity method consolidated.*
D3 *Entities previously under proportional consolidation, which become consolidated under the equity method in accordance with IFRS 11 (see note 2).*
D4 *The TEB group, previously proportionally consolidated, was consolidated under the equity method in accordance with IFRS 11, then fully consolidated as of 31 December 2013 (see note 2).*
D5 *The LaSer group was consolidated under the equity method until 25 July 2014. Following the additional purchase of interest by BNP Paribas Group, the LaSer group has been fully consolidated (see note 8.c.).*

Prudential scope of consolidation

(1) *French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in accordance with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council.*
(2) *Entites consolidated under the equity method for prudential purposes.*
(3) *Jointly controlled entities under proportional consolidation for prudential purposes.*

		31 December 2014				31 December 2013			
Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
Icare	France	Full (2)	100%	100%	E3				
Icare Assurance	France	Full (2)	100%	100%	E3				
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 (2)	100%	100%		Full (2)	100%	100%	
Pinnacle Insurance PLC	UK	Full (2)	100%	100%		Full (2)	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%		Equity	45.0%	56.9%	V2
Scoo SCI	France	Equity	46.4%	57.9%	V4	Equity	46.4%	58.0%	V2
State Bank of India Life Insurance Company Ltd.	India	Equity	26.0%	26.0%		Equity	26.0%	26.0%	
UBI Assicurazioni Spa	Italy	Equity	50.0%	50.0%	E3				
Special Purpose Entities									
BNP Paribas Aqua	France	Full (2)	-	-	E1				
BNP Paribas Global Senior Corporate Loans	France	Full (2)	-	-		Full (2)	-	-	E4
BNP Paribas Money 3M	France	Full (2)	-	-		Full (2)	-	-	E4
Cardimmo	France	Full (2)	-	-		Full (2)	-	-	E4
Natio Fonds Ampère 1	France	Full (2)	-	-		Full (2)	-	-	E4
Odyssée SCI	France	Full (2)	-	-		Full (2)	-	-	
Profilea Monde Equilibre	France	Full (2)	-	-		Full (2)	-	-	E4
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%	
BNP Paribas Espana SA	Spain	Full	99.7%	99.7%	V1	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%	
Investment Partners									
Alfred Berg Administration A/S	Denmark								S2
Alfred Berg Asset Management AB	Sweden	Full	100%	98.3%		Full	100%	98.3%	V1
Alfred Berg Asset Management AB (Denmark branch)	Denmark	Full	100%	98.3%		Full	100%	98.3%	
Alfred Berg Asset Management AB (Finland branch)	Finland	Full	100%	98.3%		Full	100%	98.3%	
Alfred Berg Asset Management AB (Norway branch)	Norway	Full	100%	98.3%		Full	100%	98.3%	
Alfred Berg Fonder AB	Sweden	Full	100%	98.3%		Full	100%	98.3%	V1
Alfred Berg Fondsmaeglerselskab A/S	Denmark								S2
Alfred Berg Forvaltning AS	Norway								S4
Alfred Berg Kapitalförvaltning AB	Sweden	Full	100%	98.3%		Full	100%	98.3%	V1
Alfred Berg Kapitalforvaltning AS	Norway	Full	100%	98.3%		Full	100%	98.3%	V1
Alfred Berg Kapitalforvaltning Finland AB	Finland	Full	100%	98.3%		Full	100%	98.3%	V1
Alfred Berg Rahastoyhtio Oy	Finland	Full	100%	98.3%		Full	100%	98.3%	V1
Arnhem Investment Management Pty Ltd.	Australia								S3
Banco Estado Administradora General de Fondos	Chile	Equity	50.0%	49.1%		Equity	50.0%	49.1%	V1
BNP Paribas Asset Management SAS	France	Full	100%	98.3%		Full	100%	98.3%	V1
BNP Paribas Asset Management SAS (Austria branch)	Austria	Full	100%	98.3%		Full	100%	98.3%	
BNP Paribas Asset Management Brasil Ltda	Brazil	Full	100%	99.6%		Full	100%	99.6%	V1
BNP Paribas Asset Management Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas Asset Management India Private Ltd.	India	Equity(*)	100%	98.3%		Equity(*)	100%	98.3%	V1
BNP Paribas Clean Energy Partners GP Ltd.	UK								S2
BNP Paribas Investment Partners	France	Full	100%	98.3%		Full	100%	98.3%	V1
BNP Paribas Investment Partners Argentina SA	Argentina	Equity(*)	100%	99.6%	E1				
BNP Paribas Investment Partners Asia Ltd.	Hong Kong	Full	100%	98.3%		Full	100%	98.3%	V1
BNP Paribas Investment Partners (Australia) Ltd.	Australia	Equity(*)	100%	98.3%		Equity(*)	100%	98.3%	V1&D1
BNP Paribas Investment Partners (Australia) Holdings Pty Ltd.	Australia	Full	100%	98.3%		Full	100%	98.3%	V1
BNP Paribas Investment Partners BE Holding	Belgium	Full	100%	98.3%		Full	100%	98.3%	V1
BNP Paribas Investment Partners Belgium	Belgium	Full	100%	98.3%		Full	100%	98.3%	V1
BNP Paribas Investment Partners Belgium (Germany branch)	Germany	Full	100%	98.3%		Full	100%	98.3%	

		31 December 2014				31 December 2013			
Name	Country	Method	Voting (%)	Interest (%)	Ref.	Method	Voting (%)	Interest (%)	Ref.
BNP Paribas Investment Partners Funds (Nederland) NV	Netherlands	Full	100%	98.3%		Full	100%	98.3%	V1
BNP Paribas Investment Partners Japan Ltd.	Japan	Full	100%	98.3%		Full	100%	98.3%	V1
BNP Paribas Investment Partners Latam SA	Mexico	Equity(*)	99.1%	97.4%	V4	Equity(*)	99.0%	97.3%	V1
BNP Paribas Investment Partners Luxembourg	Luxembourg	Full	99.7%	98.0%		Full	99.7%	98.0%	V1
BNP Paribas Investment Partners Netherlands NV	Netherlands	Full	100%	98.3%		Full	100%	98.3%	V1
BNP Paribas Investment Partners NL Holding NV	Netherlands	Full	100%	98.3%		Full	100%	98.3%	V1
BNP Paribas Investment Partners Singapore Ltd.	Singapore	Equity(*)	100%	98.3%		Equity(*)	100%	98.3%	V1
BNP Paribas Investment Partners Societa di Gestione del Risparmio SPA	Italy	Full	100%	99.7%		Full	100%	99.7%	V1
BNP Paribas Investment Partners UK Ltd.	UK	Full	100%	98.3%		Full	100%	98.3%	V1
BNP Paribas Investment Partners USA Holdings Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas Capital Partners (ex- BNP Paribas Private Equity)	France	Equity(*)	100%	100%		Equity(*)	100%	100%	
CamGestion	France	Full	100%	98.3%		Full	100%	98.3%	V1
Fauchier General Partner Ltd.	Guernsey								S2
Fauchier Partners Asset Management Ltd.	Guernsey								S2
Fauchier Partners Corporation	U.S.A								S2
Fauchier Partners International Ltd.	Bermuda								S2
Fauchier Partners Ltd.	UK								S2
Fauchier Partners LLP	UK								S2
Fauchier Partners Management Company Ltd.	UK								S2
Fauchier Partners Management Ltd.	Guernsey								S2
Fauchier Partners SAS	France								S2
Fischer Francis Trees & Watts Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
Fischer Francis Trees & Watts UK Ltd.	UK	Equity(*)	100%	98.3%		Equity(*)	100%	98.3%	V1
Fund Channel	Luxembourg	Equity	50.0%	49.1%		Equity	50.0%	49.1%	V1
FundQuest Advisor	France	Equity(*)	100%	98.3%		Equity(*)	100%	98.3%	V1&D1
FundQuest Advisor (UK branch)	UK	Equity(*)	100%	98.3%		Equity(*)	100%	98.3%	E2
FundQuest UK Ltd.	UK				S3	Equity(*)	100%	98.3%	V1&D1
Haitong – Fortis Private Equity Fund Management Co. Ltd.	China	Equity	33.0%	32.4%		Equity	33.0%	32.4%	V1
HFT Investment Management Co Ltd. (Group)	China	Equity	49.0%	48.2%		Equity	49.0%	48.2%	V1
PT. BNP Paribas Investment Partners	Indonesia	Full	100%	98.3%		Full	100%	98.3%	V1
Shinhan BNP Paribas Asset Management Co Ltd.	Rep. of Korea	Equity	35.0%	34.4%		Equity	35.0%	34.4%	V1&D3
THEAM	France	Full	100%	98.3%		Full	100%	98.3%	V1
TKB BNP Paribas Investment Partners Holding BV	Netherlands	Equity	50.0%	49.1%		Equity	50.0%	49.1%	V1
Securities services									
BNP Paribas Dealing Services	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Dealing Services (UK branch)	UK	Full (1)	100%	100%		Full (1)	100%	100%	E2
BNP Paribas Dealing Services Asia Ltd.	Hong Kong	Full	100%	100%		Full	100%	100%	
BNP Paribas Financial Services LLC	U.S.A								S3
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
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%	

Name	Country	31 December 2014 Method		Voting (%)	Interest (%)	Ref.	31 December 2013 Method		Voting (%)	Interest (%)	Ref.
BNP Paribas Securities Services – BP2S (Isle of Man branch)	Isle of Man					S1	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%		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
BNP Paribas Sundaram GSO Private Ltd.	India	Equity(*)		51.0%	51.0%		Equity(*)		51.0%	51.0%	
BNP Paribas Trust Company (Guernesey) Ltd.	Guernsey										S4
Real Estate Services											
Asset Partners	France					S4	Full		100%	100%	
Atisreal Netherlands BV	Netherlands	Full		100%	100%		Full		100%	100%	
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 Residences Services BSA	France	Full		100%	100%		Full		100%	100%	
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 & 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 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%		Full		100%	100%	E3
BNP Paribas Real Estate Advisory Spain SA	Spain	Full		100%	100%		Full		100%	100%	
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%	

Name	Country	31 December 2014 Method	Voting (%)	Interest (%)	Ref.	31 December 2013 Method	Voting (%)	Interest (%)	Ref.
BNP Paribas Real Estate Consult France	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Consult GmbH	Germany	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Facilities Management Ltd.	UK	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Financial Partner	France	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate GmbH	Germany	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Holding Benelux SA	Belgium	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Holding GmbH	Germany	Full	100%	100%		Full	100%	100%	
BNP Paribas Real Estate Hotels France	France	Full	100%	96.1%	V2	Full	100%	96.5%	V1
BNP Paribas Real Estate & Infrastructure Advisory Service Private Ltd.	India								S2
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%		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	96.1%	96.1%	V2	Full	96.5%	96.5%	V1
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				S3	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%	
Pyrotex SARL	Luxembourg	Full	100%	100%		Full	100%	100%	
San Basilio 45 SRL	Italy	Full	100%	100%		Full	100%	100%	E2
S.C BNP Paribas Real Estate Advisory S.A	Romania	Full	100%	100%		Full	100%	100%	
Sesame Conseil SAS	France								S4
Siège Issy	France	Full	100%	100%		Full	100%	100%	
Construction-Sale Companies (Real Estate programmes)	France	Full/ Equity	-	-	D2	Full/ Equity	-	-	D2&D3

Changes in the scope of consolidation

New entries (E) in the scope of consolidation

- E1 *Passing qualifying thresholds as defined by the Group (see note 1.b).*
- E2 *Incorporation.*
- E3 *Purchase, gain of control or significant influence.*
- E4 *Entities newly consolidated in accordance with IFRS10 (see note 2).*

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 (see 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*

Miscellaneous.

- D1 *Consolidation method change not related to fluctuation in voting or ownership interest.*
- D2 *96 Construction-Sale Companies (Real Estate programmes) of which 86 fully and 10 equity method consolidated.*
- D3 *Entities previously under proportional consolidation, which become consolidated under the equity method in accordance with IFRS11 (see note 2).*
- D4 *The TEB group, previously proportionally consolidated, was consolidated under the equity method in accordance with IFRS11, then fully consolidated as of 31 December 2013 (see note 2).*
- D5 *The LaSer group was consolidated under the equity method until 25 July 2014. Following the additional purchase of interest by BNP Paribas Group, the LaSer group has been fully consolidated (see note 8.c.).*

Prudential scope of consolidation

- (1) *French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in accordance with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council.*
- (2) *Entites consolidated under the equity method for prudential purposes.*
- (3) *Jointly controlled entities under proportional consolidation for prudential purposes.*

Name	Country	31 December 2014 Method	Voting (%)	Interest (%)	Ref.	31 December 2013 Method	Voting (%)	Interest (%)	Ref.
Sviluppo HQ Tiburtina SRL	Italy	Full	100%	100%		Full	100%	100%	E1
Sviluppo Residenziale Italia SRL	Italy	Full	100%	100%		Full	100%	100%	
Tasaciones Hipotecarias SA	Spain				S2	Full	100%	100%	
Via Crespi 26 SRL	Italy	Full	100%	100%		Full	100%	100%	
Corporate and Investment Banking									
France									
BNP Paribas Arbitrage	France	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Arbitrage (U.S.A branch)	U.S.A	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Arbitrage (UK branch)	UK	Full (1)	100%	100%		Full (1)	100%	100%	
BNP Paribas Equities France	France				S4	Full (1)	100%	100%	
Esomet	France	Full	100%	100%		Full	100%	100%	
Laffitte Participation 22	France	Full	100%	100%		Full	100%	100%	
Parifergie	France				S4	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%		Equity(*)	100%	99.9%	V1
BNP Paribas Arbitrage Issuance BV	Netherlands	Full	100%	100%		Full	100%	100%	
BNP Paribas Bank NV	Netherlands				S3	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%	
BNP Paribas Prime Brokerage International Ltd.	Ireland	Full	100%	100%	E2				
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 (2)	100%	100%		Full (2)	100%	100%	
BNP Paribas ZAO	Russia	Full	100%	100%		Full	100%	100%	
BNP PUK Holding Ltd.	UK	Full	100%	100%		Full	100%	100%	
FScholen	Belgium	Equity	50.0%	50.0%	E1				
GreenStars BNP Paribas	Luxembourg	Equity(*)	100%	100%		Equity(*)	100%	100%	
Harewood Holdings Ltd.	UK	Full	100%	100%		Full	100%	100%	
Hime Holding 1 SA	Luxembourg	Equity	26.4%	26.4%		Equity	26.4%	26.4%	E3
Hime Holding 2 SA	Luxembourg	Equity	21.0%	21.0%		Equity	21.0%	21.0%	E3
Hime Holding 3 SA	Luxembourg	Equity	20.6%	20.6%		Equity	20.6%	20.6%	E3
Landspire Ltd.	UK	Full	100%	100%		Full	100%	100%	
Plagefin SA (ex- Paribas Trust Luxembourg SA)	Luxembourg	Full	100%	65.9%		Full	100%	65.9%	V1
SC Nueva Condo Murcia SL	Spain	Equity(*)	100%	99.9%		Equity(*)	100%	99.9%	V1
Utexam Logistics Ltd.	Ireland	Full	100%	100%		Full	100%	100%	
Utexam Solutions Ltd.	Ireland	Full	100%	100%		Full	100%	100%	
Verner Investissements (Group)	France	Equity	40.0%	50.0%		Equity	40.0%	50.0%	
Americas									
Banco BNP Paribas Brasil SA	Brazil	Full	100%	100%		Full	100%	100%	
Banexi Holding Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas Canada	Canada	Full	100%	100%		Full	100%	100%	
BNP Paribas (Canada) Valeurs Mobilières	Canada	Equity(*)	100%	100%	E1				
BNP Paribas Capital Services Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas CC Inc. (ex- BNP Paribas Capital Corporation Inc.)	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas Colombia Corporation Financiera SA	Colombia	Equity(*)	100%	100%		Equity(*)	100%	100%	
BNP Paribas Energy Trading Canada Corp.	Canada	Equity(*)	100%	100%		Equity(*)	100%	100%	
BNP Paribas Energy Trading GP	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas Energy Trading Holdings, Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas Energy Trading LLC	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas FS LLC	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas Leasing Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas Mortgage Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas North America Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas Prime Brokerage Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas Prime Brokerage International Ltd.	Cayman Islands				S1	Full	100%	100%	
BNP Paribas RCC Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
BNP Paribas Securities Corporation	U.S.A	Full	100%	100%		Full	100%	100%	
CooperNeff Group Inc.	U.S.A								S3
Cronos Holding Company Ltd. (Group)	Bermuda	Equity	30.1%	30.0%		Equity	30.1%	30.0%	V1
FB Transportation Capital LLC	U.S.A	Full	100%	99.9%		Full	100%	99.9%	V1
Fortis Funding LLC	U.S.A	Full	100%	99.9%		Full	100%	99.9%	V1
French American Banking Corporation – F.A.B.C	U.S.A	Full	100%	100%		Full	100%	100%	
FSI Holdings Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
Paribas North America Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
Petits Champs Participaçoes e Serviços SA	Brazil								S4
RFH Ltd.	Bermuda								S2
SDI Media Central Holdings Corp.	U.S.A								S2
Via North America, Inc.	U.S.A	Full	100%	100%		Full	100%	100%	
Asia – Oceania									
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 Commodities Trading (Shanghai) Co Ltd.	China	Full	100%	100%	E2				
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%	
BNP Paribas India Solutions Private Ltd.	India	Full	100%	100%		Full	100%	100%	
BNP Paribas Japan Ltd.	Japan				S1	Full	100%	100%	
BNP Paribas Malaysia Berhad	Malaysia	Full	100%	100%		Full	100%	100%	
BNP Paribas Principal Investments Japan Ltd.	Japan				S1	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%		Full	100%	100%	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.	Hong Kong	Equity(*)	100%	100%		Equity(*)	100%	100%	
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%	
Africa									
BNP Paribas Cadiz Securities	South Africa	Equity(*)	60.0%	60.0%	E1				
BNP Paribas Cadiz Stockbroking	South Africa	Equity(*)	60.0%	60.0%		Equity(*)	60.0%	60.0%	E1
Special Purpose Entities									
54 Lombard Street Investments Ltd.	UK	Full	-	-		Full	-	-	
ACG Capital Partners Singapore Pte. Ltd	Singapore	Equity (3)	-	-		Equity (3)	-	-	D3
Alamo Funding II Inc.	U.S.A	Full	-	-		Full	-	-	
Alandes BV	Netherlands								S3
Alectra Finance PLC	Ireland	Full	-	-		Full	-	-	
Alleray SARL	Luxembourg	Full	-	-	E1				
Antin Participation 8	France	Full	-	-		Full	-	-	
Aquarius Capital Investments Ltd.	Ireland				S3	Full	-	-	
Aquarius + Investments PLC	Ireland	Full	-	-	E1				
Astir BV	Netherlands				S3	Full	-	-	
Atargatis	France	Full	-	-		Full	-	-	
Austin Finance	France	Full	-	-		Full	-	-	
BNP Paribas Complex Fundo de Investimento Multimercado	Brazil								S3
BNP Paribas EQD Brazil Fund Fundo Invest Multimercado	Brazil	Full	-	-		Full	-	-	
BNP Paribas Finance Inc.	U.S.A	Full	-	-		Full	-	-	
BNP Paribas Flexi III Deposit Euro	France	Full	-	-	E1				
BNP Paribas International Finance Dublin	Ireland	Full	-	-		Full	-	-	E1
BNP Paribas Investments N°1 Ltd.	UK	Full	-	-		Full	-	-	E2
BNP Paribas Investments N°2 Ltd.	UK	Full	-	-		Full	-	-	E2
BNP Paribas Proprietario Fundo de Investimento Multimercado	Brazil	Full	-	-		Full	-	-	
BNP Paribas VPG Adonis LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG Brookfin LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG Brookline Cre LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG BMC Select LLC	U.S.A				S1	Full	-	-	
BNP Paribas VPG CB LLC (ex- BNP Paribas VPG CB Lender LLC)	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG CT Holdings LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG EDMC Holdings LLC (ex- BNP Paribas VPG RHI Holdings LLC)	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG Freedom Communications LLC	U.S.A	Full	-	-		Full	-	-	

Name	Country	31 December 2014 Method	Voting (%)	Interest (%)	Ref.	31 December 2013 Method	Voting (%)	Interest (%)	Ref.
BNP Paribas VPG Lake Butler LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG Legacy Cabinets LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG Mark IV LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG Master LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG SDI Media Holdings LLC	U.S.A	Full	-	-		Full	-	-	E2
BNP Paribas VPG Medianews Group LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG MGM LLC	U.S.A				S1	Full	-	-	
BNP Paribas VPG Modern Luxury Media LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG Northstar LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG PCMC LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG Reader's Digest Association LLC	U.S.A				S1	Full	-	-	
BNP Paribas VPG SBX Holdings LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas VPG Semgroup LLC	U.S.A				S1	Full	-	-	
BNP Paribas VPG Titan Outdoor LLC	U.S.A	Full	-	-		Full	-	-	
Boug BV	Netherlands	Full	-	-		Full	-	-	
Crossen SARL	Luxembourg	Full	-	-		Full	-	-	
Compagnie Investissement Italiens SNC	France	Full	-	-		Full	-	-	
Compagnie Investissement Opéra SNC	France	Full	-	-		Full	-	-	
European Index Assets BV	Netherlands	Full	-	-	E2				
Financière des Italiens	France	Full	-	-		Full	-	-	
Financière Paris Haussmann	France	Full	-	-		Full	-	-	
Financière Taitbout	France	Full	-	-		Full	-	-	
Grenache et Cie SNC	Luxembourg				S1	Full	-	-	
Harewood Financing Limited	UK	Full	-	-		Full	-	-	
Harewood Investments N°5 Ltd.	Cayman Islands								S1
Harewood Investments N°7 Ltd.	Cayman Islands								S1
Harewood Investments N°8 Ltd.	Cayman Islands								S1
Leveraged Finance Europe Capital V BV	Netherlands	Full	-	-		Full	-	-	
Madison Arbor LLC	U.S.A				S1	Full	-	-	E2
Madison Arbor Ltd.	Ireland	Full	-	-	E2				
Marc Finance Ltd.	Cayman Islands	Full	-	-		Full	-	-	
Matchpoint Finance Public Limited Company	Ireland	Full	-	-		Full	-	-	E4
Matchpoint Master Trust	U.S.A	Full	-	-	E1				
Méditerranéa	France	Full	-	-		Full	-	-	
Omega Capital Investments PLC	Ireland	Full	-	-		Full	-	-	
Omega Capital Europe PLC	Ireland								S3
Omega Capital Funding Ltd.	Ireland	Full	-	-		Full	-	-	
Optichamps	France	Full	-	-		Full	-	-	
Participations Opéra	France	Full	-	-		Full	-	-	
Renaissance Fund III	Japan								S1
Ribera del Loira Arbitrage	Spain				S3	Full	-	-	
Royale Neuve I Sarl	Luxembourg	Full	-	-		Full	-	-	
Royale Neuve II Sarl	Luxembourg								S3
Royale Neuve VI Sarl	Luxembourg				S3	Full	-	-	E1
Royale Neuve VII Sarl	Luxembourg								S3
Scaldis Capital (Ireland) Ltd.	Ireland	Full	-	-		Full	-	-	
Scaldis Capital Ltd.	Jersey	Full	-	-		Full	-	-	
Scaldis Capital LLC	U.S.A	Full	-	-		Full	-	-	
Smalt	Luxembourg								S4
Starbird Funding Corporation	U.S.A	Full	-	-		Full	-	-	E4

Name	Country	31 December 2014 Method	Voting (%)	Interest (%)	Ref.	31 December 2013 Method	Voting (%)	Interest (%)	Ref.
Tender Option Bond Municipal program	U.S.A	Equity(*)	-	-		Equity(*)	-	-	
TCG Fund I, L.P	Cayman Islands	Full	-	-		Full	-	-	V1
VPG SDI Media LLC	U.S.A	Equity	-	-		Equity	-	-	S2
Other Business Units									
Private Equity (BNP Paribas Capital)									
Cobema	Belgium	Full	100%	100%		Full	100%	100%	
Compagnie Financière Ottomane SA	Luxembourg	Full	97.0%	97.0%		Full	97.0%	97.0%	V1
Erbe	Belgium								S2
Fortis Private Equity Belgium NV	Belgium	Full	100%	99.9%		Full	100%	99.9%	V1
Fortis Private Equity Expansion Belgium NV	Belgium	Full	100%	99.9%		Full	100%	99.9%	V1
Fortis Private Equity France Fund	France								S3
Fortis Private Equity Management Belgium	Belgium	Equity(*)	100%	99.9%	E1				
Fortis Private Equity Venture Belgium SA	Belgium				S4	Full	100%	99.9%	V1
Gepeco	Belgium				S4	Full	100%	100%	
Property companies (property used in operations)									
Antin Participation 5	France	Full	100%	100%		Full	100%	100%	
Ejesur SA	Spain				S3	Equity(*)	100%	100%	
Société Immobilière Marché Saint-Honoré	France	Full	99.9%	99.9%		Full	99.9%	99.9%	
Société Marloise Participations	France								S4
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 (2)	100%	100%		Full (2)	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				S4	Full	100%	100%	
Plagefin – Placement, Gestion, Finance Holding SA	Luxembourg				S4	Full	100%	65.9%	V1
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				S4	Full (1)	100%	100%	
Special Purpose Entities									
BNP Paribas Capital Trust LLC 6	U.S.A								S1
BNP Paribas Capital Preferred LLC 6	U.S.A								S1
BNP Paribas US Medium Term Notes Program LLC	U.S.A	Full	-	-		Full	-	-	
BNP Paribas US Structured Medium Term Notes LLC	U.S.A								S3
BNP Paribas-SME(1) (ex- Euro Secured Notes Issuer)	France	Full	-	-	E2				
FCT Opéra	France	Full	-	-	E2				
Klépierre									
Klépierre SA (Group)	France	Equity	21.7%	21.6%		Equity	21.7%	21.6%	V2

Changes in the scope of consolidation

New entries (E) in the scope of consolidation

E1 Passing qualifying thresholds as defined by the Group (see note 1.b).
E2 Incorporation.
E3 Purchase, gain of control or significant influence.
E4 Entities newly consolidated in accordance with IFRS 10 (see note 2).

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 (see 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

Miscellaneous.

D1 Consolidation method change not related to fluctuation in voting or ownership interest.
D2 96 Construction-Sale Companies (Real Estate programmes) of which 86 fully and 10 equity method consolidated.
D3 Entities previously under proportional consolidation, which become consolidated under the equity method in accordance with IFRS 11 (see note 2).
D4 The TEB group, previously proportionally consolidated, was consolidated under the equity method in accordance with IFRS 11, then fully consolidated as of 31 December 2013 (see note 2).
D5 The LaSer group was consolidated under the equity method until 25 July 2014. Following the additional purchase of interest by BNP Paribas Group, the LaSer group has been fully consolidated (see note 8.c.).

Prudential scope of consolidation

(1) French subsidiaries whose supervision of prudential requirements is complied with through the supervision on a consolidated basis of BNP Paribas SA, in accordance with article 7.1 of Regulation n°575/2013 of the European Parliament and of the Council.
(2) Entites consolidated under the equity method for prudential purposes.
(3) Jointly controlled entities under proportional consolidation for prudential purposes.

8.l FEES PAID TO THE STATUTORY AUDITORS

In 2014 *Excluding tax, in thousands of euros*	Deloitte		PricewaterhouseCoopers Audit		Mazars		Total	
	Total	%	Total	%	Total	%	Total	%
Audit								
Statutory audits and contractual audits, including								
Issuer	2,903	17%	4,584	21%	1,751	17%	9,238	19%
Consolidated subsidiaries	9,195	56%	8,934	42%	7,684	78%	25,813	53%
Other reviews and services directly related to the statutory audit engagement, including								
Issuer	359	2%	1,973	9%	13	0%	2,345	5%
Consolidated subsidiaries	2,245	13%	4,684	21%	505	5%	7,434	15%
Sub-total	**14,702**	**88%**	**20,175**	**93%**	**9,953**	**100%**	**44,830**	**92%**
Other services provided by the networks to fully-consolidated subsidiaries								
Legal, tax, social		0%	262	1%	31	0%	293	1%
Others	2,082	12%	1,377	6%	46	0%	3,505	7%
Sub-total	**2,082**	**12%**	**1,639**	**7%**	**77**	**0%**	**3,798**	**8%**
TOTAL	**16,784**	**100%**	**21,814**	**100%**	**10,030**	**100%**	**48,628**	**100%**

In 2013 *Excluding tax, in thousands of euros*	Deloitte		PricewaterhouseCoopers Audit		Mazars		Total	
	Total	%	Total	%	Total	%	Total	%
Audit								
Statutory audits and contractual audits, 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								
Legal, tax, social	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[(1)]	**15,310**	**100%**	**18,976**	**100%**	**10,170**	**100%**	**44,456**	**100%**

(1) The total amount of fees, restated according to IFRS 10 and 11, is EUR 43,739 thousands.

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 1,001 thousand for the year 2014 (EUR 1,488 thousand in 2013, or EUR 1,088 thousand as restated according to IFRS 10 and 11).

Other work and services related directly to audit work, are mainly composed this year of reviews of the entity's compliance with regulatory provisions, which were increased due to regulatory changes, 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. To a lesser extent, they also include works related to reviews of risks and internal control and due diligences on financial transactions.

4.7 Statutory Auditors' report on the consolidated 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

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.

For the year ended 31 December 2014

Aux Actionnaires

BNP Paribas SA

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 2014, on:

- the audit of the accompanying consolidated financial statements of BNP Paribas SA;
- 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 2014 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 (i) Note 3.g to the consolidated financial statements which outlines the costs related to the comprehensive settlement with US authorities, and (ii) Notes 1.a and 2 to the consolidated financial statements, which describe changes in accounting policies following the application of the amendment to IAS 32 relating to the offsetting of financial assets and financial liabilities, and of IFRS 10 – «Consolidated Financial Statements», IFRS 11 – «Joint Arrangements», IFRS 12 – «Disclosure of Interests in Other Entities», and the revised version of IAS 28 – «Investments in Associates and Joint Ventures».

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 SA 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, 5.g, 5.h and 5.q 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 SA 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 SA 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.

Technical reserves of insurance companies

BNP Paribas SA recognises technical reserves to hedge risks related to insurance contracts, as described in Notes 1.d.2, 3.e and 5.p to the consolidated financial statements. We examined the method adopted to measure these liabilities, as well as the main assumptions and inputs used.

Impairment related to goodwill

BNP Paribas SA carried out impairment tests on goodwill which led to the recording of impairment losses in 2014, 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 SA 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 SA raises provisions to cover its employee benefit obligations, as described in Notes 1.h, 5.q 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, 6 March 2015

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.

This chapter presents the information relative to the BNP Paribas Group's risks and in this respect meets:

- the requirements of part 8 of Regulation (EU) No. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms applicable to BNP Paribas on a consolidated basis (see article 13);
- the accounting standards requirements relating to the nature and the extent of the risks. 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)*.

IMPLEMENTATION OF BASEL 3 REGULATORY CHANGES

The Basel reform measures (known as Basel 3), approved in November 2010, will strengthen the ability of banks to withstand economic and financial shocks of all kinds by introducing a series of regulatory provisions. The content of this reform was transposed into European law in Directive 2013/36/EU (CRD 4) and Regulation (EU) No. 575/2013 of 26 June 2013 (CRR), which together constitute the corpus of texts known as "CRD IV".

All of these new requirements will be phased in over a five-year period from 1 January 2014 to 1 January 2019, transitioning from "phased in" ratios to "fully loaded" ratios.

Strengthened solvency

These new rules harmonise the definition of capital and strengthen the ability of financial institutions to absorb losses.

The measures introduce a new capital hierarchy, and update the definitions of each category to enhance their quality:

- Common Equity Tier 1 capital – CET1;
- Tier 1, consisting of Common Equity Tier 1 and Additional Tier 1 capital (AT1);
- Tier 2 capital.

A more detailed description of the composition of regulatory capital is given under *Regulatory capital* in section 5.2. The tables in this section and the more detailed tables in Appendix 2 are presented in accordance with Council Implementing Regulation (EU) No. 1423/2013 of 20 December 2013.

At the same time, the rules for the calculation of risk-weighted assets have been adjusted to tighten these requirements. The impacts on the Group's risk-weighted assets on the date of first application are detailed in section 5.2 *Capital requirement and risk-weighted assets*.

Introduction of a leverage ratio

In addition to the regulatory changes outlined above, it is planned to introduce a leverage ratio primarily to act as a supplementary measure to the risk-based capital requirements (backstop principle). The delegated act amending Regulation (EU) No. 575/2013, adopted by the European Commission on 10 October 2014, specifies the changes in the methods for calculating the ratio relative to the initial 2013 text. The ratio will be binding as of 1 January 2018. It will be subject to a public disclosure requirement by the banks as from 1 January 2015.

As an indication, the Group's leverage ratio as at 31 December 2014 is presented in section 5.2 *Capital adequacy and capital planning*.

Liquidity management

The implementation of CRD IV on liquidity with the introduction of a short-term liquidity ratio (Liquidity Coverage Ratio – LCR) and a long-term liquidity ratio (Net Stable Funding Ratio – NSFR) is presented in section 5.9 *Liquidity risk*.

The phased-in application of the LCR has been set up. As of 1 October 2015, the minimum liquidity coverage ratio will be set at 60% of total net cash outflows during the 30-day stress period, gradually increasing to reach 100% in 2018.

The NSFR will come into effect for 2018.

5.1 Annual risk survey

KEY FIGURES

CAPITAL RATIOS

TABLE 1: CAPITAL RATIOS

In millions of euros	Basel 3 (phased in)	
	31 December 2014	31 December 2013
COMMON EQUITY TIER 1 (CET1) CAPITAL	**64,470**	**66,408**
TIER 1 CAPITAL	**70,378**	**72,944**
TOTAL CAPITAL	**77,168**	**77,972**
RISK-WEIGHTED ASSETS	**614,449**	**621,968**
RATIOS		
Common Equity Tier 1 (CET1) capital	10.5%	10.7%
Tier 1 capital	11.5%	11.7%
Total capital	12.6%	12.5%

In millions of euros	Basel 3 (fully loaded)	
	31 December 2014	31 December 2013
COMMON EQUITY TIER 1 (CET1) CAPITAL	**63,662**	**64,843**
RISK-WEIGHTED ASSETS	**619,827**	**627,256**
RATIO		
Common Equity Tier 1 (CET1) capital	10.3%	10.3%

With a phased in CET1 ratio of 10.5%, Tier 1 ratio of 11.5% and total capital ratio of 12.6% at 31 December 2014, the Group largely complies with the present requirements, which are, respectively, 4%, 5.5% and 8% at that date.

These regulatory requirements will be increased through 2019 and the transitional arrangements gradually decreased (see *Capital adequacy and capital planning* in section 5.2). BNP Paribas already complies with its fully loaded CET1 ratio target of 10%, and it has the objective to comply by 2019 at the latest with a total capital ratio target of 12.5%

RISK-WEIGHTED ASSETS BY RISK TYPE

Most of the Group's exposures give rise to credit risk. Market risk is limited to 3% of the Group's risk-weighted assets as of 31 December 2014.

FIGURE 1: RISK-WEIGHTED ASSETS BY RISK TYPE(*)

(*) Breakdown at 31 December 2014 excluding impacts of transitional arrangements. The figures in parenthesis correspond to the breakdown as at 31 December 2013 under fully loaded Basel 3 (on the date of first application).

Risk-weighted assets are presented in this chapter pursuant to full application of Basel 3 regulations, i.e. without taking transitional arrangements into account.

The impact of transitional measures amounted to -EUR 5.4 billion as at 31 December 2014 (i.e. -0.9% relative to full application), and corresponds to unrealised gains not included in the equity risk exposure value because they were excluded from Common Equity Tier 1 capital (see section 5.2 Table 9 *Risk-weighted assets – transitional arrangements*).

TOP AND EMERGING 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 having:

- the potential to have a material impact, across a business area or geographical area, on the financial results, reputation or sustainability of the business; and
- the potential of occurring in the near future.

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 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 topics selected by the Group Management through the Risk Committee for the upcoming year.

TOP RISKS

The main current risks to which the Group is exposed are described below, with the following categories:

- risks related to the macroeconomic and market environment;
- regulatory risks.

Macroeconomic environment

Macroeconomic and market conditions affect the Bank's results. The nature of the Bank's business makes it particularly sensitive to macroeconomic and market conditions in Europe, which have been difficult and volatile in recent years.

In 2014, the global economy continued its slow recovery but there remain uncertainties, in particular in Europe where the economic performance during the second half of 2014 was weaker than expected. IMF and OECD[(1)] economic forecasts for 2015 indicate a continuation of moderate growth in developed economies but with differences between countries, including in the euro zone, where growth is forecast to be weak in certain countries (including France and Italy). The forecast is similar for emerging markets (i.e., moderate growth but with areas of weakness). Short term risks to macroeconomic growth highlighted by the IMF include heightened geopolitical tensions and increased financial market volatility; medium-term risks highlighted include weak economic growth or stagnation in developed countries. Deflation remains a risk in the euro zone, although the risk has been reduced through the ECB's announcement of non-conventional policy measures.

Laws and regulations applicable to Financial Institutions

Laws and regulations applicable to financial institutions that have an impact on the Bank have significantly evolved. The measures that were recently adopted, or that are (or whose implementation measures are) in some cases proposed and still under discussion, that have or are likely to affect the Bank, include in particular the Ordinance of June 27, 2013 relating to credit institutions and financing companies ("Sociétés de financement"), the banking law of 26 July 2013 and the related implementing decrees and orders, the Ordinance of 20 February 2014, the Directive and the Regulation of 26 June 2013 on prudential requirements "CRD 4/CRR" (and the related delegated and implementing acts and the regulatory and implementing technical standards published by the EBA), the designation of the Bank as a systemically important financial institution by the Financial Stability Board, the consultation for a common international standard on Total Loss-Absorbing Capacity ("TLAC") for global systemically important banks, the public consultation for the reform of the structure of the EU banking sector of 2013 and the proposal for a Regulation of 29 January 2014 on structural measures improving the resilience of EU credit institutions, the proposal for a Regulation of 18 September 2013 on indices used as benchmarks in financial instruments and financial contracts, the Directive and the Regulation of 16 April 2014 on market abuse, the Directive and the Regulation of 15 May 2014 on markets in financial instruments, the European Single Supervisory Mechanism, as well as the Ordinance of 6 November 2014, the Directive of 16 April 2014 on deposit guarantee schemes and the related delegated and implementing acts, the Directive of 15 May 2014 establishing a framework for the recovery and resolution of banks, the Single Resolution Mechanism, which provides for the establishment of the Single Resolution Board and the Single Resolution Fund, the U.S. Federal Reserve's final rule imposing enhanced prudential standards on the U.S. operations of large foreign banks; the "Volcker Rule" imposing certain restrictions on investments in or sponsorship of hedge funds and private equity funds and proprietary trading activities of U.S. banks and non-U.S. banks and the final U.S. credit risk retention rule.

For a more detailed description, see the risk factor *"Laws and regulations adopted in response to the global financial crisis may materially impact the Bank and the financial and economic environment in which it operates"*.

EMERGING RISKS

The significant volatility of commodity and energy prices, in particular the recent sharp decrease in oil prices, which is mainly due to fluctuations in supply and demand, market uncertainty and a variety of additional factors that are beyond the Bank's control (including government regulations, the price and availability of alternative fuels, political conditions, foreign supply of such commodities and overall economic conditions) may, if it persists, impact the Bank's commercial strategy and is therefore considered an emerging risk for the Bank.

(1) See in particular: International Monetary Fund. World Economic Outlook (WEO) Update, January 2015: Gross Currents; International Monetary Fund. 2014; International Monetary Fund. World Economic Outlook: Legacies, Clouds, Uncertainties. Washington (October 2014); OECD - Putting the Euro area on a road to recovery - C. Mann - 25 November 2014.

RISK FACTORS

This section summarises the principal risks that the Bank currently considers itself to face. They are presented in the following categories: risks related to the macroeconomic and market environment, regulatory risks and risks related to the Bank, its strategy, management and operations.

RISKS RELATED TO THE MACROECONOMIC AND MARKET ENVIRONMENT

Difficult market and economic conditions have had and may continue to 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, pandemics, societal unrest, geopolitical tensions, 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 2015, the macroeconomic environment is expected to be subject to various specific risks, including geopolitical tensions and financial market volatility along with weak growth in the euro zone. Measures taken or that may be taken by central banks to stimulate growth and prevent deflation, including the "quantitative easing" measures announced by the European Central Bank on 22 January 2015, could have negative effects on the banking industry possibly bringing margin pressure but not necessarily lending volume growth.

Moreover, a resurgence of a sovereign debt crisis in Europe, including in Greece following the elections in late January, cannot be ruled out. 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 or the exit of a country from the euro zone), the Bank could be required to book impairment charges on its sovereign debt holdings or losses on sales thereof, and the resulting market and political disruptions could in addition 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, foreign exchange rates and stock market indices, and on the Bank's liquidity and ability to raise financing on acceptable terms.

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, rating downgrades, increases in credit spreads 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 prolonged stagnation, deflation, 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 and have a negative impact on the Bank's results of operations and financial condition.

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The Bank's cost of funding may also be influenced by the credit rating of France or the credit rating of the Bank's long-term debt, both of which have been subject to downgrades in recent years. Further downgrades in the Bank's or France's credit ratings may increase the Bank's borrowing cost.

The Bank's cost of obtaining long-term unsecured funding from market investors is also directly related to its credit spreads, which in turn depend to a certain extent on its credit ratings. Increases in credit spreads can significantly increase the Bank's cost of funding. Changes in credit spreads are continuous, market-driven, and subject at times to unpredictable and highly volatile movements. Credit spreads are also influenced by market perceptions of creditworthiness of the Bank.

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, and government decisions relating to regulated savings rates (for example in France the Savings Account A ("Livret A") or Housing Savings Plan ("Plan d'Epargne Logement")). 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 financing, investment and derivative transactions could be adversely affected by the soundness of other financial institutions or market participants. Financial institutions are interrelated as a result of trading, clearing, counterparty, funding or other relationships. As a result, defaults, or even rumours 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 alternative investment 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 realised 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 summarised above will not materially and adversely affect the Bank's results of operations.

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 extreme volatility in these markets, i.e., the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels, such as occurred during the height of the 2008/2009 financial crisis. 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 hold 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 realise 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 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.

REGULATORY RISKS

Laws and regulations adopted 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 States, in particular, with a view to introducing a number of changes, some permanent, in the financial environment. The impact of the new measures has changed 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 governance and conduct of business rules, more extensive market abuse regulations, measures to improve the transparency and efficiency of financial markets and in particular to regulate high frequency trading, 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. Many of these measures have been adopted and are already applicable to the Bank.

In 2013 and 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 and the related implementing decrees and orders specified the required separation between financing operations activities and so-called "speculative" operations that must henceforth be conducted by ring-fenced subsidiaries subject to specific capital and liquidity requirements on a stand-alone basis, as from 1 July 2015. This banking law also introduced a mechanism for preventing and resolving banking crises, which is now supervised by the French banking regulator ("Autorité de contrôle prudentiel et de résolution", "ACPR") with expanded powers. 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 outstanding 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"). The Ordinance of 20 February 2014 for the adaptation of French law to EU law with respect to financial matters provided in particular for the strengthening of the governance rules within banking institutions, a reinforced and harmonised at the EU level sanctions regime, an extended scope of prudential surveillance with in particular additional prudential requirements, a harmonisation 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. Transposition into French law of the EU Bank Recovery and Resolution Directive of 15 May 2014 ("BRRD"), which is scheduled to take place in 2015, will lead to a modification of the French resolution mechanism and will strengthen the tools to prevent and resolve banking crisis in order to ensure that any losses are borne in priority by banks' creditors and shareholders (such mechanism being known as the "bail-in" or "write-down" procedure).

At the European level, many of the provisions of the EU Directive and Regulation on prudential requirements "CRD 4/CRR" dated 26 June 2013 took effect as of 1 January 2014. In this respect, many delegated and implementing acts provided for in the Directive and Regulation CRD 4/CRR were adopted in 2014. The prudential ratio requirements of the European Banking Authority and the designation of the Bank as a systemically important financial institution by the Financial Stability Board increased the Bank's prudential requirements and may limit its ability to extend credit or to hold certain assets, particularly those with longer maturities. In 2011-2012, the Bank implemented an adaptation plan in response to these requirements, including reducing its balance sheet and bolstering its capital. In addition, in November 2014, the Financial Stability Board started a consultation on a common international standard on total loss-absorbing capacity ("TLAC") for global systemic banks. 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 (including issuing additional debt) that could weigh on its profitability and adversely affect its financial condition and results of operations. Moreover, the proposal for a Regulation of the European Parliament and of the Council of 29 January 2014 on structural measures improving the resilience of EU credit institutions 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.

Regarding the European "Banking Union", the European Union adopted, in October 2013, a Single Supervisory Mechanism ("SSM") under the supervision of the European Central Bank; as a consequence, since November 2014 and French Ordinance dated 6 November 2014 for the adaptation of French law to the single supervisory mechanism of credit institutions, the Bank, along with all other significant institutions in the euro zone, are now under the direct supervision of the European Central Bank. It is not yet possible to assess the impacts of such measures, if any, on the Bank; however the uncertainty regarding the application of several measures by the European Central Bank and the implementation of additional measures may be a source of additional uncertainty and a risk of non-compliance and, generally speaking, the costs incurred due to the implementation of the SSM may have a negative impact on the Bank's results of operations and financial condition. Moreover, and in the context of the new supervisory role granted to the European Central Bank, the European Central Bank conducted in 2014 an asset quality review and performed stress tests on the principal European banks, including the Bank. The findings of this review were released in October 2014, and despite the fact that the Bank passed these tests and that the robustness of the Bank's balance sheet and the quality of its assets were confirmed, it remains possible that the European Central Bank's future reviews may result, in particular in the context of future stress tests, in recommendations and additional measures applicable to the Bank. In addition to the SSM, on 15 April 2014, the European Parliament adopted the BRRD which strengthens the tools to prevent and resolve banking crisis in order to ensure that any losses are borne in priority by banks' creditors and shareholders and provides for the implementation of resolution funds at the national levels as of 1 January 2015 and until 1 January 2016; the Council of the European Union further adopted on 14 July 2014 a regulation establishing the Single Resolution Mechanism ("SRM"), which provides for the establishment of the Single Resolution Board ("SRB"), as the authority in charge of the implementation of the Single Resolution Mechanism, and the establishment of a Single Resolution Fund ("SRF") financed by banks at the national level. The SRM will be applicable as from 1 January 2016. Pursuant to the SRM, on 8 October 2014, the European Commission adopted the delegated regulation on the provisional system of instalments on contributions to cover the administrative expenditures of the Single Resolution Board during the provisional period; on 19 December 2014, the Council adopted the proposal for a Council implementing act to calculate the contributions of banks to the Single Resolution Fund, which provides for annual contributions to the SRF to be made by the banks calculated on the basis of their liabilities, excluding own funds and covered deposits and adjusted for risks. The SRF will replace national resolution funds as of 1 January 2016 implemented pursuant to the BRRD. As a consequence, the contribution to the SRF will be significant for the Bank and will result in an increase in fees and as a consequence, will have a negative impact on the Bank's results of operations. Finally, the Directive of 16 April 2014 on deposit guarantee schemes strengthening the protection of citizens' deposits in case of bank failures was adopted by the European Parliament on 15 April 2014.

Bank regulation in the United States has been substantially changed and expanded in the wake of the financial crisis, including most recently as follows. On 22 October 2014 the final U.S. credit risk retention rule was adopted, which will require certain sponsors of asset-backed securities ("ABS") to retain not less than five percent of the credit risk of the assets collateralising the ABS issuance. Moreover, the U.S. Federal Reserve's final rule imposing enhanced prudential standards on the U.S. operations of large foreign banks will require the Bank to create a new intermediate holding company for its U.S. subsidiaries by 1 July 2016, which will be required to comply with risk-based and leverage capital requirements, liquidity requirements, supervisory stress testing and capital planning requirements as well as other prudential requirements on a stand-alone basis. Finally, the "Volcker Rule", adopted by the U.S. regulatory authorities in December 2013, places certain restrictions on the ability of U.S. and non-U.S. banking entities to engage in proprietary trading and to sponsor or invest in private equity and hedge funds; conformance with the Volcker Rule is currently required by 21 July 2015, although the U.S. Federal Reserve has indicated that the conformance deadline for pre-2014 "legacy" investments in and relationships with private equity and hedge funds will be extended until 21 July 2017.

Some legislative and regulatory measures remain under discussion or subject to revision. These latter measures, if adopted at the European level, will be subject to implementing actions and will 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 is subject to extensive and evolving regulatory regimes in the jurisdictions in which it operates.

The Bank faces the risk of changes in legislation or regulation 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;
- changes in government or regulatory policy that may significantly influence investor decisions, in particular in the markets in which the Group operates;
- changes in regulatory requirements applicable to the financial industry, such as rules relating to applicable governance, remunerations, capital adequacy and liquidity frameworks and restrictions on activities considered as speculative;
- changes in securities regulations as well as in 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, risk management and compliance;
- expropriation, nationalisation, 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.

The Bank may incur substantial fines and other administrative and criminal penalties for non-compliance with applicable laws and regulations.

The Bank is exposed to regulatory compliance risk, such as failure 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 (including class actions introduced into French law in 2014), non-compliance could lead to material legal proceedings, fines and expenses (including fines and expenses in excess of recorded provisions), public reprimand, enforced suspension of operations or, in extreme cases, withdrawal by the authorities of operating licenses. This risk is further exacerbated by continuously increasing regulatory oversight.

In this respect, on 30 June 2014, the Bank entered into a series of agreements with, and was the subject of several orders issued by, U.S. federal and New York state government agencies and regulatory authorities including the U.S. Department of Justice, the New York County District Attorney's Office, the U.S. Attorney's Office for the Southern District of New York, the Board of Governors of the Federal Reserve System, the Office of Foreign Assets Control of the U.S. Department of the Treasury and the New York State Department of Financial Services, in settlement of investigations into violations of U.S. laws and regulations regarding economic sanctions. The fines and penalties imposed on the Bank as part of this settlement include, among other things, the payment of monetary penalties amounting in the aggregate to $8.97 billion (€6.6 billion), guilty pleas by BNP Paribas S.A., the parent company of the BNP Paribas Group, to charges of having violated U.S. federal criminal law (conspiracy to violate the Trading with the Enemy Act and the International Emergency Economic Powers Act) and New York State criminal law (conspiracy and falsifying business records), and the suspension of the New York branch of BNP Paribas for (a) a one-year period (2015) of USD direct clearing focused mainly on the Oil & Gas Energy and Commodity Finance business line in certain locations and (b) a two-year period of U.S. dollar clearing as a correspondent bank for unaffiliated third party banks in New York and London. Following this settlement, the Bank remains subject to increased scrutiny by regulatory authorities (including via the presence within the Bank of an independent consultant) who are monitoring its compliance with a remediation plan agreed with them.

The Bank has received requests for information from certain regulatory authorities globally who are investigating trading in the foreign exchange market. The Bank is cooperating with these investigations, including by conducting its own internal review of foreign exchange trading. The Bank is also named as a defendant in a consolidated putative class action brought in the United States District Court for the Southern District of New York alleging antitrust claims relating to the alleged manipulation of foreign exchange rates. Although certain regulatory authorities have announced that they have closed their investigations concerning the Bank without taking any measures, the Bank is currently not in a position to estimate the outcome of these matters, including any fines that may be levied by governmental bodies or damages that may be incurred from private litigation. A number of other financial institutions are also currently being investigated in this respect and certain entered into settlements with authorities in 2014. As a result, these investigations and proceedings may expose the Bank to substantial monetary damages and defence costs in addition to potential criminal and civil penalties, and they could accordingly have a material adverse effect on the Bank's results of operations, financial condition or reputation.

RISKS RELATED TO THE BANK, ITS STRATEGY, MANAGEMENT AND OPERATIONS

Risks related to the implementation of the Bank's strategic plan.

In March 2014 the Bank announced a plan for the 2014-2016 period (the "Strategic Plan") that set out various strategic objectives. The Strategic Plan contemplates a number of initiatives, including simplifying the Bank's organisation and operations, continuing to improve operating efficiency, adapting certain businesses to their economic and regulatory environment and implementing various business development initiatives.

The Strategic Plan includes a number of financial targets and objectives relating to net banking income, operating costs, net income and capital adequacy ratios, among other things. These financial targets and objectives were established primarily for purposes of internal planning and allocation of resources, and are based on a number of assumptions with regard to business and economic conditions. On 5 February 2015, the Bank provided an update on the plan's implementation.

The Bank's actual results could vary significantly from these targets and objectives for a number of reasons, including the occurrence of one or more of the risk factors described elsewhere in this section.

The Bank may experience difficulties integrating acquired companies and may be unable to realise 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 realisation 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 realisation. 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 by banking and non-banking operators 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 and the financing services area or the development of crowdfunding. In particular, competitors subject to less extensive regulatory requirements or to less strict capital requirements, who could therefore be more competitive, may enter the market (e.g., shadow banking). 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. It is also possible that the presence in the global marketplace of nationalised 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 business 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.

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.

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 behaviour, 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 behaviour. 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 modelling does not take all risks into account. Its more qualitative approach to managing certain risks could prove insufficient, exposing it to material unanticipated losses.

The Bank's hedging strategies may not prevent losses.

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

The Bank's 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 as the recent settlement of the Bank with the U.S. authorities for violations of U.S. laws and regulations regarding economic sanctions. 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 material losses of client or customer information, damage to the Bank's reputation and lead to financial 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 launch of Hello bank! in 2014), and the development of cloud computing. 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 organisation 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 over the past few years 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 unauthorised access, disable or degrade service, steal confidential data or sabotage information systems have become more sophisticated, change frequently and often are not recognised 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. Any failures of or interruptions in the Bank's information systems and any subsequent disclosure of confidential information related to any client, counterpart or employee of the Bank (or any other person) or any intrusion or attack against the Bank's communication system could have an adverse effect on the Bank's reputation, financial condition and results of operations.

Unforeseen external events may disrupt 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, military conflicts or other states of emergency could lead to an abrupt interruption of the Bank's operations and could cause substantial losses that may not necessarily be covered by an insurance policy. Such losses can relate to property, financial assets, trading positions and key employees. Such unforeseen events could also lead to temporary or longer-term business interruption, additional costs (such as relocation of employees affected) and increase the Bank's costs (particularly insurance premiums).

5.2 Capital management and capital adequacy

SCOPE OF APPLICATION

The prudential scope of application defined in Regulation (EU) No. 575/2013 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. The notes to the consolidated financial statements cover the accounting consolidation scope.

PRUDENTIAL SCOPE

In accordance with banking regulation, BNP Paribas Group has defined a prudential scope to monitor capital ratios calculated on consolidated data.

The prudential scope is described in note 8.k to the consolidated financial statements. It will be noted in particular that:

- insurance companies are consolidated using the equity-method in the prudential scope;
- jointly controlled entities are consolidated in the prudential scope using the proportional integration method;
- 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.k to the consolidated financial statements.

➤ TABLE 2: CONSOLIDATED BALANCE SHEET TO PRUDENTIAL BALANCE SHEET RECONCILIATION

In millions of euros	31 December 2014			
	Accounting scope	Insurance	IFRS 11 adjustments	Prudential scope
Assets				
Cash and amounts due from central banks	117,473	(7)	197	117,663
Financial instruments at fair value through profit or loss				
Trading securities	156,546	0	5	156,551
Loans and repurchase agreements	165,776	5,682	0	171,458
Instruments designated at fair value through profit or loss	78,827	(75,858)	0	2,969
Derivative financial instruments	412,498	5	(18)	412,485
Derivatives used for hedging purposes	19,766	(85)	14	19,695
Available-for-sale financial assets	252,292	(106,282)	4,512	150,522
of which equity investments in credit or financial institutions more than 10%-owned	*718*	*0*	*0*	*718*
of which equity investments in credit or financial institutions less than 10%-owned	*1,150*	*0*	*0*	*1,150*
Loans and receivables due from credit institutions	43,348	(1,206)	(4,122)	38,020
of which subordinated loans to credit or financial institutions more than 10%-owned	*582*	*0*	*(81)*	*501*
of which subordinated loans to credit or financial institutions less than 10%-owned	*45*	*0*	*0*	*45*
Loans and receivables due from customers	657,403	1,395	5,971	664,769
of which equity investments in credit or financial institutions more than 10%-owned	*0*	*1,948*	*0*	*1,948*
Remeasurement adjustment on interest-rate risk hedged portfolios	5,603	0	0	5,603
Held-to-maturity financial assets	8,965	(8,436)	0	529
Current and deferred tax assets	8,629	(99)	124	8,654
Accrued income and other assets	110,088	(4,705)	325	105,708
Equity-method investments	7,371	5,091	(660)	11,802
of which investments in credit or financial institutions	*2,790*	*0*	*(644)*	*2,146*
of which goodwill	*406*	*219*	*0*	*625*
Investment property	1,614	(1,251)	0	363
Property, plant and equipment	18,032	(397)	252	17,887
Intangible assets	2,951	(141)	10	2,820
of which intangible assets excluding leasehold rights	*2,907*	*(140)*	*10*	*2,777*
Goodwill	10,577	(219)	0	10,358
TOTAL ASSETS	**2,077,759**	**(186,513)**	**6,610**	**1,897,856**

In millions of euros	31 December 2014			
	Accounting scope	Insurance	IFRS 11 adjustments	Prudential scope
Liabilities				
Due to central banks	1,680	0	0	1,680
Financial instruments at fair value through profit or loss				
Trading securities	78,912	0	(16)	78,896
Borrowings and repurchase agreements	196,733	0	0	196,733
Instruments designated as at fair value through profit or loss	57,632	(4,119)	0	53,513
of which liabilities qualifying for Tier 1 capital	*241*	*0*	*0*	*241*
of which liabilities qualifying for Tier 2 capital	*736*	*0*	*0*	*736*
Derivative financial instruments	410,250	(7)	(21)	410,222
Derivatives used for hedging purposes	22,993	0	32	23,025
Due to credit institutions	90,352	(1,393)	766	89,725
Due to customers	641,549	(3,617)	4,413	642,345
Debt securities	187,074	1,737	1,126	189,937
Remeasurement adjustment on interest-rate risk hedged portfolios	4,765	0	0	4,765
Current and deferred tax liabilities	2,893	(552)	173	2,514
Accrued expenses and other liabilities	87,798	(2,138)	93	85,753
Technical reserves of insurance companies	175,214	(175,214)	0	0
Provisions for contingencies and charges	12,337	(251)	40	12,126
Subordinated debt	13,936	(822)	4	13,118
of which liabilities qualifying for Tier 1 capital	*83*	*0*	*0*	*83*
of which liabilities qualifying for Tier 2 capital	*11,835*	*0*	*0*	*11,835*
TOTAL LIABILITIES	**1,984,118**	**(186,376)**	**6,610**	**1,804,352**
TOTAL CONSOLIDATED EQUITY	**93,641**	**(137)**	**0**	**93,504**
TOTAL LIABILITIES AND EQUITY	**2,077,759**	**(186,513)**	**6,610**	**1,897,856**

In millions of euros	31 December 2013(*)			
	Accounting scope	Insurance	IFRS 11 adjustments	Prudential scope
Assets				
Cash and amounts due from central banks	100,787	(16)	279	101,050
Financial assets at fair value through profit or loss				
Trading securities	157,735	0	5	157,740
Loans and repurchase agreements	152,036	4,050	0	156,086
Instruments designated at fair value through profit or loss	68,185	(65,546)	0	2,639
Derivative financial instruments	305,755	(57)	(55)	305,643
Derivatives used for hedging purposes	8,368	(53)	58	8,373
Available-for-sale financial assets	199,056	(87,994)	3,612	114,674
Loans and receivables due from credit institutions	57,545	(910)	(7,091)	49,544
Loans and receivables due from customers	612,455	315	10,414	623,184
Remeasurement adjustment on interest-rate risk hedged portfolios	3,568	0	89	3,657
Held-to-maturity financial assets	9,881	(9,366)	0	515
Current and deferred tax assets	8,850	(60)	193	8,983
Accrued income and other assets	88,656	(5,119)	342	83,879
Equity-method investments	6,561	4,836	(718)	10,679
Investment property	1,772	(1,237)	0	535
Property, plant and equipment	16,929	(398)	245	16,776
Intangible assets	2,537	(143)	39	2,433
Goodwill	9,846	(184)	4	9,666
TOTAL ASSETS	**1,810,522**	**(161,882)**	**7,416**	**1,656,056**

(*) Data restated according to IFRS 10, IFRS 11 and the amendment to IAS 32.

In millions of euros	31 December 2013(*)			
	Accounting scope	Insurance	IFRS 11 adjustments	Prudential scope
Liabilities				
Due to central banks	662	0	0	662
Financial instruments at fair value through profit or loss				
Trading securities	69,792	0	11	69,803
Borrowings and repurchase agreements	202,662	0	0	202,662
Instruments designated as at fair value through profit or loss	47,342	(95)	0	47,247
Derivative financial instruments	301,439	(77)	(58)	301,304
Derivatives used for hedging purposes	12,139	(5)	150	12,284
Due to credit institutions	84,594	(2,460)	446	82,580
Due to customers	553,497	(3,747)	4,205	553,955
Debt securities	186,686	1,782	1,954	190,422
Remeasurement adjustment on interest-rate risk hedged portfolios	924	0	0	924
Current and deferred tax liabilities	2,477	(156)	151	2,472
Accrued expenses and other liabilities	78,381	(1,654)	206	76,933
Technical reserves of insurance companies	155,226	(155,226)	0	0
Provisions for contingencies and charges	11,922	(224)	76	11,774
Subordinated debt	11,824	93	224	12,141
TOTAL LIABILITIES	**1,719,567**	**(161,769)**	**7,365**	**1,565,163**
TOTAL CONSOLIDATED EQUITY	**90,955**	**(113)**	**51**	**90,893**
TOTAL LIABILITIES AND EQUITY	**1,810,522**	**(161,882)**	**7,416**	**1,656,056**

(*) Data restated according to IFRS 10, IFRS 11 and the amendment to IAS 32.

SIGNIFICANT SUBSIDIARIES

The capital requirements of BNP Paribas' significant subgroups and subsidiaries are given in Appendix 3 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 2014:

- 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.

REGULATORY CAPITAL [Audited](1)

The BNP Paribas Group is required to comply with the French regulation that transposes European Directives on "Access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms" and "Financial Conglomerates" 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.

As of 1 January 2014, Regulation (EU) No. 575/2013, establishing the methods for calculating the solvency ratio, defines it as the ratio between total regulatory capital and the sum of:

- the amount of risk-weighted assets for credit and counterparty risks, calculated using the standardised approach or the Internal Ratings Based Approach (IRBA) depending on the particular entity or the activity of the Group concerned;
- capital requirements for market risk, for credit valuation adjustment risk and for operational risk, multiplied by a factor of 12.5.

BREAKDOWN OF REGULATORY CAPITAL

Regulatory capital is divided into three categories (Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital), which consist of equity and debt instruments, to which regulatory adjustments have been made. These items are subject to transitional measures.

Common Equity Tier 1 capital

Common Equity Tier 1 capital is based on:

- the Group's consolidated equity, restated for the anticipated distribution of a dividend and the application of limits to the eligibility of minority reserves and Undated Super-Subordinated Notes;
- regulatory adjustments, which mainly consist of the correction of the value of assets measured at fair value and the following deductions: gains and losses generated by cash flow hedges and by the changes in value of own liabilities, gains and losses unrealised on sovereign exposures, goodwill and other intangible assets, net deferred tax assets resulting from losses carried forward, the expected losses on equity exposures and 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.

Additional Tier 1 capital

Additional Tier 1 capital is composed of perpetual subordinated debt as well as non-eligible minority reserves in Common Equity Tier 1 capital within their limit of eligibility in that category.

Tier 2 capital

Tier 2 capital is comprised of subordinated debt with no redemption incentive, as well as non-eligible minority reserves in Tier 1 capital within their limit of eligibility. A prudential discount is applied to the subordinated debt with less than five years of residual maturity. The Tier 2 capital components in significant financial entities are deducted from Tier 2 capital.

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(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.

Transitional arrangements

Under CRR, the new calculation methods can be implemented gradually until 2024. The ACPR communication memo of 12 December 2013 lists the percentages to be applied to filters and regulatory deductions. The main items subject to these transitional arrangements are adjustments on retained earnings from net income attributable to minority interests, deferred tax and unrealised gains on available-for-sale securities, investment holdings in Tier 2 instruments of other financial sector entities (in particular Table 1 in Appendix 2).

Subordinated debt issued prior to 31 December 2010, which is non-eligible under full Basel 3 but eligible under prior regulations, can be recognised degressively as Tier 1 or Tier 2 capital, depending on its previous eligibility *(grandfathered debt)*.

➤ TABLE 3: REGULATORY CAPITAL

In millions of euros	31 December 2014 Basel 3 (phased in)	31 December 2014 Amounts subject to pre-regulation treatment or prescribed residual amount(*)	
Common Equity Tier 1 (CET1) capital: instruments and reserves			
Capital instruments and the related share premium accounts	26,951	0	
of which ordinary shares	*26,951*	*0*	
Retained earnings	50,182	0	
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	6,091	0	
Funds for general banking risk	0	0	
Amounts of qualifying items referred to in article 484 (3) and the related share premium accounts subject to phase out from CET1	0	0	
Public sector capital injections grandfathered until 1 January 2018	0	0	
Minority interests (amount allowed in consolidated CET1)	2,900	1,644	
Independently reviewed interim profits net of any foreseeable charge or dividend	(1,947)	0	
COMMON EQUITY TIER 1 (CET1) CAPITAL BEFORE REGULATORY ADJUSTMENTS	**84,177**	**1,644**	
Common Equity Tier 1 (CET1) capital: regulatory adjustments	**(19,707)**	**(836)**	See Appendix 2
COMMON EQUITY TIER 1 (CET1) CAPITAL	**64,470**	**808**	
Additional Tier 1 (AT1) capital: instruments	**7,023**	**6,834**	See Appendix 2
Additional Tier 1 (AT1) capital: regulatory adjustments	**(1,115)**	**(1,115)**	See Appendix 2
ADDITIONAL TIER 1 (AT1) CAPITAL	**5,908**	**5,719**	
TIER 1 CAPITAL (T1 = CET1 + AT1)	**70,378**	**6,527**	
Tier 2 (T2) capital: instruments and provisions	**8,295**	**796**	See Appendix 2
Tier 2 (T2) capital: regulatory adjustments	**(1,505)**	**1,012**	See Appendix 2
TIER 2 (T2) CAPITAL	**6,790**	**1,808**	
TOTAL CAPITAL (TC = T1 + T2)	**77,168**	**8,335**	

(*) Regulation (UE) No. 575/2013.

Total phased in capital amounted to EUR 77.2 billion at 31 December 2014, a transitional adjustment of EUR 8.3 billion compared with the fully loaded Basel 3 amount. This transitional adjustment is essentially linked to the grandfathered debt of EUR 7.7 billion: EUR 7 billion of AT1 and EUR 0.7 billion of Tier 2. Details are given in Appendix 2 in Tables 2 *Instruments – Additional Tier 1 Capital* and 4 *Instruments and Provisions – Tier 2 Capital* respectively.

➤ TABLE 4: CHANGE IN REGULATORY CAPITAL

In millions of euros	Basel 3 (phased in)
COMMON EQUITY TIER 1 (CET1) CAPITAL	
1 January 2014	**66,408**
Common Equity Tier 1 capital: instruments and provisions	**2,183**
Capital instruments and the related share premium accounts	23
of which ordinary shares	*23*
Retained earnings	(323)
Accumulated other comprehensive income	4,148
Minority interests	282
Independently reviewed interim profits net of any foreseeable charge or dividend	(1,947)
Common Equity Tier 1 (CET1) capital: regulatory adjustments	**(4,121)**
of which additional value adjustments	*(1,310)*
of which intangible assets and goodwill	*(1,105)*
of which fair value reserves related to gains or losses on cash flow hedges	*(716)*
of which negative amounts resulting from the calculation of expected loss amounts	*(214)*
of which gains or losses on liabilities valued at fair value resulting from changes in own credit standing	*207*
of which regulatory adjustments relating to unrealised gains and losses	*(969)*
of which other regulatory adjustments	*(14)*
31 December 2014	**64,470**
ADDITIONAL TIER 1 CAPITAL	
1 January 2014	**6,536**
Additional Tier 1 (AT1) capital: instruments	**(915)**
Additional Tier 1 (AT1) capital: regulatory adjustments	**287**
Loans to credit or financial institutions more than 10%-owned	306
Others	(19)
31 December 2014	**5,908**
TIER 2 CAPITAL	
1 January 2014	**5,028**
Tier 2 (T2) capital: instruments and provisions	**1,337**
Tier 2 (T2) capital: regulatory adjustments	**425**
Loans to credit or financial institutions more than 10%-owned	459
Others	(34)
31 December 2014	**6,790**

➤ TABLE 5: CHANGE IN ELIGIBLE DEBT

	Basel 3 (phased in)	
In millions of euros	Tier 1	Tier 2
1 January 2014	**7,912**	**7,064**
New issues	0	3,086
Redemptions	(992)	(405)
Prudential discount	0	(1,542)
Others	65	121
31 December 2014	**6,985**	**8,324**

CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS

TABLE 6: RISK-WEIGHTED ASSETS(*) BY RISK TYPE AND BUSINESS

RWAs *In millions of euros*	31 December 2014 Basel 3 (fully loaded)								
	Retail Banking			Corporate & Investment Banking					
	Domestic Markets	Personal Finance	International Retail Banking	Advisory and Capital Markets	Corporate Banking	Investment Solutions	Other activities	Total	
Credit risk	180,225	33,212	92,334	10,927	81,846	13,258	30,556	442,358	See section 5.4
Securitisation	665	0	93	10,161	371	506	2,192	13,988	See section 5.5
Counterparty credit risk	3,172	9	631	24,439	18	1,709	17	29,995	See section 5.6
Equity risk	4,260	1,526	2,243	2,976	2,343	28,767	16,581	58,696	See section 5.7
Market risk	83	6	337	17,198	789	90	1,854	20,357	See section 5.7
Operational risk	13,451	3,792	6,855	15,316	7,307	6,482	1,230	54,433	See section 5.10
TOTAL	**201,856**	**38,545**	**102,493**	**81,017**	**92,674**	**50,812**	**52,430**	**619,827**	See section 5.2

RWAs *In millions of euros*	31 December 2013 Basel 2.5								
	Retail Banking			Corporate & Investment Banking					
	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 credit 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

(*) *Information on risks categories is provided in section 5.3.*

The split of risk-weighted assets by division reflects the Group's diversified business mix, with 55% devoted to Retail Banking (including 33% for the Domestic Markets) and 28% for Corporate and Investment Banking.

The effects of the transition to Basel 3 Regulations on the application date are stated in Table 7 *Pillar 1 risk-weighted assets and capital requirement* and detailed under Table 8 *Risk-weighted assets movements by key driver*.

TABLE 7: PILLAR 1 RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENT

Explanations for the changes in 2014 can be found in the various appropriate sections.

In millions of euros	31 December 2014 Basel 3 (fully loaded)		31 December 2013 Basel 3 (fully loaded)		Variation		31 December 2013 Basel 2.5	
	RWAs	Capital requirements	RWAs	Capital requirements	RWAs	Capital requirements	RWAs	Capital requirements
Credit risk	**442,358**	**35,389**	**417,735**	**33,419**	**24,623**	**1,970**	**410,658**	**32,853**
Credit risk - IRB approach	**204,051**	**16,324**	**198,074**	**15,846**	**5,977**	**478**	**198,867**	**15,910**
Central governments and central banks	3,545	284	3,598	288	(53)	(4)	3,622	290
Corporates	150,540	12,043	145,476	11,638	5,064	405	146,304	11,705
Institutions	12,138	971	13,317	1,065	(1,179)	(94)	11,166	893
Retail	37,699	3,016	35,533	2,843	2,166	173	37,625	3,010
Other non credit-obligation assets	129	10	150	12	(21)	(2)	150	12
Credit risk - Standardised approach	**238,307**	**19,065**	**219,661**	**17,573**	**18,646**	**1,492**	**211,791**	**16,943**
Central governments and central banks	4,069	325	3,173	254	896	71	3,189	255
Corporates	95,586	7,647	86,484	6,919	9,102	728	87,463	6,997
Institutions	7,972	638	7,741	619	231	19	8,189	655
Retail	90,432	7,235	79,315	6,345	11,117	890	80,694	6,455
Other non credit-obligation assets	40,248	3,220	42,948	3,436	(2,700)	(216)	32,256	2,581
Banking book securitisation positions	**13,988**	**1,119**	**15,574**	**1,246**	**(1,586)**	**(127)**	**15,629**	**1,250**
Securitisation positions - IRB approach	13,430	1,074	14,579	1,166	(1,149)	(92)	14,588	1,167
Securitisation positions - Standardised approach	558	45	995	80	(437)	(35)	1,041	83
Counterparty credit risk	**29,995**	**2,399**	**55,966**	**4,477**	**(25,971)**	**(2,078)**	**16,508**	**1,321**
Counterparty credit risk - IRB approach	**26,579**	**2,126**	**52,150**	**4,172**	**(25,571)**	**(2,046)**	**15,234**	**1,219**
CCP - excl. default fund contributions	886	71	1,770	142	(884)	(71)		
CVA charge	2,379	190	3,621	290	(1,242)	(100)		
Counterparty credit risk - excl. CCP and CVA charges	23,314	1,865	46,759	3,740	(23,445)	(1,875)	15,234	1,219
Central governments and central banks	*892*	*71*	*396*	*31*	*496*	*40*	*370*	*30*
Corporates	*17,411*	*1,393*	*42,316*	*3,385*	*(24,905)*	*(1,992)*	*11,427*	*914*
Institutions	*5,010*	*401*	*4,047*	*324*	*963*	*77*	*3,437*	*275*
Retail	*1*	*0*	*0*	*0*	*1*	*0*	*0*	*0*
Counterparty credit risk - Standardised approach	**3,416**	**273**	**3,816**	**305**	**(400)**	**(32)**	**1,274**	**102**
CCP - default fund contributions	592	47	1,102	88	(510)	(41)		
CCP - excl. default fund contributions	1,092	87	1,260	101	(168)	(13)		
CVA charge	421	34	308	25	113	9		
Counterparty credit risk - excl. CCP and CVA charges	1,311	105	1,146	91	165	13	1,274	102
Corporates	*1,074*	*86*	*928*	*74*	*146*	*12*	*1,036*	*83*
Institutions	*233*	*19*	*205*	*16*	*28*	*2*	*225*	*18*
Retail	*4*	*0*	*13*	*1*	*(9)*	*(1)*	*13*	*1*
Equity risk	**58,696**	**4,696**	**56,409**	**4,513**	**2,287**	**183**	**35,265**	**2,821**
Internal model							32,900	2,632
Simple weighting method	50,171	4,014	48,707	3,897	1,464	117	1,531	122
Standardised approach	8,525	682	7,702	616	823	66	834	67
Market risk	**20,357**	**1,628**	**31,208**	**2,497**	**(10,851)**	**(869)**	**31,208**	**2,497**
Internal model	18,341	1,467	28,637	2,291	(10,296)	(824)	28,637	2,291
VaR	*5,209*	*417*	*6,346*	*508*	*(1,137)*	*(91)*	*6,346*	*508*
Stressed VaR	*8,967*	*717*	*14,889*	*1,191*	*(5,921)*	*(474)*	*14,889*	*1,191*
Incremental Risk Charge	*3,228*	*258*	*6,007*	*480*	*(2,779)*	*(222)*	*6,007*	*480*
Comprehensive Risk Measure	*937*	*75*	*1,395*	*112*	*(459)*	*(37)*	*1,395*	*112*
Standardised approach	1,342	107	1,751	140	(409)	(33)	1,751	140
Trading book securitisation positions	674	54	820	66	(146)	(12)	820	66
Operational risk	**54,433**	**4,355**	**50,364**	**4,029**	**4,069**	**326**	**50,364**	**4,029**
Advanced Measurement Approach (AMA)	40,700	3,256	36,873	2,950	3,827	306	36,873	2,950
Standardised approach	8,727	698	8,920	713	(193)	(15)	8,920	713
Basic indicator approach	5,006	401	4,571	366	435	35	4,571	366
TOTAL	**619,827**	**49,586**	**627,256**	**50,181**	**(7,429)**	**(595)**	**559,632**	**44,771**

The change in risk-weighted assets can be broken down into the following effects:

- Basel 3 effect: impact of the application of CRD IV at the start of the financial year (date of first application);
- currency effect: impact of fluctuations in foreign exchange rates on credit risk exposures;
- volume effect: impact of changes in exposures (EAD);
- parameters effect: impact 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 8: RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER

RWAs *In millions of euros*	31 December 2013 Basel 2.5	Basel 3(*) impacts	Key driver						Total variation	31 December 2014 Basel 3	
			Currency	Volume	Parameters	Perimeter	Method	Other			
Credit risk	410,658	7,077	13,526	17,329	(8,394)	9,714	(4,867)	(2,685)	31,700	442,358	See section 5.4
Securitisation	15,629	(55)	1,024	(2,662)	223	0	0	(171)	(1,641)	13,988	See section 5.5
Counterparty credit risk	16,508	39,458	69	5,634	71	107	(780)	(31,072)	13,487	29,995	See section 5.6
Equity risk	35,265	21,144	0	2,913	(127)	251	0	(750)	23,431	58,696	See section 5.7
Market risk	31,208	0	0	(8,284)	(977)	(248)	(1,327)	(15)	(10,851)	20,357	See section 5.7
Operational risk	50,364	0	0	(781)	3,769	1,042	51	(12)	4,069	54,433	See section 5.10
TOTAL	**559,632**	**67,624**	**14,619**	**14,149**	**(5,435)**	**10,866**	**(6,923)**	**(34,705)**	**60,195**	**619,827**	

(*) First-time application.

The main effects of the move to Basel 3 on the date of first application are detailed below:

- On credit risk (section 5.4):
  - risk-weighted assets are calculated for deferred taxes that rely on future profits resulting from time differences (DTA) (weighted at 250% except on Italian subsidiaries at 100%): +EUR 13 billion in Other activities,
  - the weighting of large financial sector entities and unregulated financial entities is increased by the application of a multiplier to the correlation coefficient in the IRBA formula for credit risk: +EUR 4 billion, of which +EUR 3 billion on CIB,
  - a discount factor of 0.7619 for exposure to SMEs is applied to the calculation of risk-weighted assets: -EUR 7 billion,
  - a change in the CCF was introduced on some off-balance-sheet items leading to a EUR 3 billion reduction in risk-weighted assets;
- On counterparty credit risk (section 5.6):
  - exposure to a central counterparty (CCP) is weighted: +EUR 4 billion, of which +EUR 3 billion on CIB and +EUR 1 billion on Investment Solutions,
  - capital requirements are calculated to cover losses related to the valuation at market price (calculation of VaR and of stressed VaR applied to the CVA in the internal model): +EUR 4 billion, primarily on CIB,
  - the weighting of large financial sector entities and unregulated financial entities is increased by the application of a multiplier to the correlation coefficient in the IRBA formula for counterparty credit risk: +EUR 2 billion, essentially on CIB,
  - a reserve of EUR 26 billion for regulatory uncertainties, booked on the date of first application, was fully reversed during the year;
- On equity risk (section 5.7):
  - the internal model using unrealised gains and losses in the calculation of equity risk was abandoned following the changes in the treatment of unrealised capital gains and losses in the CRR. Equity holdings are now weighted using the simple weighting method or the standard method; the impact is an increase of EUR 9 billion,
  - the value of equity consolidated securities in insurance companies is weighted at 370% (application of the Danish compromise): +EUR 5 billion, of which +EUR 4 billion on Investment Solutions,
  - investments in credit and financial institutions in excess of 10%, which were deducted from the numerator under Basel 2.5, are now weighted at 250%: +EUR 7 billion broken down between the various businesses.

Comments on the other changes in 2014 can be found in the various appropriate sections.

RISK-WEIGHTED ASSETS – IMPACT OF TRANSITIONAL ARRANGEMENTS

The transitional arrangements applicable to the calculation of risk-weighted assets as of 31 December 2014 correspond to unrealised gains that are not included in the exposure value for equity risk since they are excluded from regulatory capital. At 31 December 2014, the Group's risk-weighted assets thus amounted to EUR 614.5 billion taking into account these transitional measures, and EUR 619.8 billion with full implementation of the Basel 3 Regulation.

➤ TABLE 9: RISK-WEIGHTED ASSETS – TRANSITIONAL ARRANGEMENTS

	31 December 2014	
In millions of euros	**Basel 3 (phased in)**	**Amounts subject to pre-regulation treatment or prescribed residual amount(*)**
TOTAL RISK-WEIGHTED ASSETS	**614,449**	**(5,378)**
of which equity risk	*53,318*	*(5,378)*

(*) Regulation (UE) No. 575/2013.

CAPITAL ADEQUACY AND CAPITAL PLANNING

SINGLE SUPERVISORY MECHANISM

The Single Supervisory Mechanism (SSM) is the new banking supervisory system for the euro zone. The SSM is one of the three pillars of the Banking Union, a process initiated in June 2012 by the European Union in response to the financial crisis in the euro zone, together with the Single Resolution Mechanism (SRM) and the Deposit Guarantee Scheme.

The ECB thus became the direct prudential supervisor of BNP Paribas as of 4 November 2014. The ECB draws on the competent national supervisory authorities in fulfilling this role.

The comprehensive risk assessment exercise described below preceded the introduction of the Single Supervisory Mechanism.

COMPREHENSIVE ASSESSMENT

The ECB conducted a Comprehensive Assessment of the BNP Paribas Group prior to assuming its supervision functions. This review was broken down into two main phases:

- the Asset Quality Review or AQR, comprising the portfolio selection, followed by performance of the portfolio review;

- the stress test to measure the bank's capacity to absorb shocks in periods of crisis, conducted jointly by the ECB and the EBA.

On 26 October 2014, the ECB published the results of its Asset Quality Review of the 130 largest banks in the euro zone. The overall impact of the AQR adjustments on the BNP Paribas Group's CET1 ratio was minor, at -15 basis points, on some loan portfolios and on the valuation of some financial instruments;

The stress test results also show the BNP Paribas Group's ability to withstand a major stress scenario, based on extremely severe assumptions with respect to developments in economic and market conditions.

The results of the comprehensive review by the ECB and the EBA confirm the solidity of the Group's balance sheet, the quality of its assets and its stringent risk management policy.

CAPITAL ADEQUACY

Higher ratios introduced by Basel 3

The minimum ratio requirement has been increased with a gradual implementation until 2019.

By 2019, the Group is required to meet a minimum common equity Tier 1 (CET1) ratio of 4.5%, a Tier 1 capital ratio of 6%, and a total capital ratio of at least 8%.

Moreover, as of 2016, BNP Paribas will have to maintain the following additional capital buffers on a gradual basis:

- the capital conservation buffer consisting of common equity Tier 1 is equal to 2.5% of the total risk exposure, by 2019. The aim of this additional buffer is to absorb losses in a situation of intense economic stress;
- the buffer for global systemically important banks (G-SIBs) is defined by the FSB according to the method described below in the section *G-SIBs indicators*. Currently set at 2% for the Group by 2019, the purpose of this buffer is to reduce the risk of failure of major institutions.

Lastly, to date there is no requirement for the countercyclical capital buffer and the systemic risk buffer.

Including the capital conservation buffer and the buffer for G-SIBs, the capital adequacy requirements known to date mean that the Group must meet a minimum fully loaded CET1 ratio of at least 9%, a fully loaded Tier 1 ratio of at least 10.5%, and a total ratio of 12.5% by 2019.

Under United States 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%.

TABLE 10: MINIMUM REQUIREMENTS – TRANSITIONAL ARRANGEMENTS IMPLEMENTATION

	2014	2015	2016	2017	2018	As from 2019
Minimum requirements						
CET1	4.0%	4.5%	4.5%	4.5%	4.5%	4.5%
Tier 1 (CET1 + AT1)	5.5%	6.0%	6.0%	6.0%	6.0%	6.0%
Total capital (Tier 1 + Tier 2)	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Additional CET1 requirements(*)						
Capital conservation buffer			0.625%	1.250%	1.875%	2.5%
G-SIBs buffer applicable to BNP Paribas			0.5%	1.0%	1.5%	2.0%
Total requirements						
CET1	4.0%	4.5%	5.6%	6.8%	7.9%	9.0%
Tier 1 (CET1 + AT1)	5.5%	6.0%	7.1%	8.3%	9.4%	10.5%
Total capital (Tier 1 + Tier 2)	8.0%	8.0%	9.1%	10.3%	11.4%	12.5%

(*) Note: No requirement yet fixed for countercyclical capital and systemic risk buffers.

As part as its 2014-2016 business development plan, the objective set by BNP Paribas is to comply with a fully loaded CET1 ratio of 10% as of now. For additional Tier 1 and Tier 2 capital, BNP Paribas aims to progressively issue "Additional Tier 1" hybrid debt that will supplement its common equity (CET1) and Tier 2 capital to meet the regulatory requirements to be fully implemented as from 1 January 2019, i.e. 9% of CET1, 10.5% of Tier 1 and a total capital ratio of 12.5%, while maintaining an additional layer to provide flexibility to distribute a dividend and a coupon on the hybrids.

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 11: CAPITAL RATIOS AND BUFFERS

	31 December 2014	
	Basel 3 (phased in)	Amounts subject to pre-regulation treatment or prescribed residual amount(*)
Common Equity Tier 1 ratio (as a percentage of risk exposure amount)	10.5%	0.2%
Tier 1 ratio (as a percentage of risk exposure amount)	11.5%	1.2%
Total capital ratio (as a percentage of risk exposure amount)	12.6%	1.5%
Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer, expressed as a percentage of risk exposure amount)	0.0%	4.5%
of which capital conservation buffer	*0.0%*	*2.5%*
of which G-SIB buffer	*0.0%*	*2.0%*
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	6.5%	0.7%

(*) Regulation (UE) No. 575/2013.

Financial conglomerate

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 3 November 2014. 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 2014, the capital surplus of the conglomerate applying the phased in CRD IV Regulation was estimated at EUR 25.8 billion.

G-SIBs indicators

The Basel Committee evaluates the global systemic importance of banks. Systemic importance is measured in terms of the impact of a bank's failure can have on the global financial system and the wider economy.

The measurement approach of the global systemic importance is indicator-based. The selected indicators reflect the size of banks, their interconnectedness, the lack of readily available substitutes or financial institution infrastructure for the services they provide, their global cross-jurisdictional activity and their complexity. The methodology is described in the document published in July 2013 by the Basel Committee, entitled "Global systemically important banks: updated assessment methodology and the higher loss absorbency requirement" (BCBS 255).

The assessment of a bank's systemic importance determines the amount of the G-SIB buffer to be taken into account in calculating the capital ratios in a progressive way as from 2016.

In July 2014, BNP Paribas published the G-SIBs indicators as at 31 December 2013. The updated indicators as at 31 December 2014 will be published at the end of April 2015.

Based on the indicators as at 31 December 2013, the FSB published the list of systemically important banks for 2014 on 6 November 2014. BNP Paribas is classified in bucket 3 with additional Common Equity Tier 1 requirements set at 2% which is subject to a three-year phase in period, starting in 2016.

LEVERAGE RATIO

The Basel 3/CRD IV Regulations introduced the leverage ratio, whose main objective is to serve as a complementary measure to the risk-based capital requirements (back-stop principle).

The delegated act amending EU Regulation No. 575/2013, adopted by the European Commission on 10 October 2014, specifies the changes in the methods for calculating the ratio relative to the initial 2013 text. The ratio will become a binding requirement on 1 January 2018, after an observation period. This minimum level will be determined by European regulators by the end of 2016. The ratio is based on data from regulatory reports that have been collected since 1 January 2014. It will be made available to the public starting 1 January 2015, in accordance with regulations.

The leverage ratio is between Tier 1 capital and exposure calculated using the balance sheet and off-balance sheet liabilities assessed according to a prudential approach. Derivatives and repurchase agreements are also adjusted.

➤ TABLE 12: LEVERAGE RATIO

In billions of euros	31 December 2014
Tier 1 capital	**71**
Total prudential balance sheet	1,898
Adjustments related to derivatives	(24)
Adjustments related to repurchase agreements, securities lending/borrowing and similar	1
Adjustments related to commitments given (after application of regulatory conversion factors)	140
Regulatory deductions Tier 1 capital	(19)
Other adjustments	(6)
Total exposure leverage ratio	**1,990**
LEVERAGE RATIO	**3.6%**

This ratio is calculated on the basis of the Group's consolidated exposure, assuming that the Tier 1 instruments that have become ineligible will be replaced by equivalent eligible instruments.

RECOVERY AND RESOLUTION PLAN

In October 2014, BNP Paribas submitted a fourth 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.

This updated RRP, calculated in accordance with the recommendations of the Financial Stability Board and the provisions of the French banking law, was submitted to the Board of Directors' Internal Control, Risk Management and Compliance Committee, which approved the guidelines during its meeting of 26 September 2014. The Committee Chair subsequently presented this work to the Board of Directors.

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 2013 version to take account of requests from authorities sitting on the resolution board and items known to feature in pending European regulations.

The resolution board comprises the relevant authorities of Belgium, the United States and Italy, under the aegis of the French banking regulator. It met in plenary session in May 2014.

On 1 October 2014, 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.

BNP Paribas is closely following the regulatory developments relating to Bank Recovery and Resolution, in particular:

- the transposition of the European Directive BRRD into the laws of the Member States of the European Union;
- future MREL (Minimum Requirement for Eligible Liabilities) requirements, which enter into force in January 2016, on which the European Banking Authority is being consulted;
- the work of the Financial Stability Board on a concept close to MREL, but which differs in some important respects, the TLAC (Total Loss Absorbing Capacity).

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 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.

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: 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 RWAs and the upcoming quarterly solvency ratio trends;
- Capital Committee: it is chaired quarterly by the Executive Management, and addresses the following topics:
  - monitoring and anticipations of RWAs and solvency ratio evolutions on a twelve to eighteen months time span,
  - monitoring of the leverage ratio,
  - identifying of the required adjustments and assessment of the associated impacts,
  - definition of short- and medium-term capital use guidelines, and proposal for options to the Executive Committee,
  - monitoring supervisor's recommendations implementation that impact Group's RWAs and solvency.

Moreover, capital needs are also integrated into the Bank's risk policies:

- RWAs are embedded within risk policy setting and risk decision processes;
- RWAs 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. The aim is to minimise capital dispersion as much as possible.

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 general 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 foreign exchange risk.

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 Accord, as transposed in CRD IV, provides that the supervisor shall determine whether the policies, strategies, procedures and arrangements implemented by the Group on the one hand, and the capital held on the other hand, are adequate for risk management and risk coverage purposes. This evaluation exercise by the supervisors to determine the adequacy of mechanisms and capital with respect to bank risk levels is designated in the regulations under the acronym SREP (Supervisory Review Evaluation Process).

The SREP conducted by the supervisor has an internal equivalent within institutions in the form of the ICAAP (Internal Capital Adequacy Assessment Process). ICAAP is the annual process by which institutions assess the adequacy of their capital with their internal measurements of the levels of risk generated by their usual activities.

The Group's ICAAP focuses 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 stated in the Basel regulations and Pillar 2 exposures as defined in the classification of 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 stressed macroeconomic environment.

Based on CRD 4/CRR, Pillar 1 risks 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 SREP and ICAAP definitions as well as the conditions for their interaction were previously defined in the "Guidelines on the Application of the Supervisory Review Process under Pillar 2" of 25 January 2006 published by the CEBS.

This directive was supplemented on 19 December 2014 by the EBA with "Guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP)". These new guidelines are a step in the implementation of the Single Supervisory Mechanism (SSM) and offer supervisors a common and detailed methodology that enables them to successfully complete the SREP according to a European standard. The EBA SREP guidelines will be applicable starting 1 January 2016, with transitional provisions until 2019.

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;
- Group ALM Committee;
- Liquidity Committee.

In 2014, this governance was further strengthened by the creation of:

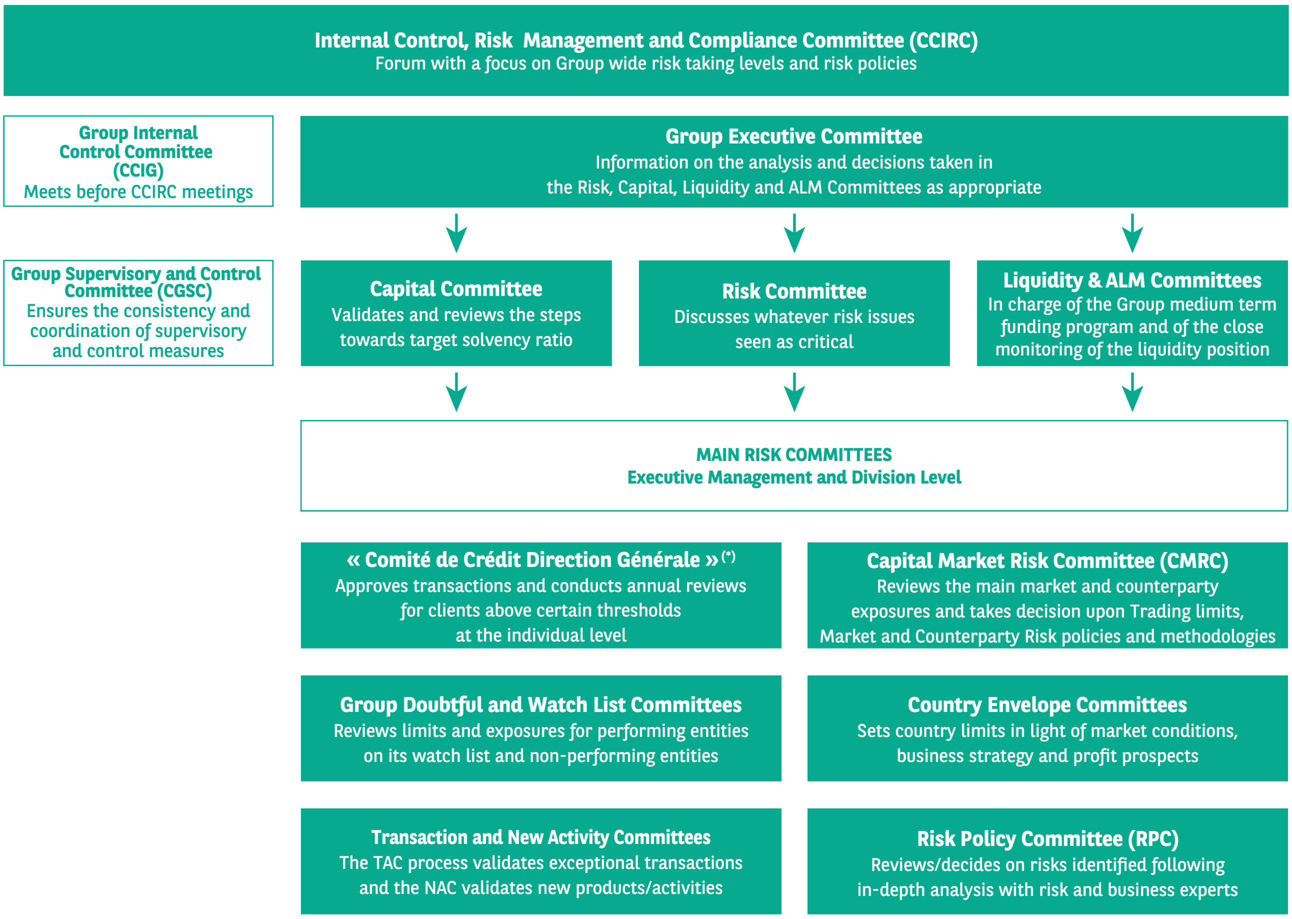
- a Group Supervisory and Control Committee;
- a Group Internal Control Committee.

These two committees are described in the report of the Chairman and also in section 5.10 *Operational, compliance and reputation risks*.

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: GOVERNANCE ORGANISATION



(*) *General Management Credit Committee.*

RISK MANAGEMENT ORGANISATION

POSITION OF THE RISK AND COMPLIANCE FUNCTIONS

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 THE RISK AND COMPLIANCE FUNCTIONS

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, compliance and reputation risks. It plays an important oversight and reporting role in the process of validating new products, new business activities and exceptional transactions.

ORGANISATION OF THE RISK AND COMPLIANCE FUNCTIONS

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.

In accordance with international standards and French regulations, the Compliance Function manages the system for monitoring compliance and reputation risks for all of the Group's businesses in France and abroad. 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 system for monitoring compliance and reputation risks is described in section 5.10.

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 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.

Role of the Chief Compliance Officer

The Chief Compliance Officer directly reports to the Chief Executive Officer and sits on the Executive Committee of BNP Paribas. He is also the regulatory manager for the Group's on-going oversight measures and is designated as such to the Autorité de contrôle prudentiel et de résolution. He has direct access, if necessary, to the Board of Directors and its Internal Control, Risk Management and Compliance Committee. He has no operational activity outside of compliance and reputation risk and no commercial activity, which guarantees his independence of action. As the person responsible for the Compliance Function, he exercises at the least a high level of operational supervision (which will be replaced by a hierarchical supervision starting in 2015) over the compliance teams in the various business units, geographical areas and functions. The Compliance Function's mission is to give reasonable assurance, via its opinions, oversight and second-level controls, that the Group's compliance oversight procedures for its transactions are effective and consistent, that its reputation has been protected and that oversight occurs on a continuous basis.

RISK CULTURE

ONE OF THE GROUP'S CORE FOUNDING PRINCIPLES

The BNP Paribas Group has a strong risk culture.

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 2010, BNP Paribas launched the Risk Academy, a cross-functional Group initiative, to help spread its risk management culture.

Designed for the benefit of all staff and organised around a progressive, participative framework intended to strengthen the Group's risk culture, the main aims of the Risk Academy are:

- to promote training and professional development efforts in the area of risk management;
- to 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 activities, 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 business-specific levels.

PRINCIPLES

The principles of the Risk Profile aim to define the types of risk the Group is prepared to accept in support of its business strategy. They are intended to remain stable over time.

These principles are:

- profitability adjusted for risk and earnings volatility.

  The Group seeks to generate sustainable, client-driven, risk adjusted profits. Sustainable profitability will be achieved based on selectivity and controlled evolution of assets, pursuit of a diversified business model, as well as attentive management of the Group's human resources and talents. Whilst the Group accepts some level of earnings volatility, it remains attentive to contain, at all times, the level of maximum potential losses in an adverse scenario.
- capital adequacy.

  BNP Paribas has sufficient capital to cope with stress scenarios and to meet regulatory capitalisation standards in force. In the course of serving its clients, BNP Paribas accepts exposure to risks when it earns a proper return over an acceptable timeframe, and when its impact on the Risk Profile seems acceptable.
- funding and liquidity.

  The Group ensures that the diversification of and balance between its resources and uses of funds correspond to a conservative funding strategy, allowing it to withstand adverse liquidity scenarios. The Group makes sure that it complies with the regulatory liquidity ratios in force;
- concentrations.

  The Group builds and maintains a diversified risk portfolio, avoiding large concentrations (especially on single names, industries and countries) and ensures that it complies with the 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 solvency rules;
- non-quantifiable risks.

  Risks that are hardly quantifiable by nature should be minimised as much as possible, by adequate management and control procedures. Reputation and compliance risks for the main ones are classified under this category.

These principles are completed by qualitative guidelines resulting from decisions of the various Executive Risk forums.

They should be considered as an integral part of the Group's risk profile framework:

- portfolio decisions;
- key individual decisions;
- decisions on proposed new products or business activities;
- transversal policies.

SUPERVISION OF RISK PROFILE INDICATORS

Executive Management translates the Risk Profile policy into a series of guidelines and limits in order to compare the Group's actual Risk Profile with the target Risk Profile on a quantitative basis ("Risk Profile Metrics"). These indicators are monitored quarterly in the Risk Dashboards presented to the CCIRC.

RISK CATEGORIES

The risk categories reported by BNP Paribas evolve in line with methodological developments and regulatory requirements.

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 CREDIT RISK

Counterparty credit risk is the credit risk embedded in payment or transactions between counterparties. Those transactions include bilateral contracts such as over-the-counter derivatives contracts (OTC) which potentially expose the Bank to the risk of counterparty default. The amount of this risk may vary over time in line with changing market parameters which then impacts the replacement value of the relevant transactions or portfolio.

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.

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.

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, model risks, - risks related to published financial information and the financial implications resulting from compliance and reputation risks.

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.

BANKING BOOK INTEREST RATE RISK

Banking book interest rate risk is the risk of incurring losses as a result of mismatches in interest rates, maturities and nature between assets and liabilities. For banking activities, this risk arises in non-trading portfolios and primarily relates to global interest rate risk.

STRATEGIC AND BUSINESS RISKS

Strategic risk is the risk that the Bank's share price may fall because of its strategic decisions.

Business 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.

These two types of risk are monitored by the Board of Directors (see chapter 2 *Corporate governance*).

LIQUIDITY RISK

In accordance with regulations, the liquidity risk is defined as the risk that a bank will be unable to honour its commitments or unwind or settle a position due to the situation on the market or idiosyncratic factors, within a given time frame and at a reasonable cost.

COMPLIANCE AND REPUTATION RISK

Compliance risk as defined in French regulations as the risk of legal, administrative or disciplinary sanctions, of significant financial loss or reputational damage that a bank may suffer as a result of failure to comply with national or European laws and regulations, codes of conduct and standards of good practice applicable to banking and financial activities, or 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:

- stress tests dedicated to risk anticipation: they contribute to the forward-looking management of credit risks, market risks, counterparty risks, and liquidity risks. The results of the stress tests carried out using a top-down approach are used to assess 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. Moreover, 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;
- stress tests for the budget process: they contribute to the capital planning. Stress tests are carried out annually as part of the budget process and are included in the ICAAP. They are reviewed at divisional and business line level before being consolidated at Group level to provide a synthetic view of the impact on the Bank's capital and earnings.

  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. These stress tests are part of the yearly budget process which is run on the basis of central and adverse scenarios.

  The impact of the adverse scenario is measured on:

  - P&L (revenues, cost of risk, etc.),
  - risk-weighted assets,
  - own funds.

  The expected final output of stress testing exercises is a Group stressed solvency ratio, as well as possible adjustment measures. The used scenarios, the outcomes of the stress tests and the proposed possible adjustment measures (such as reducing exposures to a sub-segment or changes in financing or liquidity policies, etc.) are included in the budget synthesis report presented to the Group Executive Management at the end of the budget process;
- regulatory stress tests: mainly ad hoc requests from the ECB, the EBA, the IMF, or any other oversight authority, and in 2014 as part of the EBA/ECB stress tests (see section 5.2 *Capital adequacy and capital planning*).

This framework is based on a well-defined governance with responsibilities clearly shared between operational entities – to encourage operational integration and relevance – and the Group Finance, Risk Management and ALM-Treasury Departments, which ensure overall consistency.

Stress testing methodologies (sensitivity or macroeconomic scenario-based analyses) are tailored to the main categories of risk and subject to independent review.

Stress testing may be run at Group, business line or portfolio level, dedicated to one or more risk types and on a more or less large number of variables depending on the pursued objective. Where appropriate, the results of quantitative models may be adjusted on the basis of expert judgement.

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 stress-testing framework by type of risks is detailed in sections 5.4 *Credit risk*, 5.6 *Counterparty credit risk* and 5.7 *Market risk*.

STRESS TEST SCENARIO DEFINITION

In stress testing exercises, it is common practice to distinguish central scenario(s) and adverse scenario(s). A macroeconomic scenario is typically a set of values projected over a future period of time in the future for macroeconomic and macrofinancial variables (GDP and its components, inflation, unemployment, interest and exchange rates, stock prices, prices of raw materials, etc.).

The baseline scenario is considered as the most likely scenario over the projection horizon. In order to build the central scenario, the economist has to answer the following question: in light of the economic and financial environment and taking in account the most policy decisions (from a monetary, budgetary, tax or other standpoint), how will macroeconomic and financial variables evolve in the future?

The baseline scenario is designed by the Group Economic Research team, together with ALM-Treasury and Equity and Commodity experts. The baseline scenario is the BNP Paribas Group scenario at a time being. As it is usually done, the global scenario is made up of regional and national scenarios (euro zone, France, Italy, Belgium, Spain, Germany, United Kingdom, Poland, Turkey, United States, Japan, China, India, Russia, etc.) consistent with each other.

An adverse scenario describes one (or more) potential shock(s) to the economic and financial environment – i.e. the materialisation of one or several risks to the baseline scenario – over the projection horizon. An adverse scenario is thus always designed versus a central scenario.

In order to build the adverse scenario, the economist has to answer the following question: if such an event occurred, how would the macroeconomic and financial variables evolve in the future? The shock(s) is (are) translated in the set of macroeconomic and macrofinancial variables listed above as deviations from their value in the central scenario. Adverse scenarios do not 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".

Adverse scenarios used in internal stress tests dedicated to forward-looking risk management and budget process are designed by GRM.

Approaches, principles and contributors are the same for Stress tests dedicated to risk anticipation and Stress tests for the Budget process. This warrants the convergence of two major processes of the Group, i.e. risk management and financial management.

The scenarios are reviewed on a quarterly basis by GRM management, since stress testing is used in risk monitoring. They are also approved by the Group Executive Management when the budget process begins.

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 the cost of risk and risk-weighted assets due to the deterioration of the portfolio quality resulting from the adverse scenario, 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;
- 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 various teams of experts at Group and territory's levels in their implementation and design.

For regulatory stress tests, as the 2014 EBA/ECB stress test, both central and adverse scenarios are imposed by the supervisors.

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 13: CREDIT RISK EXPOSURE(*) BY ASSET CLASS AND APPROACH

Exposure *In millions of euros*	31 December 2014 Basel 3			31 December 2013 Basel 2.5			Variation
	IRBA	Standardised Approach	Total	IRBA	Standardised Approach	Total	Total
Central governments and central banks	221,680	28,493	250,173	184,154	25,315	209,469	40,704
Corporates	436,716	131,790	568,506	388,983	122,574	511,557	56,949
Institutions(**)	71,289	20,512	91,801	71,928	18,098	90,026	1,775
Retail	203,588	184,334	387,922	195,063	162,958	358,021	29,901
Other non credit-obligation assets(***)	325	113,068	113,393	330	93,112	93,442	19,951
TOTAL	**933,598**	**478,197**	**1,411,795**	**840,458**	**422,057**	**1,262,515**	**149,280**

(*) Securitisation is the object of a dedicated chapter in section 5.5. Moreover, exposure related to loan acquisitions on the secondary market only accounts for a marginal amount.

(**) 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.

CREDIT RISK EXPOSURES RECONCILIATION WITH PRUDENTIAL BALANCE SHEET

Credit risk exposure is related to the following prudential balance sheet items as at 31 December 2014 (section 5.2, Table 2): cash and amounts due from central banks (EUR 118 billion), loans and receivables due from customers (EUR 665 billion), loans and receivables due from credit institutions (EUR 38 billion), available-for-sale financial assets (EUR 141 billion), held-to-maturity financial assets (EUR 0.5 billion), financial assets at fair value through profit and loss (EUR 3 billion), property, plant & equipment and investment property (EUR 18 billion), accrual accounts and other assets (EUR 106 billion), and current and deferred tax assets (EUR 9 billion), plus financing and guarantee commitments given (EUR 337 billion).

These amounts are subject to a restatement for impairment, as well as assets subject to other risk than credit risk (securitisation, counterparty and market), valuation adjustments and other items deducted from own funds (EUR 23 billion).

In the following, 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

The increase in credit risk exposure is mainly due to the changes in the scope following the acquisition of BGZ and the acquisition of an additional 50% interest in LaSer, to exchange rate fluctuations mainly against the dollar and to the Bank's normal business activity.

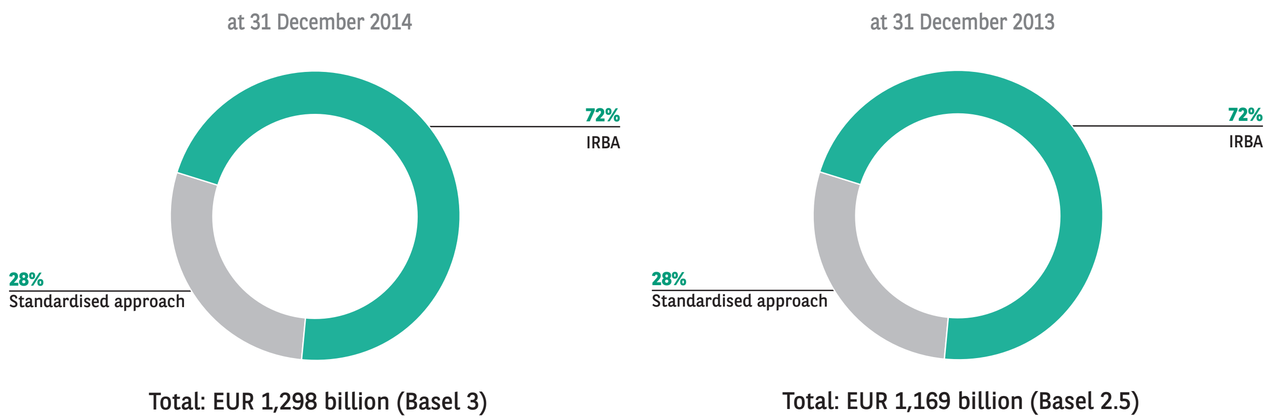
At 31 December 2014, exposures to SMEs amounted to EUR 98 billion, up 13% compared with 31 December 2013.

APPROACHES USED TO CALCULATE CAPITAL REQUIREMENTS

BNP Paribas has opted for the most advanced approaches allowed under Basel 3. In accordance with the European Directive and its transposition into French law, in 2007 the French banking supervisor (Autorité de contrôle prudentiel et de résolution – ACPR) authorised 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 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 (except for Retail Banking customers). 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.

For credit risk (excluding other non-credit obligation assets), the share of exposures under the IRB approach remained stable year-on-year and was 72% at 31 December 2014. This significant scope includes in particular Corporate and Investment Banking (CIB), French Retail Banking (FRB), a part of the BNP Paribas Personal Finance business (consumer loan book), BNP Paribas Securities Services (BP2S) and the entities BNP Paribas Fortis and BGL BNP Paribas. BNL SpA's transition to IRBA was 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, 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.

Overall 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, industry, business/product.

The overall portfolio management policy, including concentration of risk by single name, industry and country, is based on this reporting system and Group risk Committees review all reports and analyses produced.

- Risk concentration by country is managed through country risk limits that 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.
- Diversification of the portfolio by single name 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).
- The breakdown of exposure by industry 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 (see chapter 4 note 1.c.5 *Impairment and restructuring of financial assets*). 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 supervisor.

RATING SYSTEM

Each counterparty is rated internally by the Group using uniform principles, 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, confirmation or amendments to the rating parameters and GRR applicable to each transaction 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 14: INDICATIVE MAPPING OF INTERNAL COUNTERPARTY RATING WITH AGENCY RATING SCALE AND AVERAGE EXPECTED 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. However, 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 and rating migration parameters with macroeconomic and financial variables projected 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 ad hoc).

The central stress testing framework is consistent with the appropriate structure as defined in the EBA guidelines for European stress tests:

- it is based on the parameters used to compute capital requirements (regulatory EAD, PD and LGD);
- the expected loss conditional to the economy is used as a measure of the cost of the risk resulting from new defaults;
- the stressed cost of risk is supplemented with impacts on collective provisions and provisions on the outstanding non-performing loans;
- the regulatory capital stress testing is performed on the basis of rating migrations, default events, and the stressed regulatory PD used in computations of regulatory capital requirements.

In the case of the stress of risk-weighted assets, the Loss Given Default 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 1,298 billion at 31 December 2014, compared with EUR 1,169 billion at 31 December 2013. This portfolio, which is analysed below in terms of its diversification, comprises all exposures to credit risk shown in table 13 *Credit risk exposure by asset class and approach*, excluding other non-credit-obligation assets[1]. A dedicated section (section 5.5) describes banking book securitisation 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 the indicators shown below:

SINGLE NAME CONCENTRATION

The single name concentration risk of the portfolio is subject to regular monitoring. It is assessed on the basis of the total commitments at client or business group level and is based on two types of monitoring dimensions:

Monitoring of large exposures

Regulation (EU) No. 575/2013 (article 392) of 26 June 2013 establishes a limit of 25% of the bank's capital for exposure by business group (after exemptions and taking credit risk mitigation techniques into account).

BNP Paribas is well below the concentration thresholds set by this regulation. The exposure (as defined above) of a client or a group of connected clients never exceeds 10% of the Bank's eligible capital.

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 15: CREDIT RISK EXPOSURE BY GEOGRAPHICAL REGION**

Exposure *In millions of euros*	31 December 2014 Basel 3					
	Central governments and central banks	Corporates	Institutions	Retail	TOTAL	%
Europe	**134,058**	**365,411**	**58,306**	**338,248**	**896,023**	**69%**
France	*34,578*	*117,003*	*18,947*	*159,976*	*330,504*	*25%*
Belgium	*26,434*	*51,949*	*8,640*	*67,344*	*154,367*	*12%*
Luxembourg	*9,891*	*12,564*	*1,224*	*6,012*	*29,691*	*2%*
Italy	*13,065*	*60,959*	*11,009*	*52,866*	*137,899*	*11%*
Other European countries	*50,090*	*122,936*	*18,486*	*52,050*	*243,562*	*19%*
North America	**59,868**	**106,116**	**10,861**	**28,188**	**205,033**	**16%**
Asia & Pacific	**43,598**	**47,111**	**14,958**	**510**	**106,177**	**8%**
Rest of the World	**12,649**	**49,868**	**7,676**	**20,976**	**91,169**	**7%**
TOTAL	**250,173**	**568,506**	**91,801**	**387,922**	**1,298,402**	**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.*

Exposure *In millions of euros*	31 December 2013 Basel 2.5					
	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%**

The geographic breakdown of the portfolios is balanced. Implementation of the 2014-2016 business plan resulted in progress in North America, Asia & Pacific and Other European countries. The Group's main focuses in 2014 were geopolitical risks in some countries and the economic performance of 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 16: CREDIT RISK EXPOSURE BY INDUSTRY - CORPORATE ASSET CLASS

In millions of euros	31 December 2014 Basel 3		31 December 2013 Basel 2.5	
	Exposure	%	Exposure	%
Agriculture, Food, Tobacco	35,589	6%	25,331	5%
Insurance	12,548	2%	12,859	3%
Chemicals excluding Pharmaceuticals	12,069	2%	11,205	2%
Construction	30,597	6%	27,261	5%
Retailers	26,572	5%	25,190	5%
Energy excluding Electricity	32,576	6%	30,125	6%
Equipment excluding IT Electronic	36,785	6%	27,603	5%
Finance	36,722	6%	28,880	6%
Real estate	52,375	9%	51,204	10%
IT & Electronics	14,753	3%	11,949	2%
Metal & Mining	31,052	5%	30,689	6%
Wholesale & Trading	46,723	9%	48,595	9%
Healthcare & Pharmaceuticals	14,209	2%	9,141	2%
B to B services	46,392	8%	48,089	10%
Communication services	14,278	3%	12,560	2%
Transportation & Logistics	36,220	6%	32,737	6%
Utilities (electricity, gas, water, etc.)	31,275	6%	28,808	6%
Other	57,771	10%	49,331	10%
TOTAL	**568,506**	**100%**	**511,557**	**100%**

Industry risks were monitored in terms of gross exposure and RWAs. The Group remains diversified. No one sector makes up more than 10% of total corporate lending or more than 4% of total lending in 2014. The most sensitive sectors are regularly reviewed in dedicated committees.

RISK-WEIGHTED ASSETS

TABLE 17: CREDIT RISK-WEIGHTED ASSETS

RWAs *In millions of euros*	31 December 2014 Basel 3 (fully loaded)	31 December 2013 Basel 3 (fully loaded)	Variation	31 December 2013 Basel 2.5
Credit risk - IRBA approach	**204,051**	**198,074**	**5,977**	**198,867**
Central governments and central banks	3,545	3,598	(53)	3,622
Corporates	150,540	145,476	5,064	146,304
Institutions	12,138	13,317	(1,179)	11,166
Retail	37,699	35,533	2,166	37,625
Real estate loans	*14,734*	*12,181*	*2,553*	*12,181*
Revolving exposures	*5,410*	*5,362*	*48*	*5,362*
Other exposures	*17,555*	*17,990*	*(435)*	*20,082*
Other non credit-obligation assets	129	150	(21)	150
Credit risk - Standardised approach	**238,307**	**219,661**	**18,646**	**211,791**
Central governments and central banks	4,069	3,173	896	3,189
Corporates	95,586	86,484	9,102	87,463
Institutions	7,972	7,741	231	8,189
Retail	90,432	79,315	11,117	80,694
Real estate loans	*26,373*	*25,173*	*1,200*	*27,143*
Revolving exposures	*2,060*	*2,112*	*(52)*	*2,112*
Other exposures	*61,999*	*52,030*	*9,969*	*51,439*
Other non credit-obligation assets	40,248	42,948	(2,700)	32,256
TOTAL CREDIT RISK	**442,358**	**417,735**	**24,623**	**410,658**

TABLE 18: CREDIT RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER

RWAs *In millions of euros*	31 December 2013 Basel 2.5	Key driver							Total variation	31 December 2014 Basel 3
		Basel 3(*) impact	Currency	Volume	Parameters	Perimeter	Method	Other		
Credit risk	410,658	7,077	13,526	17,329	(8,394)	9,714	(4,867)	(2,685)	31,700	442,358

(*) First-time application.

Excluding the impact of Basel 3, risk-weighted credit exposures rose by EUR 25 billion in 2014. The foreign exchange effect of positive EUR 14 billion was mainly due to the dollar's rise; the EUR 10 billion scope effect primarily related to the BGZ acquisition and to the Group's acquisition of an additional 50% interest in LaSer.

TABLE 19: CREDIT RISK-WEIGHTED ASSETS BY GEOGRAPHICAL REGION

RWAs *In millions of euros*	31 December 2014 Basel 3						
	Central governments and central banks	Corporates	Institutions	Retail	Other non credit -obligation assets	TOTAL	%
Europe	2,567	158,680	11,930	99,993	32,334	305,504	69%
France	*213*	*56,728*	*2,733*	*37,864*	*10,208*	*107,746*	*24%*
Belgium	*65*	*15,814*	*914*	*12,927*	*9,280*	*39,000*	*9%*
Luxembourg	*72*	*5,290*	*476*	*1,146*	*811*	*7,795*	*2%*
Italy	*100*	*35,990*	*4,045*	*26,076*	*7,473*	*73,684*	*17%*
Other European countries	*2,117*	*44,858*	*3,762*	*21,980*	*4,562*	*77,279*	*17%*
North America	75	47,667	1,589	15,236	4,735	69,302	16%
Asia & Pacific	921	15,807	3,449	357	1,324	21,858	5%
Rest of the World	4,051	23,972	3,142	12,545	1,984	45,694	10%
TOTAL	**7,614**	**246,126**	**20,110**	**128,131**	**40,377**	**442,358**	**100%**

RWAs *In millions of euros*	31 December 2013 Basel 2.5						
	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%**

CREDIT RISK: INTERNAL RATINGS BASED APPROACH (IRBA)

The internal rating system developed by the Group covers the entire Bank. The IRBA framework, validated in December 2007, covers the portfolio described in *Approaches used to calculate capital requirements* in the section entitled *Exposure to credit risk*.

Various methods, including quantitative ones, are used to check the consistency of the framework as well as its robustness. Loans to private customers and very small businesses are assessed relying mostly on statistical modelling to group assets with the same risk level. Loss Given Default is determined either using statistical models for portfolios with the highest degree of granularity or using expert judgment based on internal benchmarks for the other portfolios, similarly to the process 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 downturn, as required by regulations. For each transaction, it is measured using the recovery rate for a senior unsecured exposure to the counterparty, adjusted for any risk mitigation techniques (collaterals or guarantees for instance). Amounts recoverable against these mitigants are estimated each year using conservative assumptions as well as haircuts calibrated to reflect economic downturn conditions.

Credit Conversion Factors have been modelled by the Bank where permitted (i.e. excluding off-balance sheet commitments or where a Credit Conversion Factor under the Foundation approach is applied), using historical internal default data. Conversion factors are used to measure the off-balance sheet exposure at risk in the event of a default. Within the scope of the Corporate book, unlike the rating and the Global 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 clients 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. Moreover, verification is performed to ensure compliance with the floors set by the regulation on these models. The Bank does not use models developed by external suppliers, with the exception of some historical Fortis models which are due to be replaced.

The main asset classes covered by one or more models are as follows:

(1) Within the Group, the Corporate book includes institutions, corporates, specialised financing and sovereigns.

TABLE 20: MAIN MODELS: PD, LGD AND CCF/EAD

Modelled parameter	Portfolio	Number of models	Model and methodology	Number of years default / loss data	Basel asset class
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 and 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 mortgage
	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.	8 years	Retail mortgage and other retail
	Retail Bank Belgium Public Banking	1	Rule based expert model	8 years	Bank, Sovereign, Corporate, Corporate SME
	Retail Bank Belgium Commercial Banking (SME / Midcap)	1	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 , ...).	8 years	Corporate, Corporate & Retail SME
	Retail Bank Belgium Banque des entrepreneurs (small companies, self-employed and liberal professions)	1	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 , ...).	8 years	Corporate, Corporate & Retail SME, Mortgage, other Retail

Modelled parameter	Portfolio	Number of models	Model and methodology	Number of years default / loss data	Basel asset class
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
	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.	8 years	Retail mortgage and other retail
	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.	8 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.	8 years	Corporate, Corporate & Retail SME, Mortgage, other Retail

Modelled parameter	Portfolio	Number of models	Model and methodology	Number of years default / loss data	Basel asset class
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
	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.	8 years	Retail mortgage and other retail
	Retail Bank Belgium Public Banking	1	Regression based models that determine a CCF for different product families.	8 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.	8 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 in comparing estimated and actual outcomes for each parameter. Benchmarking consists in 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, observed Global Recovery Rates on defaulted exposures during this 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 model. 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 parameters. For this purpose, observed Global Recovery Rates (GRR) and default rates are compared with estimated Global Recovery Rates and Probability of default for each rating. The "through the cycle" or "downturn" nature of these ratings and GRRs is also verified.

This backtesting work revealed that actual default rates on the Corporate IRBA scope (excluding SMEs) are significantly lower than estimated default rates across the entire cycle (average annual default rate of 0.78% between 2004 and 2013 compared with an estimated rate of 1.87%). An analysis of default rates during crisis periods shows that annual default rates have always been lower than estimated rates.

Performance measurements are also carried out on sub-scopes of homogeneous asset classes. If the predictive power or the conservative nature of a model has deteriorated, the model is recalibrated or redeveloped as appropriate. These changes are submitted to the regulator for approval in line with the regulations. Pending implementation of the new model, the bank takes conservative measures to enhance the conservatism of the existing model where necessary.

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. Around 10% 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 cash flows for exposures in default. When the recovery process is closed for a given exposure, all recovered amounts are discounted back to the default date and then compared to the exposure amount. When the recovery process is not closed, the future recoveries are estimated by using either the amount of provisions, or historically calibrated statistical profiles. The recovery rate determined in this way is then compared with the initially forecasted rate one year before the default occurred. As with ratings, recovery rates are analysed on an overall basis and by rating policy and geographical area. Variances 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 average.

Backtesting and benchmarking results are presented annually to the Chief Risk Officer. Backtesting is also certified internally by an independent team and the results sent to the supervisor.

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 book analysis.

The table below presents the 2013 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).

➤ TABLE 21: BACKTESTING OF AVERAGE PD AND LGD

						2013
	Estimated PD	Observed PD	Ratio	Estimated LGD	Observed LGD	Ratio
Residential Real Estate (France)	0.58%	0.48%	1.20	14.9%	10.3%	1.45
Professionals & SME (France)	2.49%	2.41%	1.04	44.0%	29.9%	1.47
Large Corporate & Specialised Lending (Global)	2.03%	0.89%	2.28	34.0%	29.6%	1.15

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 and are therefore not directly comparable with the LGD values reported on the non-doubtful portfolio.

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. The method is supplemented by expert judgement provided it can be justified.

The method for assessing 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.

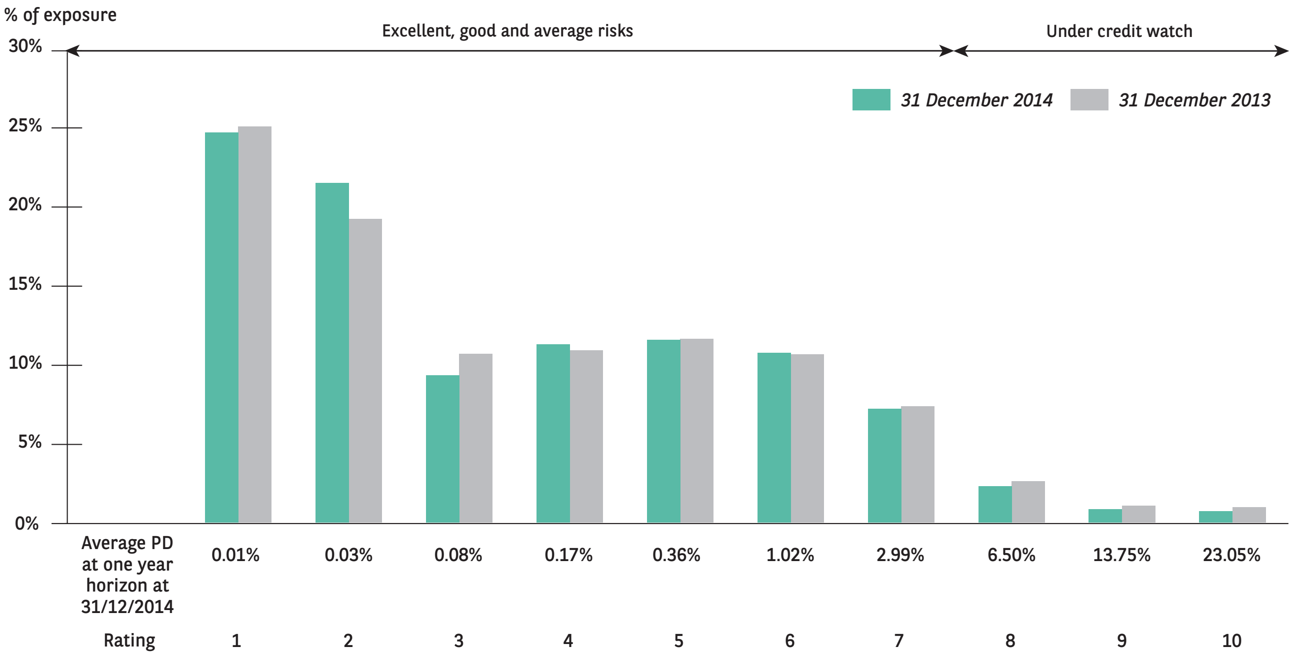
The same definition of default is used consistently throughout the Group for each asset class. For local counterparties (SMEs, local authorities), this definition may be adapted slightly to meet any specific local regulatory requirements, particularly as regards the length of past-due or the materiality 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 712 billion of the gross credit risk at 31 December 2014 compared with EUR 626 billion at 31 December 2013.

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: IRBA EXPOSURE BY INTERNAL RATING - CORPORATE(*) PORTFOLIO



(*) 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 730 billion of the gross credit risk at 31 December 2014, including EUR 712 billion of performing loans and EUR 18 billion of non-performing loans, compared with EUR 645 billion at 31 December 2013, including EUR 626 billion of performing loans and EUR 19 billion of non-performing loans.

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;
- weighted average of Credit Conversion Factor (CCF) for off-balance sheet items defined as the ratio of the exposure at default divided by the off-balance sheet exposure: average CCF;
- average loss given default weighted by exposure at default: average LGD;
- as well as the average risk weight: average RW 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.

➤ TABLE 22: IRBA EXPOSURE BY INTERNAL RATING AND ASSET CLASS - CORPORATE PORTFOLIO

		31 December 2014 Basel 3									
In millions of euros	Internal rating	Average PD	Total exposure	Balance sheet exposure	Off-balance sheet exposure	Average off-balance sheet CCF	EAD	Average LGD	Average RW	Expected Loss	RWAs
Central governments and central banks	1	0.01%	157,458	156,782	676	73%	157,276	1%	0%	0	422
	2	0.03%	51,673	51,526	147	46%	51,593	1%	0%	0	166
	3	0.08%	4,610	4,567	43	55%	4,591	17%	13%	1	577
	4	0.20%	2,467	1,000	1,467	56%	1,819	6%	6%	0	112
	5	0.44%	3,275	3,240	35	72%	3,265	26%	38%	4	1,250
	6	1.00%	67	63	4	76%	66	35%	85%	0	56
	7	3.51%	1,083	937	146	73%	1,043	17%	53%	6	548
	8	6.48%	483	388	95	35%	421	10%	36%	3	150
	9	15.12%	387	250	137	65%	339	3%	18%	2	60
	10	25.09%	102	102	0	55%	102	23%	141%	5	144
	11	100.00%	75	75	0	35%	75		80%	3	60
	12	100.00%	0	0			0		0%	0	0
TOTAL		**0.12%**	**221,680**	**218,930**	**2,750**	**60%**	**220,590**	**2%**	**2%**	**24**	**3,545**
Institutions	1	0.03%	4,608	3,570	1,038	86%	4,460	8%	3%	0	132
	2	0.03%	43,240	33,517	9,723	76%	40,922	21%	6%	3	2,623
	3	0.08%	6,126	4,235	1,891	64%	5,452	30%	17%	1	927
	4	0.17%	5,257	4,128	1,129	61%	4,814	38%	34%	3	1,622
	5	0.37%	7,018	5,019	1,999	47%	5,958	35%	51%	8	3,063
	6	0.97%	2,250	1,871	379	51%	2,064	39%	83%	8	1,708
	7	3.35%	1,331	993	338	56%	1,180	28%	95%	11	1,118
	8	6.26%	642	362	280	48%	496	25%	103%	8	509
	9	13.41%	85	29	56	64%	65	46%	234%	4	152
	10	20.63%	199	45	154	72%	156	30%	172%	10	268
	11	100.00%	279	191	88	91%	270		6%	58	16
	12	100.00%	254	254			254		0%	201	0
TOTAL		**1.07%**	**71,289**	**54,214**	**17,075**	**70%**	**66,091**	**24%**	**18%**	**315**	**12,138**
Corporates	1	0.03%	13,425	6,009	7,416	50%	9,743	22%	11%	1	1,092
	2	0.03%	57,861	11,011	46,850	53%	35,918	34%	14%	4	5,163
	3	0.08%	55,551	19,358	36,193	52%	38,112	38%	24%	12	9,058
	4	0.17%	72,508	31,475	41,033	47%	50,794	36%	33%	30	16,823
	5	0.35%	71,989	36,641	35,348	47%	53,206	31%	43%	59	22,703
	6	1.02%	74,039	46,083	27,956	45%	58,773	27%	57%	159	33,762
	7	2.97%	48,677	31,179	17,498	47%	39,450	26%	81%	323	31,998
	8	6.51%	15,178	9,862	5,316	48%	12,394	26%	104%	208	12,833
	9	13.66%	5,436	3,649	1,787	54%	4,606	21%	107%	131	4,909
	10	23.09%	4,658	3,479	1,179	45%	4,007	25%	139%	235	5,576
	11	100.00%	11,331	10,338	993	53%	10,858		37%	4,259	4,026
	12	100.00%	6,063	5,789	274	49%	5,925		44%	4,330	2,597
TOTAL		**6.56%**	**436,716**	**214,873**	**221,843**	**49%**	**323,786**	**31%**	**46%**	**9,751**	**150,540**
TOTAL		**3.64%**	**729,685**	**488,017**	**241,668**	**51%**	**610,467**	**20%**	**27%**	**10,090**	**166,223**

In millions of euros	Internal rating	31 December 2013 Basel 2.5									
		Average PD	Total exposure	Balance sheet exposure	Off-balance sheet exposure	Average off-balance sheet CCF	EAD	Average LGD	Average RW	Expected Loss	RWAs
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	6.22%	542	494	48	72%	528	6%	21%	2	111
	9	10.98%	420	265	155	54%	349	34%	156%	15	544
	10	20.46%	174	103	71	64%	148	24%	137%	7	202
	11	100.00%	3	3			3		22%	3	1
	12	100.00%	0	0			0		0%	0	0
TOTAL		**0.10%**	**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	6.12%	842	518	324	42%	656	2%	88%	10	575
	9	11.53%	213	133	80	36%	161	22%	96%	4	155
	10	18.80%	313	62	251	43%	170	39%	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	6.44%	15,044	10,132	4,912	51%	12,646	25%	99%	204	12,542
	9	11.46%	5,948	4,686	1,262	54%	5,363	27%	130%	164	6,959
	10	20.97%	5,433	4,539	894	61%	5,086	27%	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		**7.32%**	**388,983**	**197,015**	**191,968**	**57%**	**307,012**	**32%**	**48%**	**9,245**	**146,304**
TOTAL		**4.25%**	**645,065**	**432,377**	**212,688**	**58%**	**555,227**	**21%**	**29%**	**9,682**	**161,092**

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. Other 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]

The Standard Ratings Policy for Retail Operations (SRPRO) provides a framework allowing Group core businesses and Risk Management Department 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 sound 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 on the basis of 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.

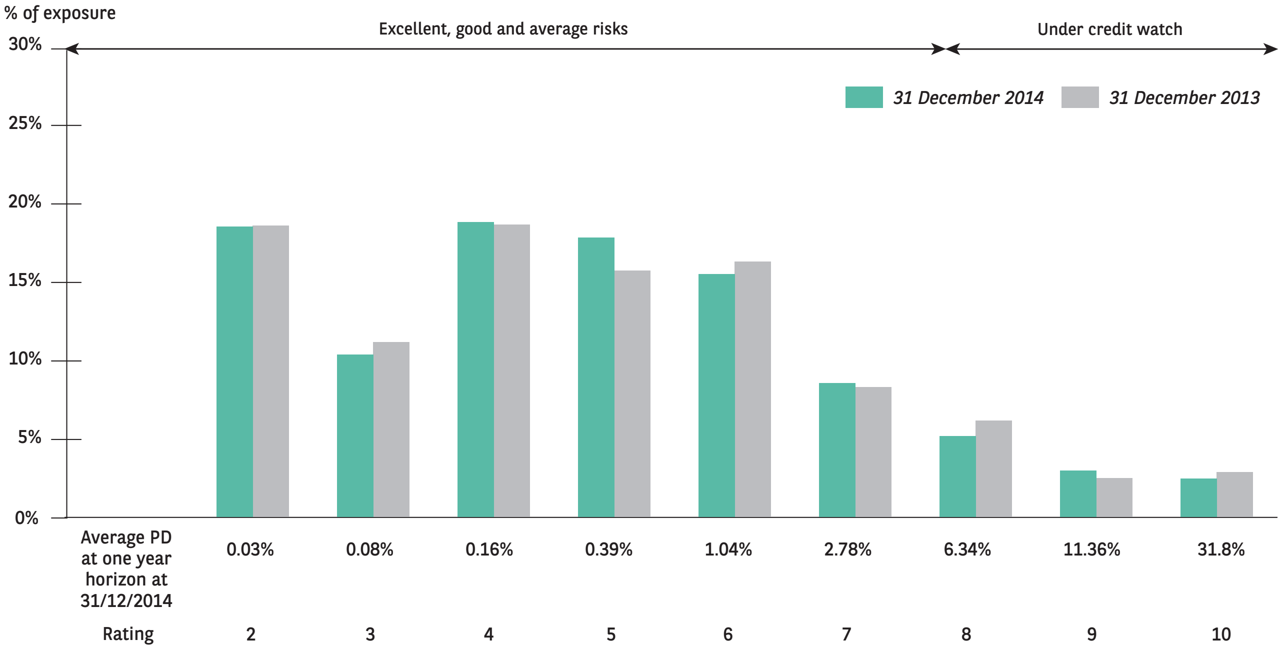
For the portion of the BNP Paribas Personal Finance book eligible for the IRBA, the risk parameters are determined by the Risk Management Department on a statistical basis according to customer type and relationship history.

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: EAD and 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 of performing loans represented EUR 196 billion of the gross credit risk at 31 December 2014, up EUR 9 billion, compared with EUR 187 billion at 31 December 2013.

FIGURE 5: IRBA EXPOSURE BY INTERNAL RATING – RETAIL PORTFOLIO



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 amounts to EUR 204 billion at 31 December 2014, an increase of 4% compared with 31 December 2013.

➤ TABLE 23: IRBA EXPOSURE BY INTERNAL RATING AND ASSET CLASS – RETAIL PORTFOLIO

		31 December 2014 Basel 3									
In millions of euros	Internal rating	Average PD	Total exposure	Balance sheet exposure	Off-balance sheet exposure	Average off-balance sheet CCF	EAD	Average LGD	Average RW	Expected Loss	RWAs
Mortgages	2	0.03%	28,547	27,608	939	96%	28,513	12%	2%	1	550
	3	0.08%	14,559	13,936	623	99%	14,550	12%	5%	1	667
	4	0.16%	23,705	22,747	958	100%	23,704	13%	6%	5	1,408
	5	0.38%	20,856	19,533	1,323	92%	20,749	13%	12%	11	2,505
	6	1.04%	13,160	12,220	940	84%	13,008	14%	19%	19	2,503
	7	2.71%	6,533	6,138	395	78%	6,448	14%	31%	24	1,979
	8	6.31%	3,242	3,089	153	76%	3,206	14%	44%	29	1,419
	9	12.15%	1,632	1,581	51	87%	1,626	15%	65%	30	1,059
	10	28.99%	1,390	1,334	56	72%	1,374	14%	68%	55	934
	11	100.00%	1,168	1,149	19	60%	1,161		143%	57	1,662
	12	100.00%	730	729	1	101%	730		7%	224	48
TOTAL		**2.73%**	**115,522**	**110,064**	**5,458**	**92%**	**115,069**	**13%**	**13%**	**456**	**14,734**
Revolving exposures	1	0.03%	48	0	48	94%	45	28%	1%	0	0
	2	0.04%	1,748	86	1,662	110%	1,911	59%	2%	0	31
	3	0.07%	970	82	888	80%	794	58%	3%	0	22
	4	0.18%	3,967	126	3,841	50%	2,056	49%	5%	14	103
	5	0.42%	3,922	126	3,796	52%	2,116	51%	10%	10	221
	6	1.25%	4,252	1,394	2,858	32%	2,316	44%	20%	29	474
	7	2.92%	1,502	677	825	74%	1,286	45%	40%	17	514
	8	6.33%	2,454	1,024	1,430	20%	1,315	48%	72%	40	947
	9	10.23%	1,976	1,523	453	51%	1,754	42%	85%	88	1,490
	10	33.88%	842	698	144	54%	777	44%	130%	121	1,013
	11	100.00%	1,088	1,053	35	22%	1,060		56%	625	595
	12	100.00%	511	511			511		0%	343	0
TOTAL		**13.66%**	**23,280**	**7,300**	**15,980**	**54%**	**15,941**	**49%**	**34%**	**1,287**	**5,410**
Other exposures	1	0.03%	25	24	1	11%	24	35%	4%	0	1
	2	0.04%	5,803	4,894	909	101%	5,814	29%	4%	1	222
	3	0.07%	4,683	3,912	771	79%	4,520	30%	6%	1	285
	4	0.17%	9,091	7,754	1,337	96%	9,038	32%	11%	5	1,009
	5	0.40%	10,053	8,259	1,794	84%	9,758	28%	17%	18	1,705
	6	1.01%	12,863	11,438	1,425	86%	12,661	31%	29%	47	3,702
	7	2.81%	8,614	7,805	809	98%	8,603	31%	42%	84	3,586
	8	6.35%	4,373	4,026	347	101%	4,376	28%	41%	86	1,791
	9	11.67%	2,182	2,059	123	175%	2,274	34%	55%	92	1,242
	10	31.54%	2,561	2,494	67	136%	2,587	26%	62%	224	1,613
	11	100.00%	2,474	2,447	27	63%	2,464		97%	1,176	2,391
	12	100.00%	2,064	2,004	60	101%	2,065		0%	1,262	8
TOTAL		**9.84%**	**64,786**	**57,116**	**7,670**	**92%**	**64,184**	**30%**	**27%**	**2,996**	**17,555**
TOTAL		**5.96%**	**203,588**	**174,480**	**29,108**	**71%**	**195,194**	**21%**	**19%**	**4,739**	**37,699**

											31 December 2013 Basel 2.5
In millions of euros	Internal rating	Average PD	Total exposure	Balance sheet exposure	Off-balance sheet exposure	Average off-balance sheet CCF	EAD	Average LGD	Average RW	Expected Loss	RWAs
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	6.59%	2,548	2,499	49	114%	2,555	13%	66%	23	1,688
	9	12.51%	1,309	1,277	32	100%	1,309	14%	81%	23	1,057
	10	30.02%	1,065	1,053	12	104%	1,065	13%	97%	42	1,036
	11	100.00%	901	896	5	98%	901		62%	23	559
	12	100.00%	686	686			686		0%	186	0
TOTAL		**2.54%**	**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			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**

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. Since 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 under 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 supervisor.

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.

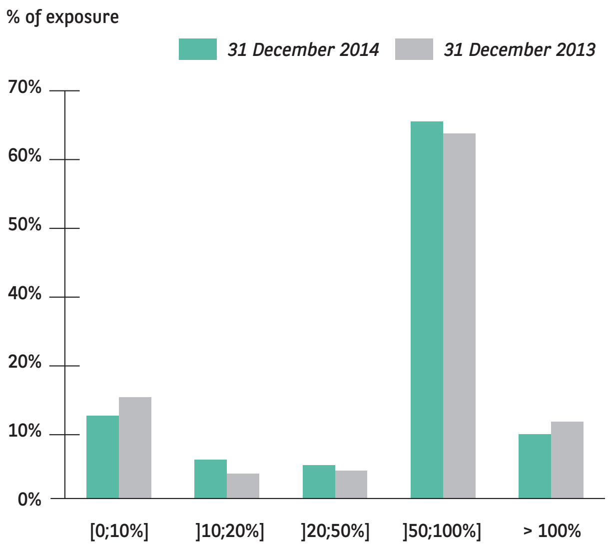
At 31 December 2014, standardised approach exposure represents 28% of the BNP Paribas Group's total gross exposures, remaining stable compared with 31 December 2013.

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 172 billion of the gross credit risk at 31 December 2014 compared with EUR 157 billion at 31 December 2013.

FIGURE 6: STANDARDISED EXPOSURE BY WEIGHTING – CORPORATE PORTFOLIO



(*) 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 184 billion at 31 December 2014, compared with EUR 163 billion at 31 December 2013.

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 365 billion of the gross credit risk at 31 December 2014, compared with EUR 329 billion at 31 December 2013.

TABLE 24: STANDARDISED EXPOSURE BY EXTERNAL RATING

		31 December 2014 Basel 3			31 December 2013 Basel 2.5		
In millions of euros	External rating(*)	Gross exposure(**)	EAD	RWAs	Gross exposure(**)	EAD	RWAs
Central governments and central banks	AAA to AA-	18,597	18,602	9	17,310	17,312	14
	A+ to A-	1,986	1,980	218	885	881	8
	BBB+ to BBB-	5,559	5,529	1,758	5,147	5,139	1,499
	BB+ to BB-	122	122	118	360	360	355
	B+ to B-	417	416	416	155	155	155
	CCC+ to D	189	167	247	28	11	16
	No external rating	1,623	1,600	1,303	1,430	1,427	1,142
TOTAL		**28,493**	**28,416**	**4,069**	**25,315**	**25,285**	**3,189**
Institutions	AAA to AA-	9,560	9,132	1,833	6,581	5,986	1,210
	A+ to A-	1,130	815	402	101	88	44
	BBB+ to BBB-	7,548	5,518	4,837	7,744	6,136	5,593
	BB+ to BB-	774	752	353	1,388	1,021	345
	B+ to B-	117	87	48	85	53	52
	CCC+ to D	33	32	47	3	1	2
	No external rating	1,350	1,148	452	2,196	2,054	943
TOTAL		**20,512**	**17,484**	**7,972**	**18,098**	**15,339**	**8,189**
Corporates	AAA to AA-	367	342	66	157	156	31
	A+ to A-	1,675	1,233	616	866	501	251
	BBB+ to BBB-	2,110	1,347	1,308	1,496	880	876
	BB+ to BB-	700	497	496	423	326	325
	B+ to B-	369	271	407	194	129	193
	CCC+ to D	13	9	14	52	42	63
	No external rating	126,556	96,618	92,679	119,386	88,585	85,724
TOTAL		**131,790**	**100,317**	**95,586**	**122,574**	**90,619**	**87,463**
Retail	No external rating	184,334	156,018	90,432	162,958	139,549	80,694
TOTAL		**184,334**	**156,018**	**90,432**	**162,958**	**139,549**	**80,694**
TOTAL		**365,129**	**302,235**	**198,059**	**328,945**	**270,792**	**179,535**

(*) According to Standard and Poor's.
(**) Balance sheet and off-balance sheet.

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

Financial assets that are past due but not impaired, impaired assets, and related collateral or other guarantees are presented in note 5.h to the consolidated financial statements:

TABLE 25: EXPOSURE IN DEFAULT AND PROVISIONS BY GEOGRAPHICAL REGION

In millions of euros		31 December 2014 Basel 3				
			Exposure in default(*)			
		Gross exposure	Standardised approach	IRB approach	TOTAL	Specific provisions
Europe		**896,023**	**20,277**	**22,390**	**42,667**	**21,539**
	France	330,504	3,717	7,517	11,234	5,606
	Belgium	154,367	199	3,241	3,440	1,164
	Luxembourg	29,691	26	501	527	283
	Italy	137,899	13,034	6,915	19,949	10,121
	United Kingdom	43,216	52	724	776	487
	Netherlands	34,320	75	50	125	44
	Other West European countries	128,776	1,482	2,657	4,139	2,265
	Eastern Europe	37,250	1,692	785	2,477	1,569
North America		**205,033**	**322**	**1,252**	**1,574**	**664**
	United States	198,048	322	1,213	1,535	625
	Canada	6,985	0	39	39	39
Asia & Pacific		**106,177**	**439**	**100**	**539**	**187**
	Japan & Australia	44,264	2	7	9	9
	Emerging Asian countries	61,913	437	93	530	178
Rest of the World		**91,169**	**1,648**	**2,295**	**3,943**	**2,250**
	Turkey	35,337	518	2	520	364
	Mediterranean	14,730	786	319	1,105	650
	Gulf States & Africa	22,733	187	1,701	1,888	953
	Latin America	18,369	157	273	430	283
TOTAL		**1,298,402**	**22,686**	**26,037**	**48,723**	**24,640**

(*) Gross exposure (balance sheet and off-balance sheet) before collateral and other security.

In millions of euros		31 December 2013 Basel 2.5				
		Gross exposure	Exposure in default(*)			Specific provisions
			Standardised approach	IRB approach	TOTAL	
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.

➤ TABLE 26: EXPOSURE IN DEFAULT AND PROVISIONS BY ASSET CLASS

In millions of euros	31 December 2014 Basel 3				
		Exposure in default(*)			
	Gross exposure	Standardised approach	IRB approach	TOTAL	Specific provisions
Central governments and central banks	250,172	49	76	125	23
Corporates	568,507	8,809	17,393	26,202	12,991
Institutions	91,801	167	533	700	306
Retail	387,922	13,661	8,035	21,696	11,320
TOTAL	**1,298,402**	**22,686**	**26,037**	**48,723**	**24,640**

(*) *Gross exposure (balance sheet and off-balance sheet) before collateral or other security.*

In millions of euros	31 December 2013 Basel 2.5				
		Exposure in default(*)			
	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.*

Provisions on a portfolio basis on the prudential scope totalled EUR 3.9 billion at 31 December 2014, compared with EUR 3.8 billion at 31 December 2013.

The cost of risk is presented in the consolidated financial statements - Note 3.f - *Cost of risk*.

➤ TABLE 27: UNIMPAIRED EXPOSURES WITH PAST DUE INSTALMENTS BY ASSET CLASS

In millions of euros	31 December 2014				
	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	47	2	-	2	51
Corporates	5,904	126	16	35	6,081
Institutions	92	-	-	-	92
Retail	3,143	111	2	1	3,257
TOTAL STANDARDISED APPROACH	**9,186**	**239**	**18**	**38**	**9,481**
Central governments and central banks	19	11	36	134	200
Corporates	1,089	37	5	41	1,172
Institutions	49	-	-	-	49
Retail	1,440	39	7	4	1,490
TOTAL IRB APPROACH	**2,597**	**87**	**48**	**179**	**2,911**
TOTAL	**11,783**	**326**	**66**	**217**	**12,392**

(*) *Based on a prudential scope, gross exposure (balance sheet) before collateral or other security.*

In millions of euros	31 December 2013				
	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	23			1	24
Corporates	3,890	73	22	25	4,010
Institutions	255	3	2	5	265
Retail	2,470	127	10	6	2,613
TOTAL STANDARDISED APPROACH	**6,638**	**203**	**34**	**37**	**6,912**
Central governments and central banks	65			211	276
Corporates	2,539	76	34	33	2,682
Institutions	194			19	213
Retail	3,524	3			3,527
TOTAL IRB APPROACH	**6,322**	**79**	**34**	**263**	**6,698**
TOTAL	**12,960**	**282**	**68**	**300**	**13,610**

(*) Based on a prudential scope after application of IFRS 10, IFRS 11 and IAS 32, gross exposure (balance sheet) before collateral or other security.

RESTRUCTURED LOANS

When a borrower is in financial difficulties, his loans are classified as doubtful. The table below shows the net carrying amount of doubtful loans that have been restructured (note 1.c.5 to the consolidated financial statements), as well as restructured loans that have been reclassified as non-doubtful loans following a period of observation.

➤ TABLE 28: RESTRUCTURED LOANS

In millions of euros	31 December 2014
Loans and receivables (not including repurchase agreements)	**9,697**
Restructured doubtful loans	*7,214*
Restructured doubtful loans - specific impairment provisions	*(3,147)*
Restructured doubtful loans - net value	4,067
Restructured loans reclassified as non-doubtful	5,630
Off-balance sheet items	**98**
TOTAL RESTRUCTURED LOANS	**9,795**

CREDIT RISK MITIGATION TECHNIQUES

Credit risk mitigants (CRM) are taken into account according to the regulation. In particular, their effect is assessed under conditions characteristic of an economic downturn. The CRM fall into two main categories:

- 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 is used to secure timely performance of a borrower's financial obligations.

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.

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 least at each subsequent annual review.

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.

The following tables give for the Corporate portfolio the breakdown by 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.

TABLE 29: IRBA – CREDIT RISK MITIGATION FOR CORPORATE PORTFOLIO

In millions of euros	31 December 2014 Basel 3				31 December 2013 Basel 2.5			
		Risk mitigation				Risk mitigation		
	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collaterals	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collaterals
Central governments and central banks	221,680	5,290	29	5,319	184,154	4,703	85	4,788
Corporates	436,716	64,563	54,604	119,167	388,983	63,383	53,971	117,354
Institutions	71,289	2,977	726	3,703	71,928	3,267	1,038	4,305
TOTAL	**729,685**	**72,830**	**55,359**	**128,189**	**645,065**	**71,353**	**55,094**	**126,447**

TABLE 30: STANDARDISED APPROACH – CREDIT RISK MITIGATION FOR CORPORATE PORTFOLIO

In millions of euros	31 December 2014 Basel 3				31 December 2013 Basel 2.5			
		Risk mitigation				Risk mitigation		
	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collaterals	Total exposure	Guarantees and credit derivatives	Collateral	Total guarantees and collaterals
Central governments and central banks	28,493				25,315			
Corporates	131,790	264	8,808	9,072	122,574	138	6,101	6,239
Institutions	20,512		54	54	18,098		55	55
TOTAL	**180,795**	**264**	**8,862**	**9,125**	**165,987**	**138**	**6,156**	**6,294**

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 3.

The securitisation transactions described below are those that meet the definition set out in Regulation (EU) No. 575/2013. 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.

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.

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:

- the programmes originated by the Group deemed to be efficient under Basel 3;
- the programmes sponsored by the Group, in which it has retained positions;
- the programmes 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 consolidated 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 to the consolidated financial statements 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 to the consolidated financial statements). 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 to the consolidated financial statements.

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 3;
- 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 sponsor in the future securitisation within the meaning of regulation.

SECURITISATION RISK MANAGEMENT [Audited]

The monitoring of the securitised assets includes credit, market and liquidity risks on the underlying assets, and counterparty risk on hedge counterparties of unfunded protections.

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.

CREDIT RISK ON SECURITISED ASSETS

Approval of securitisation assets outside of the trading book are subject to specific Securitisation Credit Committees. For new transactions, an in-depth analysis of the structure is carried out before their submittal to the Credit Committee. 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. If a shortfall of assets relative to liabilities seems plausible under likely scenarios, then impairments are taken.

MARKET RISK 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 Treasury 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 back-to-back derivatives 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 31: SECURITISED EXPOSURES AND SECURITISATION POSITIONS (HELD OR ACQUIRED) BY ROLE

In millions of euros	31 December 2014		31 December 2013	
BNP Paribas role	Securitised exposures originated by BNP Paribas(*)	Securitised positions held or acquired EAD(**)	Securitised exposures originated by BNP Paribas(*)	Securitised positions held or acquired EAD(**)
Originator	1,591	1,541	1,781	1,579
Sponsor	1	11,411	1	12,046
Investor	0	9,820	0	9,929
TOTAL	**1,592**	**22,772**	**1,782**	**23,554**

(*) 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.

PROPRIETARY SECURITISATION (ORIGINATOR)

Exposures retained in securitisation positions originated by BNP Paribas amounted to EUR 1.5 billion at 31 December 2014, 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 2014, two main transactions are efficient under Basel 3 due to significant risk transfer, and are included in the table 31 *Securitised exposures and securitisation positions (held or acquired) by role*.

Furthermore, three securitisation transactions were carried out in 2014, including one by BNP Paribas SA in France (within the scope of Retail Banking), one by BNP Paribas Personal Finance and one by BNL Spa. These transactions will not have a lessening impact on the calculation of regulatory capital, as they 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).

38 transactions, totalling a securitised exposure (Group BNP Paribas' share) of EUR 62.3 billion, were outstanding at 31 December 2014. They include EUR 20.2 billion for BNP Paribas Personal Finance, EUR 0.1 billion for Leasing Solutions, EUR 4.1 billion for BNL, EUR 36.5 billion for BNP Paribas Fortis and EUR 1.3 billion for French Retail Banking. As these transactions are inefficient under Basel rules, the exposures are included in customer loans.

SECURITISATION ON BEHALF OF CLIENTS AS SPONSOR

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 11.4 billion at 31 December 2014.

Short-term refinancing

At 31 December 2014, 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 9.1 billion at 31 December 2014, compared with EUR 7.0 billion at 31 December 2013 due to the increase in Starbird outstanding.

BNP Paribas Fortis has also granted liquidity facilities to the Scaldis multiseller conduit, totalling EUR 1.4 billion at 31 December 2014 compared with EUR 2.5 billion at 31 December 2013.

Medium/long-term refinancing

In Europe and North America, the BNP Paribas Group's structuring platform provides securitisation solutions to its clients, based on products adapted to current conditions in terms of risk and liquidity. The total of these facilities, including the few residual positions retained, amounted to EUR 0.9 billion, including EUR 0.7 billion in assets awaiting the issuance of CLOs.

SECURITISATION AS INVESTOR

The securitisation positions of BNP Paribas as an investor amounted to EUR 9.8 billion at 31 December 2014. 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 a securitisation portfolio, which represented a total of EUR 2.3 billion at 31 December 2014 compared with EUR 1.6 billion at 31 December 2013. In addition, Fixed Income also houses Negative Basis Trade (NBT) positions representing an exposure at default of EUR 2.3 billion, compared with EUR 3.2 billion at 31 December 2013.

The exposure of CIB Portfolio Management (PM) stands at EUR 0.7 billion at 31 December 2014, up EUR 0.3 billion compared with 31 December 2013.

In 2014, Investment Solutions' total exposure remained stable at EUR 0.6 billion.

BancWest invests exclusively in securitisation positions in listed securities as a core component of its refinancing and own funds investment policy. At 31 December 2014, BancWest's securitisation positions amounted to EUR 0.3 billion, down EUR 0.1 billion compared with 31 December 2013.

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.

SECURITISED EXPOSURES

At 31 December 2014, the main securitisations efficient from a Basel 3 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.

At the same date, no consumer loan securitisation transaction was efficient from a Basel 3 perspective. In addition, BNP Paribas did not securitised for its own account revolving exposures subject to early amortisation treatment.

At 31 December 2014, no assets were awaiting securitisation.

➤ TABLE 32: SECURITISED EXPOSURES ORIGINATED BY BNP PARIBAS

In millions of euros		Securitised exposures originated by BNP Paribas	
Securitisation type	**Calculation approach**	**31 December 2014**	**31 December 2013**
Traditional	IRBA	1	51
	Standard	1	169
Sub-total		**2**	**220**
Synthetic	IRBA	1,590	1,562
TOTAL		**1,592**	**1,782**

➤ TABLE 33: SECURITISED EXPOSURES BY BNP PARIBAS BY UNDERLYING ASSET CATEGORY(*)

	31 December 2014				
	Originator		Sponsor(**)		
Originated securitised exposures *In millions of euros*	**Traditional**	**Synthetic**	**Traditional**	**Synthetic**	**Total**
Residential mortgages			473		473
Consumer loans			889		889
Credit card receivables			1,829		1,829
Loans to corporates		1,590	2,256		3,846
Commercial and industrial loans			2,689		2,689
Commercial real-estate properties			48		48
Finance leases			1,231		1,231
Other assets	1		1		2
TOTAL	**1**	**1,590**	**9,416**	**0**	**11,007**

	31 December 2013				
	Originator		Sponsor(**)		
Originated securitised exposures *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**

(*) 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 2014 (stable compared with 31 December 2013).

SECURITISATION POSITIONS

TABLE 34: SECURITISATION POSITIONS HELD OR ACQUIRED BY UNDERLYING ASSET CATEGORY

In millions of euros		Securitisation positions held or acquired					
		31 December 2014			31 December 2013		
BNP Paribas role	Asset category(*)	Balance sheet	Off-balance sheet	Total	Balance sheet	Off-balance sheet	Total
Originator	Loans to corporates	1,540		1,540	1,569		1,569
	Other assets	1		1	10		10
TOTAL ORIGINATOR		**1,541**		**1,541**	**1,579**		**1,579**
Sponsor	Residential mortgages	167	267	434	1,043	317	1,360
	Consumer loans	389	895	1,284	182	555	737
	Credit card receivables	213	1,641	1,854	470	430	900
	Loans to corporates	1,233	468	1,701	2,093	743	2,836
	Commercial and industrial loans		3,468	3,468		3,390	3,390
	Commercial real-estate properties	27	21	48	50	492	542
	Finance leases	107	2,147	2,254	853	1,122	1,975
	Other assets	32	336	368	75	231	306
TOTAL SPONSOR		**2,168**	**9,243**	**11,411**	**4,766**	**7,280**	**12,046**
Investor	Residential mortgages	2,517	333	2,850	2,079	165	2,244
	Consumer loans	2,322	1	2,323	2,264	148	2,412
	Credit card receivables				1		1
	Loans to corporates	2,979	52	3,031	3,465	2	3,467
	Commercial real-estate properties	1,060	53	1,113	1,460	45	1,505
	Finance leases	320	3	323	167		167
	Other assets	111	69	180	133		133
TOTAL INVESTOR		**9,309**	**511**	**9,820**	**9,569**	**360**	**9,929**
TOTAL		**13,018**	**9,754**	**22,772**	**15,914**	**7,640**	**23,554**

(*) *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, regulations require the ultimate underlying asset of the relevant program to be reported.*

➤ TABLE 35: SECURITISATION POSITIONS, EXPOSURE IN DEFAULT AND PROVISIONS BY UNDERLYING ASSET'S COUNTRY

	31 December 2014				
		EAD in default			
In millions of euros	EAD	Standardised approach	IRB approach	Total	Specific provisions
Europe	10,418	50	225	275	88
France	*2,673*		*37*	*37*	*7*
Belgium	*225*				
Italy	*588*				
Other European countries	*6,932*	*50*	*188*	*238*	*81*
North America	11,158	1	31	32	8
Asia & Pacific	555				
Rest of the World	641		6	6	6
TOTAL	**22,772**	**51**	**262**	**313**	**102**

	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*	
Belgium	*248*				
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				
Rest of the World	43		6	6	6
TOTAL	**23,554**	**41**	**386**	**427**	**114**

Provisions on a portfolio basis totalled EUR 115 billion at 31 December 2014, compared with EUR 136 billion at 31 December 2013.

➤ TABLE 36: BANKING BOOK SECURITISATION POSITION QUALITY

In millions of euros	Securitisation positions held or acquired (EAD)	
Tranche quality	31 December 2014	31 December 2013
Senior tranche	21,459	21,713
Mezzanine tranche	1,123	1,319
First-loss tranche	190	522
TOTAL	**22,772**	**23,554**

At 31 December 2014, 94% of the securitisation positions held or acquired by the Group were senior tranches, compared with 92% at 31 December 2013, reflecting the high quality of the Group's portfolio. The corresponding risk weights are given in the following tables.

RISK-WEIGHTED ASSETS

Under the standardised approach, risk-weighted assets are calculated by multiplying exposure at default by a risk weight based on an external rating of the securitisation position, as required by article 251 of Regulation (EU) No. 575/2013 of 26 June 2013. 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:

- for exposures with an external rating, the positions risk weight is determined using the so-called "ratings-based method", whereby the position's risk weight is determined directly according to its rating, from a correspondence table provided by the banking supervisor;
- for exposures that do not have an external rating, and if BNP Paribas is the originator or sponsor, the Group uses the Supervisory Formula Approach (SFA) when the necessary conditions according to article 259 1) b. of the CRR are fulfilled. 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;
- in all other cases, a 1,250% risk weight is applied.

At 31 December 2014, 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. The correspondence between these ratings and equivalent credit quality levels as required by the regulation framework is in accordance with the instructions issued by the French banking supervisor.

➤ TABLE 37: SECURITISATION POSITIONS AND RISK-WEIGHTED ASSETS BY APPROACH

In millions of euros	31 December 2014		31 December 2013		Variation	
Calculation approach	Securitisation positions held or acquired (EAD)	RWAs	Securitisation positions held or acquired (EAD)	RWAs	Securitisation positions held or acquired (EAD)	RWAs
IRBA	21,801	13,430	22,294	14,588	(494)	(1,158)
Standardised	971	558	1,260	1,041	(289)	(483)
TOTAL	**22,772**	**13,988**	**23,554**	**15,629**	**(783)**	**(1,641)**

Risk-weighted assets corresponding to securitisation positions held or acquired by the Group amounted to EUR 14 billion at 31 December 2014, or 2.3% of BNP Paribas total risk-weighted assets, compared with EUR 15.6 billion at 31 December 2013 (less than 3% of Group total risk-weighted assets).

➤ TABLE 38: SECURITISATION RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER

RWAs *In millions of euros*	31 December 2013 Basel 2.5	Key driver							Total variation	31 December 2014 Basel 3
		Basel 3(*) impact	Currency	Volume	Parameters	Perimeter	Method	Other		
Securitisation	15,629	(55)	1,024	(2,662)	223	0	0	(171)	(1,641)	13,988

(*) First-time application.

The drop in securitisation risk-weighted assets was mainly due to divestments or the amortisation of programmes (-EUR 3 billion), partly offset by a foreign exchange effect of +EUR 1 billion.

TABLE 39: SECURITISATION POSITIONS AND RISK-WEIGHTED ASSETS BY RISK WEIGHT

IRB Approach

In millions of euros	31 December 2014			
	EAD		RWAs	
Risk weight	Securitisation positions	Re-securitisation positions	Securitisation positions	Re-securitisation positions
7% - 10%	5,330		410	
12% - 18%	1,167		168	
20% - 35%	596	783	170	215
40% - 75%	114	457	62	194
100%	177	15	143	16
150%				
225%		110		262
250%	20		17	
350%		187		693
425%	197		585	
500%		22		96
650%	21	4	99	6
850%		54		280
External ratings-based method	**7,622**	**1,632**	**1,654**	**1,762**
1,250%	**293**	**447**	**2,449**	**5,467**
Internal Assessment Approach	**500**		**46**	
[0 -7%]	6,513		432	
]7% - 100%]	4,497		499	
]100% - 350%]	21	191	20	407
]350% - 1,250%]	85		694	
Supervisory Formula Approach	**11,116**	**191**	**1,645**	**407**
TOTAL	**19,531**	**2,270**	**5,794**	**7,636**

In millions of euros	31 December 2013			
	EAD		RWAs	
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
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		456	
]7% - 100%]	1,875	76	514	20
]100% - 350%]	76	212	81	447
]350% - 1,250%]	94		853	
Supervisory Formula Approach	**8,742**	**288**	**1,904**	**467**
TOTAL	**19,046**	**3,249**	**6,504**	**8,085**

Out of the EUR 9.3 billion of securitisation positions with an external rating:

- 58% of EAD was rated above A+ and therefore had a risk weight of less than 10% at 31 December 2014, compared with 57% at 31 December 2013;
- the vast majority (85% of EAD) was rated above BBB+ at 31 December 2014 (81% at 31 December 2013).

Standardised approach

In millions of euros	31 December 2014			
	EAD		RWAs	
Risk weight	Securitisation positions	Re-securitisation positions	Securitisation positions	Re-securitisation positions
20%	389		78	
40%				
50%	222		111	
100%	253	10	152	10
225%				
350%	88		155	
External ratings-based method	**952**	**10**	**496**	**10**
1,250%	**8**		**50**	
Weighted average method				
Look-through approach	**1**		**1**	
TOTAL	**961**	**10**	**547**	**10**

In millions of euros	31 December 2013			
	EAD		RWAs	
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**

Guarantees on securitisation positions amounted to EUR 0.2 billion at 31 December 2014, remaining stable compared with at 31 December 2013.

5.6 Counterparty credit risk

Counterparty credit risk, as defined in section 5.3, is the translation of the credit risk embedded in financial transactions between counterparties. Counterparty risk lies in the event that a counterparty defaults on its obligations to pay the Bank the full present value of a transaction or a portfolio for which the Bank is a net receiver. Counterparty credit risk is also linked to the replacement cost of a derivative or portfolio in the event of counterparty default. Hence, it can be seen as a market risk in case of default or a contingent risk. Counterparty risk arises both from both bilateral activities of BNP Paribas with clients and clearing activities through a clearing houses or an external clearer.

COUNTERPARTY CREDIT RISK VALUATION

COUNTERPARTY EXPOSURE CALCULATION

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. This measure is based on Monte-Carlo simulations, which assess the possible movements in exposure value. The stochastic processes used in the simulation are governed by parameters including volatilities and correlations that 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 one day to more than thirty years for the longest transactions). Value changes are calculated up to the maturity of each counterparty portfolio.

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 and includes the effects of potentially risky collateral that the Bank might receive under a collateral agreement.

Furthermore, the internal model for counterparty risk has been updated to comply with the regulation effective from 1 January 2014:

- extension of the margin periods of risk in accordance with article 285 of the CRR;
- inclusion of the specific correlation risk;
- determination of a stressed EAD calculated based on a calibration reflecting a particular period of stress.

Counterparty risk exposures are characterised 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 is based on market price evaluation (Net Present Value + Add On).

MITIGATION OF COUNTERPARTY CREDIT RISK

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 cases of currency settlement. 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).

Trade clearing

Trade clearing through central counterparties (CCPs) is part of BNP Paribas usual capital market activities. As a clearing member, BNP Paribas contributes to the risk management framework of the CCPs through the payment of a default fund contribution as well as daily margin calls. The rules which define the relationships between BNP Paribas and the CCPs of which it is a member are described in each CCP's rule book.

For Europe and US in particular, this scheme enables the reduction of notional amounts through the netting of the portfolio, on one hand, and, on the other, a transfer of the risk from several counterparties to a single one with a robust risk management framework.

In its clearing for third parties activity, BNP Paribas request as well, and on a daily basis, the payment of margin calls from its clients.

LIMIT / MONITORING FRAMEWORK

A counterparty risk limit framework with appropriate escalation mechanisms is in place in the event of limit breaches. Potential Future Exposures (PFE) calculated by the internal model on a daily basis are compared with the limits assigned to each counterpart. In addition, this system can simulate ad hoc transactions and measure their marginal impact on the counterparty portfolio. It is therefore an essential tool of the trade 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 credit risk and the prevention of systemic risk concentrations.

CREDIT VALUATION ADJUSTMENTS

The valuation of financial OTC-trades carried out by BNP Paribas as part of its trading activities (mainly CIB) includes credit valuation adjustments (CVA). CVA is an adjustment of the trading portfolio valuation to take into account the counterparty credit risk. It is the fair value on any expected loss arising from 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.

The credit valuation adjustment is not only a function of the expected exposure but also the credit risk level of the counterparty, which is linked to the level of the Credit Default Swaps (CDS) spreads 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.

To protect banks against the risk of losses due to CVA variations, Basel 3 introduced a dedicated capital charge, the CVA charge. This new charge aims at capitalising the risk of loss caused by changes in the credit spread of a counterparty to which the BNP Paribas Group is exposed. The CVA charge is computed by the Group using the advanced method and relies on the Bank's model.

WRONG WAY RISK AND STRESS TESTS

Wrong Way Risk (or unfavourable correlation risk) is the case of exposure to a counterparty being inversely correlated with the counterparty's credit quality.

Such risk can be split in two parts:

- General Wrong Way Risk (GWWR), which corresponds to the risk that the likehood of default by counterparty is positively correlated with general market risk factors;
- Specific Wrong Way Risk (SWWR), which corresponds to the risk arising when future exposure to a specific counterparty is positively correlated with the counterpart's probability of default due to the nature of the transactions with the counterparty.

In addition to the above, when a legal link between the exposure underlyings and the counterparty is established, the SWWR is subject to prescribed regulatory capital treatment. GWWR is treated and measured using specific stress tests.

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:

- 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 and stressing market and macroeconomic parameters appropriately. Various market risk positions that counterparties may have with BNP Paribas have been defined as the situations where GWWR should be analysed and reported;
- the GWWR framework relies upon a robust bottom up approach with the expertise of the counterparty credit analysts specifically needed to define the most impacting scenarios at portfolio level (the approach consists of the use of stressed market parameters reflecting extreme but realistic conditions).

The BNP Paribas counterparty risk stress testing framework is aligned with the market risk framework (see section 5.7 *Market risk related to trading activities*). 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.

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. Both counterparty and market risk stress testing frameworks are governed by the Stress Testing Steering Committee.

EXPOSURE TO COUNTERPARTY CREDIT RISK [Audited]

The table below shows exposure to counterparty credit 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 40: COUNTERPARTY CREDIT RISK EXPOSURE AT DEFAULT BY ASSET CLASS (EXCL. CCP AND CVA CHARGES)

EAD *In millions of euros*	31 December 2014 Basel 3			31 December 2013 Basel 2.5			Variation
	IRBA	Standardised approach	Total	IRBA	Standardised approach	Total	Total
Central governments and central banks	24,711	24	24,735	13,642	0	13,642	11,093
Corporates	57,811	1,056	58,867	39,972	1,028	41,000	17,867
Institutions(*)	34,197	634	34,831	22,356	884	23,240	11,591
Retail	1	5	6	-	18	18	(12)
TOTAL	**116,720**	**1,719**	**118,439**	**75,970**	**1,930**	**77,900**	**40,539**

(*) *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 credit risk, the share of exposures under the IRB approach represents 99% at 31 December 2014, compared with 98% at 31 December 2013.

EXPOSURES AT DEFAULT

➤ TABLE 41: COUNTERPARTY CREDIT RISK EXPOSURE AT DEFAULT BY APPROACH (EXCL. CCP AND CVA CHARGES)

In millions of euros	31 December 2014 Basel 3						
	Internal model (EEPE)(*)			NPV(**) + Add-On			
	IRBA	Standardised approach	Sub-total	IRBA	Standardised approach	Sub-total	Total
Derivatives	88,364	1	88,365	124	1,718	1,842	90,207
Securities financing transactions and deferred settlement transactions	28,215	0	28,215	17	0	17	28,232
TOTAL	**116,579**	**1**	**116,580**	**141**	**1,718**	**1,859**	**118,439**

In millions of euros	31 December 2013 Basel 2.5						
	Internal model (EEPE)(*)			NPV(**) + Add-On			
	IRBA	Standardised approach	Sub-total	IRBA	Standardised approach	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**

(*) *Effective Expected Positive Exposure.*
(**) *Net Present Value.*

The measure of the exposure at default for counterparty credit risk is based on the Counterparty Credit Risk internal model (see § *Counterparty exposure calculation*). For the perimeter not covered by internal models (now limited mainly to subsidiaries BNL, BancWest and TEB), EAD is calculated using the market price valuation method (Net Present Value + Add-On).

The increase in EAD in 2014 was mainly due to changes in interest rates over the year (in particular EUR and USD rates) and the drop in oil prices.

Collateral guarantees used in the standardised approach to reduce the EAD totalled EUR 548 million at 31 December 2014, compared with EUR 652 million at 31 December 2013.

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.

The table below presents the distribution of OTC derivatives portfolio by rating. For each element, the table gives the part of netted transactions (by number of transactions).

➤ TABLE 42: COUNTERPARTY CREDIT RISK EXPOSURE AT DEFAULT BY RATING

% of transactions	31 December 2014	
	EAD	of which netted transactions
AAA	12%	97%
AA	47%	89%
A	15%	81%
BBB	10%	82%
BB	7%	81%
B	5%	78%
Others	4%	72%

With respect to the OTC derivatives portfolio at 31 December 2014, the share of collateralised transactions represents nearly 70% of the total in number of transactions.

CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS

As of 1 January 2014, counterparty credit risk-weighted assets reflect three regulatory requirements:

TABLE 43: COUNTERPARTY CREDIT RISK CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS

	RWAs				Capital requirements			
	31 December 2014 Basel 3 (fully loaded)	31 December 2013 Basel 3 (fully loaded)	Variation	31 December 2013 Basel 2.5	31 December 2014 Basel 3 (fully loaded)	31 December 2013 Basel 3 (fully loaded)	Variation	31 December 2013 Basel 2.5
Central Counterparty (CCP)	2,570	4,132	(1,562)		205	331	(126)	
CVA charge	2,800	3,929	(1,129)		224	315	(91)	
Counterparty credit risk - excl. CCP and CVA charges	24,625	47,905	(23,280)	16,508	1,970	3,831	(1,861)	1,321
Central governments and central banks	*892*	*396*	*496*	*370*	*71*	*31*	*40*	*30*
Corporates	*18,485*	*43,244*	*(24,759)*	*12,463*	*1,479*	*3,459*	*(1,980)*	*997*
Institutions	*5,243*	*4,252*	*991*	*3,662*	*420*	*340*	*80*	*293*
Retail	*5*	*13*	*(8)*	*13*	*0*	*1*	*(1)*	*1*
COUNTERPARTY CREDIT RISK	**29,995**	**55,966**	**(25,971)**	**16,508**	**2,399**	**4,477**	**(2,078)**	**1,321**

TABLE 44: COUNTERPARTY RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER

RWAs *In millions of euros*	31 December 2013 Basel 2.5	Key driver							Total variation	31 December 2014 Basel 3
		Basel 3(*) impact	Currency	Volume	Parameters	Perimeter	Method	Other		
Counterparty credit risk	16,508	39,458	69	5,634	71	107	(780)	(31,072)	13,487	29,995

(*) First-time application.

Basel 3 effect excluded, counterparty risk-weighted assets declined by EUR 26 billion, mainly related to the reversal of reserve for regulatory uncertainty.

Bilateral counterparty credit risk

The capital adequacy requirements for exposure to counterparty risk, excluding CCP and CVA, correspond to the capital adequacy requirements for exposure to bilateral counterparty credit risk. It is computed on the non-cleared part of the OTC derivatives and repos portfolio. This charge is the maximum of the charge computed from current EADs and of the one computed from the stressed EADs.

The following table presents the split of the bilateral CCR charge between OTC Derivatives and Repos.

TABLE 45: COUNTERPARTY CREDIT RISK (EXCL. CCP AND CVA CHARGES) BY PRODUCT

In millions of euros	31 December 2014	
	RWAs	Capital requirements
OTC derivatives	22,600	1,808
Securities financing transactions	2,025	162
TOTAL	**24,625**	**1,970**

Counterparty credit risk for exposures to a central counterparty

The clearing CCR charge is the result of an extension of the bilateral CCR perimeter to clearing activities; it covers the cleared part of the OTC derivatives and repos portfolio as well as the listed derivatives portfolio.

It is equal to the sum of the following three elements:

- a charge resulting from BNP Paribas's exposure to clearing houses;
- a charge resulting from its exposure to clients (in the context of client clearing);
- a charge resulting from BNP Paribas's exposure to external clearers, when BNP Paribas is not a clearing member of the CCP.

The table below presents the breakdown of the clearing CCR charge between each of these elements:

TABLE 46: CCP CHARGE

In millions of euros	31 December 2014	
	RWAs	Capital requirements
Central counterparty (CCP)	1,673	133
External client	761	61
External clearing member	136	11
TOTAL	**2,570**	**205**

In order to provide a better vision of cleared and non-cleared perimeters, the following table summarises, in terms of exposures, the part of each pair (category; perimeter) in percentage of the total.

An indication of the Group's business volume on derivative financial instruments booked in the trading portfolio is presented in note 5.a to the consolidated financial statements.

TABLE 47: COUNTERPARTY CREDIT RISK EXPOSURE AT DEFAULT BY PRODUCT

EAD *In millions of euros*	31 December 2014				
	Counterparty credit risk (excl. CCP and CVA charges)		CCP(*)		TOTAL
OTC derivatives	90,207	96.5%	3,296	3.5%	93,503
Securities financing transactions	28,232	89.1%	3,451	10.9%	31,683
Listed derivatives			35,447	100.0%	35,447
TOTAL	**118,439**	**73.7%**	**42,194**	**26.3%**	**160,633**

(*) *Excl. default fund contribution.*

Credit valuation adjustment risk (CVA)

Using the standardised approach, the capital requirement for credit valuation adjustment risk (CVA) is calculated according to the Supervisory Formula Approach.

Using the IRB approach, the CVA risk capital charge is the sum of two elements:

- CVA VaR charge, which represents the own funds requirement measured from a VaR computation on CVA sensitivities to credit spreads;
- CVA SVaR charge, which represents the own funds requirement measured from a stressed VaR computation on CVA sensitivities to credit spreads.

TABLE 48: CVA RISK CAPITAL CHARGE

In millions of euros	31 December 2014	
	RWAs	Capital requirements
Standardised approach	**421**	**34**
Advanced approach	**2,379**	**190**
CVA VaR charge	863	69
CVA SVaR charge	1,516	121
TOTAL	**2,800**	**224**

NOTIONAL AMOUNT OF DERIVATIVE INSTRUMENTS

(See note 5.a to the consolidated financial statements: notes to the balance sheet at 31 December 2014).

5.7 Market risk

Market risk, as defined in section 5.3, is split into two parts:

- market risk linked to trading activities and corresponding to trading instruments and derivative contracts;
- market risk linked to banking activities encompassing 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.

The table below presents the split of BNP Paribas balance sheet between trading book and banking book.

➤ TABLE 49: PRUDENTIAL BALANCE SHEET SPLIT BY TRADING AND BANKING BOOKS

	31 December 2014		
In millions of euros	Prudential balance sheet	Trading book	Banking book
Assets			
Cash and amounts due from central banks	117,663		117,663
Financial instruments at fair value through profit or loss			
Trading securities	156,551	145,902	10,649
Loans and repurchase agreements	171,458	171,101	357
Instruments designated at fair value through profit or loss	2,969		2,969
Derivative financial instruments	412,485	409,863	2,622
Derivatives used for hedging purposes	19,695		19,695
Available-for-sale financial assets	150,522		150,522
Loans and receivables due from credit institutions	38,020		38,020
Loans and receivables due from customers	664,769		664,769
Remeasurement adjustment on interest-rate risk hedged portfolios	5,603		5,603
Held-to-maturity financial assets	529		529
Other assets	157,592		157,592
TOTAL ASSETS	**1,897,856**	**726,866**	**1,170,990**
Liabilities			
Due to central banks	1,680		1,680
Financial instruments at fair value through profit or loss			
Trading securities	78,896	78,812	84
Borrowings and repurchase agreements	196,733	196,627	106
Instruments designated as at fair value through profit or loss	53,513		53,513
Derivative financial instruments	410,222	408,333	1,889
Derivatives used for hedging purposes	23,025		23,025
Due to credit institutions	89,725		89,725
Due to customers	642,345		642,345
Debt securities	189,937		189,937
Remeasurement adjustment on interest-rate risk hedged portfolios	4,765		4,765
Other liabilities	113,511		113,511
TOTAL LIABILITIES	**1,804,352**	**683,772**	**1,120,580**
TOTAL CONSOLIDATED EQUITY	**93,504**	**-**	**93,504**
TOTAL LIABILITIES AND EQUITY	**1,897,856**	**683,772**	**1,214,084**

CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS FOR MARKET RISK (EXCLUDING EQUITY RISK)

TABLE 50: MARKET RISK CAPITAL REQUIREMENT AND RISK-WEIGHTED ASSETS

	RWAs				Capital requirements			
In millions of euros	31 December 2014 Basel 3 (fully loaded)	31 December 2013 Basel 3 (fully loaded)	Variation	31 December 2013 Basel 2.5	31 December 2014 Basel 3 (fully loaded)	31 December 2013 Basel 3 (fully loaded)	Variation	31 December 2013 Basel 2.5
Internal model	**18,341**	**28,637**	**(10,296)**	**28,637**	**1,467**	**2,291**	**(824)**	**2,291**
VaR	5,209	6,346	(1,137)	6,346	417	508	(91)	508
Stressed VaR	8,967	14,889	(5,921)	14,889	717	1,191	(474)	1,191
Incremental Risk Charge (IRC)	3,228	6,007	(2,779)	6,007	258	480	(222)	480
Comprehensive Risk Measure (CRM)	937	1,395	(459)	1,395	75	112	(37)	112
Standardised approach	**1,342**	**1,751**	**(409)**	**1,751**	**107**	**140**	**(33)**	**140**
Trading book securitisation positions	**674**	**820**	**(146)**	**820**	**54**	**66**	**(12)**	**66**
TOTAL MARKET RISK	**20,357**	**31,208**	**(10,851)**	**31,208**	**1,628**	**2,497**	**(869)**	**2,497**

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*).

Equity risk-weighted assets are presented in section 5.7 *Market risk related to banking activities*.

TABLE 51: MARKET RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER

RWAs *In millions of euros*	31 December 2013 Basel 2.5	Key driver							Total variation	31 December 2014 Basel 3
		Basel 3(*) impact	Currency	Volume	Parameters	Perimeter	Method	Other		
Market risk	31,208	0	0	(8,284)	(977)	(248)	(1,327)	(15)	(10,851)	20,357

(*) First-time application.

Market risk declined by EUR 11 billion, mainly due to a volume effect of -EUR 4 billion on stressed VaR and -EUR 2 billion on IRC.

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 two to three 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-calibration); 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.

Prudent valuation adjustments (PVA) are calculated in accordance with the most recent version of the Regulatory Technical Standards (RTS) published by the EBA on 23 January 2015 and are early applied for the first time in third-quarter 2014. These Regulatory Technical Standards require that banks assess financial instruments recognised at fair value with a 90% confidence level.

Of the several categories of PVA, the main types are close-out cost risk, market price uncertainty risk, concentration risk, and model risk.

BNP Paribas calculates the AVA (Additional Valuation Adjustments) based on the PVAs including the reserves already taken into account in fair value, as well as the diversification mechanism described in the RTS.

From a prudential point of view, the amounts of AVA are deducted from capital.

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 business 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 VaR is a statistical measure indicating the worst loss expected for a given portfolio over a given time horizon and within a given confidence interval under normal market movements. 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 uses 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 as of third-quarter 2011. The VaR internal model is also used by BNL. As an indication, market risk based on standardised approach represents 7% of the total market risk capital requirement at 31 December 2014.

Evolution of the VaR (one-day, 99%)

The VaR set out below are calculated from an internal model, which uses parameters that comply with regulation in place. They are based on a one-day time horizon and a 99% confidence interval.

In 2014, total average VaR for BNP Paribas is EUR 32 million (with a minimum of EUR 23 million and a maximum of EUR 43 million), after taking into account the -EUR 40 million netting effect between the different types of risks. These amounts break down as follows:

TABLE 52.A: VALUE AT RISK (1-DAY, 99%)

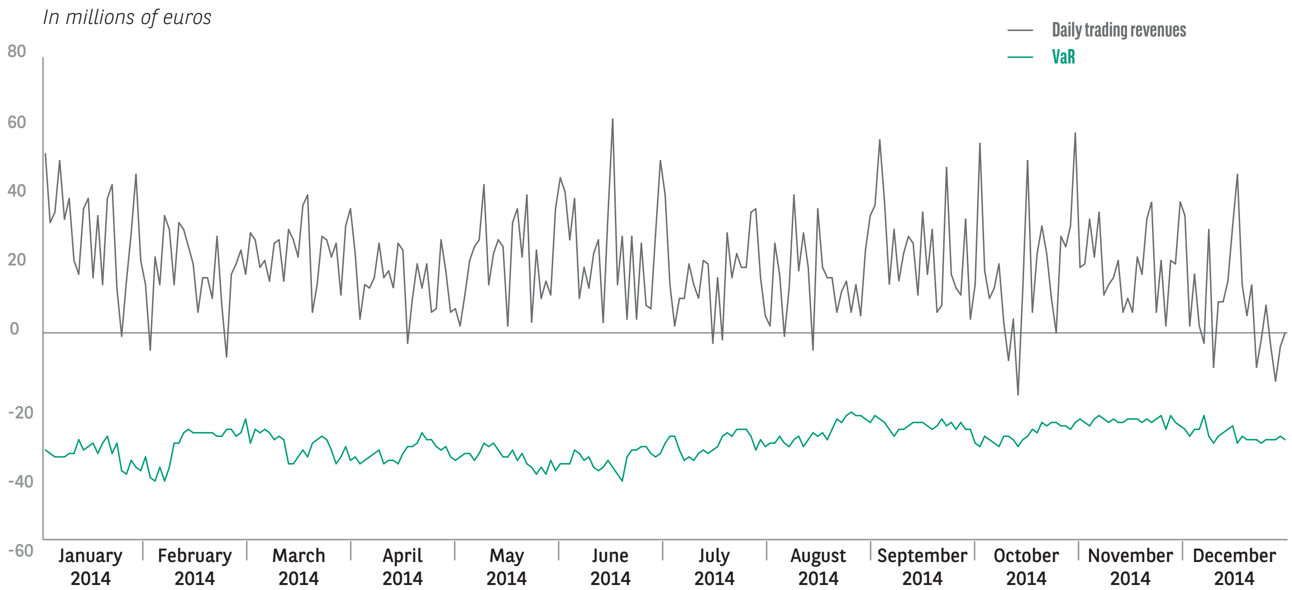
In millions of euros	Year to 31 Dec. 2014			31 December 2014	Year to 31 Dec. 2013	31 December 2013
	Minimum	Average	Maximum		Average	
Interest rate risk	16	22	31	18	24	21
Credit risk	12	17	21	15	16	17
Foreign exchange risk	6	14	26	14	14	17
Equity price risk	6	14	29	13	21	19
Commodity price risk	3	5	12	10	4	3
Netting effect(*)		*(40)*		*(39)*	*(42)*	*(44)*
TOTAL VALUE AT RISK	**23**	**32**	**43**	**31**	**36**	**34**

(*) *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.*

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 2014, there was no observation of real losses greater than the VaR (as a reminder, only one day of real losses exceeded the VaR was observed in 2013 and was due to exceptional market movements during the month of June that year).

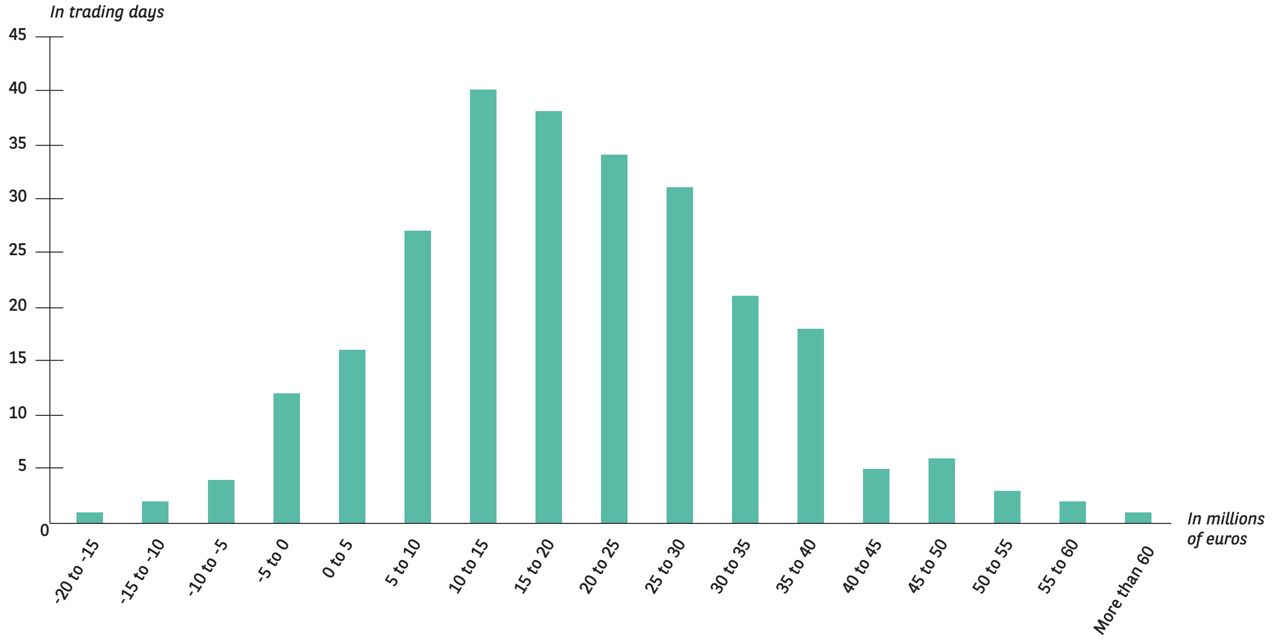
FIGURE 7: COMPARISON BETWEEN VAR (1-DAY, 99%) AND DAILY TRADING REVENUE



Distribution of daily income

The following histogram presents the distribution of the daily trading revenue of BNP Paribas. It indicates the numbers of trading days during which the revenue reached each of the levels marked on the abscissa axis, in millions of euro.

FIGURE 8: DISTRIBUTION OF DAILY TRADING REVENUE



Trading activities generate a positive result for 93% of the trading days of 2014.

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 2014, total average VaR for BNP Paribas is EUR 100 million (with a minimum of EUR 73 million and a maximum of EUR 136 million), after taking into account the -EUR 126 million netting effect between the different types of risks. These amounts break down as follows:

TABLE 52.B: VALUE AT RISK (10-DAY, 99%)

	Year to 31 Dec. 2014				Year to 31 Dec. 2013	
In millions of euros	Minimum	Average	Maximum	31 December 2014	Average	31 December 2013
Interest rate risk	50	70	99	56	77	68
Credit risk	37	52	65	49	51	53
Foreign exchange risk	19	45	83	44	43	53
Equity price risk	20	43	92	40	65	61
Commodity price risk	9	16	37	31	11	10
Netting effect(*)		*(126)*		*(122)*	*(133)*	*(139)*
TOTAL VALUE AT RISK	**73**	**100**	**136**	**98**	**114**	**106**

(*) 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.

REQUIREMENTS SINCE CRD 3

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 53.A: STRESSED VALUE AT RISK (1-DAY, 99%)

In millions of euros	Year to 31 Dec. 2014				Year to 31 Dec. 2013	
	Minimum	Average	Maximum	31 December 2014	Average	31 December 2013
Stressed Value at Risk	37	58	95	61	67	76

TABLE 53.B: STRESSED VALUE AT RISK (10-DAY, 99%)

In millions of euros	Year to 31 Dec. 2014				Year to 31 Dec. 2013	
	Minimum	Average	Maximum	31 December 2014	Average	31 December 2013
Stressed Value at Risk	116	183	299	191	212	240

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 54: INCREMENTAL RISK CHARGE CAPITAL REQUIREMENT

In millions of euros	Year to 31 Dec. 2014				Year to 31 Dec. 2013	
	Minimum	Average	Maximum	31 December 2014	Average	31 December 2013
Incremental Risk Charge	158	332	602	253	423	481

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 55: COMPREHENSIVE RISK MEASURE CAPITAL REQUIREMENT

In millions of euros	Year to 31 Dec. 2014				Year to 31 Dec. 2013	
	Minimum	Average	Maximum	31 December 2014	Average	31 December 2013
Comprehensive Risk Measure	75	94	106	75	144	112

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 56: BREAKDOWN OF TRADING BOOK SECURITISATION POSITIONS OUTSIDE CORRELATION BOOK BY ASSET TYPE

In millions of euros	Securitisation positions held or acquired (EAD)			
	31 December 2014		31 December 2013	
Asset category	Short positions	Long positions	Short positions	Long positions
Residential mortgages	-	516	-	405
Consumer loans	-	3	-	4
Credit card receivables	-	33	-	23
Loans to corporates	-	38	-	241
Commercial real-estate properties	-	58	-	35
Finance leases	-	124	-	57
Other assets	-	72	-	55
TOTAL BALANCE SHEET	-	**844**	-	**820**
Loans to corporates	-	222	-	-
Other assets	21	-	58	1
TOTAL OFF-BALANCE SHEET	**21**	**222**	**58**	**1**
TOTAL	**21**	**1,066**	**58**	**821**

➤ TABLE 57: QUALITY OF TRADING BOOK SECURITISATION POSITIONS OUTSIDE CORRELATION BOOK

In millions of euros	Securitisation positions held or acquired (EAD)			
	31 December 2014		31 December 2013	
Tranche quality	Short positions	Long positions	Short positions	Long positions
Senior tranche	-	821	-	577
Mezzanine tranche	-	241	-	207
First-loss tranche	21	4	58	37
TOTAL	**21**	**1,066**	**58**	**821**

➤ TABLE 58: BREAKDOWN OF TRADING BOOK SECURITISATION POSITIONS OUTSIDE CORRELATION BOOK BY RISK WEIGHT

In millions of euros	31 December 2014								
	Securitisation positions held or acquired						Capital requirements		
	Short positions			Long positions					
Risk weight	Securitisation	Re-securitisation	Total	Securitisation	Re-securitisation	Total	Short positions	Long positions	Total
7% - 10%	-	-	-	565	-	565	-	3	3
12% - 18%	-	-	-	124	-	124	-	2	2
20% - 35%	-	-	-	201	2	203	-	4	4
40% - 75%	-	-	-	68	1	69	-	4	4
100%	-	-	-	13	-	13	-	1	1
225%	-	-	-	-	-	-	-	-	-
250%	-	-	-	16	-	16	-	3	3
300%	-	-	-	-	4	4	-	1	1
425%	-	-	-	40	-	40	-	15	15
500%	-	-	-	-	-	-	-	-	-
650%	-	-	-	23	2	25	-	14	14
External ratings-based method	-	-	-	**1,050**	**9**	**1,059**	-	**47**	**47**
1,250%	-	**21**	**21**	**7**	-	**7**	-	**7**	**7**
TOTAL	**-**	**21**	**21**	**1,057**	**9**	**1,066**	**-**	**54**	**54**

In millions of euros	31 December 2013								
	Securitisation positions held or acquired						Capital requirements		
	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**

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 (CMRC). The scenarios are:

  - 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: energy crisis driven by severe geopolitical turmoil with serious 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

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 the functions. Group ALM Treasury has functional authority over the ALM Treasury staff of each entity or group of entities. 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, entity or group of entities level.

The equity and foreign exchange risks give rise to a weighted assets calculation under Pillar 1. The interest rate risk falls under Pillar 2.

EQUITY RISK

The following table gives a breakdown of the Group's equity risk exposures by investment objective.

TABLE 59: EQUITY RISK EXPOSURE BY INVESTMENT OBJECTIVE

	Exposure	
In millions of euros	31 December 2014 Basel 3 (fully loaded)	31 December 2013 Basel 2.5
Strategic objective	9,709	7,700
Medium term return on investment objective	5,637	3,949
Equity investments related to business	7,660	4,521
TOTAL	**23,006**	**16,170**

Exposures at 31 December 2014 amounted to EUR 23 billion, versus EUR 16.2 billion at 31 December 2013. 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 2.6 billion at 31 December 2014, versus EUR 3.1 billion at 31 December 2013. Guarantees given to UCITS shareholders amounted to EUR 1.9 billion at 31 December 2014.

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*.

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*.

TABLE 60: EQUITY RISK EXPOSURE BY APPROACH

In millions of euros	31 December 2014	31 December 2013
Internal model		**14,771**
Private equity in diversified portfolios		1,409
Listed equities		3,504
Other equity exposures		9,858
Simple weighting method	**16,794**	**692**
Private equity in diversified portfolios	2,386	571
Listed equities	3,859	2
Other equity exposures	10,549	119
Standardised approach	**6,212**	**707**
TOTAL	**23,006**	**16,170**

Risk-weighted assets

Equity risk is calculated according to the simple weighting method, which gives the following weightings:

- unlisted securities, diversified portfolio: 190%;
- listed securities: 290%;
- unlisted securities, non-diversified portfolio: 370%.

All investments in subsidiaries held prior to 1 January 2008 by BNP Paribas Fortis Group entities (excluding LBO positions) are covered by the grandfather clause and assigned a weighting of 150%.

Significant financial interests included within the regulatory capital large deduction are assigned a flat 250% weighting. These interests relate to available-for-sale securities in credit or financial institutions and insurance companies in which the Group holds a stake of more than 10%, as well as credit or financial institutions consolidated under the equity-method.

TABLE 61: EQUITY RISK-WEIGHTED ASSETS

	RWAs			
In millions of euros	31 December 2014 Basel 3 (fully loaded)	31 December 2013 Basel 3 (fully loaded)	Variation	31 December 2013 Basel 2.5
Internal model				**32,900**
Private equity in diversified portfolios				2,859
Listed equities				2,487
Other equity exposures				27,554
Simple weighting method	**50,171**	**48,707**	**1,464**	**1,531**
Private equity in diversified portfolios	3,189	3,526	(337)	1,084
Listed equities	9,536	12,283	(2,747)	5
Other equity exposures	37,446	32,898	4,548	442
Standardised approach	**8,525**	**7,702**	**823**	**834**
TOTAL	**58,696**	**56,409**	**2,287**	**35,265**

TABLE 62: EQUITY RISK-WEIGHTED ASSETS MOVEMENTS BY KEY DRIVER

		Key driver									
RWAs *In millions of euros*	31 December 2013 Basel 2.5	Basel 3(*) impact	Currency	Volume	Parameters	Perimeter	Method	Capital gain	Other	Total variation	31 December 2014 Basel 3
Equity risk	35,265	21,144	0	2,913	(127)	251	0	(606)	(144)	23,431	58,696

(*) First-time application.

Excluding Basel 3 effects, equity risk rose by EUR 2 billion after discounting the equity accounting value of insurance entities.

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

The Board of Directors assigns responsibility to the Chief Executive Officer for management of banking book interest rate risk. The Board of Directors is informed quarterly on the principles governing interest rate policy and the Group's position through the Internal Control, Risk and Compliance Committee (CCIRC).

The Chief Executive Officer delegates management responsibility to the Group ALM Committee. The permanent members of the Group ALM Committee are the Chief Operating Officer with responsibility for functions (Chairman), the COOs or Deputy COOs heading up core businesses, the Group Head of Risk Management, the Group Chief Financial Officer, the Group ALM Treasury head, the Head of General Inspection, and the Head of Market Risk within Group Risk Management. The Group ALM Committee is responsible for defining the Group's interest rate risk profile, defining and tracking interest rate risk monitoring indicators and assigning limits.

ALM Treasury is in charge of operational implementation of decisions related to managing interest rate risk on the banking book.

The Risk Management Function participates in the Group ALM Committee and the local ALM Treasury Committees and oversees implementation by ALM Treasury of the relevant decisions made by these committees. It also provides second-line control by reviewing the models and risk indicators, monitoring risk indicators and ensuring compliance with the limits assigned. The banking book consists of the Group's total bank balance sheet, excluding trading book transactions.

This includes intermediation transactions (deposits, loans, etc.), non-commercial balance sheet items (equity, fixed assets, etc.) and banking book risk management activities, including derivatives used for the management of interest rate risk on the banking book (notably when they are ineligible for hedge accounting under IFRS/GAAP).

Banking book interest rate risk in each BNP Paribas entity is systematically transferred to ALM Treasury, through internal analytic contracts or lending/borrowing transactions. For the Group as a whole, ALM Treasury is responsible for managing the interest rate risk transferred in this way.

Decisions concerning the management of interest rate risk are made and monitored during monthly or quarterly Committee meetings by entity or group of entities, attended by representatives of local ALM Treasury, Group ALM Treasury, Finance and Risk corporate functions and senior management of the entities and/or businesses. Management of interest rate risk is done locally within each entity.

Measurement of interest rate risk

Rate positions are measured taking into account the specific features of the risks managed. Hence the Group has defined the concepts of standard rate risks and structural rate risks. The standard rate risk corresponds to the general case, namely when it is possible to define the most appropriate hedging strategy for a given transaction. The structural rate risk is the interest rate risk for equity and non-interest-bearing current accounts: these balance sheet items generate regular revenues but are sensitive to interest rate levels. However it is not possible to define a single hedging strategy to fully neutralise the exposure. In this case, the Group included all the possible so-called "neutral" management strategies in the interest rate risk plan.

Interest rate risks are analysed in terms of interest rate gaps that measure for each future period the potential rate characteristic mismatches between assets and liabilities (fixed rate and indexation type). In the interest rate gaps, the optional effects, in particular linked to behavioural options, are embedded and translated into their delta equivalent.

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 or forward data and econometric studies. These possible management strategies notably relate to early redemption and savings accounts. Moreover, the maturities of non-interest-bearing current accounts and of capital are calculated according to a more conventional approach in order to take into account both a management benchmark and all the possible strategies defined as "neutral" in the interest rate risk plan.

In the case of Retail Banking activities, interest rate risk is also measured on a going-concern basis, incorporating dynamic changes in balance sheet items, through an indicator of earnings sensitivity to interest rate changes. The existence of partial or zero correlations between customer interest rates and market rates coupled with volume sensitivity to interest rates generates a risk to future revenues, linked to interest rate changes, looked at dynamically (including new origination).

The choice of indicators and risk modelling is reviewed by the dedicated Risk Management Function teams. The results of these reviews are presented to the committees on a regular basis.

The interest rate risk measurement indicators are consistently presented to the ALCOs and serve as the basis for risk management decisions, according to their type.

Risk limits

Interest rate risk indicators span the entire banking book.

The interest rate gaps are subject to interest rate risk limits across all time horizons. These limits are calibrated based on the nature of the risks (standard or structural in the case of current accounts and equity).

The same principles are applied to calibrating the limits for all entities. Limits are reviewed on a regular basis (annually).

The revenue sensitivity indicator is subject to a warning threshold relative to the overall sensitivity level. Moreover, the Group has introduced a system to monitor the impact of stress scenarios defined at Group level on business revenue.

A specific sub-limit is defined for the scope of operations that do not qualify for hedge accounting under IFRS.

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 be neutral on the Group's revenues, for all currencies combined.

➤ TABLE 63: SENSITIVITY OF REVENUES TO GENERAL INTEREST RATE RISK BASED ON A 100 BASIS POINT INCREASE IN INTEREST RATES

	31 December 2014		
In millions of euros	Euros	Other currencies	Total
Sensitivity of 2014 revenues	49	(44)	5

	31 December 2013		
In millions of euros	Euros	Other currencies	Total
Sensitivity of 2013 revenues	(98)	(28)	(126)

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 2.6% 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.

Long-term rates have remained low in the United States, although the FED has tapered its securities purchase programme. This is partly due to the absence of wage and price pressure, despite the fall in the unemployment rate. The downward trend in rates in the euro zone was accentuated by the measures taken by the ECB: introduction of a negative deposit rate (lowered to -0.20%), targeted longer-term refinancing operations (TLTRO), and the asset purchase programme. Nonetheless inflation not only slowed in the second half of the year as oil prices slumped, but moved into negative territory at the year end.

While the key interest rate positions in the banking book are derived from Retail Banking, the bank's risk profile was affected by a number of exceptional elements this year. On the one hand, the settlement of the transactional agreement with the US authorities paid in July reduced equity capital and therefore modified the base for the calculation of structural interest rate risk, which required incremental changes to the portfolio of transactions to manage this risk. On the other hand, the bank introduced a specific hedging strategy to cover the TLTRO – the first fixed-rate monetary policy operation – in view of the size of the transaction.

Apart from these exceptional items, 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 continues to increase its hedges against the risks associated with a low interest rate environment, through firm strategies (swaps) as well as optional hedges

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. During the 2014 financial year, no net investment hedging relationships were disqualified.

The Group hedges the variability of components of BNP Paribas' earnings, in particular the highly-probable future revenue streams (mainly interest income and fees) denominated in currencies other than the euro generated by the 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 deposits (mainly demand deposits and 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 64: HEDGED CASH FLOWS

In millions of euros	31 December 2014				31 December 2013			
Period to realisation	Less than 1 year	1 to 5 years	More than 5 years	Total	Less than 1 year	1 to 5 years	More than 5 years	Total
Hedged cash flows	164	274	155	593	417	940	351	1,708

In 2014, no cash flow hedge relationships were disqualified 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 55 billion at 31 December 2014, before revaluation and including accrued interest. This compares to an exposure of EUR 46.6 billion at 31 December 2013.

Securities of non-EEA sovereign issuers held within the banking book amounted to EUR 19.2 billion as of 31 December 2014 compared with EUR 19 billion at 31 December 2013.

Sovereign exposures held by the Group are presented in the table below:

TABLE 65: BANKING AND TRADING BOOKS SOVEREIGN EXPOSURES BY GEOGRAPHICAL BREAKDOWN

31 December 2014	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)]	
Euro zone						
Austria	2,387	0	0	(120)	(511)	25
Belgium	14,799	145	0	(727)	1,041	127
Cyprus	0	0	0	0	(2)	0
Estonia	0	0	0	0	0	0
Finland	559	0	0	84	(54)	389
France	9,041	46	0	(1,537)	65	0
Germany	8,351	0	0	(271)	157	0
Ireland	1,476	0	0	37	(139)	16
Italy	10,151	567	71	1,336	(325)	7,140
Latvia	0	0	0	(2)	36	0
Luxembourg	189	0	0	275	0	0
Malta	0	0	0	0	0	0
Netherlands	4,464	0	0	(712)	152	(3,627)
Portugal	669	0	12	5	(105)	10
Slovakia	16	0	0	7	(51)	29
Slovenia	0	0	0	32	(172)	18
Spain	2,922	0	(7)	(132)	(667)	0
Programme countries						
Greece	0	0	0	11	(15)	144
TOTAL EURO ZONE	**55,024**	**758**	**76**	**(1,714)**	**(590)**	**4,271**
Other EEA countries						
Bulgaria	0	0	0	0	(16)	0
Czech Republic	62	0	0	33	35	0
Denmark	10	0	0	33	(50)	0
Hungary	196	0	0	57	(4)	0
Iceland	0	0	0	11	25	0
Liechtenstein	0	0	0	0	0	0
Lithuania	9	0	0	14	3	4
Norway	55	0	0	28	(51)	0
Poland	1,798	102	0	185	(10)	0
Romania	0	26	0	53	(3)	0
Sweden	0	0	0	123	5	0
United Kingdom	1,116	0	0	201	(83)	37
TOTAL OTHER EEA COUNTRIES	**3,246**	**128**	**0**	**738**	**(149)**	**41**
TOTAL EEA 30	**58,270**	**886**	**76**	**(976)**	**(739)**	**4,312**
United States	6,777	404	0	3,531	(276)	0
Japan	1,858	0	0	2,315	310	0
Others[(4)]	10,582	2,587	135	4,732	(2,174)	215
TOTAL	**77,487**	**3,877**	**211**	**9,602**	**(2,879)**	**4,527**

(1) Banking book exposures are reported in accounting value before remeasurement adjustment and after impairment.
(2) The issuer risk on trading book sovereign securities and the counterparty credit 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) corresponds to the maximum loss which would be incurred in the event of default of the sovereign (assuming zero recovery).
(4) Of which EUR 4.6 billion due to central banks with sovereign emission and therefore assimilated as sovereign.

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]	
Euro zone						
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 EURO ZONE	**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
TOTAL 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[4]	8,910	2,644	40	4,723	1,155	93
TOTAL	**67,382**	**5,095**	**192**	**13,218**	**2,652**	**2,336**

(1) Banking book exposures are reported in accounting value before remeasurement adjustment and after impairment.

(2) The issuer risk on trading book sovereign securities and the counterparty credit 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) corresponds to the maximum loss which would be incurred in the event of default of the sovereign (assuming zero recovery).

(4) Of which EUR 3.2 billion due to central banks with sovereign emission and therefore assimilated as sovereign.

5.9 Liquidity risk

Liquidity risk is the risk of the Group being unable to fulfil current or future foreseen or unforeseen cash or collateral requirements, across all time horizons, from the short to the long term.

This risk may stem from the reduction in funding sources, draw down of funding commitments, a reduction in the liquidity of certain assets, or an increase in cash or collateral margin calls. It may be related to the bank itself (reputation risk) or to external factors (risks in some markets).

The Group's liquidity risk is managed under a global liquidity policy approved by the Group's ALM Committee. 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 and regulatory ratios.

LIQUIDITY RISK MANAGEMENT POLICY [Audited]

OBJECTIVES

The objectives of the Group's liquidity management policy are to secure a balanced financing structure for the development of the BNP Paribas business activities, and ensure it is sufficiently robust to cope with crisis situations.

The liquidity risk management framework relies on:

- management indicators:
  - by volume, to ensure that businesses or activities comply with their liquidity targets set in line with the Group's financing capacity,
  - by price, based on internal liquidity pricing;
- the definition of monitoring indicators which enable assessment of the Group's liquidity position under normal conditions and in crisis situations, the efficiency of actions undertaken and compliance with regulatory ratios;
- the implementation of liquidity risk management strategies based on diversification of funding sources with maturities in line with needs, and the constitution of liquidity reserves.

The Group's liquidity policy defines the management principles that apply across all Group entities and businesses and across all time horizons.

GOVERNANCE

As for all risks, the Group Chief Executive Officer is granted authority by the Board of Directors to manage the Group's liquidity risk. The Chief Executive Officer delegates this responsibility to the Group ALM Committee.

The Internal Control, Risk and Compliance Committee (CCIRC) reports quarterly to the Board of Directors on liquidity policy principles and the Group's liquidity position.

The Group ALM Committee is responsible for:

- defining the Group's liquidity risk profile;
- monitoring compliance with regulatory liquidity ratios,
- deciding and monitoring management indicators and calibrating the quantitative thresholds set for the bank's businesses;
- deciding and monitoring the liquidity risk indicators and associating quantitative thresholds to them where necessary;
- deciding and overseeing implementation of liquidity risk management strategies, including monitoring of business lines, in normal and stressed conditions.

In particular, the Group ALM Committee is informed about funding programmes and programmes to build up liquidity reserves, simulations in crisis conditions (stress test), and about all events that may arise in crisis situations. The Group ALM Committee is tasked with defining the management approach in periods of crisis (emergency plan).

The Group ALM Committee meets every month under normal conditions and with higher frequency in stressed conditions. On a regular basis, issue-specific Group ALM Committees, by business line, are dedicated to their monitoring indicators, notably to oversee compliance with objectives.

The permanent members of the Group ALM Committee are the Chief Operating Officer with responsibility for functions (Chairman), the COOs or Deputy COOs heading up core businesses, the Group Head of Risk Management, the Group Chief Financial Officer, the Group ALM Treasury Head, the Head of General Inspection, and the Head of Market Risk within Group Risk Management.

Across the Group, ALM Treasury is responsible for the operational implementation of the Group ALM Committee liquidity management decisions. The ALM Treasury Committees in entities or groups of entities are responsible for local implementation of the strategy decided by the Group ALM Committee to manage the bank's liquidity risk.

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 Group. 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 sold in the event of a liquidity squeeze.

The Risk Management Function participates in the Group ALM Committee and the local ALM Treasury Committees and oversees implementation by ALM Treasury of the relevant decisions made by these committees. It provides second-line control by reviewing the models and risk indicators (including liquidity stress tests), monitoring risk indicators and ensuring compliance with the limits assigned.

The Finance Function is responsible for producing the standardised regulatory liquidity indicators, as well as the internal monitoring indicators. Finance oversees the consistency of the internal monitoring indicators defined by the Group ALM Committee. The Finance Function takes part in the Group ALM Committee and the local ALM-Treasury Committees.

LIQUIDITY RISK MANAGEMENT AND SUPERVISION

The internal liquidity risk management and internal monitoring are based on a large range of indicators at various maturities. These indicators are measured on a regular basis by currency and maturity, both at Group level and entities level.

MANAGEMENT INDICATORS [Audited]

The monitoring indicators relate to the funding needs of the Group's businesses under both normal and stressed conditions. These monitoring indicators are part of the Group's budget planning mechanism with set objectives that are routinely monitored (monthly) for any discrepancies.

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.

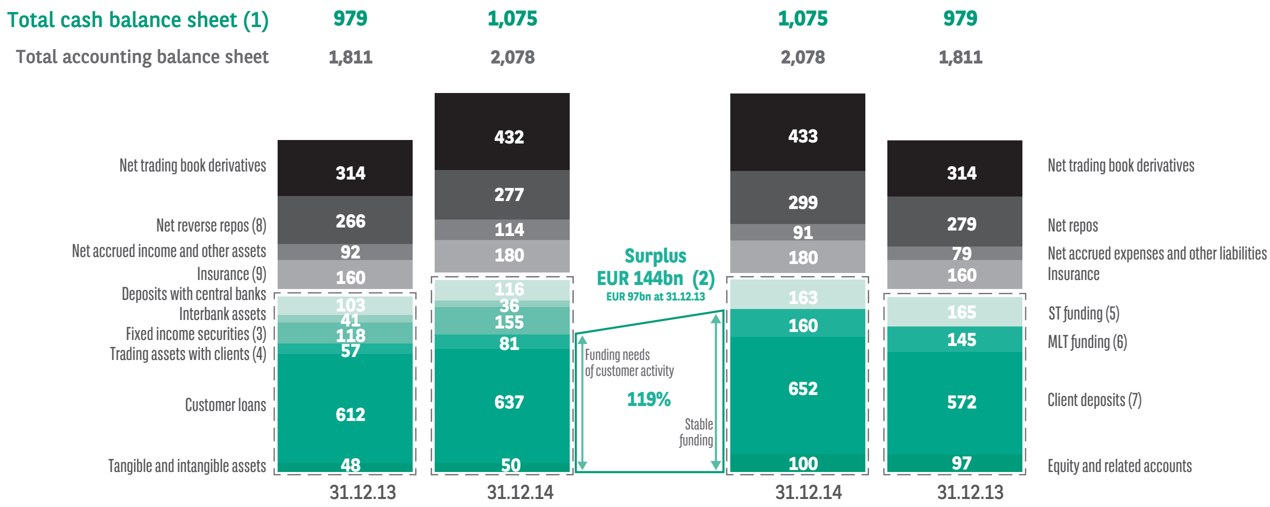
Taking the accounting balance sheet as a basis, the main following adjustments are made:

- transition from the Group's consolidated accounting balance sheet to the Bank's prudential balance sheet, with accounting for the Group's insurance entities under the equity method, the proportional consolidation of certain subsidiaries and the exclusion of efficient securitisation vehicles (see Table 2 section 5.2);
- 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";
- netting of some banking book repos mostly with debt securities recognised as assets under the heading "Trading assets with clients";
- reclassification of certain balance sheet items, in particular the Group's debt securities placed with retail clients transferred to customer deposits, (see Table 66);

The resulting cash balance sheet is shown hereafter, in billions of euros. Data of 31 December 2013 have been restated according to IFRS10, IFRS11 and the amendment to IAS 32.

➤ FIGURE 9: CASH BALANCE SHEET TREND

In billions of euros



(1) Balance sheet with netted amounts for derivatives, repos, securities lending/borrowing and payables/receivables.
(2) Of which USD 53bn.
(3) Including HQLA.
(4) With netted amounts for derivatives, repos and payables/receivables.
(5) Including LTRO.
(6) Of which TLTRO: EUR 14 bn.
(7) Of which MLT funding placed in the networks: EUR 44bn at 31.12.13 and EUR 40bn at 31.12.14.
(8) Excluding non netted reverse repos which are taken into account in cash balance sheet: EUR 81bn.
(9) Including the proportional consolidation of certain subsidiaries: EUR 6bn.

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 768 billion at end-2014;
- the Group's stable funding consists of customer deposits, medium- and long-term funding and equity and related accounts, in a total amount of EUR 912 billion;
- the excess of EUR 144 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 2014, the surplus of stable funding (client deposits and MLT wholesale funding) relative to customer assets increased by EUR 47 billion, from EUR 97 billion (114% expressed as a ratio) at end-2013 to EUR 144 billion at end-2014 (119% expressed as a ratio). This change was attributable mainly to:

- an increase of EUR 80 billion in customer deposits while customer loans only increase by EUR 25 billion;
- an increase in medium- to long-term sources of funding of EUR 15 billion arising from preparing the 2016 plan, notably related to the EUR 14 billion TLTRO, which increased the amount of deposits at central banks, pending redeployment to commercial activities in 2015.

Funding requirements of the Group's 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 (customer loans and overdrafts, trading assets) and commercial funding resources (customer deposits, sale of the Group's debt securities to customers, trading liabilities).

This indicator is monitored for the various businesses of the Group 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 analysis of medium and long-term resources available to finance medium and long-term assets.

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. In the event of a crisis, these liquidity consumption indicators are integrated in the Group's budget planning mechanism.

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.

MONITORING INDICATORS

Wholesale funding indicators [Audited]

Presentation of trends in MLT funding in the Bank's cash balance sheet

Funding sources depend on conditions in the debt markets and are raised from various types of debt investors. Funding sources are also diversified by 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 strengthened by extending maturities, and targeting more stable funding sources.

TABLE 66: TRENDS IN MLT WHOLESALE FUNDING IN THE CASH BALANCE SHEET

In billions of euros	At 31 December 2013	New origination	Run-offs	Redemptions	Exercise of calls	FX effect and other	At 31 December 2014
MLT debt securities issued	146.2	32.5	(25.5)	(8.5)	(3.0)	5.8	147.5
Other funding	42.4	21.3	(12.5)	(0.9)	(0.6)	2.8	52.5
TOTAL MLT FUNDING	**188.6**	**53.8**	**(38.0)**	**(9.4)**	**(3.6)**	**8.6**	**200.0**
MLT debt placed with clients	(43.8)						(40.3)
MLT funding in the cash balance sheet	144.8						159.7

Funding raised by the Group with an initial maturity of over one year came to EUR 53.8 billion in 2014 (EUR 42.8 billion in 2013). This amount includes the financing of EUR 14 billion obtained via the TLTRO.

The amount of debt securities issued classified as MLT funding comprises debt securities measured at fair value through profit or loss, (EUR 48.9 billion) and debt securities measured at amortised cost with an initial maturity of more than one year (EUR 103.7 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 in particular for the debt securities subscribed by Group entities that do not belong to the Bank's prudential scope.

TABLE 67: BREAKDOWN OF FUNDING BY CURRENCY

The breakdown of funding by currency (after cross-currency swaps) corresponds to the Group's requirements and to a diversification objective.

In billions of euros	31 December 2014			
	EUR	USD	Others	All currencies
Short-term funding	50	78	35	163
Medium to long-term funding	100	52	8	160
TOTAL	**150**	**130**	**43**	**323**

In billions of euros	31 December 2013			
	EUR	USD	Others	All currencies
Short-term funding	99	33	33	165
Medium to long-term funding	88	50	7	145
TOTAL	**187**	**83**	**40**	**310**

MLT secured wholesale funding [Audited]

MLT secured wholesale funding is measured by separating out assets representing securities and loans. Funding obtained from central banks is not considered as MLT wholesale funding in the internal indicators and is therefore not included in this table.

TABLE 68: MLT SECURED WHOLESALE FUNDING

In billions of euros	31 December 2014		31 December 2013	
	Collateral used(*)	Funding raised(**)	Collateral used(*)	Funding raised(**)
Loans and receivables	39.2	29.9	51.3	40.0
Securities	5.6	5.2	7.6	6.3
TOTAL	**44.8**	**35.1**	**58.9**	**46.3**

(*) Amounts gross of haircuts.
(**) Amounts net of haircuts.

MLT secured wholesale funding (outside of monetary policy) represents 18.9% 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.

Financial instrument by maturity

The financial instrument maturity schedule is shown in note 8.i to the consolidated financial statements.

Encumbrance of Group assets and assets received by the Group

Assets on the balance sheet and assets received in guarantee used as pledges, guarantees or enhancement of a Group transaction and which cannot be freely withdrawn are considered to be encumbered. The following are the main transactions with asset encumbrance:

- Repos and securities lending operations;
- Guarantees given to CCPs;
- Guarantees given to central banks as part of monetary policy;
- Assets in portfolios hedging the issue of guaranteed bonds.

Encumbered securities are given as collateral in repurchase agreements, derivatives transactions or securities exchanges. The other assets correspond to the following: firstly, loans under monetary policy constraints or provided as collateral for structured debt; secondly, cash given as collateral against derivatives.

The ratio of encumbered assets to the assets on the Groups balance sheet was 13% as at 31 December 2014.

TABLE 69: ENCUMBERED AND UNENCUMBERED ASSETS

Assets

In billions of euros	31 December 2014			
	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
ASSETS	**240**		**1,658**	
Equity instruments	36	36	23	23
Debt securities	70	70	195	195
Other assets	134		1,440	

Collateral received

In billions of euros	31 December 2014	
	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
COLLATERAL RECEIVED	**237**	**49**
Equity instruments	33	14
Debt securities	204	35
Other collateral received	-	-
OWN DEBT SECURITIES ISSUED OTHER THAN OWN COVERED BONDS OR ABSS	**-**	**-**

Encumbered assets / collateral received and associated liabilities

In billions of euros	31 December 2014	
	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
CARRYING AMOUNT OF SELECTED FINANCIAL LIABILITIES	**437**	**477**

Medium- to long-term position [Audited]

The medium- and long-term liquidity positions are measured regularly at the Group level by entity and by currency to evaluate the medium-and long-term resources and uses. In order to do this, each balance sheet item is reviewed by financial maturity using the models and agreements proposed by ALM Treasury and reviewed by the Risk Management Function.

Stress tests and liquidity reserve [Audited]

Liquidity stress tests are performed regularly on various maturities and are based on market factors and/or factors specific to the Group. The availability of sufficient reserves in the liquidity buffer to cope with a liquidity crisis is regularly measured at Group and entity level.

The liquidity reserve comprises deposits with central banks, available securities that can be immediately sold on the market or through a repurchase agreement, and available securities and loans that can be refinanced with central banks.

One of the ways to strengthen the Group's liquidity position is to transform less liquid assets into liquid assets by securitising loans.

(See section 5.5 *Proprietary Securitisation*).

The table below shows trends in the liquidity reserve.

TABLE 70: LIQUIDITY RESERVE

In billions of euros	2014 Average	31 December 2014	31 December 2013
Eligible assets	**212**	**228**	**185**
Utilisations	*43*	*53*	*41*
o/w monetary policy	*13*	*22*	*17*
o/w repos	*24*	*24*	*20*
o/w other	*6*	*7*	*4*
Available eligible assets	**169**	**175**	**144**
Central bank deposits	**92**	**116**	**103**
o/w mandatory reserves	*10*	*11*	*11*
TOTAL LIQUIDITY RESERVE(*)	**261**	**291**	**247**

(*) Amounts net of haircuts.

The Group's liquidity reserve increased by EUR 44 billion between 2013 and 2014. Available eligible assets increased by EUR 31 billion, mainly as a result of the purchase of government securities, while the balance came from the rise in central bank deposits. Participation in the TLTRO of December 2014 resulted in an increase in the assets used under the monetary policy.

In 2014, the balance of the month-end liquidity reserve fluctuated between EUR 244 billion and EUR 291 billion, with an average of EUR 261 billion. At 31 December 2014, the liquidity reserve represented 27% of the cash balance sheet and 140% of wholesale funding maturing over the next 12 months.

Regulatory liquidity ratios

Each regulatory ratio is monitored individually.

Thus, a specific process monitors compliance of the liquidity ratio set by the French banking supervisor (Autorité de contrôle prudentiel et de résolution) that applies in particular to BNP Paribas SA.

In view of the application as of October 2015 of the 30-day liquidity ratio (Liquidity Coverage Ratio - LCR) at Group level, BNP Paribas measures its liquidity requirements in accordance with the provisions of the delegated act of October 2014 adopted by the European Commission. Some elements, including the stress scenarios for the conditions affecting the value or quality of collateral, need to be specified during 2015 by the Commission. However these have been anticipated using an interim interpretation approach.

The Group has also adapted its monitoring process to the new regulation. The management indicators for the businesses' funding needs and the internal pricing terms therefore reflect the standardised assumptions set by the LCR and allowed the Group to monitor compliance with the requirement.

The phased-in application of the LCR has been set up. As of 1 October 2015, the minimum liquidity coverage ratio will be set at 60% of total net cash outflows during the 30-day stress period, rising gradually to 100% in 2018.

The Group's LCR at the end of 2014 is described below:

TABLE 71: BNP PARIBAS LCR

In billions of euros	31 December 2014
Liquidity assets	232
Net cash outflows over a 30-day stress period	(204)
LCR	**113.7%**

The contribution of LTRO monetary policy (maturing during the first quarter of 2015) and TLTRO benefited the Group's 30-day liquidity surplus as at 31 December 2014. Restated for these transactions, the liquidity ratio remains above 100%.

The Group beefed up its internal monitoring system with the inclusion of long-term funding. Its regulatory intelligence includes monitoring of all anticipated developments with respect to liquidity and long-term funding, and, specifically, the Group participates in discussions with the regulators. It is reviewing the Basel Committee's proposal on the one-year net stable funding ratio (NSFR) and the Financial Stability Board's proposal on total loss absorbency capacity (TLAC) to ensure that it is compliant-ready for these potential future requirements and to identify any possible developments that may ensue from them.

5.10 Operational, compliance and reputation risks

REGULATORY FRAMEWORK

Operational and compliance risks come under a specific regulatory framework:

- Regulation 575/2013 governing the method for calculating the amount of capital requirements to cover the operational risk;
- the decree of 3 November 2014 which defines the roles and responsibilities within the Risk Management Function (covering all types of risks) and an internal control system which ensures the efficiency and quality of the Bank's internal operations, the reliability of internal and external information, the security of transactions, as well as compliance with applicable laws, regulations and internal policies.

Banking regulation divides operational loss events into seven categories: (i) internal fraud, (ii) external fraud, (iii) employment practices and workplace safety (such as an anomaly in the management of a recruitment), (iv) clients, products and business practices (such as product defects, mis-selling, professional misconduct, etc.), (v) damage to physical assets, (vi) business disruption and system failures, (vii) execution, delivery and process management (data entry error, error in documentation, etc.).

Effective management of compliance risk aims to ensure compliance with applicable laws, regulations, rules of ethics and instructions, protect the Group's reputation, that of its investors and that of its customers, ensure ethical professional behaviour, prevent conflicts of interest, protect customers' interests and market integrity, fight against money laundering, bribery and the financing of terrorist activities, as well as ensure compliance with financial embargos.

ORGANISATION AND OVERSIGHT MECHANISM [Audited]

KEY PLAYERS AND GOVERNANCE

Concerning operational risk management and permanent control, the BNP Paribas Group's objective is to establish a two-level system involving the following participants:

- on the first level: heads of operational entities, who are on the front line of risk management and the implementation of systems to manage these risks;
- on the second level: specialised teams (core businesses, operational entities, functions, and business lines) 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, independently from 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 370 employees on a full-time equivalent basis are responsible for these supervisory activities.

Issues relating to operational risk, permanent operational control and business continuity are periodically submitted to the Group's Executive Committee. The Group's core businesses, operational entities, business lines and functions, as well as the subsidiaries, implement this governance structure to their own organisations, with the participation of Executive Management.

The operational risk management and control system for the Group as a whole is defined and controlled at the second level by the Group Compliance Function, by delegation from the Head of the Risk Management Function. The Group Compliance Function defines the Group's operational risk management and assessment principles, by delegation from the Head of the Risk Management Function. It is also in charge of supervising the compliance and reputation risk control system.

On a broader scale, the BNP Paribas Group is committed to setting up a system dedicated to internal control, permanent control and operational risk management, and keeping this system up-to-date. In August 2014, the Group thus announced the vertical integration of its Compliance and Legal functions, in order to ensure their independence and resource autonomy, along the same lines as the Risk Management and General Inspection functions. The organisation of these four Group supervisory and control functions is thus mutually aligned, with direct reporting of all their teams worldwide, independently with individual businesses and geographies.

The Group's internal control system has also been strengthened by the establishment of:

- a Group Supervisory and Control Committee, chaired by the Chief Executive Officer, with bi-monthly meetings attended by Executive Management and the heads of this system, to coordinate and ensure consistency in the management and control actions undertaken;
- a Group Internal Control Committee, which meets prior to the Internal Control, Risk and Compliance Committee (CCIRC) meetings.

This internal control system, its deployment and its changes are detailed in chapter 2 in the section *Report of the Chairman of the Board of Directors*.

Moreover, an Ethics Committee was formed to guide and monitor policies in certain sensitive business sectors and countries as well as the Group's Code of Business Conduct.

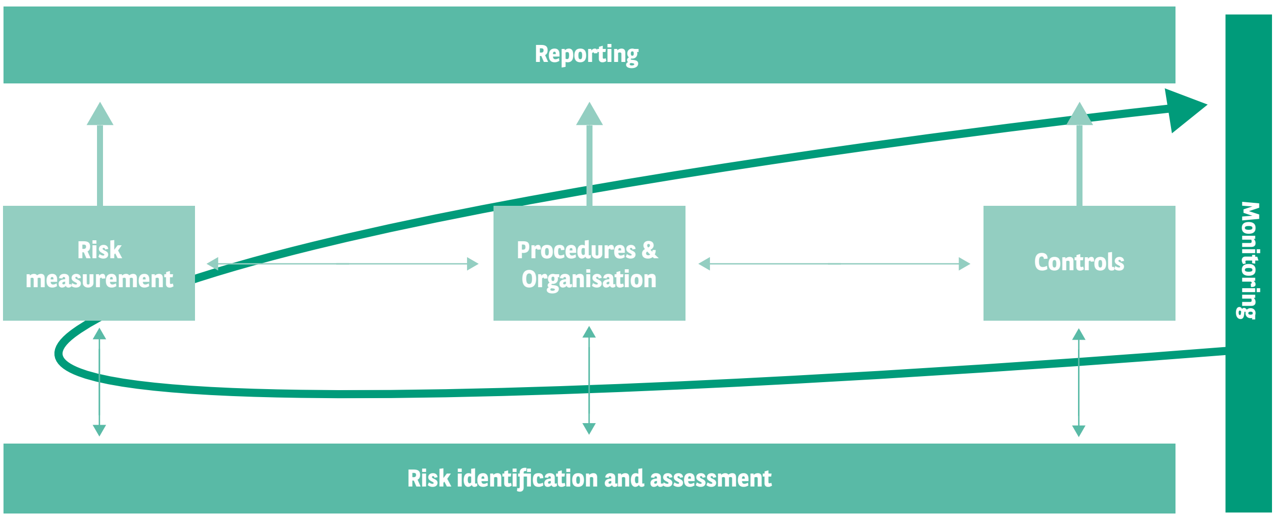
OBJECTIVES AND PRINCIPLES

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.

5

➤ FIGURE 10: PROCESS OF EVALUATION AND MANAGING OPERATIONAL RISK



This system rests on two major pillars:

- risk assessments based on the libraries of risks defined by the Group business lines and functions, and which each entity must take into consideration and enhance, if necessary, for their own risk mapping and for the standardised rating tables applicable across the Group;
- generic control plans consistent with the above-mentioned library, and which each entity must apply, unless an exception is authorised, and enhance according to their own characteristics.

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 managers and supervisory bodies, in line with a predefined information reporting process.

SPECIFIC COMPONENTS LINKED TO OPERATIONAL RISK [Audited]

By its nature, operational risk covers numerous areas related with the Group's normal business activity and is linked to specific risks such as compliance, reputation, legal, fiscal and information security risks which are monitored in specific ways.

COMPLIANCE AND REPUTATION RISK

In accordance with international standards and French regulations, the Compliance Function manages the system for monitoring compliance and reputation risks for all of the Group's businesses in France and abroad. 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 currently 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 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, detecting market abuses, etc.;
- training, both at Group level and in the divisions and business lines.

This management of compliance and reputation risks must be tailored to its internal and external developments.

Specific circumstances in 2014 led the Group to implement a major development to this management system mid-year, which will extend into 2015 via the following initiatives:

- a vertical integration of the Compliance Function in the Group, similar to the one that already exists for the Group's Risk Management and General Inspection, to ensure greater independence and resource autonomy;
- an expansion of resources allocated to Compliance with:
  - the creation of a new "Group Financial Security U.S." department headquartered in New York,
  - increased human and financial resources,
  - roll out of new control tools (e.g., a transaction filtering software) and the enhancement of the "Know Your Customer" procedures;
- increase in the number and scope of the training programmes for Group employees.

The changes in the compliance control system are detailed in chapter 2 *Corporate Governance*.

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 function 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 2014, a global department was established and structured to handle litigations, legal matters in the preliminary stages as well as large-scale investigations. The purpose of this reform is to enable the Legal Function to oversee sensitive legal matters on a global scale, to become more pro-active and provide a cohesive and consistent response. The Group Dispute Resolution was set up by this reform and has a team of approximately 25 trained lawyers, directly reporting to the Group's Chief Legal Officer, located throughout the Asia-Pacific region, France, the United Kingdom and the United States. Moreover, this team has a broader reach than before in ensuring that the Group is performing its legal obligations with respect to financial security. 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.

The roll-out of the reforms to achieve this "vertical integration" in the Legal Function have already started and should continue in the first half of 2015, culminating with the approval of a new Charter for the Legal Function.

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 Tax Function ensures at a global level that the tax risk is managed throughout all of the transactions conducted by the Group. In view of the financial and reputational stakes, the Finance and Compliance Functions are involved in the tax risk monitoring process.

The Group Tax Department carries out the tax function and calls on the assistance of tax managers in certain businesses and in the main geographical areas where the Group operates (as well as tax correspondents in other geographical areas where the Group operates).

In ensuring the coherency of the Group's tax practices and the global tax risk monitoring, the Group Tax Department:

- has drawn up procedures covering all divisions, designed to ensure that tax risks are identified, addressed and controlled appropriately;
- has implemented a process of feedback aimed at contributing to the control of local tax risk;
- reports to Executive Management on tax risk developments;
- oversees the tax-related operational risks and the internal audit recommendations falling within the tax function's scope of responsibility.

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 with respect to the transactions the Group 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. The BNP Paribas Group model is based on a security approach centred on the most sensitive information to safeguard and the procedures considered as critical.

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. Even though the existing security approach proved to be effective, in 2013 the BNP Paribas Group launched an overhaul of the programme to adapt the security resources in order to meet the criteria listed above.

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. All of the requirements underwent a review with an aim of making them more consistent and adapting them to security risk developments.

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. The second-level audits were thoroughly reviewed in 2014. The programme is also in line with the permanent and periodic controls within each banking activity and particularly with respect to the French Decree dated 3 November 2014 (replacing CRBF Regulation 97-02 in France) and other similar regulations elsewhere.

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 security risk management framework was examined in 2014 in order to improve the procedures for analysing security risks in the businesses' major processes.

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:

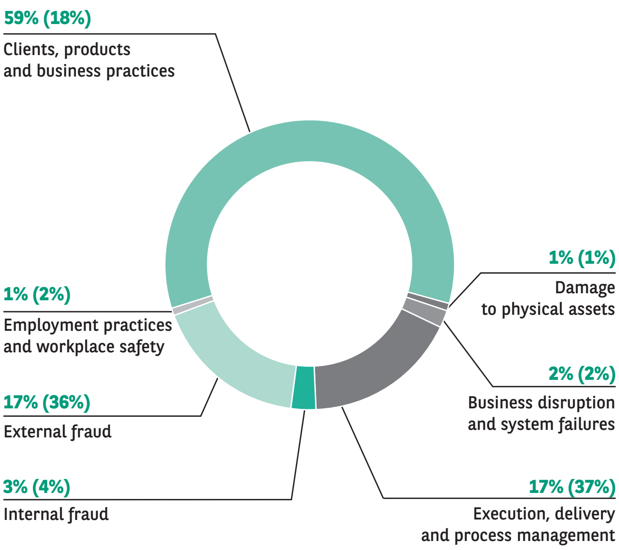
- raising employees' awareness of information security imperatives and training key players in the appropriate procedures and behaviours related to information system resources;
- tighter supervision over outsourcing (introducing security clauses in agreements, rolling out security measures);
- more stringent precautions to safeguard IT equipment (desktop computers, laptops, smartphones and tablets);
- rolling out and developing controls for BNP Paribas entities and external partners, and strengthening support actions;
- streamlining BNP Paribas's network security to reduce operational risks and combat the spread of malware;
- 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.

OPERATIONAL RISK EXPOSURE

The chart below shows the losses linked to operational risk, according to the event classification defined in the current regulation.

FIGURE 11: OPERATIONAL LOSSES - BREAKDOWN BY EVENT TYPE (AVERAGE 2008 2014)(*)



(*) Percentages in brackets correspond to average loss by type of event for the 2008-2013 period.

External fraud and process failures, mainly including execution or transaction processing errors, which ordinarily represented about two-thirds of the Group's incidents, have decreased. The main type of operational risk now falls within the category of "clients, products and business practices", representing on average more than half of the Group's financial impacts. The sharp increase in this category is related to the financial terms of the comprehensive settlement concluded in June 2014 with the U.S. authorities with respect to the review of certain U.S. dollar transactions.

BNP Paribas Group pays the utmost attention to analysing its operational risk incidents in order to continuously improve its control system.

CAPITAL REQUIREMENT CALCULATION

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.

APPROACHES ADOPTED

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.

CAPITAL REQUIREMENT

TABLE 72: OPERATIONAL RISK CAPITAL REQUIREMENT

	Capital requirements			
In millions of euros	31 December 2014 Basel 3 (fully loaded)	31 December 2013 Basel 3 (fully loaded)	Variation	31 December 2013 Basel 2.5
Advanced Measurement Approach (AMA)	3,256	2,950	306	2,950
Standardised approach	698	713	(15)	713
Basic indicator approach	401	366	35	366
TOTAL OPERATIONAL RISK	**4,355**	**4,029**	**326**	**4,029**

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 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 2014, the Solvency I ratio stands at 113.7% before unrealised gains on assets and technical provisions. Including unrealised gains, the Solvency I ratio reaches 163% ;
- 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 Asset Credit Risk Committee monitors credit risk on issuers of financial instruments;
- the Operational Risk Committee monitors actual and potential incidents.

5

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 (86%). The proportion of equities and real estate is significant (7% 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 2014, the average guaranteed rate is near 1%, down compared with 2013 (above 1.30%). 96% 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 2014, 2013 or 2012 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

Cardif Assurance Vie has a balanced spread of bond exposure between sovereign risk and corporate risk (each representing 50% of the portfolio of Cardif Assurance Vie).

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. Euro zone portfolios focus on issuers with an average rating of better than A.

➤ TABLE 73: CARDIF ASSURANCE VIE BONDS EXPOSURE BY COUNTRY

												31 December 2014
In millions of euros	Govies		Agencies & supra sovereign		Financial corporate		Covered		Other corporate		Total	
By country	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value
France	13,782	16,993	2,838	3,478	10,013	11,055	3,430	4,088	3,402	3,921	**33,465**	**39,535**
Italy	5,114	6,314	248	275	1,330	1,491	679	815	1,182	1,343	**8,553**	**10,237**
Netherlands	1,090	1,360	305	359	1,848	2,142	146	169	410	456	**3,798**	**4,486**
Spain	3,021	3,529	43	49	491	481	1,358	1,555	430	467	**5,343**	**6,082**
Germany	1,114	1,369	24	31	171	189	246	269	968	1,075	**2,524**	**2,933**
Austria	1,569	1,962	0	0	0	0	0	0	0	0	**1,569**	**1,962**
Belgium	3,572	4,292	144	157	114	129	0	0	93	107	**3,923**	**4,685**
United Kingdom	0	0	0	0	1,728	1,988	395	480	93	100	**2,215**	**2,568**
Ireland	895	1,030	0	0	32	26	30	31	33	38	**990**	**1,125**
United States	0	0	0	0	1,804	1,950	51	56	861	968	**2,716**	**2,974**
Portugal	102	113	0	0	0	0	85	91	138	150	**325**	**354**
Others	1,398	1,667	872	1,100	1,416	1,598	54	61	1,048	1,208	**4,788**	**5,634**
TOTAL	**31,658**	**38,629**	**4,474**	**5,449**	**18,945**	**21,050**	**6,475**	**7,614**	**8,657**	**9,833**	**70,209**	**82,575**

												31 December 2013
In millions of euros	Govies		Agencies & supra sovereign		Financial corporate		Covered		Other corporate		Total	
By country	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value	Net book value	Market value
France	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	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**

➤ TABLE 74: CARDIF ASSURANCE VIE BONDS EXPOSURE BY EXTERNAL RATING

In millions of euros	Govies		Agencies & supra sovereign		Financial corporate		Covered		Other corporate		Total 31 December 2014	
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	1,114	1,369	724	930	97	99	2,897	3,495	18	22	**4,850**	**5,915**
AA+	2,977	3,661	1,045	1,256	5	5	1,127	1,295	261	297	**5,415**	**6,514**
AA	13,782	16,993	1,397	1,684	25	26	213	240	234	275	**15,651**	**19,218**
AA-	3,666	4,403	686	876	1,498	1,752	6	6	380	450	**6,237**	**7,488**
A+	253	302	140	151	2,962	3,349	60	66	1,931	2,257	**5,346**	**6,124**
A	192	241	174	211	6,630	7,280	1,093	1,297	946	1,059	**9,036**	**10,089**
A-	540	674	0	0	1,394	1,507	140	154	1,736	1,998	**3,810**	**4,332**
BBB+	895	1,030	16	17	1,381	1,520	133	142	1,085	1,203	**3,510**	**3,912**
BBB	8,135	9,843	248	275	2,632	2,913	358	395	1,206	1,353	**12,579**	**14,779**
BBB-	0	0	43	49	1,455	1,618	147	170	370	387	**2,014**	**2,224**
BB+	0	0	0	0	297	345	98	121	326	352	**721**	**818**
BB	102	113	0	0	418	485	202	233	0	0	**723**	**830**
BB-	0	0	0	0	36	39	0	0	0	0	**36**	**39**
B+	0	0	0	0	84	86	0	0	0	0	**84**	**86**
NR	0	0	0	0	32	26	0	0	163	180	**195**	**207**
TOTAL	**31,658**	**38,629**	**4,474**	**5,449**	**18,945**	**21,050**	**6,475**	**7,614**	**8,657**	**9,833**	**70,209**	**82,575**

In millions of euros	Govies		Agencies & supra sovereign		Financial corporate		Covered		Other corporate		Total 31 December 2013	
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**
B	0	0	0	0	78	82	0	0	0	0	**78**	**82**
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**

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 75: CARDIF ASSURANCE VIE UNREALISED GAINS AND LOSSES

In millions of euros		31 December 2014	31 December 2013
	Govies	6,971	2,833
	Agencies & supra sovereign	975	445
	Financial corporate	2,104	1,484
	Covered	1,140	735
	Other corporate	1,176	765
TOTAL BONDS		**12,366**	**6,262**
	Equity	1,786	1,202
	Real estate	876	790
	Alternatives	144	99
	Other	200	67
TOTAL OTHER ASSETS		**3,006**	**2,158**
TOTAL		**15,372**	**8,420**

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 forty 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 2014 liquidity study, 65% of Cardif Assurance Vie's assets were liquid in the short-term, mainly comprising issuers rated AAA to BBB;
- 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 2014, BNP Paribas Cardif generated more than EUR 3.9 billion of net new business on the general funds.

TABLE 76: AVERAGE LAPSE RATES FOR BNP PARIBAS CARDIF GENERAL FUNDS

	Annual redemption rate	
	2014	2013
France	6.0%	6.5%
Italy	14.1%	11.0%
Luxembourg	7.9%	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 6.5 million at 31 December 2014 (versus EUR 7 million at 31 December 2013).

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, principally 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:

- 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;
- 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;
- 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 2014 *In billions of euros*	Amount of securitised assets	Amount of notes	Securitised positions held: First losses	Securitised positions held: Others
Personal Finance	**5.5**	**5.6**	**0.2**	**2.1**
o/w Residential loans	4.8	4.9	0.2	1.8
o/w Consumer loans	0.5	0.6	-	0.2
o/w Lease receivables	0.2	0.1	-	0.1
BNL	**1.5**	**1.3**	**0.1**	**0.2**
o/w Residential loans	1.5	1.3	0.1	0.2
o/w Consumer loans	-	-	-	-
o/w Lease receivables	-	-	-	-
o/w Public sector	-	-	-	-
TOTAL	**7.0**	**6.9**	**0.3**	**2.3**

Of the securitisation exposures originated by BNP Paribas at 31 December 2014, loans refinanced through securitisations identified as potentially coming under the scope of the Financial Stability Board recommendations amounted to EUR 7 billion, down EUR 1.3 billion compared with 31 December 2013, mainly due to the amortisation of the underlying loan portfolios.

EUR 2.3 billion of securitised positions were held at the end of 2014 (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 2014									
		Gross outstanding					Allowances		
			First Mortgage						
In billions of euros		Consumer	Full Doc	Alt A	Home Equity Loans	Total	Portfolio	Specific	Net exposure
US		12.5	7.1	0.2	3.0	22.7	(0.3)	(0.1)	22.3
Super Prime	FICO(*) > 730	9.5	4.8	0.1	2.1	16.4	-	-	16.4
Prime	600<FICO(*)<730	3.0	2.0	0.1	0.9	5.9	-	-	5.9
Subprime	FICO(*) < 600	0.1	0.2	0.0	0.0	0.4	-	-	0.4
UK		2.0	0.2	-	-	2.2	(0.0)	(0.0)	2.2
Spain		3.9	5.4	-	-	9.3	(0.1)	(1.0)	8.2

(*) At origination.

At 31 December 2014, the portfolio of personal loans identified as potentially coming under the scope of the Financial Stability Board recommendations was characterised by:

- the good quality of the US portfolio, with net exposure amounting to EUR 22.3 billion. The quality of the consumer loan portfolio is good;
- moderate exposure in the United Kingdom, amounting to EUR 2.2 billion, up in comparison with 31 December 2013 due to the full consolidation of LaSer at 31 December 2014;
- 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 2014								
	Gross exposure					Allowances		
In billions of euros	Home Builders	Non residential developers	Property companies	Others(*)	Total	Portfolio	Specific	Net exposure
US	0.7	0.8	0.3	5.9	7.7	(0.0)	(0.0)	7.7
BancWest	0.7	0.6	-	5.9	7.3	(0.0)	(0.0)	7.3
CIB	-	0.1	0.3	-	0.4	-	-	0.4
UK	0.0	0.1	0.7	0.9	1.7	(0.0)	(0.0)	1.7
Spain	-	0.1	0.3	0.4	0.8	(0.0)	(0.0)	0.8

(*) Excluding owner-occupied and real estate backed loans to corporates.

At 31 December 2014, the commercial real estate loan portfolio identified as potentially coming under the scope of the Financial Stability Board recommendations was characterised by:

- diversified, granular exposure in the United States, up EUR 1.9 billion compared with 31 December 2013, including an increase of EUR 1.3 billion in other commercial real estate sectors corresponding to the highly granular, well diversified, securitised financing of small property investment companies (mainly focused on office, commercial and residential buildings);
- exposure to the UK concentrated on large property investment companies, up EUR 0.5 billion compared with 31 December 2013;
- still limited exposure to a Spanish commercial real estate risk.

REAL-ESTATE RELATED ABS AND CDO EXPOSURES

BANKING AND TRADING BOOKS

In billions of euros	31 December 2013	31 December 2014		
	Net exposure	Gross exposure(*)	Allowances	Net exposure
TOTAL RMBS	**2.7**	**3.0**	**(0.1)**	**2.9**
US	0.0	0.0	(0.0)	0.0
Subprime		-	-	-
Mid-prime		-	-	-
Alt-A		-	-	-
Prime (**)	0.0	0.0	(0.0)	0.0
UK	1.0	1.1	(0.0)	1.0
Conforming	0.1	0.2	-	0.2
Non conforming	0.9	0.9	(0.0)	0.9
Spain	0.7	1.1	(0.0)	1.0
The Netherlands	0.3	0.3	(0.0)	0.3
Other countries	0.6	0.6	(0.0)	0.6
TOTAL CMBS	**1.1**	**0.8**	**(0.0)**	**0.7**
US	0.6	0.4	(0.0)	0.4
Non US	0.5	0.4	(0.0)	0.3
TOTAL CDOs (cash and synthetic)	**0.6**	**0.4**	**(0.0)**	**0.4**
RMBS	0.4	0.4	(0.0)	0.4
US	0.0	0.0	-	0.0
Non US	0.4	0.4	(0.0)	0.4
CMBS	0.1	0.0	(0.0)	0.0
CDO of TRUPs	0.0	-	-	-
Total	**4.3**	**4.2**	**(0.2)**	**4.0**
o/w Trading Book	0.5	-	-	0.6
TOTAL SUBPRIME, ALT-A, US CMBS AND RELATED CDOS	**0.6**	**0.4**	**(0.0)**	**0.4**

(*) Entry price + accrued interests – amortisation.
(**) Excluding Government Sponsored Entity backed securities.

At 31 December 2014, the banking book's net real-estate related ABS and CDO exposure stood at EUR 4 billion, down EUR 0.3 billion compared with 31 December 2013. 62% 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 and Fitch ratings.

EXPOSURE TO PROGRAMME COUNTRIES

GREECE

In billions of euros	Total(1)	Of which sovereign	Of which corporates	Of which other(2)
Exposure net collateral and provisions	**0.7**	**-**	**0.4**	**0.3**

(1) Excluding exposure to companies related to Greek interests (e.g. : shipping) that are not dependent on the country's economic situation (EUR 1.4 bn).
(2) Including Personal Finance, Arval, Wealth Management.

Appendix 2: Regulatory capital – Detail

The tables below are presented in the format required under Annex VI of Implementing Regulation (EU) No. 1423/2013 of 20 December 2013.

TABLE 1: REGULATORY ADJUSTMENTS - COMMON EQUITY TIER 1 CAPITAL

	31 December 2014	
In millions of euros	Basel 3 (phased in)	Amounts subject to pre-regulation treatment or prescribed residual amount(*)
Additional value adjustments	(1,310)	-
Intangible assets and goodwill	(13,760)	-
Deferred tax assets that rely on future profitability	(26)	1,206
Fair value reserves related to gains or losses on cash flow hedges	(1,541)	-
Negative amounts resulting from the calculation of expected loss amounts	(718)	20
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	431	96
Regulatory adjustments relating to unrealised gains and losses	(2,711)	(2,271)
Other regulatory adjustments	(72)	113
REGULATORY ADJUSTMENTS TO COMMON EQUITY TIER 1 (CET1) CAPITAL	**(19,707)**	**(836)**

(*) Regulation (UE) No. 575/2013.

TABLE 2: INSTRUMENTS – ADDITIONAL TIER 1 CAPITAL

In millions of euros	31 December 2014	
	Basel 3 (phased in)	Amounts subject to pre-regulation treatment or prescribed residual amount(*)
Capital instruments subject to phase out from AT1	6,589	6,589
Qualifying Tier 1 capital included in consolidated AT1 capital issued by subsidiaries and held by third parties	434	245
of which instruments issued by subsidiaries subject to phase out	*396*	*396*
ADDITIONAL TIER 1 (AT1) CAPITAL - INSTRUMENTS	**7,023**	**6,834**

(*) Regulation (UE) No. 575/2013.

TABLE 3: REGULATORY ADJUSTMENTS – ADDITIONAL TIER 1 CAPITAL

In millions of euros	31 December 2014	
	Basel 3 (phased in)	Amounts subject to pre-regulation treatment or prescribed residual amount(*)
Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period	(1,003)	(1,003)
of which direct holdings of the T2 instruments and subordinated loans of financial sector entities more than 10%-owned	*(980)*	*(980)*
Other regulatory adjustments	(112)	(112)
REGULATORY ADJUSTMENTS TO ADDITIONAL TIER 1 (AT1) CAPITAL	**(1,115)**	**(1,115)**

(*) Regulation (UE) No. 575/2013.

TABLE 4: INSTRUMENTS AND PROVISIONS – TIER 2 CAPITAL

In millions of euros	31 December 2014	
	Basel 3 (phased in)	Amounts subject to pre-regulation treatment or prescribed residual amount(*)
Capital instruments and the related share premium accounts	5,351	-
Amount of qualifying items referred to in article 484 (5) and the related share premium accounts subject to phase out from T2	50	50
Public sector capital injections grandfathered until 1 January 2018	-	-
Qualifying own funds instruments included in consolidated T2 capital issued by subsidiaries and held by third parties	2,894	746
of which instruments issued by subsidiaries subject to phase out	*631*	*631*
Credit risk adjustments	-	-
TIER 2 (T2) CAPITAL - INSTRUMENTS AND PROVISIONS	**8,295**	**796**

(*) Regulation (UE) No. 575/2013.

TABLE 5: REGULATORY ADJUSTMENTS - TIER 2 CAPITAL

In millions of euros	31 December 2014	
	Basel 3 (phased in)	Amounts subject to pre-regulation treatment or prescribed residual amount(*)
Direct holdings of the T2 instruments and subordinated loans of financial sector entities more than 10%-owned	(1,471)	980
Other regulatory adjustments	(34)	32
REGULATORY ADJUSTMENTS TO TIER 2 (T2) CAPITAL	**(1,505)**	**1,012**

(*) Regulation (UE) No. 575/2013.

TABLE 6: AMOUNTS BELOW THE THRESHOLDS FOR DEDUCTION (BEFORE RISK WEIGHTING)

In millions of euros	31 December 2014	
	Basel 3 (phased in)	Amounts subject to pre-regulation treatment or prescribed residual amount(*)
Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amounts below 10% threshold and net of eligible short positions)	2,467	(552)
Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	2,864	(104)
Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in article 38 (3) are met)	4,224	-

(*) Regulation (UE) No. 575/2013.

TABLE 7: CAPITAL INSTRUMENTS SUBJECT TO PHASE-OUT ARRANGEMENTS

In millions of euros	31 December 2014	
	Basel 3 (phased in)	Amounts subject to pre-regulation treatment or prescribed residual amount(*)
Current cap on AT1 instruments subject to phase out arrangements	8,093	-
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-
Current cap on T2 instruments subject to phase out arrangements	1,483	-
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-

(*) Regulation (UE) No. 575/2013.

Appendix 3: 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.

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BNP PARIBAS FORTIS

	31 December 2014 Basel 3 (fully loaded)		31 December 2013 Basel 3 (fully loaded)		31 December 2013 Basel 2.5	
In millions of euros	RWAs	Capital requirements	RWAs	Capital requirements	RWAs	Capital requirements
Credit risk	**106,193**	**8,495**	**102,820**	**8,226**	**98,914**	**7,913**
Credit risk - IRB approach	**48,237**	**3,859**	**48,351**	**3,868**	**48,638**	**3,891**
Central governments and central banks	1,147	92	1,180	94	1,194	96
Corporates	32,309	2,585	32,598	2,608	32,391	2,591
Institutions	1,550	124	2,056	165	1,796	144
Retail	13,102	1,048	12,367	989	13,107	1,048
Real estate loans	*9,007*	*721*	*7,887*	*631*	*7,887*	*631*
Revolving exposures	*81*	*6*	*89*	*7*	*89*	*7*
Other exposures	*4,014*	*321*	*4,391*	*351*	*5,131*	*410*
Other non credit-obligation assets	129	10	150	12	150	12
Credit risk - Standardised approach	**57,956**	**4,636**	**54,469**	**4,358**	**50,276**	**4,022**
Central governments and central banks	1,454	116	1,150	92	1,157	93
Corporates	23,835	1,907	24,554	1,964	24,455	1,956
Institutions	1,961	157	1,750	140	1,861	149
Retail	18,365	1,469	15,270	1,222	16,377	1,310
Real estate loans	*880*	*70*	*1,137*	*91*	*1,465*	*117*
Revolving exposures	*146*	*12*	*136*	*11*	*136*	*11*
Other exposures	*17,339*	*1,387*	*13,997*	*1,120*	*14,776*	*1,182*
Other non credit-obligation assets	12,341	987	11,745	940	6,426	514
Securitisation positions	**2,587**	**207**	**3,203**	**256**	**3,203**	**256**
Securitisation positions - IRB approach	2,587	207	3,203	256	3,203	256
Counterparty credit risk	**2,463**	**197**	**2,130**	**170**	**2,010**	**161**
Counterparty credit risk - IRB approach	**2,140**	**171**	**1,877**	**150**	**1,707**	**137**
Counterparty credit risk - excl. CCP and CVA charges	2,140	171	1,877	150	1,707	137
Central governments and central banks	*3*	*0*	*15*	*1*	*15*	*1*
Corporates	*1,808*	*145*	*1,497*	*120*	*1,408*	*113*
Institutions	*328*	*26*	*365*	*29*	*284*	*23*
Retail	*1*	*0*	*0*	*0*	*0*	*0*
Counterparty credit risk - Standardised approach	**323**	**26**	**253**	**20**	**303**	**24**
CCP - default fund contributions	10	1	0	0		
CCP - excl. default fund contributions	15	1	0	0		
CVA charge	149	12	68	5		
Counterparty credit risk - excl. CCP and CVA charges	149	12	185	15	303	24
Corporates	*77*	*6*	*117*	*9*	*214*	*17*
Institutions	*68*	*6*	*55*	*4*	*76*	*6*
Retail	*4*	*0*	*13*	*1*	*13*	*1*
Equity risk	**11,586**	**927**	**9,626**	**770**	**7,990**	**639**
Internal model					5,643	451
Other equity exposures					*5,643*	*451*
Simple weighting method	9,098	728	7,697	616	1,532	123
Listed equities	*197*	*16*	*179*	*14*	*5*	*0*
Other equity exposures	*8,436*	*675*	*6,614*	*529*	*442*	*36*
Private equity exposures in diversified portfolios	*465*	*37*	*904*	*72*	*1,085*	*87*
Standardised approach	2,488	199	1,929	154	815	65
Market risk	**729**	**58**	**337**	**27**	**337**	**27**
Standardised approach	729	58	337	27	337	27
Operational risk	**9,842**	**788**	**9,995**	**800**	**9,995**	**800**
Advanced Measurement Approach (AMA)	6,108	489	6,123	490	6,123	490
Standardised approach	848	68	995	80	995	80
Basic indicator approach	2,886	231	2,877	230	2,877	230
TOTAL	**133,400**	**10,672**	**128,111**	**10,249**	**122,449**	**9,796**

BNL

In millions of euros	31 December 2014 Basel 3 (fully loaded)		31 December 2013 Basel 3 (fully loaded)		31 December 2013 Basel 2.5	
	RWAs	Capital requirements	RWAs	Capital requirements	RWAs	Capital requirements
Credit risk	**47,039**	**3,763**	**54,738**	**4,379**	**55,516**	**4,442**
Credit risk - IRB approach	**21,390**	**1,711**	**26,761**	**2,141**	**27,461**	**2,197**
Central governments and central banks	26	2	18	1	17	1
Corporates	21,364	1,709	26,743	2,140	27,444	2,196
Credit risk - Standardised approach	**25,649**	**2,052**	**27,977**	**2,238**	**28,055**	**2,245**
Central governments and central banks	39	3	32	3	11	1
Corporates	2,428	194	2,998	240	3,202	256
Institutions	2,941	235	3,689	295	3,784	303
Retail	17,383	1,391	17,205	1,376	17,872	1,430
Real estate loans	*8,761*	*701*	*8,376*	*670*	*8,490*	*679*
Other exposures	*8,622*	*690*	*8,829*	*706*	*9,382*	*751*
Other non credit-obligation assets	2,858	229	4,053	324	3,186	255
Securitisation positions	**0**	**0**	**0**	**0**	**0**	**0**
Counterparty credit risk	**732**	**59**	**797**	**64**	**619**	**49**
Counterparty credit risk - IRB approach	**0**	**0**	**4**	**0**	**4**	**0**
Counterparty credit risk - excl. CCP and CVA charges	0	0	4	0	4	0
Corporates	*0*	*0*	*4*	*0*	*4*	*0*
Counterparty credit risk - Standardised approach	**732**	**59**	**793**	**64**	**615**	**49**
CVA Charge	102	8	178	15		
Counterparty credit risk - excl. CCP and CVA charges	630	51	615	49	615	49
Corporates	*492*	*40*	*511*	*41*	*511*	*41*
Institutions	*138*	*11*	*104*	*8*	*104*	*8*
Equity risk	**1,242**	**99**	**1,115**	**89**	**622**	**50**
Internal model					622	50
Other equity exposures					*622*	*50*
Simple weighting method	1,218	97	879	70	0	0
Listed equities	*2*	*0*	*0*	*0*	*0*	*0*
Other equity exposures	*1,216*	*97*	*879*	*70*	*0*	*0*
Standardised approach	24	2	236	19	0	0
Market risk	**1**	**0**	**1**	**0**	**1**	**0**
Standardised approach	1	0	1	0	1	0
Operational risk	**3,213**	**257**	**2,802**	**224**	**2,802**	**224**
Advanced Measurement Approach (AMA)	3,092	247	2,703	216	2,703	216
Standardised approach	68	6	60	5	60	5
Basic indicator approach	53	4	39	3	39	3
TOTAL	**52,227**	**4,178**	**59,453**	**4,756**	**59,560**	**4,765**

BANCWEST

In millions of euros	31 December 2014 Basel 3 (fully loaded)		31 December 2013 Basel 3 (fully loaded)		31 December 2013 Basel 2.5	
	RWAs	Capital requirements	RWAs	Capital requirements	RWAs	Capital requirements
Credit risk	**51,891**	**4,151**	**42,929**	**3,434**	**42,648**	**3,412**
Credit risk - Standardised approach	**51,891**	**4,151**	**42,929**	**3,434**	**42,648**	**3,412**
Central governments and central banks	6	0	1	0	1	0
Corporates	32,199	2,576	26,966	2,157	27,527	2,202
Institutions	812	65	582	47	495	40
Retail	15,287	1,223	12,412	993	12,388	991
Real estate loans	*2,606*	*209*	*2,286*	*183*	*4,998*	*400*
Revolving exposures	*367*	*29*	*348*	*28*	*348*	*28*
Other exposures	*12,314*	*985*	*9,778*	*782*	*7,042*	*563*
Other non credit-obligation assets	3,587	287	2,968	237	2,237	179
Securitisation positions	**93**	**7**	**176**	**14**	**176**	**14**
Securitisation positions - standardised approach	93	7	176	14	176	14
Counterparty credit risk	**252**	**20**	**232**	**19**	**204**	**16**
Counterparty credit risk - Standardised approach	**252**	**20**	**232**	**19**	**204**	**16**
CVA charge	34	3	28	3		
Counterparty credit risk - excl. CCP and CVA charges	218	17	204	16	204	16
Corporates	*203*	*16*	*192*	*15*	*192*	*15*
Institutions	*15*	*1*	*12*	*1*	*12*	*1*
Equity risk	**42**	**3**	**90**	**7**	**6**	**0**
Internal model					6	0
Simple weighting method	42	3	90	7	0	0
Listed equities	*12*	*1*	*56*	*4*	*0*	*0*
Other equity exposures	*30*	*2*	*34*	*3*	*0*	*0*
Market risk	**2**	**0**	**8**	**1**	**8**	**1**
Standardised approach	2	0	8	1	8	1
Operational risk	**3,253**	**260**	**3,285**	**263**	**3,285**	**263**
Standardised approach	3,253	260	3,285	263	3,285	263
TOTAL	**55,533**	**4,441**	**46,720**	**3,738**	**46,327**	**3,706**

BNP PARIBAS PERSONAL FINANCE

In millions of euros	31 December 2014 Basel 3 (fully loaded)		31 December 2013 Basel 3 (fully loaded)		31 December 2013 Basel 2.5	
	RWAs	Capital requirements	RWAs	Capital requirements	RWAs	Capital requirements
Credit risk	43,720	3,498	41,597	3,328	40,132	3,211
Credit risk - IRB approach	**9,422**	**754**	**9,848**	**788**	**9,851**	**788**
Retail	9,422	754	9,848	788	9,851	788
Revolving exposures	*4,210*	*337*	*4,411*	*353*	*4,411*	*353*
Other exposures	*5,212*	*417*	*5,437*	*435*	*5,440*	*435*
Credit risk - Standardised approach	**34,298**	**2,744**	**31,749**	**2,540**	**30,281**	**2,423**
Central governments and central banks	25	2	38	3	38	3
Corporates	734	59	386	31	386	31
Institutions	349	28	350	28	383	31
Retail	30,801	2,464	28,945	2,316	28,225	2,258
Real estate loans	*11,676*	*934*	*12,554*	*1,004*	*12,177*	*974*
Revolving exposures	*1,366*	*109*	*1,447*	*116*	*1,447*	*116*
Other exposures	*17,759*	*1,421*	*14,944*	*1,196*	*14,601*	*1,168*
Other non credit-obligation assets	2,389	191	2,030	162	1,249	100
Securitisation positions	0	0	0	0	0	0
Counterparty credit risk	26	2	15	1	15	1
Counterparty credit risk - Standardised approach	**26**	**2**	**15**	**1**	**15**	**1**
CVA charge	15	1	0	0		
Counterparty credit risk - excl. CCP and CVA charges	11	1	15	1	15	1
Institutions	*11*	*1*	*15*	*1*	*15*	*1*
Equity risk	1,564	125	1,491	119	154	12
Internal model					154	12
Other equity exposures					*154*	*12*
Simple weighting method	139	11	148	12	0	0
Other equity exposures	*139*	*11*	*148*	*12*	*0*	*0*
Standardised approach	1,425	114	1,343	107	0	0
Market risk	21	2	12	1	12	1
Standardised approach	21	2	12	1	12	1
Operational risk	3,933	314	3,398	272	3,398	272
Advanced Measurement Approach (AMA)	2,917	233	2,295	184	2,295	184
Standardised approach	606	48	586	47	586	47
Basic indicator approach	410	33	517	41	517	41
TOTAL	**49,264**	**3,941**	**46,513**	**3,721**	**43,711**	**3,497**

BGL BNP PARIBAS

In millions of euros	31 December 2014 Basel 3 (fully loaded)		31 December 2013 Basel 3 (fully loaded)		31 December 2013 Basel 2.5	
	RWAs	Capital requirements	RWAs	Capital requirements	RWAs	Capital requirements
Credit risk	**21,476**	**1,718**	**21,981**	**1,759**	**22,883**	**1,831**
Credit risk - IRB approach	**4,779**	**382**	**4,717**	**378**	**4,686**	**375**
Central governments and central banks	526	42	325	26	333	27
Corporates	2,791	223	2,846	228	2,757	220
Institutions	204	16	244	20	224	18
Retail	1,195	96	1,212	97	1,282	103
Real estate loans	*652*	*52*	*748*	*60*	*748*	*60*
Other exposures	*543*	*44*	*464*	*37*	*534*	*43*
Other non credit-obligation assets	63	5	90	7	90	7
Credit risk - Standardised approach	**16,697**	**1,336**	**17,264**	**1,381**	**18,197**	**1,456**
Central governments and central banks	3	0	4	0	3	0
Corporates	8,600	688	9,310	745	9,201	736
Institutions	235	19	238	19	221	18
Retail	6,085	487	5,733	459	6,799	544
Real estate loans	*0*	*0*	*3*	*0*	*4*	*0*
Other exposures	*6,085*	*487*	*5,730*	*459*	*6,795*	*544*
Other non credit-obligation assets	1,774	142	1,979	158	1,973	158
Securitisation positions	**51**	**4**	**81**	**6**	**81**	**6**
Securitisation positions - IRB approach	51	4	81	6	81	6
Counterparty credit risk	**98**	**8**	**62**	**5**	**72**	**6**
Counterparty credit risk - IRB approach	**86**	**7**	**60**	**5**	**0**	**0**
Counterparty credit risk - excl. CCP and CVA charges	86	7	60	5	0	0
Corporates	*73*	*6*	*53*	*4*	*0*	*0*
Institutions	*12*	*1*	*7*	*1*	*0*	*0*
Retail	*1*	*0*	*0*	*0*	*0*	*0*
Counterparty credit risk - Standardised approach	**12**	**1**	**2**	**0**	**72**	**6**
CVA charge	9	1	2	0		
Counterparty credit risk - excl. CCP and CVA charges	3	0	0	0	72	6
Corporates	*0*	*0*	*0*	*0*	*51*	*4*
Institutions	*3*	*0*	*0*	*0*	*21*	*2*
Equity risk	**1,022**	**82**	**663**	**53**	**662**	**53**
Internal model					233	19
Other equity exposures					*233*	*19*
Simple weighting method	599	48	397	32	343	27
Listed equities	*0*	*0*	*0*	*0*	*5*	*0*
Other equity exposures	*592*	*47*	*397*	*32*	*338*	*27*
Private equity exposures in diversified portfolios	*7*	*1*	*0*	*0*	*0*	*0*
Standardised approach	423	34	266	21	86	7
Market risk	**3**	**0**	**56**	**4**	**56**	**4**
Standardised approach	3	0	56	4	56	4
Operational risk	**1,380**	**110**	**1,320**	**106**	**1,320**	**106**
Advanced Measurement Approach (AMA)	1,115	89	1,021	82	1,021	82
Standardised approach	160	13	151	12	151	12
Basic indicator approach	105	8	148	12	148	12
TOTAL	**24,030**	**1,922**	**24,163**	**1,933**	**25,074**	**2,006**

TEB GROUP

In millions of euros	31 December 2014 Basel 3 (fully loaded)		31 December 2013 Basel 3 (fully loaded)		31 December 2013 Basel 2.5	
	RWAs	Capital requirements	RWAs	Capital requirements	RWAs	Capital requirements
Credit risk	**20,296**	**1,624**	**17,159**	**1,373**	**17,042**	**1,363**
Credit risk - IRB approach	**61**	**5**	**48**	**4**	**47**	**3**
Corporates	61	5	48	4	47	3
Credit risk - Standardised approach	**20,235**	**1,619**	**17,111**	**1,369**	**16,995**	**1,360**
Central governments and central banks	1,359	109	1,081	86	1,081	86
Corporates	8,802	704	8,970	718	8,970	718
Institutions	1,177	94	994	80	994	80
Retail	8,270	662	5,537	443	5,537	443
Real estate loans	*396*	*32*	*333*	*27*	*333*	*27*
Other exposures	*7,874*	*630*	*5,204*	*416*	*5,204*	*416*
Other non credit-obligation assets	627	50	529	42	413	33
Securitisation positions	**0**	**0**	**0**	**0**	**0**	**0**
Counterparty credit risk	**267**	**21**	**244**	**19**	**179**	**14**
Counterparty credit risk - Standardised approach	**267**	**21**	**244**	**19**	**179**	**14**
CVA charge	141	11	65	5		
Counterparty credit risk - excl. CCP and CVA charges	126	10	179	14	179	14
Corporates	*57*	*5*	*111*	*9*	*111*	*9*
Institutions	*65*	*5*	*55*	*4*	*55*	*4*
Retail	*4*	*0*	*13*	*1*	*13*	*1*
Equity risk	**20**	**2**	**18**	**1**	**7**	**1**
Simple weighting method	20	2	18	1	0	0
Other equity exposures	*20*	*2*	*18*	*1*	*0*	*0*
Standardised approach	0	0	0	0	7	1
Market risk	**461**	**37**	**131**	**11**	**131**	**11**
Standardised approach	461	37	131	11	131	11
Operational risk	**1,762**	**141**	**1,599**	**128**	**1,599**	**128**
Basic indicator approach	1,762	141	1,599	128	1,599	128
TOTAL	**22,806**	**1,825**	**19,151**	**1,532**	**18,958**	**1,517**

Appendix 4: List of tables and figures

Appendix 5: 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 Valuation 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
FSB	Financial Stability Board
G-SIBs	Global systemically important banks
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
PVA	Prudent Valuation Adjustment
RMBS	Residential Mortgage-Backed Securities
RW	Risk weight
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 2014

In millions of euros	Note	2014	2013
Interest income	2.a	13,896	14,904
Interest expense	2.a	(8,999)	(10,417)
Income on equities and other variable instruments	2.b	2,507	3,832
Commission income	2.c	5,194	4,431
Commission expense	2.c	(865)	(1,061)
Gains or losses on trading account securities	2.d	2,057	2,867
Gains or losses on securities available for sale	2.e	574	428
Other banking income		371	227
Other banking expenses		(150)	(189)
REVENUES		**14,585**	**15,022**
Salaries and employee benefit expenses	5.a	(5,657)	(5,275)
Other administrative expenses		(3,595)	(3,420)
Depreciation, amortisation and impairment on tangible, and intangible assets		(2,372)	(541)
GROSS OPERATING INCOME		**2,961**	**5,786**
Cost of risk	2.f	(1,004)	(552)
Costs associated with the global agreement with the United States	2.g	(2,881)	(798)
OPERATING INCOME		**(924)**	**4,436**
Net gain or loss on disposals of long-term investments	2.h	(1,944)	979
Net additions to or write-backs from regulated provisions		(3)	47
INCOME BEFORE TAX		**(2,871)**	**5,462**
Corporate income tax	2.i	(218)	(466)
NET INCOME		**(3,089)**	**4,996**

BALANCE SHEET AT 31 DECEMBER 2014

In millions of euros, at	Note	31 December 2014	31 December 2013
ASSETS			
Cash and amounts due from central banks and post office banks		88,765	80,360
Treasury bills and money-market instruments	3.c	118,241	89,545
Due from credit institutions	3.a	275,037	259,165
Customer items	3.b	361,214	316,197
Bonds and other fixed-income securities	3.c	90,364	69,802
Equities and other variable-income securities	3.c	1,915	3,047
Investments in subsidiaries and equity securities held for long-term investment	3.c	4,139	4,452
Investments in affiliates	3.c	57,609	56,144
Leasing receivables		-	14
Intangible assets	3.j	5,188	6,181
Tangible assets	3.j	2,429	2,247
Treasury shares	3.d	140	138
Other assets	3.h	231,157	177,043
Accrued income	3.i	93,191	72,333
TOTAL ASSETS		**1,329,389**	**1,136,668**
LIABILITIES			
Due to central banks and post office banks		1,341	520
Due to Credit institutions	3.a	294,694	293,886
Customer items	3.b	387,007	291,270
Debt securities	3.f	156,792	157,307
Other liabilities	3.h	321,442	246,235
Accrued income	3.i	92,946	69,909
Provisions	3.k	4,094	4,366
Subordinated debt	3.l	13,872	11,044
TOTAL LIABILITIES		**1,272,188**	**1,074,537**
SHAREHOLDERS' EQUITY	6.b		
Share capital		2,492	2,490
Additional paid-in capital		23,048	23,026
Retained earnings		34,750	31,619
Net income		(3,089)	4,996
TOTAL SHAREHOLDERS' EQUITY		**57,201**	**62,131**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,329,389**	**1,136,668**

OFF-BALANCE SHEET	Note	31 December 2014	31 December 2013
COMMITMENTS GIVEN			
Financing commitments	4.a	193,809	151,705
Guarantee commitments	4.b	130,271	119,261
Commitments given on securities		5,138	350
COMMITMENTS RECEIVED			
Financing commitments	4.a	129,007	99,474
Guarantee commitments	4.b	225,965	226,323
Commitments received on securities		4,963	544

Notes to the parent company financial statements

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED BY BNP PARIBAS SA

BNP Paribas SA's financial statements have been prepared in accordance with the accounting principles applied to credit institutions in France.

AMOUNTS DUE FROM CREDIT INSTITUTIONS AND CUSTOMERS

Amounts due from credit institutions include all subordinated and unsubordinated loans made in connection with banking transactions with credit institutions, with the exception of debt securities. They also include assets purchased under resale agreements, whatever the type of assets concerned, and receivables corresponding to securities sold under collateralised repurchase agreements. They are broken down between demand loans and deposits, and term loans and time deposits.

Amounts due from customers include loans to customers other than credit institutions, with the exception of loans represented by debt securities issued by customers, assets purchased under resale agreements, whatever the type of assets concerned, and receivables corresponding to securities sold under collateralised repurchase agreements. They are broken down between commercial loans, customer debit accounts, and other loans.

Amounts due from credit institutions and customers are recorded in the balance sheet at nominal value plus accrued interest not yet due.

Outstanding loans and confirmed credit facilities are classified into sound loans, including sound restructured loans, and doubtful loans. The same analysis is performed for credit risks attached to forward financial instruments whose present value represents an asset for the Group.

Credit risks on outstanding loans and confirmed credit facilities are monitored with an internal credit risk 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.

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 remaining life.

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 recognised when they have been declared by the issuers' shareholders or if the shareholders' decision is unknown, when they are received. They are recorded under "Income On Equities And Other Variable Instruments."

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". Shares granted to employees of BNP Paribas SA subsidiaries are charged to the subsidiaries according to the provisions of local law;
- treasury shares held for allocation to employees are not impaired, but a provision is recognised for these shares based on the services provided by the employees who will receive the shares;
- treasury shares that are intended to be cancelled or that are not being held for either of the above reasons are included in long-term investments. Treasury shares intended to be cancelled are stated at cost; all others are stated at the lower of cost and fair value.

FIXED ASSETS

Buildings and equipment are stated at acquisition cost or at the adjusted value determined in accordance with France's approbation laws of 1977 and 1978. Revaluation differences on non-depreciable assets, recorded at the time of these statutory revaluations, are included in share capital.

Fixed assets are initially recognised at purchase price plus directly attributable costs, together with borrowing costs where a long period of construction or adaptation is required before the asset can be brought into service.

Software developed internally by BNP Paribas SA that fulfils the criteria for capitalisation is capitalised at direct development cost, which includes external costs and staff costs directly attributable to the project.

Subsequent to initial recognition, fixed assets are measured at cost less accumulated depreciation or amortisation and any impairment losses.

Fixed assets are depreciated or amortised using the straight-line method over the useful life of the asset. Depreciation and amortisation expense is recognised in the profit and loss account under "Depreciation, amortisation, and provisions on tangible and intangible assets".

The portion of recognised depreciation or amortisation that exceeds the economic amount or amortisation calculated on a straight-line basis is recorded in the balance sheet as a liability under "Regulatory provisions: accelerated depreciation and amortisation". BNP Paribas SA does not calculate the deferred tax effects of accelerated depreciation and amortisation.

When an asset consists of a number of components that may require replacement at regular intervals or that have different uses or different patterns of consumption of economic benefits, each component is recognised separately and depreciated using a method appropriate to that component. BNP Paribas SA has adopted the component-based approach for property used in operations.

The depreciation periods used for office property are as follows: 80 years or 60 years for the shell (for prime and other property respectively); 30 years for facades; 20 years for general and technical installations; and 10 years for fixtures and fittings.

Depending on its type, software is amortised over a period of no more than 8 years in relation to infrastructure developments and 3 years or 5 years in the case of software developed primarily for the purpose of providing services to customers.

Depreciable fixed assets are tested for impairment if there is an indication of potential impairment at the balance sheet date. Non-depreciable assets are tested for impairment annually.

If there is an indication of impairment, the new recoverable amount of the asset is compared with the carrying amount. If the asset is found to be materially impaired, an impairment loss is recognised in the profit and loss account. This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. Impairment losses are taken into account in the profit and loss account under "Depreciation, amortisation, and provisions on tangible and intangible assets".

Gains and losses on disposals of property, plant and equipment, and intangible assets used in operations are recognised in the profit and loss account under "Net gain (loss) on disposals of fixed assets".

AMOUNTS DUE TO CREDIT INSTITUTIONS AND CUSTOMERS

Amounts due to credit institutions and customers are classified by their initial term or their nature: demand accounts and time deposits for credit institutions, and regulated savings accounts and other deposits for customers. 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 debt securities, 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 financial instruments 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. The amount is reported 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. Since 1 January 2013, BNP Paribas SA has applied recommendation 2013-02, issued on 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. Actuarial gains and losses and the effect of limits on assets are now recognised immediately in profit or loss. Expected gains from investments are calculated at the discount rate of the corresponding commitments.

RECOGNITION OF REVENUE AND EXPENSES

Interest and fees and commissions qualified as interest are recognised on an accrual basis. These 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 2014 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, commission 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	2014		2013	
	Income	Expenses	Income	Expenses
Credit institutions	**3,324**	**(2,584)**	**3,519**	**(2,934)**
Demand accounts, loans and borrowings	3,025	(2,231)	3,273	(2,599)
Securities given/received under repurchase agreements	187	(353)	141	(335)
Subordinated loans	112		105	
Customers	**6,887**	**(2,216)**	**7,479**	**(2,357)**
Demand accounts, loans, and term accounts	6,753	(2,124)	7,342	(2,260)
Securities given/received under repurchase agreements	119	(92)	123	(97)
Subordinated loans	15		14	
Finance leases			**3**	**(1)**
Debt securities	**275**	**(3,922)**	**208**	**(4,268)**
Bonds and other fixed-income securities	**3,410**		**3,695**	
Trading account securities	154		344	
Securities available for sale	3,186		3,263	
Debt securities held to maturity	70		88	
Macro-hedging instruments		**(277)**		**(857)**
INTEREST INCOME AND EXPENSES	**13,896**	**(8,999)**	**14,904**	**(10,417)**

2.b INCOME ON EQUITIES AND OTHER VARIABLE INSTRUMENTS

In millions of euros	2014	2013
Securities available for sale	35	53
Investments in subsidiaries and equity securities held for long-term investment	262	245
Investments in affiliates	2,210	3,534
INCOME ON EQUITIES AND OTHER VARIABLE INSTRUMENTS	**2,507**	**3,832**

2.c COMMISSIONS

In millions of euros	2014		2013	
	Income	Expenses	Income	Expenses
Commissions on banking and financing transactions	**2,466**	**(518)**	**1,914**	**(755)**
Customer items	1,374	(104)	1,373	(87)
Other	1,092	(414)	541	(668)
Commissions on financial services	**2,728**	**(347)**	**2,517**	**(306)**
COMMISSION INCOME AND EXPENSES	**5,194**	**(865)**	**4,431**	**(1,061)**

2.d GAINS OR LOSSES ON TRADING ACCOUNT SECURITIES

In millions of euros	2014	2013
Fixed Income instruments and transactions in trading account securities	779	1,945
Currency instruments	98	87
Credit instruments	(248)	380
Other variable income financial instruments and transactions in trading account securities	1,428	455
GAINS NET ON TRADING ACCOUNT SECURITIES	**2,057**	**2,867**

2.e GAINS OR LOSSES ON SECURITIES AVAILABLE FOR SALE

In millions of euros	2014		2013	
	Income	Expenses	Income	Expenses
Divestments	509	(49)	384	(107)
Provisions	182	(68)	261	(110)
TOTAL	**691**	**(117)**	**645**	**(217)**
GAINS NET ON SECURITIES AVAILABLE FOR SALE	**574**		**428**	

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	2014	2013
Net additions to or write-backs from provisions	**(948)**	**(464)**
Customer items and credit institutions	(853)	(501)
Off-balance sheet commitment	(7)	67
Securities	(91)	(11)
Doubtful loans	(13)	(4)
Financial instruments for market activities	16	(15)
Irrecoverable loans not covered by provisions	**(137)**	**(146)**
Recoveries of loans written-off	**81**	**58**
COST OF RISK	**(1,004)**	**(552)**

In millions of euros	2014	2013
Balance at 1 January	**7,887**	**8,264**
Net additions to or write-backs from provisions	948	464
Write-offs during the period covered by provisions	(1,137)	(690)
Effect of movements in exchange rates and other	241	(151)
PROVISION FOR CREDIT RISKS	**7,939**	**7,887**

The provisions break down as follows:

In millions of euros	2014	2013
Provisions deducted from assets	**7,258**	**7,254**
For amounts due from credit institutions *(note 3.a)*	163	399
For amounts due from customers *(note 3.b)*	6,689	6,511
For leasing transactions		1
For securities	372	281
For financial instruments for market activities	34	62
Provisions recognised as liabilities *(note 3.k)*	**681**	**633**
For off-balance sheet commitments	621	589
For doubtful loans	60	44
PROVISION FOR CREDIT RISKS	**7,939**	**7,887**

2.g COSTS ASSOCIATED WITH THE GLOBAL AGREEMENT WITH THE UNITED STATES

On 30 June 2014 the Group reached a comprehensive settlement in connection with the investigation into certain dollar transactions involving countries subject to United States economic sanctions.

This settlement includes agreements with the US Department of Justice, US Attorney's Office for the Southern District of New York, the New York County District Attorney's Office, the Board of Governors of the US Federal Reserve System (FED), the New York State Department of Financial Services (DFS), and the US Department of the Treasury's Office of Foreign Assets Control (OFAC).

The agreement includes guilty pleas entered into by BNP Paribas SA in relation to violations of certain US laws and regulations regarding economic sanctions against certain countries and related recordkeeping. BNP Paribas SA agreed to pay USD 5.12 billion (EUR 3.68 billion), representing its share of the total penalty of USD 8.97 billion paid by the Group. Beyond the EUR 0.8 billion already provisioned at 31 December 2013, this resulted in the recognition of an exceptional charge of EUR 2.88 billion in 2014. BNP Paribas also accepted a temporary suspension of one year starting on 1 January 2015 of the USD direct clearing, mainly involving the Oil & Gas Energy & Commodity trade financing business line in certain locations.

BNP Paribas has worked with the US authorities to resolve these issues and the resolution of these matters was coordinated by its home regulator (*Autorité de Contrôle Prudentiel et de Résolution* – ACPR) with its lead regulators. BNP Paribas will maintain its licenses as part of the settlements.

2.h NET GAINS OR LOSSES ON DISPOSALS OF LONG-TERM INVESTMENTS

In millions of euros	2014 Income	2014 Expenses	2013 Income	2013 Expenses
Investments in subsidiaries and equity securities held for long-term investment	**131**	**(23)**	**1,184**	**(337)**
Divestments	99	(4)	164	(329)
Provisions	32	(19)	1,020	(8)
Investments in affiliates	**123**	**(2,188)**	**333**	**(305)**
Divestments	46	(22)	270	(31)
Provisions (1)	77	(2,166)	63	(274)
Operating assets	**26**	**(13)**	**171**	**(67)**
TOTAL	**280**	**(2,224)**	**1,688**	**(709)**
NET GAINS OR LOSSES ON DISPOSALS OF LONG-TERM INVESTMENTS		**(1,944)**	**979**	

(1) *The charge of EUR 2,166 million recognised under provisions relating to investments in affiliates includes a provision of EUR 1,954 million relating to the consolidated subsidiary BNP Paribas Suisse SA for the losses recorded in 2014.*

2.i CORPORATE INCOME TAX

In millions of euros	2014	2013
Current tax expense	(215)	(342)
Deferred tax expense	(3)	(124)
CORPORATE INCOME TAX	**(218)**	**(466)**

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 2014

3.a AMOUNTS DUE FROM AND DUE TO CREDIT INSTITUTIONS

In millions of euros, at	31 December 2014	31 December 2013
Loans and receivables	**154,875**	**167,028**
Demand accounts	6,218	6,286
Term accounts and loans	142,150	154,459
Subordinated loans	6,507	6,283
Securities received under repurchase agreements	**120,325**	**92,536**
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS BEFORE IMPAIRMENT	**275,200**	**259,564**
of which accrued interest	*823*	*796*
of which irrecoverable loans	*63*	*122*
of which potentially recoverable doubtful loans	*145*	*246*
Impairment on receivables due from credit institutions *(note 2.f)*	**(163)**	**(399)**
LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS NET OF IMPAIRMENT	**275,037**	**259,165**

In millions of euros, at	31 December 2014	31 December 2013
Deposits and borrowings	**167,205**	**182,134**
Demand deposits	12,883	10,339
Term accounts and borrowings	154,322	171,795
Securities given under repurchase agreements	**127,489**	**111,752**
DUE TO CREDIT INSTITUTIONS	**294,694**	**293,886**
of which accrued interest	*765*	*977*

3.b CUSTOMER ITEMS

In millions of euros, at	31 December 2014	31 December 2013
Loans and receivables	**275,738**	**260,786**
Commercial and industrial loans	2,080	2,557
Demand accounts	12,045	12,269
Short-term loans	57,105	53,231
Mortgages	69,222	70,644
Equipment loans	45,526	45,863
Export loans	8,180	8,447
Other customer loans	80,218	65,682
Subordinated loans	1,362	2,093
Securities received under repurchase agreements	**92,165**	**61,922**
CUSTOMER ITEMS BEFORE IMPAIRMENT – ASSETS	**367,903**	**322,708**
of which accrued interest	*631*	*671*
of which loans eligible for refinancing by the Banque de France	*53*	*101*
of which potentially recoverable doubtful loans and receivables	*4,499*	*4,887*
of which irrecoverable loans and receivables	*5,852*	*6,563*
Impairment on receivables due from customers *(note 2.f)*	**(6,689)**	**(6,511)**
CUSTOMER ITEMS NET OF IMPAIRMENT - ASSETS	**361,214**	**316,197**

The following table gives the loans and receivables net of impairment due from customers by counterparty:

In millions of euros, at	31 December 2014				31 December 2013			
		Doubtful loans net of provisions				Doubtful loans net of provisions		
	Sound loans	Potentially recoverable	Irrecoverable	Total	Sound loans	Potentially recoverable	Irrecoverable	Total
Financial institutions	63,410	91	7	63,508	37,729	13	7	37,749
Corporates	124,149	2,089	1,656	127,894	132,868	2,318	2,614	137,800
Entrepreneurs	9,779	59	297	10,135	11,025	50	221	11,296
Individuals	60,520	232	682	61,434	61,194	245	648	62,087
Other non-financial customers	6,074	1	3	6,078	5,337	3	3	5,343
TOTAL LOANS AND RECEIVABLES NET OF IMPAIRMENT	**263,932**	**2,472**	**2,645**	**269,049**	**248,153**	**2,629**	**3,493**	**254,275**

In millions of euros, at	31 December 2014	31 December 2013
Deposits	**314,120**	**246,227**
Demand deposits	102,669	84,233
Term deposits	142,877	103,996
Regulated savings accounts	68,574	57,998
of which demand regulated savings accounts	*53,537*	*44,157*
Securities given under repurchase agreements	**72,887**	**45,043**
CUSTOMER ITEMS – LIABILITIES	**387,007**	**291,270**
of which accrued interest	*1,004*	*967*

3.c SECURITIES HELD BY BNP PARIBAS SA

In millions of euros, at	31 December 2014		31 December 2013	
	Net carrying amount	Market value	Net carrying amount	Market value
Trading account securities	78,612	78,612	57,007	57,007
Securities available for sale	39,279	41,857	32,189	34,162
of which provisions	*(21)*		*(58)*	
Debt securities held to maturity	350	354	349	349
TREASURY BILLS AND MONEY-MARKET INSTRUMENTS	**118,241**	**120,823**	**89,545**	**91,518**
of which receivables corresponding to loaned securities	*21,522*		*17,179*	
of which goodwill	*1,562*		*1,122*	
Trading account securities	44,588	44,588	39,358	39,358
Securities available for sale	43,832	45,206	28,406	28,467
of which provisions	*(346)*		*(323)*	
Debt securities held to maturity	1,944	1,963	2,038	2,191
of which provisions	*(56)*		*(55)*	
BONDS AND OTHER FIXED-INCOME SECURITIES	**90,364**	**91,757**	**69,802**	**70,016**
of which unlisted securities	*7,243*	*8,150*	*7,402*	*7,490*
of which accrued interest	*992*		*906*	
of which receivables corresponding to loaned securities	*12,619*		*3,879*	
of which goodwill	*138*		*(91)*	
Transaction	244	244	876	876
Securities available for sale and equity securities available for sale in the medium term	1,671	1,831	2,171	2,310
of which provisions	*(349)*		*(335)*	
EQUITIES AND OTHER VARIABLE-INCOME SECURITIES	**1,915**	**2,075**	**3,047**	**3,186**
of which unlisted securities	*1,570*	*1,722*	*1,664*	*1,793*
of which receivables corresponding to loaned securities	*57*		*394*	
Investments in subsidiaries	3,752	5,007	4,120	4,774
of which provisions	*(193)*		*(201)*	
Equity securities held for long-term investment	387	473	332	408
of which provisions	*(61)*		*(43)*	
INVESTMENTS IN SUBSIDIARIES AND EQUITY SECURITIES HELD FOR LONG-TERM INVESTMENT	**4,139**	**5,480**	**4,452**	**5,182**
of which unlisted securities	*2,011*	*2,506*	*1,975*	*2,324*
Investments in affiliates	57,609	84,330	56,144	80,338
of which provisions	*(4,334)*		*(2,273)*	
INVESTMENTS IN AFFILIATES	**57,609**	**84,330**	**56,144**	**80,338**

BNP Paribas SA's equity investments and affiliate interests in credit institutions totalled EUR 1,499 million and EUR 33,901 million, respectively at 31 December 2014, compared with EUR 1,473 million and EUR 32,470 million, respectively, at 31 December 2013.

3.d TREASURY SHARES

In millions of euros, at	31 December 2014 Gross value amount	31 December 2014 Net carrying amount	31 December 2013 Net carrying amount
Transaction	8	8	8
Securities available for sale	100	100	68
Investment in subsidiaries	32	32	62
TREASURY SHARES	**140**	**140**	**138**

The fifth resolution of the Shareholders' General Meeting of 14 May 2014, which replaced the sixth resolution of the Shareholders' General Meeting of 15 May 2013, 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 14 May 2014; 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 SA and companies controlled exclusively by BNP Paribas SA 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 2014, BNP Paribas SA held 603,827 treasury shares classified as "equity securities held for long-term investment" and intended to be cancelled.

BNP Paribas SA holds 2,195,160 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 172,866 BNP Paribas shares classified as trading account securities at 31 December 2014. This market-making agreement is consistent with the Code of Ethics recognised by the AMF.

3.e LONG-TERM INVESTMENTS

	Gross value					Provisions					Carrying amount	
In millions of euros	1 Jan. 2014	Purchases	Disposals and redemptions	Transfers and other move-ments	31 Dec. 2014	1 Jan. 2014	Additions	Write-back	Other move-ments	31 Dec. 2014	31 Dec. 2014	31 Dec. 2013
Debt securities held to maturity *(note 3.c)*	2,442	2	(220)	126	2,350	55	15	(23)	9	56	2,294	2,387
Investments in subsidiaries and equity securities held for long-term investment *(note 3.c)*	4,696	184	(503)	16	4,393	244	19	(9)		254	4,139	4,452
Investments in affiliates *(note 3.c)*	58,417	4,718	(1,085)	(107)	61,943	2,273	2,165	(74)	(30)	4,334	57,609	56,144
Treasury shares *(note 3.d)*	62		(30)		32						32	62
LONG-TERM INVESTMENTS	**65,617**	**4,904**	**(1,838)**	**35**	**68,718**	**2,572**	**2,199**	**(106)**	**(21)**	**4,644**	**64,074**	**63,045**

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 2014		31 December 2013	
			Carrying value	Market or model value	Carrying value	Market or model value
Financial assets reclassified out of the trading portfolio		**7,164**	**1,481**	**1,511**	**1,849**	**1,859**
To debt securities held to maturity	1 October 2008	4,404	761	780	867	861
To debt securities held to maturity	30 June 2009	2,760	720	731	982	998

Without these reclassifications, BNP Paribas SA's 2014 net income would have included a gain of EUR 76 million rather than the EUR 53 million actually recorded (2013 figures: EUR 44 million and EUR 70 million, respectively).

3.f DEBT SECURITIES

In millions of euros, at	31 December 2014	31 December 2013
Negotiable debt securities	150,394	150,713
Bond issues	6,009	6,214
Other debt securities	389	380
DEBT SECURITIES	**156,792**	**157,307**
of which unamortised premiums	*941*	*925*

3.g BOND ISSUES

The following table gives the contractual maturity schedule for bonds issued by BNP Paribas SA as of 31 December 2014:

In millions of euros	Outstanding 31 Dec. 2014	2015	2016	2017	2018	2019	2020 to 2024	After 2024
Bond issues	6,009	2,251	1,026	518	921	465	544	284

3.h OTHER ASSETS AND LIABILITIES

In millions of euros, at	31 December 2014	31 December 2013
Options purchased	179,201	136,712
Settlement accounts related to securities transactions	2,607	3,196
Deferred tax assets	1,159	963
Miscellaneous assets	48,190	36,172
OTHER ASSETS	**231,157**	**177,043**
Options sold	171,839	132,325
Settlement accounts related to securities transactions	2,655	4,249
Liabilities related to securities transactions	105,434	81,666
Deferred tax liabilities	141	47
Miscellaneous liabilities(1)	41,373	27,948
OTHER LIABILITIES	**321,442**	**246,235**

(1) Accounts payable by BNP Paribas SA excluding foreign branches amounted to EUR 3.9 million at 31 December 2014 versus EUR 3 million at 31 December 2013. The breakdown by maturity of BNP Paribas' accounts payable excluding foreign branches shows that 74% were less than 60 days old.

3.i ACCRUED INCOME

In millions of euros, at	31 December 2014	31 December 2013
Remeasurement of currency instruments and derivatives	64,011	46,210
Accrued income	17,949	13,759
Collection accounts	102	220
Other accrued income	11,129	12,144
ACCRUED INCOME	**93,191**	**72,333**
Remeasurement of currency instruments and derivatives	66,947	46,249
Accrued expenses	16,461	13,238
Collection accounts	513	797
Other accrued expenses	9,025	9,625
ACCRUED EXPENSES	**92,946**	**69,909**

3.j OPERATING ASSETS

	31 December 2014			31 December 2013
In millions of euros, at	Gross value	Depreciation, amortisation and impairment	Net value	Net value
Software	3,129	(2,416)	713	645
Other intangible assets[1]	6,351	(1,876)	4,475	5,536
INTANGIBLE ASSETS	**9,480**	**(4,292)**	**5,188**	**6,181**
Land and buildings	2,463	(851)	1,612	1,605
Equipment, furniture and fixtures	2,260	(1,870)	390	357
Other property, plan and equipment	427		427	285
TANGIBLE ASSETS	**5,150**	**(2,721)**	**2,429**	**2,247**

(1) The "Gross amount" of intangible assets includes EUR 547 million of technical underabsorption recognised on this year as a result of:
- *the merger of Cortal Consors into BNP Paribas SA, causing a technical merger loss of EUR 440 million; and*
- *the merger of Omnium de Gestion et de Développement Immobilier (OGDI) into BNP Paribas SA, causing a technical merger loss of EUR 107 million;*

In addition, this year's "Amortisation and provisions" on intangible assets includes a fair value adjustment of EUR -1,804 million of technical merger loss recognised in 2007 for BNL given the challenging economic climate in Italy.

3.k PROVISIONS

In millions of euros, at	31 December 2013	Additions	Reversals	Other movements	31 December 2014
Provision for employee benefit obligations	**708**	**315**	**(164)**	**(6)**	**853**
Provision for doubtful loans *(note 2.f)*	**44**	**20**	**(7)**	**3**	**60**
Provision for off-balance sheet commitments *(note 2.f)*	**589**	**64**	**(57)**	**25**	**621**
Other provisions					
■ for banking transactions	1,665	143	(1,015)	9	802
■ for non-banking transactions	1,360	445	(59)	12	1,758
PROVISIONS	**4,366**	**987**	**(1,302)**	**43**	**4,094**

➤ PROVISIONS FOR RISKS ON REGULATED SAVINGS PRODUCTS

In millions of euros, at	31 December 2014	31 December 2013
Deposits collected under home savings accounts and plans	**16,287**	**15,390**
of which for home savings plans	13,744	12,639
Aged more than 10 years	*3,840*	*4,837*
Aged between 4 and 10 years	*3,760*	*3,906*
Aged less than 4 years	*6,144*	*3,896*
Outstanding loans granted under home savings accounts and plans	**233**	**303**
of which for home savings plans	42	57
Provisions for home savings accounts and plans	**143**	**84**
of which discount on home savings accounts and plans	6	7
of which provisions for home savings accounts and plans	137	77
of which provisions for plans aged more than 10 years	*59*	*44*
of which provisions for plans aged between 4 and 10 years	*21*	*6*
of which provisions for plans aged less than 4 years	*45*	*14*
of which provisions for home savings accounts	*12*	*13*

➤ CHANGE IN PROVISIONS FOR REGULATED SAVINGS PRODUCTS

	2014		2013	
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	**64**	**20**	**122**	**28**
Additions to provisions during the period	61	-	-	-
Provision reversals during the period	-	(2)	(58)	(8)
Provisions at end of period	**125**	**18**	**64**	**20**

3.l SUBORDINATED DEBT

In millions of euros	2014	2013
Redeemable subordinated debt	**6,484**	**4,081**
Undated subordinated debt	**7,386**	**6,961**
Undated Super Subordinated Notes	6,681	6,283
Undated Floating-Rate Subordinated Notes	480	453
Undated Participating Subordinated Notes	225	225
Related debt	**2**	**2**
SUBORDINATED DEBT	**13,872**	**11,044**

Redeemable subordinated debt

The redeemable subordinated debt issued by BNP Paribas SA 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 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.

In 2014, five subordinated debt lines were redeemed 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 748 million. In addition, three subordinated notes were issued in 2014 totalling EUR 3,076 million.

The following table gives the maturity schedule for redeemable subordinated debt as of 31 December 2014:

In millions of euros	Outstanding 31 Dec. 2014	2015	2016	2017	2018	2019	2020 to 2024	After 2024
Redeemable subordinated debt	6,484	584	286	1,963	85	-	1,216	2,350

Undated subordinated debt

Undated Super Subordinated Notes

At 31 December 2014 BNP Paribas SA had issued Undated Super Subordinated Notes representing a total amount of EUR 6,681 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 first call date		Rate after first call date	31 Dec. 2014	31 Dec. 2013
June 2005	USD	1,070	Half-yearly	5.186%	10 years	USD 3-month Libor + 1.680%	884	775
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%	331	290
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%	579	541
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%	210	196
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%	496	435
June 2007	USD	1,100	Half-yearly	7.195%	30 years	USD 3-month Libor + 1.290%	909	798
October 2007	GBP	200	Yearly	7.436%	10 years	GBP 3-month Libor + 1.850%	257	240
June 2008	EUR	500	Yearly	7.781%	10 years	3-month Euribor + 3.750%	500	500
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%	58	51
December 2009	USD	0.5	Yearly	7.384%	10 years	USD 3-month Libor + 4.750%	1	1
UNDATED SUPER SUBORDINATED NOTES							**6,681**	**6,283**

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 first call date		Rate after first call date	31 Dec. 2014	31 Dec. 2013
October 1985	EUR	305	TMO -0.25%	-	-	254	254
September 1986	USD	500	6-month Libor + 0.075%	-	-	226	199
UNDATED FLOATING-RATE SUBORDINATED NOTES						**480**	**453**

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.

Undated Participating Subordinated Notes

Undated participating subordinated notes issued by BNP Paribas SA in September 1984 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 2014.

Note 4 FINANCING AND GUARANTEE COMMITMENTS

4.a FINANCING COMMITMENTS

In millions of euros, at	31 December 2014	31 December 2013
Credit institutions	53,841	40,875
Customers	139,968	110,830
Confirmed letters of credit	84,204	57,774
Other commitments given to customers	55,764	53,056
FINANCING COMMITMENTS GIVEN	**193,809**	**151,705**
Credit institutions	118,772	94,275
Customers	10,235	5,199
FINANCING COMMITMENTS RECEIVED	**129,007**	**99,474**

4.b GUARANTEE COMMITMENTS

In millions of euros, at	31 December 2014	31 December 2013
Credit institutions	34,174	41,732
Customers	96,097	77,529
GUARANTEE COMMITMENTS GIVEN	**130,271**	**119,261**
Credit institutions	78,392	69,076
Customers	147,573	157,247
GUARANTEE COMMITMENTS RECEIVED	**225,965**	**226,323**

4.c FINANCIAL INSTRUMENTS GIVEN AND RECEIVED AS GUARANTEES

FINANCIAL INSTRUMENTS GIVEN AS COLLATERAL

In millions of euros, at	31 December 2014	31 December 2013
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	83,426	59,474
■ Used as collateral with central banks	14,249	3,160
■ Available for refinancing transactions	69,177	56,314
Financial assets pledged as collateral for transactions with credit institutions, financial customers or subscribers of covered bonds issued by the Group	64,139	68,303

At 31 December 2014, the Bank had EUR 83,426 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 59,474 million at 31 December 2013). This amount includes EUR 71,474 million deposited with the Banque de France (*vs.* EUR 47,658 million at 31 December 2013) under the Banque de France's comprehensive collateral management system to cover Eurosystem monetary policy transactions and intraday loans. At 31 December 2014 the Bank had used as collateral EUR 14,249 million of the amount deposited with central banks (*vs.* EUR 3,160 million at 31 December 2013), including EUR 14,183 million of the amount deposited with the Banque de France (*vs.* EUR 3,000 million at 31 December 2013).

The other assets that the Bank has pledged as collateral with credit institutions and financial customers totalled EUR 28,975 million at 31 December 2014 (*vs.* EUR 32,900 million at 31 December 2013), and concerned financing for BNP Paribas Home Loan SFH.

FINANCIAL INSTRUMENTS RECEIVED AS COLLATERAL

In millions of euros, at	31 December 2014	31 December 2013
Financial instruments received as collateral (excluding repurchase agreements)	11,531	6,096

Note 5 SALARIES AND EMPLOYEE BENEFITS

5.a SALARIES AND EMPLOYEE BENEFIT EXPENSES

In millions of euros	2014	2013
Salaries	(3,565)	(3,630)
Tax and social security charges	(1,839)	(1,444)
Employee profit-sharing and incentive plans	(253)	(201)
TOTAL SALARIES AND EMPLOYEE BENEFIT EXPENSES	**(5,657)**	**(5,275)**

Income stemming from the French Competitiveness and Employment Tax Credit (CICE) is deducted from Salaries and employee benefit expenses. It amounted to EUR 39 million in 2014 compared to EUR 26 million in 2013. The use of the CICE is presented in chapter 7 of the Registration document "A responsible bank: information on BNP Paribas' economic, social, civic and environmental responsibility".

The following table gives the breakdown of BNP Paribas SA's employees:

Headcount, at	31 December 2014	31 December 2013
Employees in Metropolitan France	37,872	38,393
of which managers	*22,741*	*22,617*
Employees outside Metropolitan France	11,260	9,169
TOTAL BNP PARIBAS SA	**49,132**	**47,562**

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, the United Kingdom, Ireland 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 2014 was EUR 272 million, compared with EUR 241 million for the year 2013.

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 postemployment plans totalled EUR 516 million at 31 December 2014 (against EUR 386 million at 31 December 2013), comprised of EUR 362 million for French plans and EUR 154 million for other plans.

At 31 December 2014, BNP Paribas recognised EUR 2 million of retirement plan assets (recognised surplus and reimbursement rights) as compared to EUR 8 million at 31 December 2013.

Pension plans and other post-employment benefits

Pension plans

In France, BNP Paribas SA pays a top-up banking industry pension arising from rights acquired to 31 December 1993 by retired employees at that date and active employees in service at that date. These residual pension obligations are covered by a provision in BNP Paribas SA's financial statements or transferred to an insurance company.

The defined-benefit plans previously granted to Group executives 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 85.9% bonds, 6.2% equities and 7.9% 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 2014, 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: 28% equities, 53% bonds, and 19% 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 SA no longer has any obligations in relation to healthcare benefits for its retired employees.

Among BNP Paribas SA's foreign branches, there are several healthcare benefit plans for retired employees, mainly in the United States. Provisions for obligations under these plans amounted to EUR 14 million at 31 December 2014, compared to EUR 11 million at 31 December 2013.

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

The Bank has implemented a number of voluntary redundancy plans and a headcount adaptation plan for employees who meet certain eligibility criteria. The obligations to eligible active employees under such plans are provided for when the plan is the subject of an agreement or a bilateral draft agreement.

Provisions for these plans totalled EUR 20 million at 31 December 2014 (EUR 22 million at 31 December 2013).

In millions of euros, at	31 December 2014	31 December 2013
Provision for voluntary departure, early retirement plans, and headcount adaptation plan	20	22

Note 6 ADDITIONAL INFORMATION

6.a CHANGES IN SHARE CAPITAL

Resolutions of Shareholders' General Meetings valid for 2014

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 2014:

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2014
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 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 was nullified by the 5th resolution of the Shareholders' General Meeting of 14 May 2014.	Under the market-making agreement, 221,295 shares with a par value of EUR 2 were acquired and 203,300 shares with a par value of EUR 2 were sold between 1 January and 14 May 2014.

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2014
Shareholders' General Meeting of 14 May 2014 (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 70 per share (EUR 60 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 schemes or corporate savings plans;* – cancelling shares following authorisation by the Shareholders' General Meeting of 14 May 2014 (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 replaces that given by the 6th resolution of the Shareholders' General Meeting of 15 May 2013.	Under the market-making agreement, 446,143 shares with a par value of EUR 2 were acquired and 447,604 shares with a par value of EUR 2 were sold between 15 May and 31 December 2014.
Shareholders' General Meeting of 14 May 2014 (16th resolution)	Authorisation to issue ordinary shares and share equivalents and securities granting entitlement to debt instruments, with pre-emptive rights for existing shareholders maintained. *The par value of the capital increases that may be carried out immediately and/or in the future by virtue of this authorisation may not exceed EUR 1 billion (representing 500 million shares).* *The par value of any debt instruments that may be issued by virtue of this authorisation may not exceed EUR 10 billion.* *This authorisation was granted for a period of 26 months and replaces that given by the 13th resolution of the Shareholders' General Meeting of 23 May 2012.*	This authorisation was not used during the period
Shareholders' General Meeting of 14 May 2014 (17th 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 240 million (representing 120 million shares).* *The par value of any debt instruments that may be issued by virtue of this authorisation may not exceed EUR 4.8 billion.* *This authorisation was granted for a period of 26 months and replaces that given by the 14th resolution of the Shareholders' General Meeting of 23 May 2012.*	This authorisation was not used during the period
Shareholders' General Meeting of 14 May 2014 (18th 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 240 million (representing 120 million shares).* *This authorisation was granted for a period of 26 months and replaces that given by the 15th resolution of the Shareholders' General Meeting of 23 May 2012.*	This authorisation was not used during the period
Shareholders' General Meeting of 14 May 2014 (19th resolution)	Authorisation to issue ordinary shares and share equivalents, with pre-emptive rights for existing shareholders waived, in consideration for securities tendered to contribution of shares up to a maximum of 10% of the capital. *The par value of the capital increases that may be carried out on one or more occasions by virtue of this authorisation may not exceed 10% of the number of shares forming the issued capital of BNP Paribas on the date of the decision by the Board of Directors.* *This authorisation was granted for a period of 26 months and replaces that given by the 16th resolution of the Shareholders' General Meeting of 23 May 2012.*	This authorisation was not used during the period

Resolutions adopted at Shareholders' General Meetings		Use of authorisation in 2014
Shareholders' General Meeting of 14 May 2014 (20th 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 17th to 19th resolutions of the present Shareholders' General Meeting may not exceed EUR 240 million for shares and EUR 4.8 billion for debt instruments.*	Not applicable
Shareholders' General Meeting of 14 May 2014 (21st resolution)	Issue of shares to be paid up by capitalising income, retained earnings or additional paid-in capital. *Authorisation was given to increase the issued capital within the limit of a maximum par value of EUR 1 billion on one or more occasions, by capitalising all or part of the retained earnings, profits or additional paid-in capital, successively or simultaneously, through the issuance and award of free ordinary shares, through an increase in the par value of existing shares, or through a combination of these two methods.* *This authorisation was granted for a period of 26 months and replaces that given by the 18th resolution of the Shareholders' General Meeting of 23 May 2012.*	This authorisation was not used during the period
Shareholders' General Meeting of 14 May 2014 (22nd 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 16th to 19th resolutions of the present Shareholders' General Meeting may not exceed EUR 1 billion for shares and EUR 10 billion for debt instruments.*	Not applicable
Shareholders' General Meeting of 14 May 2014 (23rd resolution)	Authorisation granted to the Board of Directors to carry out transactions reserved for members of the BNP Paribas Group's Corporate Savings Plan in the form of new share issues and/or sales of reserved shares. *Authorisation was given to increase the share capital within the limit of a maximum par value of EUR 46 million on one or more occasions by issuing ordinary shares, with pre-emptive rights for existing shareholders waived, reserved for members of the BNP Paribas Group's Corporate Savings Plan.* *This authorisation was granted for a period of 26 months and replaces that given by the 20th resolution of the Shareholders' General Meeting of 23 May 2012.*	This authorisation was not used during the period
Shareholders' General Meeting of 14 May 2014 (24th 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 not used during the period
	This authorisation was granted for a period of 18 months and replaces that given by the 14th resolution of the Shareholders' General Meeting of 15 May 2013. *Authorisation is granted to reduce the share capital of BNP Paribas by cancelling 390,691 BNP Paribas shares acquired in the transactions combining BNP Paribas and Banca Nazionale del Lavoro (BNL) for the aforementioned time period.*	390,691 shares with a par value of EUR 2 were cancelled on 18 December 2014

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 SUBSCRIBED 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 SUBSCRIBED AT 31 DECEMBER 2013	**1,245,162,809**	**2**	**2,490,325,618**			
Increase in share capital by exercise of stock subscription options	1,030,596	2	2,061,192	(1)	(1)	1 January 2013
Increase in share capital by exercise of stock subscription options	154,961	2	309,922	(1)	(1)	1 January 2014
Capital reductions (by cancellation of shares)	(390,691)	2	(781,382)	14 May 2014	18 December 2014	-
NUMBER OF SHARES SUBSCRIBED AT 31 DECEMBER 2014	**1,245,957,675**	**2**	**2,491,915,350**			

(1) Various resolutions voted in the Shareholders' General Meetings and decisions of the Board of Directors authorising the granting of stock subscription options that were exercised during the period.

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6.b STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY BETWEEN 31 DECEMBER 2012 AND 31 DECEMBER 2014

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 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**
Dividend payout for 2013			(1,866)	(1,866)
Capital increases	3	51		54
Capital reductions (by cancellation of shares)	(1)	(29)		(30)
Other changes			1	1
Net income for 2014			(3,089)	(3,089)
SHAREHOLDERS' EQUITY AT 31 DECEMBER 2014	**2,492**	**23,048**	**31,661**	**57,201**

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 portfolio

In millions of euros, at	31 December 2014	31 December 2013
Currency derivatives	3,469,648	2,567,767
Interest rate derivatives	33,359,103	36,072,404
Credit derivatives	1,280,231	1,162,668
Equity derivatives	1,828,215	1,969,259
Other derivatives	109,772	79,336
FORWARD FINANCIAL INSTRUMENTS IN THE TRADING PORTFOLIO	**40,046,969**	**41,851,434**

Financial instruments traded on organised markets accounted for 49% of the Bank's derivatives transactions at 31 December 2014 (*vs.* 56% at 31 December 2013).

Hedging strategy

The total notional amount of derivatives used for hedging purposes stood at EUR 719,582 million at 31 December 2014, compared with EUR 647,437 million at 31 December 2013.

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 100 million at 31 December 2014, compared with a positive net position of EUR 2,000 million at 31 December 2013. The market value of the Bank's net long position on conditional transactions was approximately EUR 7,800 million at 31 December 2014, compared with a net long position of EUR 3,100 million at 31 December 2013.

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 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013
France	314,742	287,641	252,372	223,359	**567,114**	**511,000**
Other countries in the European Economic Area	66,797	65,019	50,390	46,215	**117,187**	**111,234**
Countries in the Americas and Asia	99,081	75,189	56,220	44,752	**155,301**	**119,941**
Other countries	1,423	1,221	2,232	1,885	**3,655**	**3,106**
TOTAL USES OF FUNDS	**482,043**	**429,070**	**361,214**	**316,211**	**843,257**	**745,281**
France	237,051	225,012	228,657	176,485	**465,708**	**401,497**
Other countries in the European Economic Area	22,797	38,966	77,779	57,503	**100,576**	**96,469**
Countries in the Americas and Asia	33,873	28,189	75,671	52,375	**109,544**	**80,564**
Other countries	2,314	2,239	4,900	4,907	**7,214**	**7,146**
TOTAL SOURCES OF FUNDS	**296,035**	**294,406**	**387,007**	**291,270**	**683,042**	**585,676**

89% of BNP Paribas SA's revenues in 2014 came from counterparties in the European Economic Area (91% in 2013).

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	87,957	808					**88,765**
Treasury bills and money-market instruments	196	26,608	10,392	30,106	50,939	(21)	**118,241**
Due from credit institutions	24,627	135,230	33,807	51,009	30,364	(163)	**275,037**
Customer and leasing transactions	18,445	148,063	36,740	88,974	68,992	(6,689)	**361,214**
Bonds and other fixed-income securities	1,327	20,204	14,510	22,726	31,597	(400)	**90,364**
Sources of funds							
Amounts due to credit institutions, central banks, and post office banks	48,376	145,837	24,521	63,081	14,220		**296,035**
Customer items	179,754	153,673	26,361	21,239	5,980		**387,007**
Debt securities	826	48,805	34,971	39,451	32,739		**156,792**

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	SARL	Class I Trust Licence	Trustee Services
Botswana				
RCS Botswana Proprietary limited[1]	100	Proprietary limited		Ancillary financial services

(1) Consolidated subsidiary following BNP Paribas Personal Finance's acquisition of RCS Group in South Africa in 2014

6.2 Appropriation of income for the year ended 31 December 2014 and dividend distribution

At the Annual General Meeting of 13 May 2015, the Board of Directors will propose an allocation of income for the year ended 31 December 2014 and dividend distribution under the following terms:

In millions of euros	
Net income	(3,089)
Unappropriated retained earnings	25,581
TOTAL INCOME TO BE APPROPRIATED	**22,492**
Dividend	1,869
Retained earnings	20,623
TOTAL APPROPRIATED INCOME	**22,492**

The total proposed dividend to be paid to BNP Paribas shareholders is EUR 1,869 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 December 2014.

6.3 BNP Paribas SA five-year financial summary

	2010	2011	2012	2013	2014
Share capital at year-end					
■ Share capital *(in euros)*	2,397,320,312	2,415,491,972	2,484,523,922	2,490,325,618	2,491,915,350
■ Number of shares in issue	1,198,660,156	1,207,745,986	1,242,261,961	1,245,162,809	1,245,957,675
■ Number of convertible bonds in issue	None	None	None	None	None
Results of operations for the year *(in millions of euros)*					
■ Total revenues, excluding VAT	28,426	31,033	30,015	26,704	24,598
■ Earnings before taxes,depreciation, amortisation and provisions	7,193	7,366	6,349	6,183	1,766
■ Income tax expense	(118)	300	(1,273)	(466)	(218)
■ Earnings after taxes, depreciation, amortisation and impairment	3,465	3,466	5,812	4,996	(3,089)
■ Total dividend payout[(1)]	2,518	1,449	1,863	1,868	1,869
Earnings per share					
■ Earnings after taxes but before depreciation, amortisation and impairment	5.90	6.35	4.09	4.59	1.24
■ Earnings after taxes, depreciation, amortisation and impairment	2.89	2.87	4.68	4.01	(2.48)
■ Dividend per share[(1)]	2.10	1.20	1.50	1.50	1.50
Employee data					
■ Number of employees at year-end	49,671	49,784	48,896	47,562	49,132
■ Total payroll expense *(in millions of euros)*	3,977	3,829	3,915	3,772	3,713
■ Total social security and employee benefit charges *(in millions of euros)*	1,141	1,212	1,488	1,359	1,328

(1) For 2014, subject to approval at the Annual General Meeting of 13 May 2015.

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	Share capital	Reserves and retained earnings before income appropriation	Last published net income	Share capital	Ref.
		in millions of the currency unit			In millions of euros(*)			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	1	3	170	1	3	100.00%	(1)
Arval Service Lease	EUR	66	925	242	66	925	242	100.00%	(2)
Austin Finance	EUR	868	152	43	868	152	43	92.00%	(1)
B*Capital	EUR	4	10	4	4	10	4	99.96%	(1)
Banca Nazionale del Lavoro SPA	EUR	2,077	3,557	(126)	2,077	3,557	(126)	100.00%	(1)
Banco BNP Paribas Brasil SA	BRL	717	799	140	224	249	44	100.00%	(2)
BancWest Corporation	USD	1	11,957	466	1	9,881	385	99.00%	(2)
BGZ SA	PLN	56	3,953	56	13	923	13	88.97%	(2)
BNL International Investment SA	EUR	110	314	1	110	314	1	100.00%	(2)
BNP Intercontinentale – BNPI	EUR	31	4	(1)	31	4	(1)	100.00%	(1)
BNP Paribas (China) Ltd.	USD	653	312	186	540	258	154	100.00%	(2)
BNP Paribas BDDI Participations	EUR	46	58	35	46	58	35	100.00%	(1)
BNP Paribas Beteiligungsholding AG	EUR	436	0	0	436	0	0	100.00%	(2)
BNP Paribas Canada	CAD	533	401	19	379	285	13	100.00%	(2)
BNP Paribas Capital (Asia Pacific) Ltd.	HKD	672	(9)	1	72	(1)	0	100.00%	(2)
BNP Paribas Cardif	EUR	150	3,356	220	150	3,356	220	100.00%	(1)
BNP Paribas Colombia Corporation Financiera SA	COP	103,721	(2,202)	2,150	36	(1)	1	94.00%	(2)
BNP Paribas Commodity Futures Ltd.	USD	75	239	21	62	198	17	100.00%	(2)
BNP Paribas Développement	EUR	115	335	37	115	335	37	100.00%	(1)
BNP Paribas El Djazair	DZD	10,000	6,659	5,011	95	63	47	84.17%	(2)
BNP Paribas Espana SA	EUR	52	22	0	52	22	0	99.67%	(2)
BNP Paribas Factor	EUR	6	27	20	6	27	20	100.00%	(2)
BNP Paribas Factor Portugal	EUR	13	69	5	13	69	5	64.26%	(2)
BNP Paribas Fortis	EUR	9,375	4,056	1,336	9,375	4,056	1,336	99.93%	(1)
BNP Paribas Home Loan SFH	EUR	285	1	1	285	1	1	100.00%	(1)
BNP Paribas India Holding Private Ltd.	INR	2,608	219	71	34	3	1	100.00%	(2)
BNP Paribas Investment Partners	EUR	23	2,399	(107)	23	2,399	(107)	66.67%	(1)
BNP Paribas Ireland	EUR	902	459	81	902	459	81	100.00%	(2)
BNP Paribas Lease Group Leasing Solutions SPA	EUR	204	58	(50)	204	58	(50)	73.83%	(2)
BNP Paribas Malaysia Berhad	MYR	602	(18)	34	142	(4)	8	100.00%	(2)

(*) Converted at the rate applicable on 12/31/2014

(1) Non-audited social contributions data as at 12/31/2014.
(2) Data used in Group consolidated financial statements as at 12/31/2014.
(3) Social contributions data as at 12/31/2013.

Name	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published netincome	Share capital	Reserves and retained earnings before income appropriation	Last published netincome	Share capital	Ref.
		in millions of the currency unit			In millions of euros(*)			in %	
BNP Paribas Personal Finance	EUR	468	4,128	509	468	4,128	509	100.00%	(1)
BNP Paribas Prime Brokerage International Ltd.	USD	0	600	0	0	496	0	100.00%	(2)
BNP Paribas Real Estate	EUR	383	208	77	383	208	77	100.00%	(2)
BNP Paribas Réunion	EUR	25	25	7	25	25	7	100.00%	(2)
BNP Paribas SB Re	EUR	450	87	(3)	450	87	(3)	100.00%	(2)
BNP Paribas Securities (Asia) Ltd.	HKD	2,429	(864)	(105)	259	(92)	(11)	100.00%	(2)
BNP Paribas Securities Japan Ltd.	JPY	201,050	(10,809)	6,554	1,386	(75)	45	100.00%	(2)
BNP Paribas Securities Korea Company Ltd.	KRW	250,000	13,280	2,066	188	10	2	100.00%	(2)
BNP Paribas Securities Services – BP2S	EUR	172	541	147	172	541	147	94.67%	(1)
BNP Paribas services (Hong Kong) Ltd.	HKD	336	(95)	0	36	(10)	0	100.00%	(3)
BNP Paribas SJ Ltd.	JPY	30,800	49	(176)	212	0	(1)	100.00%	(2)
BNP Paribas Suisse SA	CHF	320	5,615	(3,538)	266	4,669	(2,942)	99.99%	(2)
BNP Paribas UK Holdings Ltd.	GBP	1,227	15	39	1,580	20	50	100.00%	(2)
BNP Paribas Wealth Management	EUR	103	172	(28)	103	172	(28)	100.00%	(1)
BNP Paribas Yatirimlar Holding Anonim Sirketi	TRY	1,032	1	0	366	0	0	100.00%	(2)
BNP Paribas ZAO	RUB	5,798	580	191	81	8	3	100.00%	(2)
BNP PUK Holding Ltd.	GBP	257	27	(8)	331	35	(11)	100.00%	(2)
Cobema	EUR	439	1,859	142	439	1,859	142	99.20%	(2)
Compagnie d'Investissements de Paris - C.I.P.	EUR	395	259	11	395	259	11	100.00%	(2)
Compagnie Financière Ottomane SA	EUR	9	294	9	9	294	9	96.97%	(2)
Financière BNP Paribas	EUR	227	31	61	227	31	61	100.00%	(1)
Financière des Italiens	EUR	412	(191)	0	412	(191)	0	100.00%	(1)
Financière du Marché Saint Honoré	EUR	49	24	(9)	49	24	(9)	100.00%	(1)
Harewood Helena 1 Ltd.	USD	69	38	13	57	31	11	100.00%	(3)
Harewood Holdings Ltd.	GBP	137	34	5	176	44	7	100.00%	(2)
International Factors Italia SPA – Ifitalia	EUR	56	464	61	56	464	61	99.65%	(2)
Natiocrédibail	EUR	32	45	(17)	32	45	(17)	100.00%	(2)
Optichamps	EUR	411	(168)	0	411	(168)	0	100.00%	(1)
Paribas North America Inc.	USD	1,282	250	(115)	1,060	206	(95)	100.00%	(2)
Parilease	EUR	54	255	4	54	255	4	100.00%	(2)
Participations Opéra	EUR	410	(183)	0	410	(183)	0	100.00%	(1)
PT Bank BNP Paribas Indonesia	IDR	1,062,170	525,644	241,803	71	35	16	99.00%	(2)
Royale Neuve I Sarl	GBP	0	522	(3)	1	672	(4)	100.00%	(2)
Sagip	EUR	218	1,104	52	218	1,104	52	100.00%	(2)
Société Orbaisienne de Participations	EUR	311	(72)	(10)	311	(72)	(10)	100.00%	(1)
Taitbout Participation 3 SNC	EUR	792	37	(15)	792	37	(15)	100.00%	(1)
UCB Bail 2	EUR	105	10	0	105	10	0	100.00%	(2)

(*) Converted at the rate applicable on 12/31/2014

(1) Non-audited social contributions data as at 12/31/2014.
(2) Data used in Group consolidated financial statements as at 12/31/2014.
(3) Social contributions data as at 12/31/2013.

Name	Currency	Share capital	Reserves and retained earnings before income appropriation	Last published net income	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 millions of euros(*)			in %	
2. Associated companies (10% to 50%-owned)									
Banque de Nankin	CNY	2,969	19,059	4,474	401	2,574	604	16.18%	(3)
BGL BNP Paribas	EUR	713	5,272	444	713	5,272	444	15.96%	(2)
BNP Paribas Leasing Solutions	EUR	1,820	775	166	1,820	775	166	50.00%	(2)
Crédit Logement	EUR	1,260	180	74	1,260	180	74	16.50%	(3)
Geojit BNP Paribas Financial Services Ltd (Group)	INR	228	3,849	(80)	3	50	(1)	33.58%	(2)
Klépierre SA (Group)	EUR	279	2,647	76	279	2,647	76	18.02%	(3)
Pargesa Holding SA	CHF	1,699	608	244	1,413	506	203	11.15%	(3)
Verner Investissements (Group)	EUR	15	334	50	15	334	50	50%	(2)

(*) Converted at the rate applicable on 12/31/2014

(1) Non-audited social contributions data as at 12/31/2014.

(2) Data used in Group onsolidated financial statements as at 12/31/2014.

(3) Social contributions data as at 12/31/2013.

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	19,918	42,026	654	3,322
Net value	19,066	38,544	643	3,140
Loans and advances given by BNP Paribas SA	77,302	10,896	3	1,025
Guarantees and endorsements given by BNP Paribas SA	30,200	15,049	2,009	14
Dividends received	1,060	1,117	32	213

6.5 Disclosures of investments of BNP Paribas SA in 2014 affecting at least 5% of share capital of French companies

Change in interest to more than 5% of the capital		
Not listed	AMENAGEMENT DE LA DAILLE	SNC
Not listed	LA CROIX DU SUD	SCI
Not listed	PORT CERGY 2	SCI
Change in interest to more than 10% of the capital		
Not listed	FINANCIERE POULT (formerly UNIVERS 28)	SAS
Not listed	MALARDEAU LAVAND'OR	SCI
Not listed	RESIDENCE DU GOLF	SCI
Not listed	RUE VAUBAN	SCI
Not listed	SEPAMAIL.EU	SAS
Change in interest to more than 20% of the capital		
Not listed	AMENAGEMENT FORUM SEINE	SNC
Not listed	JEANNE D'ARC	SCI
Not listed	PROMOSEINE	SNC
Change in interest to more than 33.33% of the capital		
Not listed	EURO SECURED NOTES ISSUER	SAS
Not listed	LE VICTORIEN A PARIS	SCI
Not listed	SCI DU TOUL	SCI
Change in interest to more than 50% of the capital		
Not listed	BNP Paribas Real Estate Valuation France	SAS
Not listed	SCI DU SURMELIN	SCI
Change in interest to more than 66.66% of the capital		
Not listed	AMS INCUBATION	SAS
Not listed	B*CAPITAL	SA
Not listed	FLYING BAIL	SCI
Not listed	HANOVRE FINANCEMENT 6	SAS
Not listed	HANOVRE FINANCEMENT 7	SAS
Not listed	HANOVRE FINANCEMENT 8	SAS
Not listed	HANOVRE FINANCEMENT 9	SAS
Not listed	HANOVRE FINANCEMENT 10	SAS
Not listed	HUGO VINCI	SCI
Not listed	PAPANGUE 2	SCI
Not listed	QUARTIER DU COLOMBIER	SNC
Not listed	UCB BAIL 2	SAS

6.6 Statutory Auditors' report on the financial statements

Deloitte & Associés
185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Mazars
61, rue Henri Regnault
92400 Courbevoie

For the year ended 31 December 2014

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 SA

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 2014, on:

- the audit of the accompanying financial statements of BNP Paribas SA;
- 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 2014 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 matter set out in Note 2.g to the financial statements which outlines the costs related to the comprehensive settlement with US authorities.

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 SA 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, 3.e and 3.k 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 SA 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 SA 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, 6 March 2015

The Statutory Auditors

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

7 A RESPONSIBLE BANK: INFORMATION ON THE ECONOMIC, SOCIAL, CIVIC AND ENVIRONMENTAL RESPONSIBILITY OF BNP PARIBAS

All the information presented in the CSR chapter of the Registration document has been collected following specific requests addressed to the functions, business lines, departments or territories of the Group, or by the use of 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.

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 employees and numerous clients. This charter was updated at the start of 2014 to be consistent with the Group's 2014-2016 business development plan.

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 nineteenth 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, the Bank helps 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 channelled 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. Moreover, we are committed to supporting our clients through the changes which affect them: for private individuals, the internet and mobile digital bank and all the new payment methods; for businesses, the globalisation of their activities that we support through the "One Bank for Corporates" network; for all business creators, support for their projects.

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. BNP Paribas reinvests the majority of its profits every year, in order to strengthen its financial solidity and its capacity to meet the credit demands of its clients. But it is committed to remunerating its shareholders in line with their trust.

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 Group'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 Bank. This goes as much for the credit risks linked to loans – accepted after in-depth analysis of the borrowers' situations and their projects – as for market risks resulting from transactions with clients: these are assessed every day, subjected to stress tests and framed by a system of 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 the Bank's other business activities.

Following a strict ethical code

For us, compliance and ethics are as essential as risk control: BNP Paribas refuses to work with any client or organisation whose activity is linked to fraud, corruption or unlawful business. 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.

For all that, we do not claim to be an infallible bank: we have many activities and teams, and they must respect numerous different national regulations. 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. Savings, credit, insurance, payment methods: an employee does not propose a transaction which he or she knows will not be in the client's best interests.

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. A bank is made up of men and women who draw on all their skills but who can sometimes make mistakes: when this happens, BNP Paribas recognises its errors and takes steps to put right their potential consequences for its clients.

OUR SOCIAL, CIVIC 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 responsibility**, 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 commitment to helping society, with projects that go beyond its banking remit: providing help to difficult suburbs and districts, microcredit, support for social entrepreneurship. 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**. BNP Paribas pays particular attention to the 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 four clear management principles: client focus, risk-aware entrepreneurship, valuing people and setting an example. They are behind our 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.

February 2014

Baudouin Prot Chairman	Jean-Laurent Bonnafé 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 its responsible credit policy, now more focused on co-responsibility.

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, MOBILITY AND TRAINING	7 MICROFINANCE AND SUPPORT FOR SOCIAL ENTREPRENEURSHIP	10 FINANCING POLICY COMMITMENTS IN SENSITIVE SECTORS
2 BUSINESS ETHICS	5 DIVERSITY	8 EFFORTS TO COMBAT EXCLUSION AND SUPPORT HUMAN RIGHTS	11 THE REDUCTION IN THE ENVIRONMENTAL FOOTPRINT ASSOCIATED WITH OUR OWN OPERATIONS
3 A RANGE OF RESPONSIBLE PRODUCTS	6 RESPONSIBLE EMPLOYMENT MANAGEMENT	9 CORPORATE-PHILANTHROPY POLICY FOCUSED ON CULTURE, SOLIDARITY AND THE ENVIRONMENT	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	2013 Value	2014 Value	2015 Objective
Economic Responsibility	Cumulative credit growth since 2008 compared to the cumulative growth of real GDP over the period	France 18.7% vs. 6.7% Italy 14.6% vs. - 1% Bel/Lux 18.5% vs. 14%	France 19.3% vs. 10.9% Italy 12.8% vs. 2.7% Bel/Lux 21.0% vs. 19.0%	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 7.6 BNL 7.1 BGL BNP Paribas 7.2	Maintain score in the 2013/2015 period
	Annual growth of SRI assets under management compared to the annual growth of total assets	-1.7% vs. - 8.6%	+5% vs +5.7%	Growth of SRI assets higher than that of total assets under management
Social Responsibility	Percentage of women in senior management	22%	25%	25% (objective by end-2014)
	Percentage of employees with a positive opinion on the Group's implementation of the 4 management principles	70%	71%	71%
	Number of mobility assignments between entities and business lines	4,580	4,787	4,700 (annual average between 2013 and 2015)
Civic Responsibility	Amount of Group's support to social entrepreneurship and microfinance	EUR 168 million	EUR 227 million	€200 million excluding loans to social enterprises
	Number of people to have benefited from financial education programmes designed and / or managed by the Group	234,652	300,822	180,000
	BNP Paribas Group's annual philanthropy budget	EUR 40.5 million	EUR 39.5 million	Average annual budget over 2013/2015 greater or equal to the 2012 budget (€35 million)
Environmental Responsibility	Number of employees trained on-line on sector policies	6,150 employees trained	10,476 employees trained	Having trained 12,500 employees
	GHG assessment	3.06 t CO_2 - e/employee	2.91 t CO_2 - e/employee, i.e. a reduction of 9.25% compared to 2012	2.89 t CO_2 - e/employee (-10% compared with 2012)
	Total paper consumption (internal and client)/employee	154 kg/employee	144kg/employee, i.e. a reduction of 12.7% compared to 2012 (165)	140 kg/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)	71%	71%	73%

BNP PARIBAS' PUBLIC POSITIONS

BNP Paribas' approach to corporate social responsibility (CSR) is framed by the thematic and sector-specific public positions it has adopted. With a presence in 75 countries, the Group 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;
- of the UN Women's Empowerment Principles;
- of the UNEP Finance Initiative;
- of the Carbon Disclosure Project;
- of the Roundtable on Sustainable Palm Oil (RSPO);
- of Businesses for Human Rights *(Entreprises pour les Droits de l'Homme, EDH)*;
- of Businesses for the Environment *(Entreprises pour l'Environnement, EpE)*;
- of 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;
- "Soft Commodities Compact" of Banking Environment Initiative.

Finally, BNP Paribas 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' Human Right declaration;
- a policy of combating corruption;
- a Charter for responsible representation with public authorities: this formalises the transparency and professional ethical rules to be respected. BNP Paribas is the first European bank to have adopted, as early as 2012, an internal charter providing a framework for its lobbying practices;
- the 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;
- a list of excluded goods and activities such as drift nets, the production of asbestos fibres, products containing PCBs, or the trading of any species regulated by the CITES convention without the necessary authorisation;
- monitoring and exclusion lists grouping businesses which do not respect the Group's CSR requirements.

PROGRESS ACKNOWLEDGED BY EXTRA-FINANCIAL RATING AGENCIES

Despite the specific context of 2014, BNP Paribas has maintained its positions in the majority of the indices and ratings:

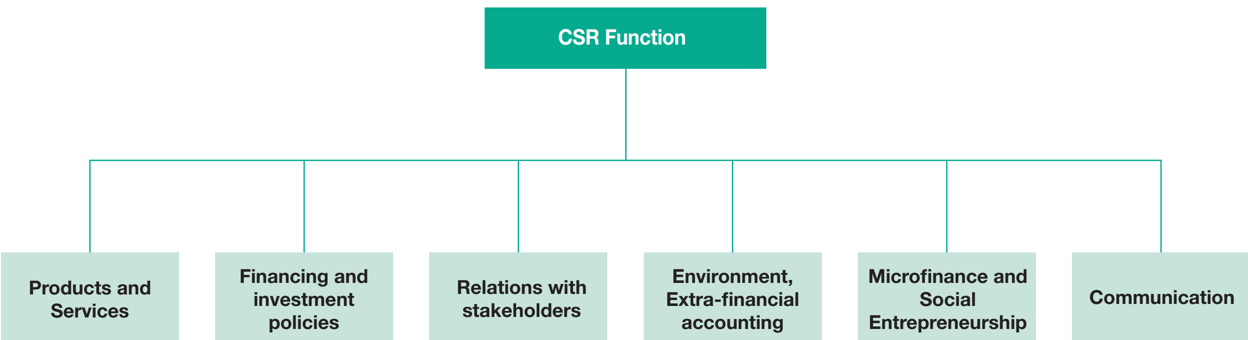
- ranked no. 2 in the banking sector by Vigeo for its CSR performance, with a mark of 63/100, the Group is in the reference indices NYSE Euronext Vigeo World 120, Europe 120 and France 20;
- the Group is also in the FTSE4Good Index Series, the STOXX Global ESG Leaders and the UN Global Compact 100.

The Group achieved particularly positive results in the area of the environment:

- The only French bank in the 2014 indices of the Dow Jones Sustainability Index, it is the leader in this area.
- This performance has been confirmed by the Sustainalytics agency, with the best environmental mark.
- The Group is positioned 2nd in the 2014 rankings of Bloomberg's "World's Greenest Banks".
- BNP Paribas entered the Carbon Disclosure Leadership Index France with a score of 95/100 (reporting) and A-/A (strategy) compared with 93 and A in 2013.
- Finally, BNP Paribas is included in the 2015 list of the "100 most sustainable companies" according to Corporate Knights.

CSR TAKEN TO THE HIGHEST LEVEL IN THE ORGANISATION

Since 2012, CSR has been a function overseen by the Group's Chief Operating Officer. 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 works in the divisions, business lines, networks, functions and subsidiaries in order to facilitate implementation of the CSR policy in the entire Group. Several CSR committees have also been created in the various business lines and geographical zones. In 2014, the entities also held seminars during which correspondents exchanged good practice, as was the case in the International Retail Banking and BNP Paribas Securities Services divisions.

In addition to this mechanism on the ground, BNP Paribas has put in place several initiatives in order to make sure that the CSR policy is also implemented at the highest level of the organisation. The Group's Executive Committee decides on CSR themes several times a year and the Board of Directors is often given a presentation on the CSR strategy. In 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. Finally, in 2014, the senior managers were invited to debate on the theme of "How to nurture responsible banking today?" with Jean-Laurent Bonnafé, several representatives of the Executive Committee and a member of the Board of Directors.

FOSTERING DIALOGUE WITH THE STAKEHOLDERS

BNP Paribas' approach to CSR takes all its stakeholders into account and the Group strategy is built with their expectations in mind:

- All steps to foster dialogue with **employees or staff representatives** are described in the social pillar of this document.
- BNP Paribas nurtures dialogue with its **suppliers**. The page dedicated to them on the institutional site was updated in 2014: it clarifies selection conditions and methods, sets out the Group's CSR commitments and those expected from suppliers (for more information see section 7.4 of the Registration document: *Combating exclusion and promoting Human Rights*). In 2014, 1,451 suppliers were assessed for their CSR performance during calls-to-tender. In **France**, the selection of SME suppliers and payment schedules are two recurring subjects of conversation, with nine submissions registered by the internal mediator in 2014. To help make the payment of invoices smoother, a guide specifies the format to be respected.

Finally, Group **buyers** are trained in the key CSR issues during integration sessions. In 2014, 48 new buyers were thus made aware of the professional Code of Ethics and the main CSR aspects of procurement.

- 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 2014, 25 SRI investors, representing 46% of BNP Paribas' capital held in the SRI funds, were met with at least once. Two meetings were organised with General Management, and in particular one of them was specifically dedicated to informing investors of the remediation plan put in place following the comprehensive settlement with the US authorities with respect to the review of certain U.S. dollar transactions.
- BNP Paribas maintains a dialogue with numerous **NGOs** throughout the world. In 2014, 15 meetings were held in France and Belgium. The head office CSR team received nearly 60 information or meeting requests and kept dialogue active on numerous issues, such as the environmental impact of financing provided by the Group (particularly in the coal sector), the financing and investment policies published and applied by BNP Paribas, Human Rights, food security and defence.
- Having published its own commitment in 2012, BNP Paribas signed at the start of 2014 Transparency International's public statement for **transparent and responsible lobbying**. In partnership with this NGO, the Group has created a training programme on responsible lobbying, the first session of which took place in September 2014.
- BNP Paribas Personal Finance encourages **multi-stakeholder** consultation and dialogue with consumer associations, family and charity groups and institutions and groups connected with credit to private individuals. Since 2010, regular working groups enable completely transparent dialogue, sometimes involving rival views, facilitating planning relating to the necessary developments in credit offers and practices. In 2014, they worked on mediation, supporting clients in difficulty and credit practices at points of sale, by visiting shops.

Note: The table of concordance with the main CSR guidelines is available on the BNP Paribas investors web site: https://invest.bnpparibas.com/rapports-rse, and the materiality note in the CSR Strategy/Commitments section of the Group's web site: http://www.bnpparibas.com/banque-responsable/notre-responsabilite-sociale-environnementale/positions.

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.

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.

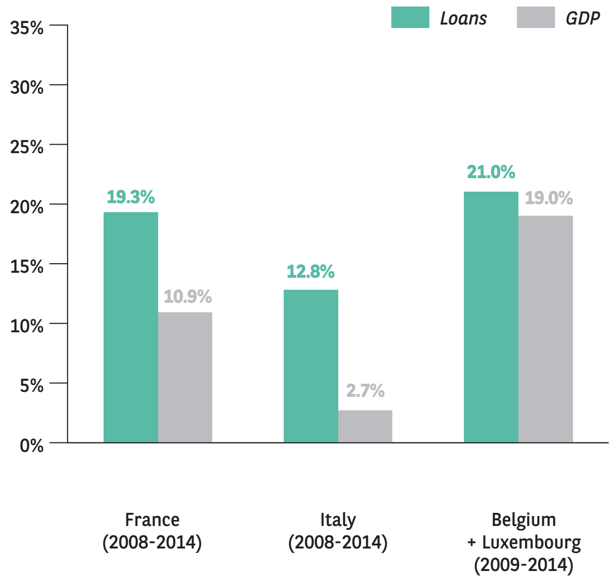
ONE OF THE MOST SOLID BANKS IN EUROPE, PLANNING AHEAD FOR THE NEW REGULATIONS

Quantitative information concerning the Group's financial soundness is covered in more detail in chapter 3 of this document.

THE GROWTH IN LOANS WITHIN THE GROUP'S FOUR DOMESTIC MARKETS IS GREATER THAN THE GDP GROWTH IN THESE COUNTRIES

Despite the lacklustre 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.

GROWTH IN OUTSTANDING LOANS TO CORPORATE CLIENTS, AND TO INDIVIDUAL CUSTOMERS COMPARED TO COUNTRY GDP GROWTH (IN VALUE)



All the changes in GDP indicated in this chart 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 2014, **in France** its commitment to SMEs and small business clients was further strengthened in order to foster their growth.

To this end, the Group:

- has made available EUR 10 billion in new loans, of which 4 billion are dedicated to cash flow solutions. As of end-November, 75% of the objective had been used;
- was particularly helpful to corporate clients who wished to export. The Group had made a commitment to support a minimum of 1,000 VSE/SME. In fact, over 1,300 VSE/TPE were supported in their first steps on the international scene. The signature of a partnership agreement with BPI France (Banque Publique d'Investissement), among others, will serve to strengthen this effort.

Moreover, BNP Paribas SA recorded a Competitiveness and Employment Tax Credit (CICE) of EUR 39 million at 31 December 2014. This sum was allocated to the improvement of competitiveness, notably in terms of capital investment, innovation and training. To this effect, it contributed to the efforts made to optimise operating methods and to continue to improve operational efficiency. In this concern, in 2014, the Group pushed ahead with its Simple & Efficient programme.

In Belgium, the commitment made in 2014 to finance over 65,000 SMEs has been met. Support has been particularly focused on business creation, which was down 2.3% in this country. The 18,000 small businesses launched with support from BNP Paribas Fortis receive certain banking (discounted fees, easier access to lower interest rate loans) and non-banking incentives (Social Security registration, free activation of VAT account, customised support).

In Italy, the Reti d'Impresa project supports SME growth by offering exchanges and dedicated products. BNL also provides support to SMEs in the form of innovative products such as "mini-bonds", bonds that enable them to diversify their sources of financing.

In the United States, since 2010, small business loans at BancWest are multiplied by a factor of 2.8 to reach USD 1.3 billion in 2014.

In Africa, the Group was particularly engaged in supporting the economic development of the countries where it operates:

- **In Senegal**, BICIS, a subsidiary of BNP Paribas, and the AFD renewed their partnership that guarantees loans to SMEs. Since its inception, the framework agreement has made possible CFA Franc 4.6 billion in financing for 163 Senegalese SMEs.
- **Guinea** strengthened its system for supporting SMEs through partnership agreements with the IFC (subsidiary of the World Bank) involving USD 2.5 million and with the AFD (French Agency for Development) for Guinean franc 30 billion (€3.7 million). These risk-sharing arrangements make the granting of loans to SMEs at very competitive rates possible. The IFC partnership targets agribusiness and infrastructure companies, while the AFD partnership is open to all SMEs.

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.

Mergers-acquisitions

BNP Paribas leads the advisory bank rankings for mergers-acquisitions in France, with 60 transactions completed in 2014 for a total of USD 72.3 billion according to the rankings prepared by Thomson Reuters.

Access to financing

BNP Paribas guides its clients in their access to financing, whether it involves bank financing (no. 1 Bookrunner in EMEA syndicated loans by volume – Thomson Reuters) or financing on bond markets (no. 1 Bookrunner for euro bond issues – Thomson Reuters).

The financing of activities associated with international trade

During periods of economic downturn, the financing of short-term needs becomes particularly important for corporate clients who wish to optimise their cash flow. By offering its customers financing solutions on a global scale, suppliers and stock, the Supply Chain Management team has made it possible for its customers to access new sources of financing and to optimise the management of their supply chains. Its business activity grew by more than 25% in 2014.

Investment funds

BNP Paribas strengthened its contribution to the long-term growth of its French corporate clients:

- The **BNP Paribas France Crédit** mutual fund was created to invest the resources collected by the Group's insurance subsidiary into a fund managed by its asset management subsidiary. The fund allocated investments of EUR 191 million to provide assistance to 23 French SMEs.
- The French network invested EUR 20 million in **9 seed funds** in the regions. This work will continue in 2015.
- BNP Paribas Investment Partners promotes the concept of "Contributing to the development of SMEs" to its individual customers with three funds: BNP Paribas Midcap France, BNP Paribas Small Cap Euroland and BNP Paribas Shares SME. In addition, for the institutional clients, BNP Paribas IP manages the Novo fund with EUR 360 million outstandings as well as an Italian mandate, BNP Paribas Bond Italia PMI.

Public-private partnerships

In 2014, BNP Paribas Fortis structured the largest **public-private partnership in Belgium**, in collaboration with AG Real Estate. It has made possible the gradual construction of 163 schools until 2018, for a total sum of EUR 1.6 billion. The first school financed by this programme was inaugurated in 2014.

Tailored advice and support

Women entrepreneurs

In France, women only represent 30% of entrepreneurs and this percentage has remained unchanged for years. Only one out of ten newly created innovative companies is managed by a woman. Access to financing remains a crucial challenge in business creation, and the Group continues to demonstrate its commitment to women entrepreneurs.

The "BNP Paribas Entrepreneurs 2016" programme recognises women as being essential to entrepreneurship. Marie-Claire Capobianco, a member of BNP Paribas' Executive Committee and Head of French Retail Banking, co-wrote a guide for women's entrepreneurship with Martine Liautaud, Chair of the Women Business Mentoring Initiative (WBMI). BNP Paribas also sponsored the first Women Equity Growth Index created by Women Equity for Growth in 2010, and entered into partnerships with the Fédération Pionnières (pre-incubation, incubation and post-incubation stages) and WBMI.

Innovation and business creation

In France, BNP Paribas has committed to creating 3 new innovation hubs for small businesses, bringing the national total to 15. The partnership created with NUMA (innovation and start-up hub in Paris) has enabled it to provide more financing for start-ups. This first initiative will be followed by new business incubator projects in Paris and in the regions.

In Luxembourg, the Lux Future Lab has again expanded its services for innovative start-ups: over 80 start-ups have contacted it since its creation. The 17 incubated businesses have created 170 jobs. This year, new training programmes will target three groups: young people, start-up entrepreneurs and professionals who wish to redirect their careers.

In Belgium, support for business creators has also been consolidated through the creation of innovation hubs. These excellence centres facilitate communication between companies as well as the sharing of information and best practices necessary for growth. Five "innovation hubs" have already been created, three are in the process of being launched.

In Turkey, TEB has been a long-standing supporter of entrepreneurs and SME growth. An incubator was created, as an addition to the existing network: a range of dedicated products, preferred-rate loans for job creation in tertiary sector SMEs, strategy advice and training programmes (TEB SME Academy).

BUSINESS ETHICS

Protecting retail customers' interests is a priority for the Group: in 2014, BNP Paribas launched numerous campaigns to provide information in a transparent manner to improve sales and strengthen listening skills and follow-up. The Group also worked on mentoring activities in certain sensitive sectors or areas.

IMPROVE TRANSPARENCY OF PRODUCTS AND SERVICES AND STRENGTHEN PROTECTION OF CUSTOMER INTERESTS

Customer satisfaction: the absolute priority

In the 2013 report, the Mediator for individual customers with BNP Paribas and Cortal Consors made the following recommendations for 2014: strengthening advisors' proactivity in their relations with customers, improving the information provided to customers and the quality of mediation, while making changes to some internal procedures. In 2014, the Group therefore worked to increase the methods for dialogue and monitoring, and to implement strict commercial rules.

In Retail Banking in France, the dialogue with consumer rights associations has continued through national and regional meetings between the UFC, UNAF, Crésus, and others, and the managers of the customer relations centres. For example, educational workshops on innovative payment methods or payment card fraud were organised by the associations' volunteers and permanent staff.

Mindful of changes in consumption and its customers' needs, the Bank launched an ambitious programme to transform the relationship between customers and the branch network in order to create a new banking standard for customer relations in France. This **"Préférence Client"**[(1)] programme is based on the conviction that an effective digital environment and a transformed physical network are a winning combination. It is based on four pillars: better Service, better Expertise, more Transparency, and being more Connected. With **an investment of EUR 210 million** in the network over three years, in both human and digital resources, BNP Paribas is reaffirming the central role of its branches, its advisors and technology in the banking relationship. The principle of targets and commissions introduced in 2013 is being reviewed to bring the incentive plan into alignment with this programme.

The certification for the Cetelem **"New Generation Revolving Loan"** offering was renewed by Vigeo, the leading European extra-financial audit firm, in 2014. 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.

All Group business lines play a major role in the **efforts made to optimise the handling of customer complaints** since the development of digital banking has reinforced the importance of an efficient and integrated approach to complaints in all aspects of the customer experience. Many business lines offer a **mediation** service as an additional opportunity for an improvement in customer satisfaction. The areas in need of

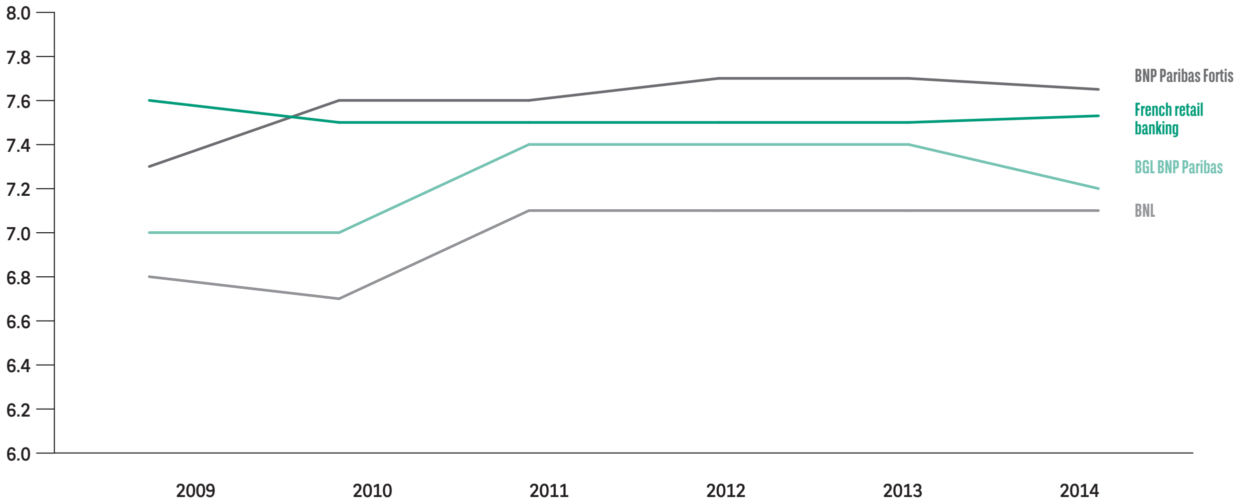
(1) For further information: please consult the press release of 6 May 2014 on www.bnpparibas.com.

improvement in the handling of complaints, as proposed in the mediation reports, are being consolidated in the business lines' actions plans:

- At **BNP Paribas Cardif**, the Customer Centric Program introduced in France in 2009 was rolled out in 32 countries during 2014. Close to 400 customer satisfaction initiatives were listed in the action plans such as redrafting documents in plain and easily understandable language or the removal of exceptions.
- At **Cetelem**, a full system has been put in place. The customer experience for complaints has three levels: customer service, consumer service and an independent mediator. Since July 2014, a cetelem.fr webpage is dedicated to explaining this experience and includes deadline commitments for responses at each stage. 100 undercover visits to partner brands took place in 2014 to assess the customer experience. The action plan to be derived from the analysis of the results will be prepared jointly and shared with the brands.

All of these programmes have contributed to customer satisfaction particularly in the Group's Domestic Markets, where the overall satisfaction rating has remained stable in most countries despite a lacklustre economic situation. In Luxembourg, customer solicitations, for the purpose of compliance with the new regulations (particularly the automatic exchange of information), adversely influenced the level of satisfaction.

OVERALL SATISFACTION SCORES OF INDIVIDUAL CUSTOMERS(*) (ON A SCALE FROM 0 TO 10)



(*) Customers who indicated that the Bank was their primary bank.

Other retail banks within the Group manage their customer satisfaction rates, in particular:

- **Banque Marocaine pour le Commerce et l'Industrie (BMCI) in Morocco:**

2012 = 8.3/10

2013 = 8/10

2014 = 7.6/10

- **Union Bancaire pour le Commerce et l'Industrie (UBCI) in Tunisia:**

2012 = 7.8/10

2013 = 7.5/10

2014 = 6.8/10

In 2014, Tunisia and Morocco changed their methodologies, which produced a decrease in the satisfaction rating that is not indicative of a real decrease in customer satisfaction.

- **BNP Paribas EL Djazaïr in Algeria:**

2013 = 8/10

2014 = 7.9/10

- **BNP Paribas Bank Polska in Poland:**

2012 = 8.4/10

2013 = 8.4/10

2014 = 8.6/10

All business lines measure the satisfaction level of their **individual customers** and seek to evaluate it during each interaction with the Bank: reception, business relationship, advice, sales support, mobile applications, website, handling of unsatisfactory feedback and complaints.

- At **Cetelem in France**, customer satisfaction is measured at different stages of the relationship, by:
  - **The customer satisfaction survey.** With the following results, expressed as a percentage of satisfied and very satisfied individuals, in August 2014: Satisfaction: 91% (stable); Image: 94% (+3 pts); Loyalty: 75% (+13 pts); Recommendations: 87% (stable),
  - **Satisfaction survey of customers in debt recovery (3rd year).** Results expressed as a percentage of satisfied and very satisfied individuals: Satisfaction since time of subscription: 79% (+1 pt); In amicable debt recovery: 76% (+4 pts); Satisfaction as to the solutions offered: 80% (+11 pts); Impression of being targeted by too many sales offers: 28% (stable);
- **BNP Paribas Personal Finance** directs and coordinates a network of "complaint specialists", present in all countries, in order to analyse the causes of complaints and to ensure the continuous improvement of its services.

Multiple initiatives have also been implemented within the Group to increase satisfaction among **corporate and institutional clients**; for example:

- In 2014, **BNP Paribas Securities Services** continued the deployment of its customer satisfaction management programme in 17 countries. The quality of its service was recognised through several high profile awards, such as the "Securities Services Provider of the Year" awarded by the Custody Risk European Awards.
- **BNP Paribas Fortis** cultivates a global management approach to social networks, which integrates the management of dissatisfaction within all customer experiences. An increased presence on social networks permits a better rapport with clients.

Involving customers in the preparation of future strategy: collaborative efforts

- The year 2014 also saw the creation of the **"Cetelem and you" community**. Its objectives are to observe and understand the results of the customer relations policy, test new approaches and promote innovation. It has 187 members, 50% of whom are clients.
- **In Germany**, Consorsbank launched its "Wissen Community" at the end of 2014. This knowledge community offers its online customers a novel interactive knowledge platform regarding today's financial world and fosters a collaborative approach to shaping tomorrow's world (https://wissen.consorsbank.de/).

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:** the "Straight Talk" (Parlons Vrai) initiative launched over four years ago brings Retail Banking customers and potential customers together for free educational workshops for informational purposes on a variety of topics such as: "Buying Online", "The Main Savings Vehicles", "Students: A User's Guide" or "Preparing for Retirement". In 2014, 677 workshops were organised on the topic "Let's Talk Financing", and contributed to the training of 13,540 persons.

The Group has expanded this approach to SMEs by creating the dedicated "Let's Talk SMEs" website, which provides customised educational materials.

- **In Belgium**, BNP Paribas Fortis continued the "Easy Banking" programme. These financial information sessions offered to customers and potential customers are presented by employees and have been a great success: 350 sessions with more than 6,500 participants in 2014.
- **Cetelem** offers various forms of assistance in France to help its customers manage their budgets: a repository of sample letters (e.g. contract cancellations) on cetelem.fr; detailed information on bank overdrafts and "useful tips" on jegeremesfinsdemois.com, as well as an online magazine touslesbudgets.com, which addresses lifestyle and consumer trends by incorporating the concepts of purchasing power and budget management. In 2014, advice on managing changes in circumstances, tips and information on the Group's activities and the Cetelem Foundation were added to the moncreditresponsable.com website.

  Cetelem also completed its 2014 "Tour de France", going from city to city and interpreting the budgets of members of the French public in order to be able to offer customised budget management solutions to its customers through press conferences and customer workshops led by advisors. More than 5,000 individuals were surveyed.

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 excludes certain types of weapons (controversial weapons) and certain geographical regions (areas affected by armed conflicts or the violation of children's rights). The exclusion and monitoring list of companies was updated in 2014: it now includes 121 listed and non-listed companies that have been excluded and 33 that are being monitored.

A dialogue has been initiated with several corporate clients whose potential involvement with controversial weapons was pointed out by internationally-recognised, specialised research providers. BNP Paribas' actions have enabled four of these companies to clarify their positions in relation to the Group's policy and to deny any involvement with controversial weapons. With the agreement of our clients, these conclusions were submitted to the research providers who, in certain cases, revised their analyses.

Under the "defence" policy, 241 sensitive transactions required a specific review by the Group's CSR teams in 2014.

Clear position on essential agricultural commodities

BNP Paribas is aware of the impact higher prices for essential agricultural commodities may have on the diet of the 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-2014, assets invested in food commodities on behalf of third parties amounted to EUR 220 million, or 0.04% of total Group assets under management[(1)].

This year, the Group once again had discussions on these subjects with Oxfam France and the Belgian NGO SOS Faim.

Integration of ESG criteria into lending policies

A CSR paragraph was added to the Group's General Credit Policy in July 2014. In doing so, the Bank reaffirmed the importance it places on its clients' CSR performance and its potential impact on their risk profile and credit rating. In addition to the criteria applicable to their own activities, the credit analysis for corporate clients includes the management of the environmental, social and governance (ESG) risks affecting their main suppliers and sub-contractors.

The effort initiated in 2012 to integrate the ESG criteria in the specific credit and rating policies was continued: At end-2014, eight policies incorporated ESG criteria and eight were undergoing validation.

The assessment of ESG risks for large corporate clients

The CIB Division created a CSR screening tool to identify the main ESG risks applicable to large corporate clients operating in sectors not covered by the sector policies. This tool is used by the sales teams and will make it possible to identify clients who present ESG risks. These clients will be subjected to specific due diligence and, if necessary, a dialogue process will be initiated. This evaluation tool was tested in the United Kingdom, Switzerland and France in 2014, and will be gradually deployed throughout all other Group CIB locations in 2015. The objective is to assess approximately 17,000 clients by 2016 in ten business sectors (consumer goods, capital assets, energy and electricity, oil, gas/chemical products, ICT, healthcare, transportation, automotive, construction & construction materials and metallurgy).

BNP Paribas strengthens its control system

See also: chapter 2 *Corporate governance/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/internal control*.

Each business line endeavours to regularly consolidate its systems; for example, in 2014:

- **Cardif:** Argentina trained its employees on anti-money laundering procedures, security, financial embargoes, ethics, operational risks and corruption. Mexico trains all its employees on anti-money laundering procedures and on corruption;
- **BNP Paribas Securities Services:** compliance procedures became more in-depth regarding the topics of business ethics and the implementation of the Group's compliance training programme continued;
- **Bank of the West:** the bank instituted the anti-money laundering procedures required for compliance with the "Bank Secrecy Act";
- The due diligence controls performed prior to contracting with suppliers have been reinforced among the **Purchases Group** and **CIB Procurement US**.

The location of the Group's offices is driven, not by tax considerations, but in the interest of serving customers around the world

The BNP Paribas Group paid **taxes of EUR 2.2 billion in 2014** in France. Its effective tax rate - 30%[(2)] in 2014 - bears witness to the fact that the Group's selection of foreign locations is guided by the desire to provide the best service to its clients and not by tax reasons.

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.

Some studies refer to lists of unofficial "tax havens" and present statistics on operations in tax havens that do not correspond to any operational reality. In fact, these lists categorise as tax havens countries that belong to the Group's Domestic Markets, such as Belgium, where the Group has 15,000 employees, a network of 816 branches and serves 3.6 million individual and professional customers and over 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.

Further information is provided in section 8 of the Registration document: *Information on country by country activity*.

(1) Which include the managed assets and assets under advisory for external clients.

(2) Rate excluding costs related to the global agreement with the U.S. authorities.

A RANGE OF RESPONSIBLE PRODUCTS

In 2014, BNP Paribas continued to develop its range of responsible products and services for retail customers and institutional investors. The integration of the Environmental, Social and Governance (ESG) criteria within its savings and loan products continued and led to a more in-depth approach to engagement, which, in some cases, led to the exclusion of investments in companies that did not meet 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 SAVINGS AND CREDIT 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 the fight against corruption. The principles are complemented by rules for investing in controversial sectors or products.

This approach leads to the initiation of a dialogue with the companies identified as not compliant with these commitments. If there is a lack of transparency or cooperation, the SRI research teams may disapprove the financial statements, or even exclude the companies from their investments.

In 2014, BNP Paribas Investment Partners systematically exercised its shareholder voting rights by voting in more than 1,400 General Meetings on nearly 18,000 draft resolutions: it abstained or voted against nearly 18% of the resolutions.

BNP Paribas Cardif continued its effort, adopted in 2008, to integrate ESG criteria in the selection of investments for its main euro fund, Cardif Assurance Vie (EUR 100 billion as at 31 December 2014).

ESG criteria are systematically taken into account in investment or divestment decisions and are an integral part of the management process. The ESG performance of the portfolio is managed on a quarterly basis and is reviewed by the Asset Management Committee once a year. 49% of the main euro fund run by BNP Paribas Cardif was screened through an ESG filter as at 31 December 2014 compared to 46% as at 31 December 2013, according to its monitoring indicator.

Designing and promoting Socially Responsible Investment (SRI) funds

BNP Paribas is developing and promoting a range of SRI products. Its expertise is based on two complementary approaches: one focuses on committed issuers (Best in class); while the second is thematic and targets activities, products and services associated with environmental protection and/or social well-being.

29 SRI labels were awarded in 2014

- for ten funds: the Novethic label (transparent SRI management process integrating ESG criteria in asset selection);
- for five funds: the Novethic Green Fund label (thematic funds invested in companies that create significant environmental benefits);
- for five funds: the Environment LuxFLAG label (strong involvement in the environment sector and a high level of transparency for investors);
- for four funds: the Finansol label (investments in the areas of social economy and microfinance);
- for five funds: 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 AWARDED IN 2014

Fund name	Labels				
	Novethic Label (annual renewal in September)		LuxFLAG Label (renewed annually in December)	Finansol	CIES
	novethic LABEL ISR 2014	novethic LABEL 2014 GREEN FUND	ENVIRONMENT LUXFLAG Label	finansol	CIES
BNP Paribas Etheis	X				
Parvest Sustainable Equity Europe	X				
MAIF Investissement Responsable Europe	X				
BNP Paribas Euro Valeurs Durables	X				
Parvest Green Tigers		X	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		
BNP Paribas L1 Equity World Aqua		X	X		
Parvest Environmental Opportunities		X	X		
Parvest Global Environment		X	X		
SICAV Paribas Retraite	X (Retraite Horizon)				
BNP Paribas Social Business France				X	
Multipar Funds				X (2 funds)	X (5 funds)

In 2014, BNP Paribas Investment Partners' expertise in environmental matters and sustainable development was rewarded by the SRI prize during the Investors Awards organised by Morningstar and Boursorama, based on voting by individual and professional investors. Impax Asset Management, the partner of BNP Paribas Investment Partners' specialising in environmental markets, was recognised as Sustainable Investor of the Year by the *Financial Times* for the BNPP L1 Equity World Aqua fund, as well as Specialist Investment Firm of the Year.

> Around EUR 20.9 billion in SRI assets managed by BNP Paribas Investment Partners as at 31 December 2014.

Over the 2012-2014 period, total SRI assets have increased by 3.5%, over the same time the assets managed by BNP Paribas Investment Partners, have decreased by 3.5%.

New funds offered to individual customers in 2014

BNP Paribas Immobilier Responsable invests in European property companies that demonstrate an environmental value added, as well as in companies that generate at least 20% of their revenues from technologies that make buildings greener.

BNP Paribas Social Business France invests between 5% and 10% in French social enterprises. This fund, labelled Finansol, enables the retail bank's customers in France to add a social impact to their savings while supporting job-creating companies whose objective is to address issues such as exclusion, poor housing conditions, and the recycling and repurposing of waste further information is provided in section 7.4 of the Registration document: *Support for microfinance and social entrepreneurship*.

A marked increase in deposits

For many years, **BNP Paribas Wealth Management** has used an increasingly successful growth strategy for its SRI products: the assets invested in SRI by its clients had reached EUR 3.8 billion by end-2014, equivalent to a growth of 50% per year since 2010.

BNP Paribas Fortis has been promoting SRI since 2013 and these efforts are bearing fruit: its assets under management have more than doubled to attain EUR 2.7 billion at end-2014. This strong growth is mainly due to the SRI mandates offered to wealth management clients (managed assets multiplied by two in one year) and the distribution of the SRI Note 2020 investment products throughout the Retail Banking network. In 2014, a new SRI product was launched in the Belgian network, the World Bank structured green bonds (further information is provided in section 7.5 of the Registration document: *Financing policy commitments in sensitive sectors*).

Decision-making tools provided to customers

Information and assessment tools on the societal impact of savings products are available to customers:

- In Germany, Consorsbank customers may use the "SRI Funds Finder" to select funds based on positive (environmental protection, social values, etc.) and negative criteria (exclusion of sectors).

- In 2014, in order to enable its customers to better assess the non-financial quality of savings products, BNP Paribas Wealth Management developed a tool for rating funds on a scale from 1 to 5, according to their "SRI intensity". This rating is based on 38 SRI criteria in four areas of ESG analysis: transparency, exclusion, commitment and voting policy. This new tool promotes best practices in SRI, educates the customers and encourages them to invest in the most responsible products.

Philanthropic advisory services

In 2014, BNP Paribas awarded the 7th BNP Paribas prize for individual philanthropy to Charly and Lisa Kleissner, founders of the KL Felicitas Foundation, for their commitment to local small businesses and impact investing.

PRODUCTS AND SERVICES WITH A POSITIVE IMPACT ON SOCIETY

In keeping with the initiatives launched in the past few years, BNP Paribas has introduced products and/or created innovative services specifically designed to hasten energy transition, to meet particular needs or intended for vulnerable customers, while pursuing its philanthropic advisory activities.

Products for specific clients

Since 2011, **Cetelem** has offered **personal loans to young people working on fixed-term or temporary contracts**. 18,574 loans have been financed since the launch of this offer. It has 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. Since 2014, Cetelem, in collaboration with Mondial Assistance, also offers a free "Employment Project". This tailored job search support programme includes a skills assessment, training on job search techniques, targeting of job applications and ongoing monitoring throughout the job search.

BNP Paribas Cardif France continues to improve **access to insurance for people with an increased risk of health issues** by fine-tuning the applicable pricing scale according to the type of illness in light of medical advances or medical monitoring. Since 2008, an adjusted pricing scale has been offered to individuals suffering from five illnesses, including the addition of ankylosing spondylitis in 2014. In Spain, BNP Paribas Cardif has also expanded its insurance products intended for senior citizens, who are generally under-insured.

In 2014, **First Hawaiian Bank** launched the "First step home loan program" intended to assist **first-time home buyers** by offering them a more flexible type of loan. This offer targets low to mid-income households for which the first purchase is often very difficult given real estate prices.

Bank of the West has created a new "Connect Banking" product, specifically intended for **unbanked and underbanked individuals**: it offers a no-fee savings account with a minimum deposit of USD 1, a debit card, and the possibility of instantaneously withdrawing in cash any sums deposited via cheque at a teller window.

In numerous emerging 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.

- Whether the products are called Pack Trankil as they are in the BICIs (International Banks of Commerce and Industry) in Senegal, in Côte d'Ivoire, in Mali and in Burkina Faso or Pack Mertah as in Morocco, they are all part of the same effort: to offer new customers the possibility of having access to a bank account, a withdrawal card, an SMS alert system, or even a savings account and an overdraft facility.
- The mobile network is an important tool for promoting access to banking services. Thanks to partnerships with telephone operators, the BICIs offer mobile banking services to more than 8 million customers, 2.7 million more than last year.
- In addition, to meet specific needs, the Back to School loan, for example, is offered in five sub-Saharan African countries and enables families to finance their children's schooling over 11 months. Over 5,000 Back to School loans were granted in 2014. Similarly, the Studies Capital pack, consisting of a savings account and an insurance policy, helps to finance studies.

Products and services to guide energy transition

Corporate clients

Automobile fleets: Arval, a subsidiary specialising in long-term rentals, has strengthened its commitments to responsible mobility. Since December 2014, it offers a tool for the optimisation of fleet management in France. It enables customers to improve maintenance costs, and to reduce fuel consumption and induced CO_2 emissions. It also monitors utilisation and driving behaviour in order to propose corrective actions: eco-driving training programmes, and the promotion of road safety.

Real estate

In 2014, BNP Paribas Real Estate developed CARE (Comfort And Responsible Energy Building): an intrinsic energy performance guarantee (IEPG) higher than 40% according to the French RT2012 regulation, is accompanied by a result guarantee, for at least three years, with a reimbursement of the energy consumption differential if it is exceeded. 100% of BNP Paribas Real Estate's production in commercial property benefits from certifications or labels such as BBC, HQE, BREEAM, DGNB, LEED, etc.

Following a CSR assessment of 70% of its holdings at market value, BNP Paribas Real Estate Investment Management France (REIM) has committed to modernising its buildings by 2020. It will do so by bringing to 2/3 (versus 43% in 2014) the portion of buildings whose energy rating based on age (date of construction or renovation) is higher than that of buildings constructed after the 2000s and will also phase out oil, by replacing all oil-based heating and hot water equipment.

In Germany, BNP Paribas Real Estate offers an analysis of real estate assets based on CSR criteria to its investor clients, in order to reduce, among other challenges, the energy footprint of their investment portfolio.

For SMEs

In 2014, **BNL** introduced a Green Desk, consisting of seven employees, dedicated to dispensing advice and to the financing of renewable energy or energy efficiency projects within the industrial plants of SMEs or in individual customer homes. The advice is provided at a reduced price if the project is financed with BNL. In 2014, the average loan amount to SMEs was EUR 1.5 million. This Green Desk received the *Green Globe Banking Award 2014* and the *Milano-Finanza Innovation Award 2014* awarded by the Italian economic publication of the same name. Since April 2014, the platform has received over 150 projects.

In the same manner, through its Sustainable Energy Services (SES) Department, **BNP Paribas Fortis** offers real expertise and support to its SME clients in order to design and finance infrastructure for the production of renewable energy or work done to improve energy efficiency within their plants. In 2014, this SES Department took part in 124 projects representing EUR 180 million. 63% of these involved wind energy.

For individual customers

Domofinance, a common subsidiary of EDF and BNP Paribas Personal Finance specialising in the financing of energy consumption management, with over 51,000 loans financed in 2014. In addition to its traditional activities with individual customers through EDF's "Blue Sky" professional network, Domofinance positioned itself on the market for the renovation of co-owned properties in 2014, alongside EDF Entreprises and Dalkia.

Since 2003, Domofinance has financed over 441,000 loans and facilitated energy transition in France: the energy savings achieved are equivalent to the total consumption of 39,500 households for 2014.

In **Belgium**, BNP Paribas Fortis offers an energy loan, which makes energy efficiency home improvements possible: condensing boilers, high-yield windows, solar panels, solar water heater, etc. In 2014, more than EUR 18 million in energy loans were allocated, with an average amount of around EUR 10,000. BNP Paribas Fortis is setting a higher objective of EUR 20 million for 2015.

7.3 Social responsibility: pursuing a committed and fair human resources policy

In 2014, BNP Paribas pursued a particularly active human resources policy, in order to address employees' demands. The Group embarked on a process of reflection on its commitments, convictions, values and its Employer value proposition. 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 meets a strong demand from employees and constitutes a motivational lever and the condition for responsible employment management, that is reflected in the following commitments by BNP Paribas:

- commitment 4: Recruitment, mobility and training;
- commitment 5: Diversity;
- commitment 6: Responsible employment management.

THE GROUP'S VALUES AND MANAGEMENT PRINCIPLES

Following the integration of BNP and Paribas, the Group identified four values (Reactivity, Creativity, Commitment, Ambition), extended in 2010 by four management principles: **Client focus, Risk-aware entrepreneurship, People Care, Lead by example**. Fifteen years later, with an increased international presence, business lines undergoing profound change due notably to new technologies, and a particularly deep crisis in the economy in general and the banking sector in particular, BNP Paribas adapts to its new environment and these challenges.

Reconsidering its values appeared an essential stage to write the Company's future. This is the aim of the **"BNP Paribas Spirit"** project launched during the last quarter of 2014, and which will continue throughout 2015. It will lead to a set of values to strengthen the Group's corporate culture in its missions: serve its customers, work and commit together.

The management principles, however, are unchanged. They make up a common framework to direct day-to-day management practices, particularly important against a backdrop of change.

LISTENING TO EMPLOYEES THROUGH THE GLOBAL PEOPLE SURVEY (GPS)

The rate of participation in the internal Group survey remains at a high level (72%): in 2014 125,701 employees in 73 countries gave their opinion, in 22 languages. Their confidence in decisions taken by occupational and functional Managers has strengthened (71%, +1 point). The strategic orientations are seen to be clear (86%, stable), and the decisions taken are consistent with the Group's values (66%, +2 points).

The scores linked to the four management principles evolve coherently: 71% of employees have a positive perception of their implementation (+1 point), including 66% on "Client Focus" (+2 points – 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).

The actions engaged as part of the Simple & Efficient programme to improve operational efficiency had a globally positive impact, in particular in the area of delegation (75%, +1 point) and decision making at the right level (65%, +1 point), but require additional efforts and better visibility for employees.

The perception of managerial practices (proximity management) continues to progress. In five years, employees have increased confidence in the decisions made by their manager (71%, +4 points), highlight their capacity to develop employees' skills (68%, +5 points), manage by showing an example (72%, +5 points) and, in particular, recognise the quality of work well done (82%, +3 points).

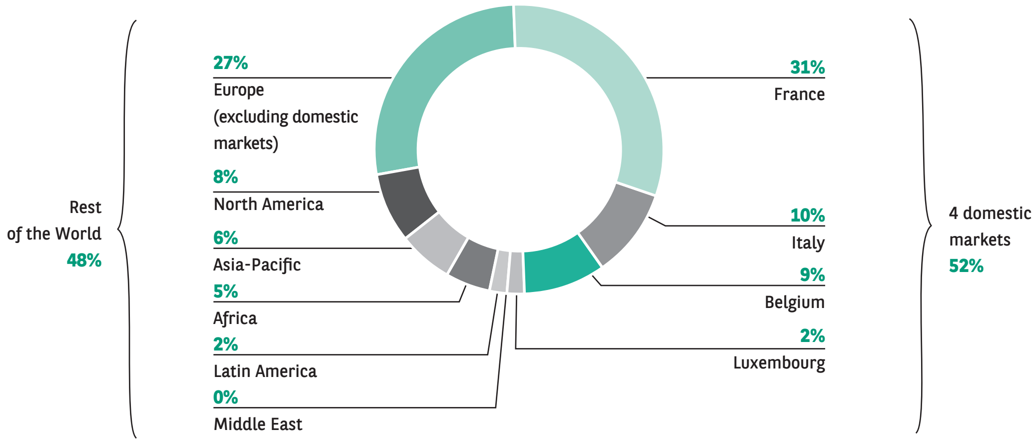
The employees appreciate this year again the actions carried out by CSR and diversity policies which remain major strengths for the Company: 78% for respect for the environment (+10 points in five years) and stable on the way in which the Group exercises its company responsibility, at 71%, with an objective fixed at 73% by the end of 2015.

RECRUITMENT, MOBILITY AND TRAINING

WORKFORCE EVOLUTION

At the end of 2014, the workforce managed by the Group reached 187,903 FTE (Full Time Equivalent – 179,603 FTE in the workforce for financial purposes[(1)]), an increase compared to 2013 (184,545 FTE), mainly due to the purchase of BGZ in Poland and the integration of LaSer with BNP Paribas Personal Finance in six European countries. As a reminder, the workforce managed by the Group totalled 188,551 FTE at year-end 2012.

➤ BREAKDOWN OF TOTAL WORKFORCE BY GEOGRAPHIC AREA



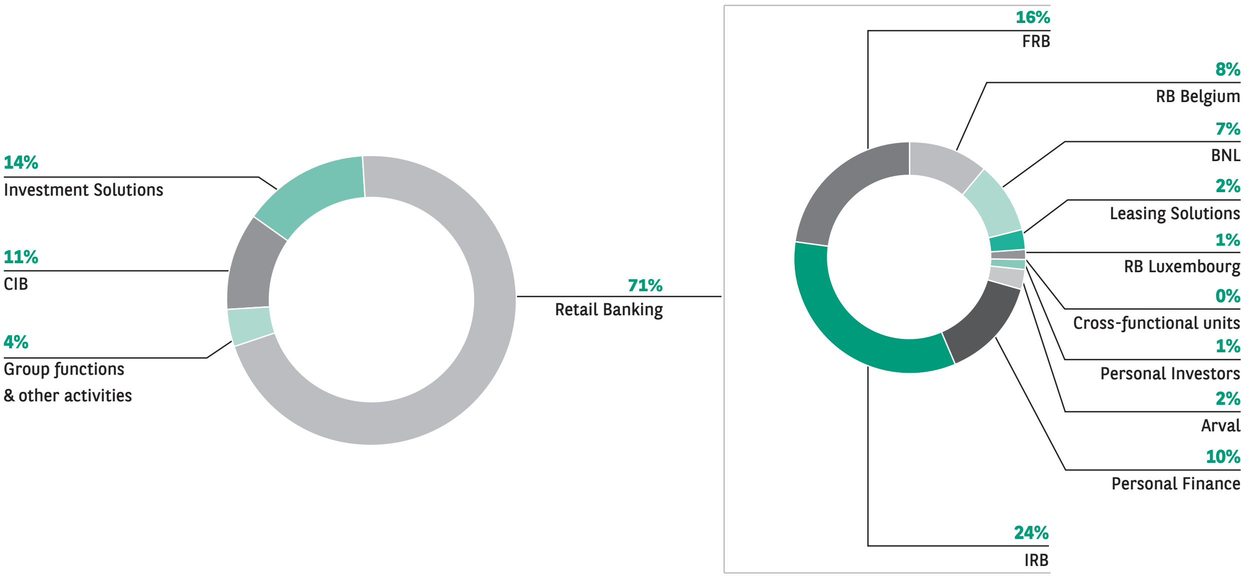
In addition to the changes indicated above, with 150 nationalities across 75 countries, the breakdown of workforce by geographic area was relatively stable compared with 2013.

➤ WORKFORCE EVOLUTION IN THE LAST TEN YEARS

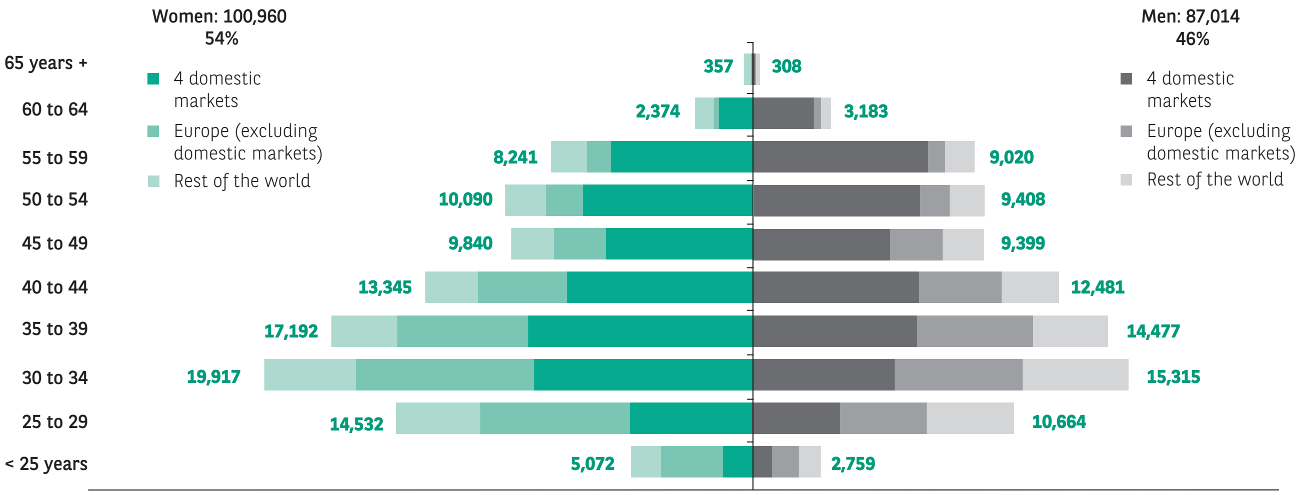
	2004	2009	2014		
France	54,363	64,635	57,943	4 Domestic Markets 96,184	Europe 147,312
Italy	3,412	18,922	18,084		
Belgium	643	18,018	16,452		
Luxembourg	1,075	3,797	3,705		
Europe (excluding domestic markets)	14,953	54,463	51,128		
North America	11,874	14,984	14,985		Rest of the world 40,591
Asia-Pacific	4,922	10,818	11,167		
Africa	5,526	9,205	10,281		
Latin America	1,923	4,801	3,545		
Middle East	742	2,096	613		
TOTAL	**99,433**	**201,740**	**187,903**		**187,903**

(1) Financial headcount: Full-time equivalents (FTE) at 31 December 2014 in wholly controlled, fully consolidated entities.

BREAKDOWN OF THE WORKFORCE BY BUSINESS LINE



BREAKDOWN OF THE GROUP WORKFORCE BY AGE, GENDER AND GEOGRAPHICAL AREA(*)



(*) Physical headcount taking into account 97% of Group headcount (permanent contracts + fixed-term contracts).

The age structure is balanced overall. The average age increases slightly from 40.2 to 40.5 years, particularly in South America, where it is the lowest (31.6 to 34.7), in Asia (35.7 to 36.5) and North America, where it is the highest (42.5 to 43.2).

The average length of service increases very slightly from 12.1 to 12.2 years, in particular in Africa (9.4 to 10.5), in South America, where it is the shortest (3.7 to 4.4) and in Asia (5.3 to 5.5). Everywhere else, it shows a slight reduction. It is the longest in France (16.5).

RECRUITMENT

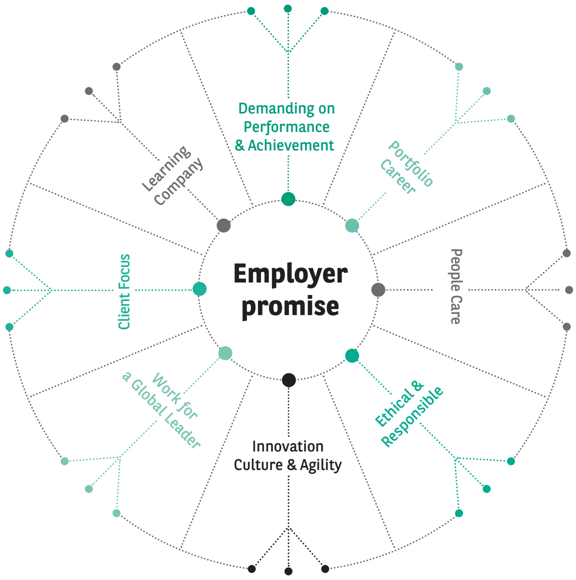
With 17,432 recruitments with permanent contracts, including 2,265 in France, the Group's commitment to recruit more than 15,000 new employees has been comfortably surpassed, even though the Group systematically favours internal recruitment through the promotion of mobility before external recruitment.

In a demanding backdrop, BNP Paribas continues to recruit while prioritising internal mobility

With 54% of recruitments in Europe, BNP Paribas confirms its dimension as a European banking business. The countries with the highest recruitment levels were, in decreasing order, the United States (17%), France (13%), Turkey (11%) and India (11%), which, except for France recorded a high turnover, followed by the UK (5%) and Belgium (3%). 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"

At the end of 2013, BNP Paribas decided to work on its "Employer Value Proposition" to better explain its corporate culture, convictions and commitment in order to continue to attract the right candidates within the Group. The employer value proposition, embodied by the motto **"Let's design tomorrow"** is based on eight pillars shared by all entities and countries: Work for a global leader, Portfolio career, People care, Ethical & responsible, Innovation, culture & ability, Client focus, Demanding on performance & achievement and a Learning company.



With five certifications in 2014 (Belgium, France, Italy, Poland and Turkey), the Group obtained for the second consecutive year the **Top Employer Europe** label in February 2015. This certification comes in addition to other local distinctions such as the 2014 "HR of the highest quality" award in **Poland** attributed to companies that use HR tools and practices in conformity with the highest quality standards in the sector, and the "Happy trainees" label obtained in France in 2014 for the quality of welcoming interns. **First Hawaiian Bank** won Hawaii's "**Best place to work**" award for the 3rd consecutive year.

Digital technology remains in the spotlight for recruitment **in France** with "Job trotteur" on Facebook (localisation of school forums in which the Bank participates), Backstage (online responses by employees to candidates), "Dr Job" (interview preparation) and Pinterest (employee pinterests).

In **France**, the Group has implemented an innovative action to recruit its future client advisors and strengthen its likeability: a **"Job Truck"** present in Paris, Lille and Orléans, proposed pre-recruitment interviews. 600 candidates with profiles corresponding to those targeted were met during these meetings. BNP Paribas has also changed its recruitment mechanism by deploying an original method: **the structured interview**, which consists of validating the necessary skills for the position according to a methodology of common questions followed by a pre-established and objective evaluation of the responses. It guarantees the commitments in the Code of Ethics: objectivity, transparency, respect, and reinforces the non-discrimination practices already anchored in the Group's recruitment process.

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 HEADCOUNT: ARRIVALS WITH PERMANENT CONTRACTS AND GEOGRAPHICAL DISTRIBUTION(*)

	Men	Women	Total 2013	Men	Women	Total 2014
New hires on permanent contracts	8,117	9,186	17,303	8,028	8,121	16,149
Fixed-term contracts converted into permanent contracts	503	747	1,250	595	688	1,283
TOTAL	**8,620**	**9,933**	**18,553**	**8,623**	**8,809**	**17,432**
4 domestic markets	49%	51%	2,493	52%	48%	3,244
Europe (excluding domestic markets)	40%	60%	7,568	43%	57%	6,225
Rest of the world	52%	48%	8,492	53%	47%	7,963
TOTAL	**47%**	**54%**	**18,553**	**50%**	**51%**	**17,432**

(*) *Physical headcount.*

➤ CHANGES IN HEADCOUNT: REASONS FOR PERMANENT EMPLOYEE DEPARTURES

	Men	Women	Total 2013	Men	Women	Total 2014
Retirement/early retirement	1,747	1,570	3,317	1,269	1,372	2,641
Resignation	5,283	6,188	11,471	4,713	5,371	10,084
Dismissals(*)	1,299	1,918	3,217	1,368	1,942	3,310
Mutually agreed departures and equivalent	199	274	473	222	250	472
Assisted departure plans	479	435	914	286	290	576
Other terminations of permanent contracts (unspecified, end of trial period, death)	935	1,009	1,944	873	880	1,753
TOTAL	**9,942**	**11,394**	**21,336**	**8,731**	**10,105**	**18,836**

(*) *In France, the grounds for the 442 dismissals (456 in 2013) were professional failings, unsuitability and misconduct.*

25% of the departures are in the domestic markets, 38% in the rest of Europe and 37% in the rest of the world.

Organisation of working hours

➤ TYPE OF CONTRACT(*)

	Men	Women	Total 2013	Men	Women	Total 2014	%
Number of permanent contracts	87,765	91,373	179,138	86,280	94,944	181,224	96%
Number of fixed-term contracts	1,994	3,413	5,407	2,219	4,460	6,729	4%
TOTAL	**89,759**	**94,786**	**184,545**	**88,499**	**99,404**	**187,903**	**100%**

(*) Full-Time Equivalent.

➤ PART-TIME(*)

	Men	Women	Total 2013	%	Men	Women	Total 2014	%
Number of part-time employees	1,853	13,389	15,242		2,074	14,381	16,455	
Part-time employees working 80% or more	1,193	9,176	10,369	68%	1,391	9,824	11,215	68%
% of part-time employees	3%	17%		10%	3%	17%		10%
% of part-time employees by gender	12%	88%			13%	87%		

(*) Physical headcount taking into account 83% of Group headcount.

The part-time employees are mainly distributed in the 4 domestic markets.

Absenteeism

The Group's absenteeism rate[1], based on 38 countries representing 82% of the Group workforce is 5.2% (4.8% in 2013 for 29 countries), in addition to 3.9% of absences for maternity/paternity leave[2].

	2013		2014	
In %	Absenteeism rate	maternity/paternity	Absenteeism rate	maternity/paternity
France(*)	3.8	3.4	4.8	3.5
Belgium(**)	4.1	0.8	4.3	0.7
Italy(**)	3.8	2.9	4.6	3.6
Luxembourg(**)	4.6	1.02	3.5	1.7

(*) Group exlcuding Real Estate and LaSer.
(**) A change in the method for calculating the absenteeism rate led to a recalculation of historical data.

MOBILITY

Mobility remains the focus of human resources management practices. The Group remains mobilised to meet the high level of demand expressed by employees in the GPS. The average objective for 2014 has been reached with 4,787 mobility assignments between entities and business lines[3] (compared to 4,580 in 2013). In France, they progressed by 11%.

To propose numerous and varied opportunities to employees is one pillar of the Group's employer value proposition

Internal mobility is the most frequent means of filling vacant positions and remains one of the essential foundations of career management, which aims to improve collective efficiency and performance and favour professional growth of employees to strengthen their motivation. BNP Paribas focuses on its tranversal and international aspect, to offer rich and diversified careers.

The mobility principles were defined with the aim of creating a Group dynamism, whilst respecting the specific characteristics of each country.

To support their deployment and underline the importance of mobility as part of career management, in April 2014, the Group launched a **"Mobility days"** event simultaneously in 13 countries covering 72% of the workforce: during these days, 24 seminars, 11 forums and 6 web conferences were organised, grouping around 220 HR staff, 300 managers and 4,000 employees.

The "SMP Staffing Platform" dedicated to offers for Senior Management positions was implemented. It ensures, in particular, that mobility principles are respected in the attribution of these positions.

With communication and an active community for mobility as well as increased deployment of internal mobility tools in some 40 countries with a coverage ratio of around 80% of the Group workforce, the number of posts published increased on average by 40% compared to 2013. Internal applications also increased, and represented 43% of posts filled, an increase of 47%. As with France and the United Kingdom which significantly improved their publication process in 2013, we note a significant improvement in 2014 in Belgium, Luxembourg, for CIB in the United States and very strong improvement in the Ukraine.

(1) The rate of absenteeism includes illness, work-related accidents and professional diseases, excluding travel and other authorised absences.
(2) The maternity/paternity rate includes, where applicable, maternity, paternity and adoption leave.
(3) Based on 80.7% of the workforce.

TOTAL NUMBER OF POSTS PUBLISHED

	2013			2014			Var in %	
	Number of posts published	Posts filled internally	% posts filled/ posts published	Number of posts published	Posts filled internally	% posts filled/ posts published	Number of posts published 2014/2013	Number of posts filled internally 2014/2013
France	3,109	1,646	53%	3,960	1,918	48%	27%	17%
Belgium (BNP Paribas Fortis)	573	298	52%	835	472	57%	46%	58%
Italy	210	60	29%	72	35	49%	-66%	-42%
Luxembourg (BGL BNP Paribas)	164	98	60%	285	154	54%	74%	57%
United Kingdom	889	294	33%	896	287	32%	1%	-2%
Poland (BNP Paribas Bank Polska)	461	60	13%	401	104	26%	-13%	73%
Ukraine	529	133	25%	2,185	947	43%	313%	612%
Turkey (TEB)	321	107	33%	212	70	33%	-34%	-35%
United States (BNP Paribas CIB)	426	104	24%	555	177	32%	30%	70%
Other countries	673	191	28%	909	223	25%	35%	17%
TOTAL(*)	**7,355**	**2,991**	**41%**	**10,310**	**4,387**	**43%**	**40%**	**47%**

(*) *Excluding Bank of the West. The total number of posts filled in 2013 takes into account of a modification from 1,580 to 1,646 in France.*

The GPS internal mobility survey shows a mobility rate of 12.7% (13.9% in 2013).

In France, the centralised process implemented over eight functional entities (Compliance, Communication, Finance, Legal, Human Resources, Marketing, Risks and Organisation/Project Management) has enabled the optimisation of employment management based on active mobility and more fluid transversal mobility. A dedicated team centralises the offers and manages them up to the preselection of candidates. The final decision is made by the business lines. The number of posts published continues to increase by 27% and the number of posts filled internally by 17%.

CAREER MANAGEMENT

Appraisal and development of all talent

Career management, which is at the heart of the Group's human resources system, was strengthened by the revision of its policy and the definition of common principles applied to all. It promotes enhanced proximity of HR with business lines and the implementation of a partnership between managers, HR and employees.

The new career management policy built with HR entity players throughout the Group, is characterised by five key moments that take place during an annual cycle: professional evaluation, the personnel development plan, career interview, the "people review" (joint review between HR and managers of employees' skills and potential) and the succession plan. It also provides for indicator monitoring.

The behavioural skills guidelines, common throughout the Group, were completed to integrate digital challenges and transversal skills.

News from the Talent Development Program

As part of the Talent Development Program, continued in 2014 with now nearly 3,000 high-potential employees, 360 employees followed one of the 3 corporate development programmes ("Leadership for Development", "Go to Lead" or "Share to Lead"). For the first time, two sessions took place on the Singapore Campus.

TRAINING POLICY

Developing skills and strengthening the employability of employees remains the priority for training

The GPS shows the positive perception of employees for the training policy, a Group strength, which is in constant progression: 71% declare that they have received training over the previous 12 months and have had sufficient opportunities of training to improve their skills in their current position (respectively +7 points and +2 points over five years).

Creating an environment that allows employees to constantly develop and acquire new skills guides and influences training. The training policy aims to have a diversified range, innovate in its techniques and be agile in its diffusion methods, in particular, to serve innovation and digital challenges. A strength of the employer value proposition is deployed throughout the physical campus and training centre network, and online via a unique training platform ("Learning Management System") for the Group. Training ensures that BNP Paribas performs its businesses with the same spirit worldwide and promotes a sense of belonging among employees, ensuring their loyalty and allowing them to evolve.

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, and notably allow the diffusion of the Group strategy and culture. The Louveciennes campus received 34,368 employees in 2014, and its attendance rate doubled over the last five years. As for the Singapore campus, the objective of 3,000 employees trained per year was exceeded from year one, with 4,220 employees trained through 186 training programmes (71 regional and 115 local).

Training centres

The Group also has many physical local or regional training centres (Italy, Turkey, etc.) or online centres (CIB digital campus) and a shared services centre in the Ivory Coast, with a task to offer a training team for the sub-Saharan territory.

Group Academies

The Group Academies aim to strengthen the corporate culture and manage 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** which is primarily aimed at senior managers[1] progressively broadens its offer (conferences, videos, workshops, etc.).

All of the above help to develop employees' skills and offer 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.

➤ TRAINING: TOTAL NUMBER OF HOURS AND EMPLOYEES(*)

	2012	2013	2014
Total number of employees trained	136,918	148,875	157,083
Total number of training hours	4,208,901	4,697,071	4,603,606

(*) Physical headcount for 86% of the scope in 44 countries.

84% of Group employees receive at least one training session per year (81% in 2013), with an average of 24 hours of training per employee (25 in 2013). In the four domestic markets, where 92% of employees are trained, the average is 25 hours. We note a significant progression of e-learning (+34% of hours), a reinforcement in the number of risk and compliance training sessions, and business techniques & functions training sessions, which remain prominent (45%).

➤ TRAINING: FOCUS ON THE FOUR DOMESTIC MARKETS

2014	Average number of hours per employee	Training method(1)			Training content(2)			
		Classroom based	E-learning	Other formats	Business techniques & functions	Risks & compliance	Group culture & awareness	Individual skills & management
France	28	62%	30%	8%	40%	35%	11%	13%
Belgium (BNP Paribas Fortis)	18	21%	76%	3%	38%	45%	4%	12%
Italy (BNL)	36	10%	80%	10%	61%	27%	4%	5%
Luxembourg	18	29%	70%	1%	21%	64%	3%	11%

(1) % distribution of training by method.
(2) % distribution of training by content.

(1) The Group's senior management comprises employees occupying the 2,300 positions considered by the Executive Committees of all business lines/operational entities/Group functions as being the positions with the most impact on strategic, sales, functional and skills areas.

A DYNAMIC OFFER TO BETTER DEVELOP SKILLS

The Group develops diversified formats and increasingly uses digital formats (e-learning, virtual classes, MOOC's, etc.) which take into account the work methods of employees and their appetite for digital methods.

Significant development of e-learning

Whilst monitoring its quality and variety, the Group encourages the development of e-learning as a full training method and as a strong axis to improve training. Combined with more classic formats, via "blended learning", it enables to train more employees on fundamental subjects directly connected to business needs, and to optimise budgets. Three major elements contribute to this development:

- the implementation by IRB of an **e-factory** responsible for producing internally online training modules for all the other Group entities;
- **mutualisation** of efforts in all territories, thus promoting the sharing of good experience;
- an increased need of **training for compliance**, to meet an increasingly demanding regulatory environment. (See chapter 2 Corporate governance/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/ internal control).

60% of the Group employees followed at least one e-learning training module – eight languages are available. 79% of users have completed more than one module and 23% more than ten, including 59% of training courses dedicated to risks and compliance, 31% to business & function skills and 5% to Group culture and awareness.

➤ E-LEARNING

	2012		2013		2014	
Number of employees trained	66,241		84,729		112,895	
% of employees trained (male/female)	M: 50.5%	F: 49.5%	M: 50.4%	F: 49.6%	M: 50%	F: 50%
Number of modules completed	238,962		441,237		765,015	

Deployment of "Digital Learning" actions

The role of training is to diffuse a **digital culture**, support digital evolution by allowing business lines to have the profiles meeting their needs and for employees to acquire the skills and the necessary ease to let them integrate the digital innovations that cross their business line and organisation. Training develops formats that are increasingly in line with those used regularly by employees in their personal environment.

Blended learning, with its online formats, shorter learning times and alterning more between theory and application of work situations, provides a satisfactory response to the needs of both skills and business production.

The MOOC ("Massive Open Online Courses") have the advantage of involving and mobilising business interlocutors more directly, thanks to the massive use of video and virtual classes. **FRB** held a MOOC on the Single Euro Payments Area (SEPA), initially designed to train clients and employees, but opened to all free of charge. 1,600 participants (professionals and consumers) including 33% of employees, benefited from this training. BNP Paribas was thus the first French bank to produce a MOOC internally. **BNL** in **Italy** chose to transform its business paths into MOOCs in 2014. **IRB** experimented the formula to deploy it in 2015.

DIVERSITY

BNP Paribas' Diversity policy is based on one key principle: valuing each individual and respecting all differences through Group and local diversity initiatives. The fight against all types of discrimination was affirmed by Executive Management and the promotion of Diversity intensified as measures were implemented throughout the Group.

DIVERSITY AMONG EXECUTIVE BODIES AND SENIOR MANAGEMENT

- **Board of Directors**

At 31 December 2014, women made up 38.5% of the 13 members of the Board of Directors elected by shareholders (objective fixed by the law of January 2011: 30% at year-end 2015). The Board also has two Directors elected by employees, one of whom is a woman. A second woman elected by the employees will take up her duties on 15 February 2015. Four nationalities are represented on the Board.

- **On the Executive Committee**

Since 1 December 2011, there is one woman and three non-French members on the Executive Committee, thus an internationalisation rate of 15.8% out of the current 19 members.

- **The G100**

The Group's 100 top executive managers now include people from nine nationalities, 16 women and 27 non-French people (13 women and 23 non-French people in 2013).

- **Feminisation and internationalisation of senior management**

The proportion of **female senior managers** increased and totalled **25% at the end of 2014**, in accordance with the objective fixed by the Chief Executive Officer. As corporate mixity is a factor of efficiency, since 2009, Executive Management has been committed to increasing the percentage of women in Group senior management positions. In parallel, 43% of senior managers are not of French nationality (compared to 40% in 2013).

GROUP DIVERSITY GOVERNANCE

The Group Diversity Committee currently includes 29 members – pairs of business line and Human Resources representatives - and continues to meet twice a year. In 2014, committees took place in Brussels and London. This governance is being reinforced and was expanded at a business line level (**FRB, CIB, IRB**, etc.) and a regional **(APAC)** and country level **(United Kingdom)**.

DEPLOYING THE POLICY AND MEASURING ITS IMPACTS

The employees approved once again this year the actions carried out with regard to diversity: 66% of employees declare they have a clear vision of actions carried out by BNP Paribas to promote diversity (+2 points in five years) and 64% that BNP Paribas' management promotes diversity in the workplace, through the respect and recognition of differences between people (+2 points in 1 year and +8 points in five years). The entities of 31 countries, covering 71% of Group employees indicate that they have implemented or continued training or awareness raising actions on the theme of diversity, inclusion or equality in 2014.

Distinctions

In October 2014, the Group was classed 3rd among the most inclusive companies for LGBT[1] by the "Workplace Pride" Foundation. In the **United States**, for the third consecutive year, **BNP Paribas CIB** was awarded the prize of "The best place to work for LGBT equality" by the Human Rights Campaign.

BNP Paribas Personal Finance received the prize of honour for the HR campaign and employment brand for its internal Diversity communication, initiated in September 2014 on: disability, equal opportunities for men and women, mixity of origins and age management.

In September 2014, **BNP Paribas Insurance** obtained the renewal for three years of the Equal Opportunities Label.

PROMOTING WORKPLACE EQUALITY FOR MEN AND WOMEN

On 16 September 2014, BNP Paribas signed an agreement on workplace equality with the European Council and the two European federations, FECEC and UNI.

This second agreement for BNP Paribas at a European level, reinforces the commitment to promoting workplace equality in the Group in Europe. It aims to guarantee to every woman and every man equal treatment based on their skills and performance, irrespective of gender, at all stages of their professional life.

The agreements in force on professional equality between men and women in the main Group entities cover 95% of the workforce in France and 20 European countries. In **France**, women represent 33.5% of executives and 46.6% of managers (respectively 31.8% and 45.8% in 2013).

In **France**, the Group signed the **Charter of 15 commitments for work-life balance**, initiated by the Ministry for Women's rights and the Observatory for the work-life balance and parenting in the workplace.

The integration of the mobility principles within the Group procedure for career management has reinforced the messages on the selection of employees and the constitution of short lists at all levels, which should include at least one woman, one man and one person from another business line or function.

In **Luxembourg**, on 7 May 2014, the Group received the "Mega-entreprise" 2013 prize. Awarded by the Luxembourg Ministry for Equal Opportunities, this prize recognises companies that stand out through their good practices in terms of equal opportunities between men and women.

(1) Lesbians, Gay, Bisexuals, Trans.

On the client side, BNP Paribas also shows its commitment by positioning itself, for example, as exclusive bank sponsor of the **"Women's Entrepreneurship Day"** launched by the **United Nations** on 19 November 2014. A partnership convention to **promote women's entrepreneurship** was signed between BNP Paribas and the Ministry for Women's rights on 6 February 2014. Lastly, one of BNP Paribas' seven commitments of its Entrepreneurs programme 2016 in France, is to support female entrepreneurs.

RAISING AWARENESS AND TRAINING

The Group continues its training and awareness raising actions to fight discrimination and promote Diversity: *Managing Diversity, Executive presence, Women leadership, Unconscious stereotypes, Work-life balance, Back from maternity leave*, are training sessions followed by employees[(1)]. In **Belgium**, 80% of employees have followed at least one e-learning session on Diversity.

Coaching and mentoring actions aim at promoting professional equality between men and women or inter-generational dialogue on digital technologies. Sponsoring programmes[(2)] have been successfully implemented, in order to constitute a pool of female employees likely to integrate the Comex/Codir at **CIB, Real Estate** and **Leasing Solutions**.

In **France**, a guide on "Managing Diversity" was distributed to all senior executives on the integration of diversity in management practices.

Diversity Week/Events

For the first time, a **"Diversity Week"** event was simultaneously organised by different business lines and 11 countries (including the United Kingdom, Hong Kong, Australia, South Korea, Belgium, France, Poland, etc.) mobilising more than 5,000 employees. Numerous awareness raising/training actions were devoted to the themes of workforce equality, inter-generational dialogue, work-life balance and the link between diversity and innovation. The events took various forms (conferences, workshops, theatre, forums, etc.) to raise the awareness of a wide audience to the issues of diversity.

Networking

The networks are major players in the development of the Group's Diversity policies. They are being strengthened and offer their members increasingly varied activities. In **the United Kingdom**, the five networks RESPECT, PRIDE, WIN, ABILITY, and Parents & Careers constitute the basis of Diversity governance.

BNP Paribas RESPECT
BNP Paribas PRIDE
WIN Women's INTERNAL NETWORK
Disability Awareness Network ABILITY
Parents and Carers

In the **United States**, at **BNP Paribas CIB**, the nine professional group networks, the "Business Networking Groups" (BNG), collaborate fully with the business lines, functions and the Diversity Council, thus increasing the commitment of employees.

The **BNP Paribas MixCity** networks continue to meet considerable success with more than 4,000 members worldwide. Two new MixCity networks were born in India and Germany, bringing up to 14 the number of branches, with increasing interconnections between the networks.

To promote the commitment of men in questions of workforce equality, the Group decided, at the end of 2013, to get involved in the inter-corporate project, **"Happy Men"**. The network is developing in **France** (Paris and province). The project is to create circles of men dealing with professional equality topics and promote them to other men. They constitute a lever for managerial innovation and well-being at work.

Other networks have also been successful: in **Belgium**, Beaufort for those under 35, 02 for the 50s and over, and Friends of Africa.

(1) More than 2,000 Group employees trained in 2014 on professional equality.

(2) More than 215 female employees benefited from these programmes.

Facilitating parenthood

The Group continues its actions. In **France**, **CIB**, **Wealth Management** and **Investment Partners** at **Investment Solutions** proposed company parenthood days to enable employees' children to discover their parents' professional environment around fun educational activities. The Human Resources Department, **Cardif** and **Personal Finance** regularly propose thematic conferences conducted by specialists on parenting. To facilitate access to information, a "Parenting" page has been created on the Group's Intranet. In **South Korea**, **Cardif** has implemented a maternity support programme which allows a two-hour work reduction per day (in anticipation to the "Labor Standard Act").

A mapping of the maternity/paternity leave in the different entities worldwide is currently being drafted.

PROMOTING THE EMPLOYMENT AND INSERTION OF THE DISABLED

Above the legal requirements, the entities of 14 countries have signed collective agreements on disability or have taken measures in favour of disabled people. Among the countries legally authorised to record disabled workers, 2,931 were listed as present in the Group distributed among 26 countries, including 150 recruitments in 10 countries in 2014.

➤ NUMBER OF DISABLED EMPLOYEES

	2012	2013	Recruitments 2013	2014	Recruitments 2014
France (of which BNP Paribas SA)	1,248 (1,088)	1,350 (1,170)	53 (45)	1,398 (1,203)	52 (43)
Belgium (BNP Paribas Fortis)	(68)	(66)	(1)	(69)	(3)
Italy (of which BNL)	635 (513)	660 (520)	19 (6)	679 (524)	21 (2)
Luxembourg (of which BGL BNP Paribas)	36 (27)	59 (47)	0	53 (52)	0
Europe (excluding domestic markets)	620	720	127	664	65
Rest of the world	17	50	65	68	9
TOTAL	**2,624**	**2,905**	**265**	**2,931**	**150**

In **France**, as part of the second disability agreement, **BNP Paribas SA** carried out 43 recruitments in 2014 (134 over three years) and 319 active employees were retained in their jobs (262 in 2013) i.e. 1,017 employees were supported, an increase of 25%. The employment rate for disabled persons has increased constantly since 2007 and now stands at 3.6% (3.5% in 2013). Actions have dealt with training for Health, Safety and Security Committees (CHSCT) and actions to raise awareness of invisible disability and disabling diseases. The use of EA (Adapted companies) and ESAT (support-through-work organisations) continued, with the implementation of concierge services managed with an ESAT.

In the subsidiaries, **BNP Paribas Leasing Solutions** signed its second disability agreement while **BNP Paribas Securities Services** signed its first agreement with a main goal of providing access to employment and, as an active member of **HandiFormaFinance**, to offer a work-study training in Finance program in partnership with the University of Nanterre.

In **Belgium**, a specific bank approach to meet the needs of disabled customers and users was deployed. 120 agencies spread throughout the country were adapted. 1,200 "talking" ATMs with braille editions were installed to promote access to bank services for the visually impaired. **BNP Paribas Fortis** put in place an e-learning module on behaviour when receiving disabled people. In **Italy**, **BNL** trained visually impaired telephone operators.

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 agreements on employment management at the European level and for the Group in **France**, signed respectively in July 2012 and October 2013, are rigorously applied and show the commitments made:

- to carry out as far in advance as possible and by regularly informing employee representatives as part of entities or places of exchange implemented, adjustments to structures and organisation following the necessary adaptations of the Group companies;
- avoid forced departures in the event of organisational changes with significant consequences on employment via, in particular, the use of natural turnover, internal mobility or other entities and voluntary departure solutions.

As part of the generation agreements and commitments to senior employees, the average departure age for employees over the age of 55 is increasing.

➤ AVERAGE DEPARTURE AGE OF EMPLOYEES AGED 55 AND OVER

	2012	2013	2014
France	60.5	60.5	60.7
Belgium	59.7	60.4	61.1
Italy	60.1	58.8	59.7
Luxembourg	58.7	58.7	59.1
Europe (excluding domestic markets)	n/a*	59.7	60.6
Rest of the world	n/a	60.8	60.8
TOTAL	**60.2**	**60.2**	**60.7**

(*) n/a: not available.

QUALITY EMPLOYEE-MANAGEMENT DIALOGUE

Every year, the Group strengthens its extra-financial information collection mechanism. In 2014, it covers 44 countries representing 87% of the workforce worldwide. There are staff representatives and/or union representatives (including members of the European Works Council) in 36 countries, covering 86% of the Group's workforce, essentially in Europe, Africa, South America and several Asian countries.

More than 4,300 official meetings in 27 countries were organised between these representatives and their management, enabling a total of 174 collective or sectoral agreements to be signed in 16 countries. These improvement agreements signed in 2014, or previously and still in force, deal most often, in decreasing order of importance, with compensation and/or social benefits, employment, work organisation, dialogue governance in addition to health and safety at work, diversity, professional equality, inclusion, and disability. Even where legal requirements or the signature of collective agreements do not apply, Group entities in different countries discuss these subjects with employees or their representatives and take positive actions.

➤ NUMBER OF COLLECTIVE AGREEMENTS SIGNED AND MEETINGS

	Collective agreements			Meetings	
	2012	2013	2014	2013	2014
France (of which BNP Paribas SA)	69 (8)	90 (7)	76 (8)	3,330 (2,197)	3,732 (2,493)
Belgium (of which BNP Paribas Fortis)	12 (10)	11 (7)	10 (8)	181 (157)	175 (160)
Italy (of which BNL)	51 (30)	46 (23)	62 (36)	226 (100)	195 (80)
Luxembourg (industry agreement)	1	1	1	-	24 (8)
Europe (excluding domestic markets)	5	34	9	92	114
Rest of the world	10	29	16	78	92
TOTAL	**148**	**214**	**174**	**3,907(*)**	**4,332**

(*) Number updated after the publication of the Registration document 2013.

NEW MANDATE OF THE EUROPEAN WORKS COUNCIL

Within the new mandate of the European Works Council, for a duration of four years, the secretary and the two deputies (two men and a woman) are respectively from Luxembourg, Belgium and Spain. They reflect the Group's diversity and its strong European attachment. The European Works Council covers 20 countries and 67.6% of the total workforce.

On 16 September 2014, the European agreement on workforce equality was signed. It constitutes the 2nd part of the European social charter. A review will be carried out on its application in the different European countries in 2015.

On a European level, there was a busy agenda with presentations and exchanges on the evolution of Cortal Consors, the acquisition of BGZ in Poland and of LaSer present in six European countries.

A COMPETITIVE COMPENSATION POLICY

Compensation and its evolution

The Group's compensation policy is founded upon principles of fairness and transparency, which are supported by a single annual compensation review for the Group. The principles on the composition of compensation and evolution of the fixed compensation are common throughout the Group and consistent with the objectives of risk management. Compensation is determined in a way that avoids incentives, which may lead to situations of conflict of interest between employees and customers or non-compliance with rules of good conduct. The compensation policy has been communicated by different business lines to employees for greater transparency.

Variable compensation is determined according to individual and collective performance over the year, based on the objectives set. It can take different forms in the various business lines. The method used to determine individual variable compensation includes a quantitative and qualitative review of each employee's sustained performance measured 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). For the 2nd consecutive year, the Group attributed to more than 5,000 key employees[(1)] a medium-term incentive plan maturing in June 2017 known as **International Sustainability and Incentive Scheme** of which 20% of the initial allocation is indexed to the Group's CSR performance. As part of this plan, the CSR performance is based on nine indicators representative of the four pillars of the Group's CSR policy.

As part of the annual compensation review process, provisions may be made locally to reduce possible compensation differences between men and women. In **Luxembourg**, a dedicated envelope was reserved as part of the annual process. Similarly, over several years, in **France**, BNP Paribas SA and several subsidiaries allocate specific envelopes for salary increases negotiated as part of compulsory annual negotiations, with the aim of supporting the equal opportunities policy for men and women. In 2014, the overall envelope represented nearly EUR1.9 million.

Overall, in 2014, the Group's staff expenses costs totalled around EUR15 billion, an increase of 2.6% compared to 2013 (see note 7 *Salaries and employee benefits* in chapter 4).

➤ AVERAGE YEARLY COMPENSATION[(1)]

	2013[(2)]	2014	Var in %
France[(3)]	€51,615	€52,018	+0.78%
Belgium (BNP Paribas Fortis)	€69,920	€70,525	+0.87%
Italy (BNL SpA)	€49,712	€50,600	+1.79%
Luxembourg	€75,295	€77,436	+2.84%

(1) Gross data for workforce over two years seniority, excluding executive managers (G100), paid at 31/12/2013 excluding employers' contributions, but including fixed salary, sales incentives and variable compensation paid throughout the year, excluding deferred payments, and profit-sharing plans.
(2) Slight modification to 2013 figures due to harmonisation of definitions.
(3) All entities excluding BNP Paribas Real Estate, on a working time of 35 hours.

Compensation policy compliant with regulations

In accordance with applicable regulations, 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. The implementation of this policy since 2009 has resulted in reinforced formalisation of governance based, in particular, on the control functions, Executive Management and the Board of Directors' Compensation Committee. As a result, a significant fraction of the variable compensation for these employees identified as risk takers has been deferred over three years (more than 60% deferred for over a year for the 2014 allocations in respect of 2013). Part of the variable compensation is index-linked to the performance of BNP Paribas shares in order to align the interests of the beneficiaries and shareholders (more than 50% for 2014 allocations in respect of 2013). Payment of each installation is subject to conditions and failure to fulfil these conditions could lead to the partial or total loss of the annual payment (penalty system).

(1) Key employee: senior manager, high potential employee or local key resource.

In 2014, the Group's compensation policy was reviewed and modified to be in compliance with the Directive CRD4 and its transposition into French law in the Monetary and Financial Code, as well as the European delegated regulation on the criteria of identification of risk-taking employees. This information on the compensation policies and practices as well as quantitative information on employees identified under the new regulations as risk-takers for the Group for 2014 will be published in a report on the BNP Paribas internet site http://invest.bnpparibas.com before the Shareholders' General Meeting on 13 May 2015.

Profit-sharing in the Group's performance

In **France**, the Group associates its employees with the Group's performance as part of profit-sharing and incentive mechanisms.

For **BNP Paribas SA**, the incentive agreement involves three components, including a CSR target concerning paper consumption per employee, which has been achieved in 2014. In respect of the 2014 performance, an overall total amount of EUR99 million for profit sharing and around EUR150 million for incentives will be paid to 66,604 employees, compared to EUR102 million and EUR154 million for 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. As the 2013 objectives were reached, EUR21 million were paid in 2014 to more than 16,700 employees. In **Luxembourg**, in 2014, the bank paid an incentive bonus to non-manager employees for 2013 of a total of nearly EUR4.3 million.

At end-2014, the percentage of Group capital held directly or indirectly by Group employees was 5.2% (5.4% at end-2013).

FOCUS ON PEOPLE

Protecting employees' health

In addition to legislation in terms of health and safety at work that exists in all the European countries and outside of Europe, the entities in around ten countries, covering most of the workforce, signed improved agreements on the health and safety of employees or have taken positive actions. The entities of around twenty countries representing 1/4 of the workforce continued to take protective measures for employees in 2014, despite a social protection, life insurance and invalidity system that is already very favourable to all Group employees.

Frequency and severity of accidents at work and occupational illnesses

Out of 44 countries reporting accident at work data, 801 accidents occurred in 19 countries, covering 70% of the workforce. This equates to an accident frequency rate[(1)] of 2.7 (3.6 in 29 countries in 2013) and an injury severity rate that is not significant. No cases of significant occupational illnesses were identified.

WORK-RELATED ACCIDENTS

	2013		2014	
	Number of accidents	Frequency rate[(3)]	Number of accidents	Frequency rate[(3)]
France	481	4.6	355	3.6
Belgium[(2)]	60	2.1	53	1.9
Italy	166	5.4	191	6.6
Luxembourg	3	0.8	16	2.2

Health and safety conditions at work

35 countries representing 80% of the workforce implemented actions, training and measures to raise awareness on stress and psychosocial risks. In 2014, entities in 21 countries (34% of the workforce) developed or extended their actions in this area. Prevention or awareness actions on nutrition, ergonomics or improvements to work environments have been developed for nearly 1/4 of employees.

In **the United Kingdom**, **BNP Paribas CIB** received the joint second prize for the British company (of more than 1,000 people) with the employees in the best health and the 3rd prize for the Healthiest British company ("Britain's Healthiest Company Survey"). Since 2014, the occupational health partner is present full-time in the premises.

Prevention of work-related stress

In **France**, more than 46,000 employees completed the questionnaire by the OMSAD (Medical Observatory to monitor stress, anxiety and depression) over a five-year period. The occupational health service of BNP Paribas is available for employees who are experiencing problems, supported by 34 social workers. An external listening and psychological support system "Care" was implemented in October 2014 with the Capital Santé office for all employees of BNP Paribas SA in France. In **Belgium**, pursuant to the new law on occupational wellbeing which requires an analysis of psycho-social occupational risks and the mandatory implementation of protective and prevention measures, an awareness-raising campaign was conducted. This campaign involved an e-learning

(1) The frequency rate corresponds to the number of accidents per million hours and the severity rate, of 0.05, to the number of days lost per 1,000 hours.

(2) In 2013, 60 occupational accidents were recorded (instead of the erroneously reported 388), resulting in a modification of the frequency rate.

(3) A change in the method for calculating the accident rate led to a recalculation of historical data.

session, which achieved a participation rate of 85%, and training sessions for HR Managers. Procedures in the event of harassment, stress and burn-out risks were adapted and disseminated. In each HR Department, a coordination team and an intervention committee were set up. Useful information, advice and good prevention practices will be available on a dedicated page of Echonet. In **Italy**, BNL began a new phase of stress risk evaluation for 3,000 employees, which will end in February 2015.

In **Luxembourg**, conferences on "Well-being and performance" brought together more than 180 participants.

Public health issues

In **France**, the Group's Occupational Health Service continues to screen for risk factors, including cardiovascular problems and diabetes, and carries out free flu vaccination campaigns. It organises prevention days, information conferences (sleep problems, carers, parenting, smoking) and provides first-aid training. Employees aged over 55 have an annual check-up. In **Belgium**, following a campaign to encourage running, 900 employees took part in the Ekiden marathon in Brussels. In **Italy**, **BNL** has two health protection actions: one covers all employees with an annual check-up; the other is compulsory for two types of population: an examination every two years for all employees working on screens, for night-shift personnel and those working in noisy environments, and one every five years for the other employees. In **Luxembourg**, on 3 July 2014 the 11th edition of the "CAS Sport, Leisure, Health, Environment Day" was held at **BGL BNP Paribas**. Focusing on food allergies, it allowed employees to participate to two conferences on health.

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. The Group's Health service opened a branch in Nantes in September 2014, covering more than 2,000 employees. In **Belgium**, more than 5,000 employees received a periodical or recruitment health check, and the subject of ergonomics was treated during workshops on the deployment of the concept of shared offices and teleworking. In **Luxembourg**, six qualified individuals monitor the risks identified, their prevention, updating of controls, registers and reports and monitor stations that are at risk. In addition, an internal training scheme is offered to employees, covering the following themes: physical compensation activities, management of crisis situations (hold-ups), and first aid.

Harassment and violence at work

In **France**, the "Harassment and violence at work" agreement, which was signed in 2011 and renewed in 2014, 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 **Luxembourg**, BGL BNP Paribas' Charter against Harassment is available on the Echonet.

Social benefits relating to protection benefits, retirement and savings

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. The plan implemented by **BNL** in 2013 allows employees, on a voluntary basis, to receive part of their profit-sharing amount (40%) in the form of medical assistance, a pension plan or education and training for themselves or their family. In 2014, nearly 21% of eligible employees opted for this scheme. In **France**, the Group supports voluntary saving efforts by employees with savings plans (Company savings schemes and retirement savings plans) with contributions totalling EUR55 million in 2014. It offers a mandatory mutualised health plan to employees and a protection insurance system that allows each employee to adjust their level of protection according to their personal situation.

Promoting and complying with the fundamental conventions of the ILO on Human Rights

In 2012, the Executive Management signed BNP Paribas' Human Rights Declaration committing to ensuring the respect of human rights within its sphere 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)]. As in 2013, BNP Paribas has operations in ten countries at risk, representing 3.1% of the total workforce, and in 20 countries where there is cause for concern, representing 15.8% of the total workforce. The figures remain relatively stable (5.2% and 15.6% in 2013). Out of 86% of the global workforce, five employees (four in 2013) in Brazil are less than 18 years old, but more than 16 years old.

In keeping with these efforts, in 2014, the Human Resources Department launched a questionnaire on the Human Rights situation of employees to map the themes: freedom of association and collective bargaining, health and safety at work, non-discrimination and equal opportunities and sub-contractor agreements. This study should allow us in 2015 to confirm the guideline for actions to be carried out. An initiative to raise awareness of Human Rights was implemented in November during the Diversity Week in Paris. (For further information, see chapter 7, part 4: promoting respect for human rights).

(1) Source : Maplecroft which identifies 35 countries at risk and 68 countries where there is a cause for concern (compared to 34 and 70 in 2013).

7.4 Civic responsibility: combating exclusion, promoting education and culture

BNP Paribas is a committed participant in society: it supports numerous initiatives for combating exclusion and promoting 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: support for microfinance and social entrepreneurship;
- commitment 8: combating exclusion and promoting respect for Human Rights;
- commitment 9: a corporate philanthropy policy promoting culture, solidarity and the environment.

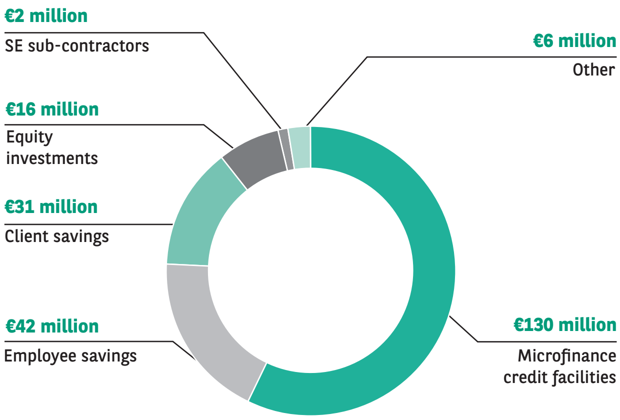
SUPPORT FOR MICROFINANCE AND SOCIAL ENTREPRENEURSHIP

In 2014, BNP Paribas continued and strengthened its support for social entrepreneurship and microfinance, both in terms of the volume of financing and in the measures implemented to adapt to the specific issues in this sector, as well as in the continuous creation of specific lending policies and the implementation of a network of expert representatives.

Regardless of their legal status, the special nature of social enterprises rests in their objective of achieving a significant positive social or environmental impact through a sustainable business model. They present efficient and innovative solutions to a great number of economic, social and environmental problems: the integration of disabled people, the production or provision of social or environmental goods or services for populations at risk, access to healthcare, energy, housing, and financial services (e.g. microfinance, etc.).

In total, the Group's support for microfinance and social entrepreneurship (excluding loans for social entrepreneurship) reached EUR227 million at end-2014, an increase of more than 35% over 2013. BNP Paribas has already exceeded its 2016 objective of EUR220 million and will continue on this path.

➤ GROUP BNP PARIBAS SUPPORT FOR MICROFINANCE AND SOCIAL ENTREPRENEURSHIP (EXCLUDING LOANS) AS AT 31/12/2014

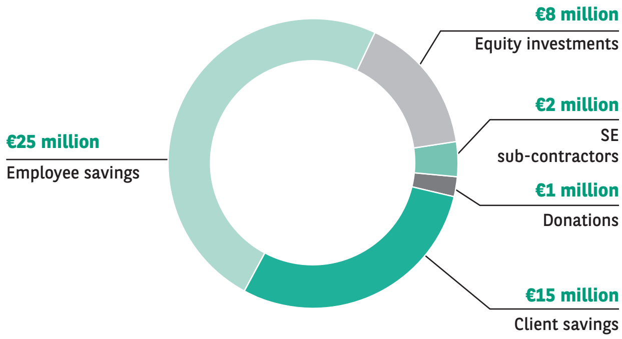


SOCIAL ENTREPRENEURSHIP

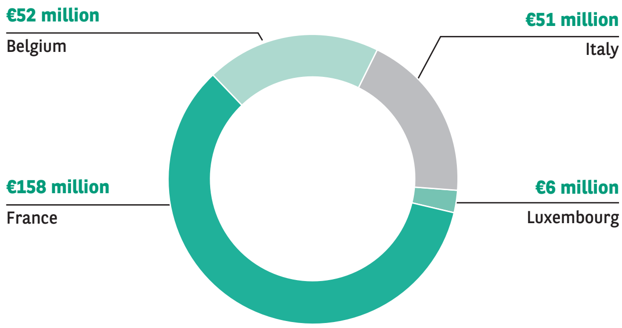
In this area, the Group's business activity in France, Italy, Belgium and Luxembourg continues to grow and take shape: its financial support went from EUR36 million in 2013 to EUR51 million in 2014 for non-loan transactions, and from EUR224 to 267 million for loan transactions.

➤ SUPPORT OF THE BNP PARIBAS GROUP FOR SES AS AT 31/12/2014

➤ Support for SEs excluding loans



➤ Loans to SEs by country



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To better assist these companies, BNP Paribas fine-tuned its approach and tailored its services to their specific features and national needs:

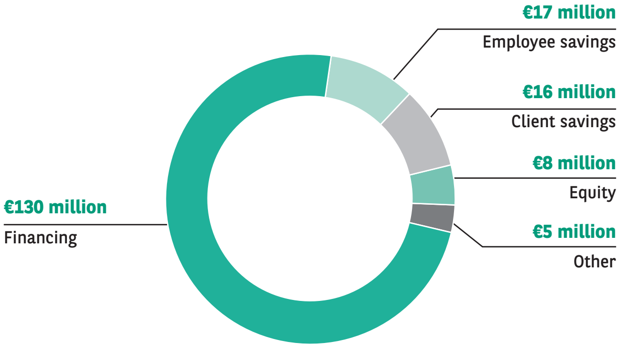
- In **France**, the Group added a new tool to support the growth of French companies with a social mission and to meet their equity financing needs: the **BNP Paribas Social Business Impact France fund**. This fund is dedicated to social enterprises and facilitates the use of savings products that contain a social impact investment component. It is open to professional investors (solidarity-based employee savings funds, particularly those managed by BNP Paribas Investment Partners, to private banking, institutional investors, etc.) who wish to make an investment with a social impact. It will also be open to the new FCP BNP Paribas Social Business France (more information is provided in section 7.2 of the Registration document: *Responsible products & services*). This fund is meant to grow rapidly to support thirty or so French social enterprises by end-2016: its objective is to have collected EUR 40 million by this date. Some of the key individuals in social impact investing have accepted to join the fund's Strategic Planning Committee: Olivier de Guerre, Chairman of PhiTrust Partners, Nicolas Hazard, Chairman of the Comptoir de l'Innovation (SOS Group), and Fanny Picard, Co-founder of Alter Equity.
- In **Belgium**, BNP Paribas Fortis, in its turn, set up an organisation dedicated to social enterprises by forging a centralised structure that provides a focus for expertise and facilitates effective integration within the social entrepreneurship sector in Belgium.
- In **Italy**, BNL joined forces with the two main national actors in the sector via:
  - an investment of EUR 1 million in the Oltre Venture fund, a pioneering investment firm in solidarity investments in Italy. It specialises in the financing and support of innovative companies and projects with a positive social impact,
  - a partnership with CGM (Consorzio Nazionale della Cooperazione di Solidarietà Sociale Gino Matarelli), one of the largest networks of Italian social cooperatives, to facilitate access to credit and other banking services for social cooperatives within the Consortium.

Finally, BNP Paribas made a commitment in 2012 to triple the volume of sub-contracting operations with social enterprises (SE) by 2015. In 2014, BNP Paribas increased its support by 40% over the EUR 2.3 million committed in 2013.

MICROFINANCE

In 2014, the Group's overall support for microfinance was amplified: as at 31/12/2014, it reached EUR 176 million, a growth of 34% over 2013.

SUPPORT OF THE BNP PARIBAS GROUP FOR MICROFINANCE AS AT 31/12/2014



This 2014 increase involved mature economies (France, Italy, Belgium, United Kingdom, United States) with EUR 56 million in credit facilities as at 31/12/2014 (+51% over end-2013) as well as emerging economies (Brazil, Colombia, China, Ivory Coast, India, Indonesia, Morocco, Poland, Senegal, Tunisia and Vietnam) with EUR 74 million in credit facilities as at 31/12/2014 (+47% over end-2013).

In mature economies, this support takes the form of credit lines for financing the microcredit portfolios of institutions that generally do not have the opportunity to develop savings. It can take also the form of help to micro-borrowers, through technical assistance for instance.

The Group is thus among the leading banking partners of Adie (Association pour le droit à l'initiative économique) in France, of Permicro in Italy, of Fair Finance in the United Kingdom and of Microstart in Belgium. At BNP Paribas Fortis' initiative, an impact study was conducted on Microstart by students at the University of Vlerick. This study concluded that Microstart's activities benefited the Belgian State by over EUR 2 million (savings on social services and additional tax revenues).

In the United States, BNP Paribas has provided financing for BOC Capital since 2014, in the form of a loan of USD 250,000. This New York institution specialises in providing financing for minorities and immigrants who wish to create their own micro-enterprises. It has also developed green business loans to encourage small businesses to integrate environmental protection into their business models. Similarly, Bank of the West supports CDFIs (Community Development Financial institutions - organisations providing financial services to individuals who are excluded from the banking system) through subsidised loans (USD 185,000 in 2014) and in subsidies (USD 615,000).

In emerging economies, the Group provides support to 29 institutions in 11 countries by financing a portion of their microcredit portfolios. Through their intermediary, it has indirectly participated in the financial inclusion of nearly 250,000 individuals in 2014 (+64% over 2013). In India, a country with major microfinancing needs (41% of worldwide micro-borrowers), the Bank decided to support growth and the strengthening of the sector currently supervised by the Reserve Bank of India. Its credit facilities thus increased from EUR 7 to 27 million for the 15 supported institutions (versus 9 institutions in 2013).

BNP Paribas also supports some institutions by acquiring stakes in share capital: UBCI, in Tunisia, acquired 11.5% of TAYSIR's share capital, a Tunisian institution created by Adie in 2013. UBCI underwrote a 2014 capital increase, and recently approved an initial loan to TAYSIR for portfolio financing purposes.

Finally, assistance to the sector in emerging economies is taking the form of support for structuring projects, such as the integrated Risk Management Platform (*Centrale de Gestion des Risques*, CGR) that PlaNet Finance is implementing in India. This project improves sector transparency and the protection of low-income customers. In effect, they consolidate the entirety of the credit data available on borrowers from any type of organisation (banks, NBFIs, self-help groups, associations, etc.) whereas the existing credit bureaus only cover a limited range of organisations (banks and NBFIs).

COMBATING EXCLUSION AND PROMOTING RESPECT FOR HUMAN RIGHTS

BNP Paribas has been committed for many years to combating social and financial exclusion. The Group is developing many initiatives throughout the world in order to promote financial education and the support of populations at risk, particularly in underprivileged urban areas. From a broader perspective, BNP Paribas is working to promote the protection of Human Rights within its sphere of influence.

PROVIDING ASSISTANCE TO CUSTOMERS AT RISK

BNP Paribas takes particular interest in customers who suffer from a disadvantage, whether due to a disability or to their financial situations, and ensures their access to banking services.

Customers with disabilities: In Belgium, BNP Paribas Fortis created a communication and initiatives platform that includes over 20 associations and its own employees who suffer from disabilities. The goal is to expand the range of services tailored to serve persons with disabilities and other specific needs associated with age, while providing an improved customer experience. This effort is a continuation of the initiatives implemented in 2012 and 2013 to facilitate access to branches for individuals with reduced mobility, increase the number of ATMs with voice guidance, and provide account statements in braille to customers suffering from vision loss.

Customers experiencing financial difficulties

The entire Group is committed to the growth of responsible lending coupled with the desire to promote access to loans for the greatest number of individuals, while combating excessive debt. The Bank supports its customers at key points in their lives and continues to do so during difficult periods associated with a change in circumstances, unforeseen expenses, health issues or difficulties in budget management.

In 2010, **Cetelem** invested in a tool for the detection of early warning signs as to the vulnerability of its customers in order to be able to contact and advise them before their situation deteriorates. This proactive approach facilitates the identification of customers in potentially difficult situations. They are sent a letter inviting them to contact a specialised team for a preliminary interview to assess the financial health of the household. In cases where the difficult situation is confirmed, Cetelem may offer the household an internal solution (a pause in payments, a restructuring of debt to balance the budget over the long-term, etc.). Cetelem refers the most delicate situations (approximately 10% of cases) to the CRESUS association, with which it has jointly created a customised support mechanism. All sales materials are suspended for customers who are deemed to be experiencing difficulties, and they are offered an educational programme to assist them with budget management. In 2014, nearly 8,500 customers benefited from a complete budget analysis; four out of ten of these revealed areas of weakness and were provided with personalised assistance.

French Retail Banking (FRB) has also implemented certain prevention and support mechanisms for its customers experiencing difficult situations.

Like at Cetelem, an alert system was set up to identify customers in delicate situations. Throughout France, 400 dedicated advisors, assisted by experts, deal with customers experiencing the greatest difficulties: following an in-depth budget analysis, they recommend personalised solutions. The advisors are trained to provide optimum support to their customers facing life difficulties and to implement prevention and education measures. In order to take efficiency a step further, BNP Paribas has set up a cooperation agreement with CRESUS, which is intended for those customers whose financial situation has become too complex. CRESUS then takes over the assistance with budgetary needs and the mediation efforts in the case of multiple creditors.

Finally, since January 2011, BNP Paribas offers the GPA Alternative Payment Range *(Gamme de Paiement Alternatif)* at no charge in order to support customers experiencing difficulties.

Improving financial education for consumers

Financial education has demonstrated its effectiveness in combating excessive debt and encouraging economic growth. In 2014, BNP Paribas employees again committed themselves strongly to this cause by helping to design educational content and tools or by training the public.

In 2014, over 300,000 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.

Numerous programmes target young people as a priority:

- **In Luxembourg**, the "Startin' Finance" programme for financial education targeted at those over the age of 12 was continued.
- **In 2013, BNP Paribas Cardif** signed a three-year partnership with "Entreprendre pour Apprendre" **(Learn by Doing)**, a federation of organisations working to foster the entrepreneurial spirit in young people and to gradually develop their entrepreneurial skills. It provides a dual support – offering both the financing and expertise. In 2014, 54 employees were involved in sponsoring entrepreneurs throughout the academic year (versus 42 in 2013).
- The Group's securities custody subsidiary, **BNP Paribas Securities Services**, has consolidated its worldwide solidarity initiatives around educational projects through the launch of its "Securities Services for Education" programme. It aims to help young people with their schooling and to understand economic and financial subjects. 140 employees have worked with over 1,000 beneficiaries in a dozen countries (women entrepreneurs in India, travellers in Luxembourg, high school students in Australia and New Zealand, etc.).
- **In Morocco**, the **BMCI** has participated in the "Financial Education Week for children and young people" since 2012. This national event aims to familiarise secondary school and high school students with banking and financial concepts through open days held in the branches and "Finance Day" conferences led by employees. In 2014, 48 branches participated and more than 3,000 students were trained.

Other initiatives intended for entrepreneurs and families:

- In **Turkey**, the TEB Family Academy helps households to manage their budgets, while in Hawaii, the First Hawaiian Bank organised 18 seminars attended by 3,731 individual customers, self-employed individuals and SMEs. Numerous topics were covered, such as budget management, preparation for retirement, Social Security and Medicare, as well as Hawaii's economic outlook.

Other programmes involving all sectors of the public:

- **In France**, the **Cetelem Foundation for budget education** continued its mission as 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 2014, more than 11,500 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.
- **In Italy**, through its EduCare programme, **BNL** offers a set of budget management education courses intended for customers and non-customers alike. Having added a focus on digital technology and started offering courses outside its agencies in 2013, EduCare opened the EduCare school (EduCare Scuola) in 2014. Thanks to this initiative, more than 5,000 classes of children between the ages of 9 to 11 benefited from training on budget education. In addition, on 15 May 2014, 440 events on the topic of retirement were held throughout the country. In the same vein, **Findomestic**, **the consumer credit subsidiary of Personal Finance**, has been providing its finance and insurance education programme to the general public since 2011. These modules have been watched over 12,300 times and are available on the PerCorsi website.
- In **Burkina Faso**, a broad financial education campaign has been launched through the main radio station in the country. Fifteen programmes of four minutes each, reaching an average audience of 3 million listeners, have been broadcast 420 times between September and December 2014 They have raised awareness as to the role of banks and have introduced basic banking products.

"PROJET BANLIEUES": A STRONG COMMITMENT IN FRANCE

While maintaining a strong presence in major urban areas, BNP Paribas has also created many jobs for the surrounding suburbs over the past 15 years: the Group has become the largest private-sector employer in the Parisian suburb of Seine-Saint-Denis.

The BNP Paribas Foundation, in collaboration with French Retail Banking (FRB), shows its commitment to working-class areas by supporting local initiatives, business creation and educational initiatives for the youngest segment of society. These are all methods for combating the various forms of exclusion in underprivileged urban areas. Its activities are focused on three areas:

Business start-ups and integration into the labour market

For over 20 years, BNP Paribas has been supporting entrepreneurial projects relating to microcredit at the local level.

- **Adie** *(Association pour le droit à l'initiative économique)*, assists those who are excluded from the classic banking system in creating their own businesses. It has been supported by BNP Paribas and its Foundation since 1993. This support boosts job-creation in underprivileged urban areas, thanks to the opening of new local offices by Adie.

In 2014, the BNP Paribas Foundation made a commitment of EUR 1.2 million. The Group has become the association's primary partner, with over EUR 7.72 million in subsidies paid since 2006. Since 2006, this partnership has led to the opening of 16 new local branches and the allocation of nearly 10,000 microcredits, resulting in the creation of 6,243 businesses and 8,000 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.

- **France active:** chaired by Christian Sautter, France Active is one of three major players in microfinance and the social and solidarity economy. Since January 2014, the BNP Paribas Foundation has been associated with France Active to the tune of EUR 100,000 per year, for three years, via two components: the first, dedicated to supporting the *CAP' Jeunes* programme, provides enhanced assistance to young business creators under 26 years of age, as well as a start-up bonus of EUR 2,000. The second involves the management of 41 France Active regional funds throughout France.
- **IMPACT Partenaires:** BNP Paribas also supports IMPACT Partenaires, a management company with a social mission that works to strengthen its investments in businesses with a strong impact on jobs in underprivileged areas.

  Beyond Projet Banlieues, BNP Paribas is also committed to these three structures as part of its overall support for microfinance and social entrepreneurship.

Supporting local initiatives

Local contacts and exchanges lie at the core of BNP Paribas' corporate philanthropy. The "Local initiatives" portion of the *Projet Banlieues* attests to this.

Thanks to the involvement of its Foundation, its branch network and employees, 300 neighbourhood associations have received support since 2006, including 107 for 2014 alone. In 2014, BNP Paribas Foundation decided to expand this concept to three new areas: Val-de-Marne, Paris (19th and 20th arrondissements) and Yvelines.

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, and therefore in integration. For the past 20 years, the BNP Paribas Foundation has supported educational initiatives through the *Projet Banlieues* local initiatives, as well as alongside other key players such as **Afev** and its **Odyssée Jeunes** programme (further information is provided in section 7.4 of the Registration document: *A structured and inclusive philanthropy policy*).

PROMOTING RESPECT FOR HUMAN RIGHTS

In 2012, Executive Management signed BNP Paribas' Human Rights Declaration committing the organisation to ensuring the respect of Human Rights within its sphere of influence, meaning among employees, suppliers, customers and communities.

Employees

BNP Paribas defined rules of behaviour within a Code of Conduct that applies to all its employees.

In 2014, the Human Resources Department distributed a questionnaire on the situation of its employees from a Human Rights standpoint: freedom of association and collective bargaining, non-discrimination and equal opportunity, occupational health and safety and sub-contractor agreements. The aim was to identify the strengths and weaknesses of the entities in the regions where the Group operates. An action plan should be introduced in 2015 (further information is provided in section 7.3 of the Registration document: Responsible employment management).

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 since 2012(1). In 2014, these criteria were incorporated into calls for tenders for promotional items in order to address challenges such as child labour and user safety. For these particularly sensitive purchases, the weighting of the supplier CSR assessment has been increased and an independent ratings agency evaluated the CSR performance of the 25 consulted suppliers.

In addition, a company-wide agreement commits BNP Paribas to helping the disabled, through the use of sub-contracting (further information is provided in section 7.4 of the Registration document: *Support for microfinance and social entrepreneurship*.

Clients and communities

Protection of customers' private data

In all countries where it maintains a presence, the BNP Paribas Group aspires to being the best in protecting its customers' private data.

The general policy adopted by the Group for the protection of personal data must be applied to all entities and all countries where the Group is present, whether these countries have or do not have any regulations concerning the protection of personal data, and it supersedes the local regulations whenever these involve a lower standard. Naturally, if local law includes additional provisions, they must be applied.

BNP Paribas' "Data Protection" training involves all Group employees in order to develop the reflexes necessary to guaranteeing the safe handling of personal data throughout the business relationship.

Further information is provided in section 7.2 of the Registration document: *Business ethics*.

(1) Available at http://www.bnpparibas.com/espace-fournisseurs; http://www.bnpparibas.com/en/suppliers.

Assessment of indirect risk

The Group expects its customers and clients to manage their own professional activities in accordance with Human Rights standards. BNP Paribas also commits to identifying, evaluating (due diligence process), monitoring and helping to improve the current and future performance of its customers and clients in order to avoid negative impacts to Human Rights in their operations or supply chain. To this end, the Group has incorporated "Human Rights" criteria within lending policies, risk mapping and other assessment tools, within training programmes, etc., which inform BNP Paribas' credit decisions.

In more sensitive sectors, BNP Paribas develops specific social and environmental policies that include human rights criteria. To promote the respect of these rights among its clientèle, the Group does not hesitate to open a dialogue. This was the case in 2014 with:

- several corporate clients from the defence sector flagged as likely to be involved in the manufacture of weapons with cluster munitions (further information is provided in section 7.2 of the Registration document: *Business ethics*);
- an agribusiness firm in Asia whose supply chain revealed practices contrary to Human Rights. The Group raised its awareness of the need to strengthen the control and certification procedures for its supply chain in order to eliminate such practices.

Professional ethics, access to financial products and protection of disadvantaged populations

BNP Paribas promotes the highest standards of professional conduct, including in actions intended to prevent corruption and money laundering (further information is provided in section 7.21 of the Registration document: *Business ethics*). BNP Paribas moreover believes that sustainable economic development fosters broader access to fundamental rights. The Group emphasises financial inclusion in the communities where it operates, thus clearly demonstrating its desire to contribute to this development (further information is provided in sections 7.2 and 7.4 of the Registration document: *A range of responsible products and support for microfinance and social entrepreneurship*).

Training

As a founding member of the Businesses for Human Rights (*Entreprises pour les droits de l'Homme*, EDH) association, BNP Paribas distributed the 2014 "Guide for the evaluation of risks associated with Human Rights for managers" to all its CSR managers to use as an implementation tool. It has also contributed to the development of an e-learning module for awareness raising: "Businesses for Human Rights" *(Entreprises pour les droits de l'Homme)*, 30 minutes. Aimed at the employees of member firms, it completes the BNP Paribas system and will be added to the training catalogue.

A CORPORATE PHILANTHROPY POLICY FOCUSED ON CULTURE, SOLIDARITY AND THE ENVIRONMENT

BNP Paribas works in a very concrete manner to create a balance between performance and social responsibility. Not only in the daily activities of its business lines, but also in its philanthropy activities, which involve increasingly large numbers of employees throughout the world.

A STRUCTURED AND INCLUSIVE PHILANTHROPY POLICY

The BNP Paribas Foundation celebrated its 30th anniversary in 2014. On this occasion, it decided to rethink its action by restructuring the scope of its activities into three areas.

The BNP Paribas Group, through its international presence, implements a structured philanthropy policy that is coordinated by the BNP Paribas Foundation around three areas of application:

- **Solidarity:** combating exclusion and discrimination; fostering employee volunteering; supporting education and professional integration;
- **Culture:** fostering the performing arts; preserving and enhancing cultural heritage;
- **Environment:** supporting programmes aligned with the Group's CSR policy to promote research on climate change.

Structured governance

On the one hand, 14 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;
- 10 foundations in the countries: Belgium, Brazil, Bulgaria, Italy, Morocco, Poland, South Africa (Cadiz Foundation), Switzerland, United States of America (Bank of the West & First Hawaiian Bank Foundations);
- 1 brand-based foundation: Fondation Cetelem;
- 1 "Rescue & Recover" endowment fund, set aside for victims of humanitarian disasters;
- 1 regional endowment fund: Endowment fund BNP Paribas Banque de Bretagne.

On the other hand, BNP Paribas' philanthropy efforts are reinforced by programmes initiated by the Group entities and business lines throughout the world: Africa, Europe, North and South America, Asia-Pacific, Middle East.

BNP Paribas philanthropy in 2014

The BNP Paribas Foundation produces annual reporting prepared in collaboration with all the countries to collect all data concerning BNP Paribas' philanthropy efforts. The PHI tool thus allows for a strict form of management and a public presentation of BNP Paribas' commitments.

In 2014, 4,080 projects took place, representing a budget of **EUR 39.5 million**, including:

- EUR 25.1 million for solidarity (64%);
- EUR 11.6 million for culture (29%);
- EUR 2.8 million for the environment (7%).

Solidarity

The solidarity initiatives of the BNP Paribas Foundation and all the parties involved in the Group's corporate philanthropy throughout the world focus on five areas: participation in the fight against poverty, supporting initiatives promoting education, fostering employee involvement, contributing to integration efforts and expanding international solidarity initiatives.

Participate in the fight against poverty

- In 2014, 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 is also offering to 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. A leading player in the fight against 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. The BNP Paribas Foundation provides all the financing for the day patrols (EUR 150,000 per year).

Support initiatives promoting education

Education plays a central and constant role and lies at the core of the solidarity initiatives developed by the BNP Paribas Foundation and BNP Paribas in their worldwide philanthropy work.

"Dream Up": the launch of an international arts-based education programme in 30 countries

In 2012, the BNP Paribas Foundation initiated the testing phase of a programme dubbed "Smart Start" to promote education through the practice of the arts. This initiative is aimed at young people in disadvantaged situations or who are disabled. It has been deployed in eight European countries (Bulgaria, Spain, France, Italy, Ireland, Portugal, Romania, and the United Kingdom) and four Asian countries (China – Hong Kong, India, Singapore and Taiwan). 7,000 children participated through 13 projects financed over three years (2012-2014) by €20,000 per year. In 2014, the Foundation decided to make this programme, now named "Dream Up", the flagship of its international policy in the 30 countries involved. The BNP Paribas Foundation is therefore celebrating its 30th anniversary by taking on a new dual commitment to culture and solidarity.

"Entreprendre pour Apprendre" (Entrepreneurship as Education, EPA): signature of an agreement in 2014

In 2014, the BNP Paribas Foundation entered into a partnership with the "Entreprendre pour Apprendre"(EPA) association and its "Mini Entreprise-EPA" programme, which enables young people, under the guidance of a teacher, to create a business as a learning exercise. The mini-entrepreneurs design, produce and sell a product or service and manage its operation and finances. A full-time EPA expert provides support to the teachers and students during some 60 hours of workshops during the school year. The BNP Paribas Foundation is providing assistance to three Parisian partner schools in this innovative experiment.

In 2014, the BNP Paribas Foundation continued its support of its programme, **Odyssée Jeunes**. With a budget of €7 million over five years (2009-2014), this programme finances school trips for high school children from 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, 105 high schools and more than 30,000 high school students have participated.

The BNP Paribas Foundation is also a partner of the student association, **l'Association de la Fondation étudiante pour la ville (Afev)**. In the 2013-2014 academic year, close to 7,600 young people aged 5 to 18 years benefited from two hours a week of one-to-one educational support in France, thanks to the Afev.

Supporting employee involvement

BNP Paribas and its Foundation support the volunteer involvement of Group employees, particularly through the "Coup de Pouce" (Helping Hand) programme. (Further information is provided in section 7.4 of the Registration document: *Committed employees showing solidarity*.)

Contributing to integration efforts

The Group and the Foundation support:

- **Adie:** for the past 20 years, BNP Paribas has worked with **Adie** in developing microcredit in France as a viable tool for social inclusion. In addition, in 2014, BNP Paribas helped Adie celebrate its 25 years of existence through a campaign highlighting the value of help for entrepreneurs.

In conjunction with this effort, the BNP Paribas Foundation works **with other partners**:

- **The "Initiative France" network**, which finances and assists in the creation/resumption of businesses in France via innovative business creation platforms;
- **France Active** receives support from BNP Paribas through 41 regional funds and through its assistance in the development of its CAP'Jeunes programme.

Further information is provided in section 7.4 of the Registration document: *"Projet Banlieues": a strong commitment in France*.

Expanding international solidarity initiatives

In 2014, the BNP Paribas Foundation continued the anti-malaria plan it initiated in 2012, in conjunction with its sites in sub-Saharan Africa. This prevention programme focuses on the distribution of treated mosquito nets to at-risk populations. This programme is taking place in Burkina Faso, Côte d'Ivoire, Guinea, Gabon, Mali and Senegal. Over 25,000 mosquito nets have been distributed, equivalent to a EUR 200,000 budget.

Culture

BNP Paribas places particular importance on support for culture, which it considers a social necessity and a factor in both individual and collective development. The BNP Paribas Foundation is also investing in fields that rarely receive aid, such as contemporary dance, new circus arts, jazz and the major classical music festivals. The Foundation also provides support for the restoration of artwork from museum collections.

Preserving and showcasing national museums

In 2014, the Foundation celebrated the 20th anniversary of its *"BNP Paribas pour l'art"* (BNP Paribas for art) programme, which contributes to many art restoration campaigns in museums in France and countries where the Group has a presence. Launched in France in 1994, it has now expanded to the international scene. In 2014, the Foundation made possible the restoration of a Daubigny painting at the Neue Pinakotek in Munich, a portrait by Olga Boznanska at the National Museum in Krakow (Poland) and tapestry works (XVIII century) at the Manufacture des Gobelins in Paris. In addition, BNP Paribas sponsored the Anselm Kiefer exhibit at the Royal Academy of Arts in London. For the 100th anniversary of BNL (Italy), the BNL Foundation provided support for the "The sea is my land" exhibit, showcasing the work of 23 international photographers on the subject of the Mediterranean.

Encouraging artistic expression

Recognised among the few corporate sponsors of contemporary dance and new circus arts, the BNP Paribas Foundation supports some 20 artists and performance venues.

In 2014, it chose to be the founding sponsor of the first International Biennial of Circus Arts (Marseille) and to initiate renewed support for the young Circassian woman, Chloé Moglia. In contemporary dance, the sponsorship provided by BNP Paribas and BNP Paribas Fortis enabled the choreographer Sidi Larbi Cherkaoui to hold the world premiere performance of Shell Shock at Théâtre de la Monnaie, in Brussels. Anxious to help young emerging talents build their careers, the BNP Paribas Foundation signed a partnership with the choreographer Sébastien Ramirez. It also sponsors dance festivals, such as Montpellier Danse through the financing of artist residencies.

The BNP Paribas Foundation is an important partner of the music world, whether classical or jazz. It provides support to musicians and composers, premises for broadcasts and festivals, such as for "Jazz in Saint-Germain-des-Prés" or "Saint-Louis Jazz" in Senegal. The Paul-Acket prize, funded by the Foundation on the occasion of the North Sea Festival of Rotterdam, was awarded to the young trumpet player Ambrose Akinmusire in 2014.

Environment

Further information is provided in section 7.5 of the Registration document: *Support for research aimed at combating climate change*.

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. This support may take the form of financial support or specific assistance in guiding employees toward the type of volunteer work that best fits their profile.

Helping Hand *(Coup de Pouce)*: honouring employee commitment

Created in 2003, this programme supports community projects run by charitable associations in which BNP Paribas employees are personally involved as volunteers. Since 2003, over 600 solidarity projects have been supported in France in the fields of health, disability, local solidarity and humanitarian aid. In 2014, the BNP Paribas Foundation supported 68 projects totaling EUR 180,300. In 2014 "Helping Hand" *(Coup de Pouce)* continued its international growth. It exists in 17 countries.

Unifying employees' generous efforts through the "Rescue & Recover" fund.

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 employee donation is matched by BNP Paribas and paid to the three NGO partners: CARE, the French Red Cross and *Médecins Sans Frontières*.

This system quickly proved its efficiency. More than EUR 1 million, including EUR 290,000 in 2014, have been collected since the fund's creation. In 2014, BNP Paribas and its employees rallied their efforts around three major crises: in June, following inundations in the Balkans, in November, to help victims from the inundations that devastated the Indian province of Jammu and Kashmir, and in December, to help refugees in distress throughout the world.

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, Benev'all, a volunteering platform designed by the Investment Solutions (IS) Department was added to the system and offers over 2,000 open volunteer missions.

MicroFinance Without Borders (MFSF)

MFSF offers the skills of the Group's active and retired employees to charitable organisations and social enterprises. In 2014, 109 volunteers were able to complete 66 missions covering 27 countries and using 213 travel days. In Belgium, MFSF and MicroStart now make up a single platform with 200 volunteers. In Switzerland, an MFSF local office was also created in 2014. The system is now used in eight countries. www.microfinancesansfrontieres.org.

Bénévolat de Compétences et Solidarité (BCS)

BCS promotes skills-based volunteering in France focused on educational, social and economic initiatives. Its role is to steer potential volunteers toward thirty or so associations divided into three categories: "Solidarity Finance", "Youth Integration" and "New Community Ties". In 2014, 760 volunteers were able to complete volunteer assignments through BCS, working both for the partner associations and their beneficiaries.

In 2014, a total of over 55,000 hours of voluntary work were coordinated by BCS and MFSF.

Make it easy to volunteer during work hours

Within France and internationally, BNP Paribas has launched numerous initiatives to encourage employees to volunteer during working hours. In 2014, the Bank donated over 75,000 hours for volunteering activities.

For example, a vast programme has just been launched for this purpose in the Asia-Pacific region. All employees in the region can now take advantage of one day per year to be used for volunteer activities, such as school support or environmental protection. During the first year in 2014, 244 employees took this opportunity and spent 1,740 hours of their time on this scheme.

The year 2014 also saw the launch of the BICIS volunteering programme in Senegal to promote engagement with individuals from the financial education sector or from charitable organisations and social enterprises. Now, BICIS employees may use up to five days per year to perform volunteer work.

Finally, in the framework of the Benev'ALL programme, 15 charity events were organised by the Investment Solutions business lines, which enabled 1,250 employees to dedicate 4,000 hours to the benefit of the associations. This effort was well appreciated both by the associations and the participants, over 95% of whom are ready to repeat the experience.

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 resulting 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.

COMMITTED FINANCING POLICIES IN SENSITIVE SECTORS

The Group is committed to taking into account in its decision process its indirect environmental impacts, connected to financing or investment activities by its customers. In addition to the signature and application of the Equator Principles, it has published the financing and investment policies managing its activities in the most sensitive sectors. Lastly, it supports its customers in their efforts to produce green energy and optimise their energy consumption.

THE GROUP'S ACTIONS TO SUPPORT BUSINESSES

Upholding the Equator Principles on project financing

Major industrial and infrastructure plans can have negative impacts on populations and the environment. As a financer and advisor, BNP Paribas works in partnership with its customers to identify, evaluate and manage their environmental and social risks and impacts. BNP Paribas has signed the Equator Principles ("EP") - a set of principles designed to ensure that financed or advised projects are developed in a responsible manner. According to these principles, the negative impacts on communities, ecosystems or the climate must be avoided, or at least reduced, attenuated and/or compensated.

This voluntary initiative groups 80 financial institutions worldwide.

Projects graded A present significant risks, where the implementation of attenuation measures and corrective actions is necessary; those graded B present more limited risks; those graded C present minimal or no risks.

	2011	2012	2013	2014
Number of transactions concerned during the year	30	13	21	26
Number of transactions graded A during the year	5	2	3	6
Number of transactions graded B during the year	20	10	13	18
Number of transactions graded C during the year	5	1	5	2

In 2014, in addition to its attributions as a member of the EP piloting committee, BNP Paribas co-piloted the "assurance" working group, bringing together 18 banks and 3 major consulting companies. Its objective is to draft a guide to make sure that EPs are applied correctly by signatory institutions.

Lastly, numerous training sessions in EP were offered to BNP Paribas employees worldwide (France, Switzerland, the United Kingdom, the United States).

Financing and investment policies in sectors with major environmental impacts

Since 2010, the BNP Paribas Group has drafted financing and investment policies in sectors particularly sensitive for the environment: nuclear power, coal-fired power generation, paper pulp, palm oil, mining and oil sands. These sector policies set detailed requirements and precise evaluation criteria to manage the financing and investments in these sectors. These criteria help to pinpoint all the risks related to certain transactions, ensuring that only the most 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 the BNP Paribas website[(1)].

In 2014, BNP Paribas **strengthened its actions to fight against deforestation** with the signature of the "Soft Commodities Compact". This joint initiative of the Banking Environment Initiative (BEI) – a group of international banks that strive to direct capital towards economically and socially responsible initiatives – and the "Consumer Goods Forum" (CGF), brings together more than 400 producers and distributors worldwide around common commitments in the area of sustainable development. Thus, BNP Paribas is committed to the fight against deforestation by working with CGF companies over their complete value chain to finance the growth in the markets for palm oil, wood products, soya and beef, without causing net deforestation up to 2020. Above their own due diligence processes, the signatory banks ensure that their customers also implement suitable internationally-recognised monitoring means, such as those recommended by the CGF.

The Group has also **updated its financing and investment policy in the palm oil sector**:

This policy was reviewed in 2014 to take into account recent, significant advances in this sector in terms of environmental and societal responsibility, under the impulsion of new "Non-deforestation" commitments by certain emblematic producers and buyers. These highlight non-deforestation policies in connection with the "High Carbon Stock" forest analysis, commit the customer to not developing plantations on peatlands, to reducing their greenhouse gas emissions and to limiting use of pesticides and in particular, Paraquat. In the societal area, it commits the customer to respecting the "Free Prior and Informed Consent" process, aiming to collect the free, prior and informed consent of populations that are potentially impacted by new plantations, as described by the RSPO. It also invites palm oil traders to ensure the traceability of their supplies and check that they have been produced in compliance with the mandatory requirements of this policy.

Training in the implementation of sector policies

Sector policies concern all the Group's employees. From their publication, they have been the subject of numerous training sessions. Since December 2012, 10,476 employees have been trained online in at least one of them. The aim is to have trained 12,500 employees concerned by the application of these policies in 2015 (further information is provided in section 7.1 of the Registration document: The CSR management indicators).

Impact of the sector policies

Nuclear power

Under this policy, BNP Paribas has not provided financing for any nuclear power plant since 2006.

Mining

This policy, published 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.

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.

Updating of CSR monitoring and exclusion lists

The application of financing and investment policies in sectors with major environmental impacts and the exclusion list of certain goods allows the identification of companies that do not meet the Group's requirements in terms of environmental protection or whose activities have negative social impacts.

Companies with which the Group does not wish to carry out commercial activities are added to the exclusion list, those with which the Group does not wish to carry out certain transactions are added to the monitoring list. At year-end 2014, the lists included 220 companies: 156 excluded and 64 under monitoring (of which respectively 35 and 31 in sectors with major environmental impacts).

Number of transactions analysed as part of the application of financing and investment policies in sectors with major environmental impacts

In 2014, the Group's CSR teams reviewed 481 transactions (financing, client acceptance, export support, etc.) of which 240 were in particularly sensitive sectors from an environmental viewpoint.

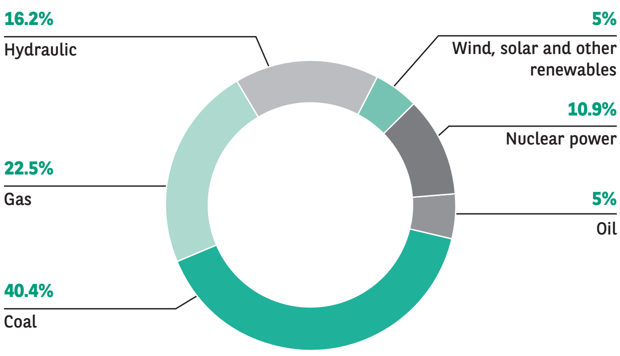
Financing energy transition

In 2014, as part of the measurement of indirect emissions (scope 3), the Group calculated the electricity mix for the power companies that it finances: with 59.5% from fossil sources (gas, coal, oil) and 23.3% from

(1) *http://www.bnpparibas.com/en/sectoral-policies.*

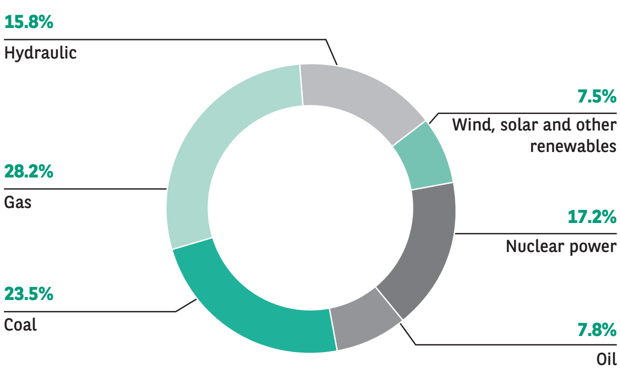
renewable sources (hydraulic, solar, wind), the electricity mix financed by BNP Paribas is "in advance" compared to the world mix, based on 68% fossil and 21% renewables in 2012 according to the IEA. Based on a sample of power companies accounting for 2/3 of the Group's exposure to this sector, the calculation was made by carrying out a weighting of the mix of each company by the Group's exposure.

➤ WORLD ELECTRICITY MIX



Source : IEA 2012.

➤ ELECTRICITY MIX FINANCED BNP PARIBAS



Source: Average mix, weighted by Group exposure, with customers accounting for 2/3 of the Group's exposure to the electricity production sector in 2014.

BNP Paribas has two main levers to pilot its energy mix towards a reduction in its carbon footprint:

Managing financing and investments in fossil fuels:

Since the entry into force of the Energy production from coal policy in September 2011, the Group has refused to participate in the financing of more than twenty power stations worldwide, representing annual emissions of more than 138 million tonnes of CO_2 equivalent, mainly by applying the energy efficiency criteria in the policy. This represents more than 30% of annual emissions in France (2012 data) and 260 times the annual emissions of the BNP Paribas Group (2014 data).

The financing of renewable energies and green infrastructures

With total credit authorisations of nearly EUR 6.9 billion at 31 December 2014, of which over EUR 2.4 billion for project financing, BNP Paribas provides significant support to the renewable energy sector.

The Group provided financing or advice for more than 106 projects around the world, with a total installed capacity of more than 12,500 MW at the end of 2014, equivalent to the annual consumption of over 13 million French households.

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.

Amongst the key projects financed in 2014, that of Gemini, a 600 MW wind farm located in the North Sea, 85 km offshore of the Netherlands. BNP Paribas acted as leader, operations coordinator for hedging transactions and was responsible for the documentation for the financing of a total of EUR 2.1 billion. It is the largest project of wind turbines ever financed in the world. Once completed in 2017, it will supply the equivalent of the annual electricity consumption of 785,000 households and save 1.25 million tonnes of CO_2 each year.

Development of green bonds

At the beginning of 2014, BNP Paribas set up a **Sustainable Capital Markets** team to advise customers and respond to the growing interest for bonds to finance sustainable, green and/or socially responsible projects.

Four major transactions were completed in 2014:

- The green bond for the French Development Agency (AFD), for a total of EUR 1 billion over ten years. For this "climate" bond, destined to finance carbon footprint reduction projects (renewable energy, energy efficiency, urban transport), BNP Paribas had the function of associate bookrunner.
- The GDF Suez green bond – EUR 2.5 billion for a duration of 6.5 years – to finance projects to fight against climate change. BNP Paribas was one of the seven banks of the consortium that supported GDF Suez in this historic transaction.
- The Hera green bond, first issue of an Italian green bond: BNP Paribas had the role of overall coordinator and structuring advisor for this issue of EUR 500 million over ten years.
- BNP Paribas developed an original type of structured green bond and enabled the World Bank to issue a series of this new type of instrument and thus rally new investors. The performance of this bond is linked to that of the Ethical Europe index, made up of shares selected by the extra-financial rating agency, Vigeo, according to socially responsible investment principles. The funds are used by the World Bank to finance projects promoting adaptation to climate change or contributing to its limitation. This transaction is the first of its type on the market.

THE REDUCTION IN ENVIRONMENTAL FOOTPRINT LINKED TO OUR OWN OPERATIONS

Reducing the environmental footprint linked to our own operations 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 with precise objectives, the CSR function pilots an environmental reporting system in 18 countries accounting for 86.6% of the full-time equivalent staff (FTEs) managed by the Group at 31 December 2014. Around 40 indicators are reported: kWh, m^3 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 2014, nearly 25,836 Group employees worked in an entity where the environmental management system is ISO 14001 certified. This figure has increased by more than 17% compared to 2013. In addition, following the 2013 reporting campaign, 70 entities benefited from feedback in figures on their consumption and objectives compared to those of the Group. The campaign to raise awareness on eco-gestures, initiated at the end of 2013, was extended. It focuses on four themes: energy consumption, business travel, paper, waste. Numerous initiatives to raise awareness of these good practices were implemented, concerning all employees in Spain, Portugal, Hong Kong and Japan.

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 (GHG)

The Group's objective is to reduce GHG emissions/employee by 10% in 2015 compared to 2012: i.e. to go from 3.21 to 2.89 equivalent tonnes of CO_2/employee by the end of 2015. 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). In 2014, the Group emitteds 547,230 t CO_2 - e in total, or 2.91 t CO_2 - e per FTE in 2014. **2015's objective has, therefore, almost been reached one year early.**

This represents a 4.9% reduction in emissions per employee over the year (3.06 t CO_2 - e per FTE in 2013). 75.1% of these emissions come from energy consumption in buildings and 24.9% from business travel. Three levers have been activated to reduce them: energy efficiency for buildings, for that of IT equipment and the optimisation of business travel. In France, a GHG programme is piloted by the ITP wealth management branch and ensures a quarterly monitoring of the action plan following these three objectives.

The Group's energy consumption was 1,513 GWh in 2014 with an average of 210 kWh/sq.m. compared to 226 kWh/sq.m. in 2013. This reduction is the result of numerous initiatives taken to optimise surfaces and their energy efficiency, combined with favourable climatic conditions in 2014 in most of the countries where the Group is present. Some examples: air conditioning is replaced by fans at Cardif in Japan under 28°C; in Turkey, BNP Paribas Lease Group received the Green Office diploma from the WWF; the First Hawaiian Bank automised the energy management of buildings and furniture was reconsidered to better manage space. In France, BNP Paribas Real Estate took part in the rehabilitation of an emblematic Parisian building whose length more than doubles the height of the Eiffel Tower: the Macdonald warehouse in the 19th arrondissement of Paris. This project includes 27,600 sq.m. of offices on five levels and will provide up to 1,800 work positions. The programme aims to be labelled Low Consumption building, with a primary energy consumption under 50 kWh/sq.m. and a High Environmental Quality certification (HQE Passeport Excellent). Renewable energy accounted for 18.6% of the energy consumption of buildings, compared with 18.2% in 2013. It comes either from the purchase of renewable energy certificates, or from the direct consumption of renewable energy produced by the Group's buildings: as part of the ISO 14001 action plan at Arval in the United Kingdom, a new contract was signed with a renewable energy supplier, and in Italy, the new Scandicci building integrates geothermal energy and solar panels. In Belgium, at Fortis Factor, the building is cooled in summer thanks to a natural ventilation system during the night.

In terms of Green IT, the Group looks to virtualise servers and work positions in order to share resources and reduce the associated electricity and cooling consumption. In France, more than 85% of servers are pooled, the management of air flows has been optimised in the data centres and numerous redundant devices removed. In Spain, at BNP Paribas Personal Finance, 600 positions known as light clients (lower consumption thanks to a remote, shared central unit) have replaced the old work positions for the call centres.

Business travel by employees of the Group is another source of GHG emissions. In 2014, a total of 863 million kilometres were travelled, i.e. 4,591 km per FTE (59.9% by air, 13.5% by rail, 26.6% by car), compared with 4,431 km per FTE in 2013, a 3.6% increase in km per FTE in one year. This increase, correlated with the Company's business activity, was managed by generalising webconferences, videoconferences and even telepresence. In addition, new, more restrictive travel policies were implemented to invite employees to use public transport rather than their company vehicles, or prefer economy to business class for air travel. In Turkey, TEB fixed a maximum fuel consumption for employees.

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 financed by the Group as part of its "Climate Initiative" philanthropy programme (see commitment 12), for which the Foundation selected five new projects in 2014, which have shared a total endowment of €3 million over three years, like the previous ones.

BNP Paribas' carbon management performance was evaluated by the CDP in 2014, with a rating of A- and the quality of its carbon reporting with the score of 95/100 (compared to A and 93 in 2013). The progress on its carbon reporting has enabled the Group to integrate the Carbon Performance Leadership Index France.

CONSUME LESS PAPER AND USE RESPONSIBLY SOURCED PAPER

The Group is committed to reducing paper consumption per employee by 15% in 2015 compared with 2012: from 165 to 140 kg/FTE. Paper consumption totalled 27,076 tonnes in 2014, or 144 kg/FTE compared to 154 kg/FTE in 2013, i.e. a reduction of 6.5% compared to 2013 and 12.7% compared to 2012. 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. Nearly 50 initiatives have been recorded worldwide with significant reductions: 27% in Portugal, 21% in Morocco, 18% in Switzerland. In Italy, BNL has implemented the electronic signature, reduced its sales communications, and deployed a reporting tool to monitor the consumption of each agency.

In addition, the paper policy aims to bring to 60% the share of responsibly sourced paper (from recycling or sustainably managed forests, i.e. more than 50% recycled or PEFC or FSC labelled) amongst that consumed internally. The percentage of responsibly sourced paper went from 48.4% to 53.7% between 2013 and 2014. More broadly, eco-designed office supplies represented 21.7% of total office supplies purchased in 2014, stable compared to 2013 (21.7%).

REDUCE WASTE AND RECYCLE IT WHEREVER POSSIBLE

The Group is committed to reaching 55% of paper collected for recycling in 2015. In 2014, the Group generated 32,524 tonnes of waste, i.e. 173 kg per FTE (compared with 198 kg per FTE in 2013). Of this, 38.9% was subsequently recycled, compared with 39.9% in 2013. A significant share of this waste was made up of paper. In Île-de-France, the hand towel paper comes from the transformation, by a specialised service provider, of used paper from the Group.

Lastly, since 2011, the Group has set up a policy for dealing with its obsolete IT equipment (PCs, servers, screen, etc.) that manages the associated environmental and social risks. 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 MANAGE 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 2014, its actions were reinforced: ecological continuity of the territory, flower meadows, choice of non-invasive and local plants, maintenance of natural nesting areas, leaving dead trees on the ground as refuges for biodiversity, 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 22.58 m^3 per FTE in 2014, compared with 22.9 m^3 per FTE in 2013. This reduction involves the installation of meters to identify leaks, equipment to optimise flows in sanitary facilities, and the automatic stop of taps by detection of presence. In 2014, the Louveciennes Campus installed a 30,000-litre tank to recover water from a source, a well and run-off, and can now water its football stadium using natural resources.

SUPPORT FOR RESEARCH AIMED AT COMBATING CLIMATE CHANGE

In 2014, the BNP Paribas Foundation renewed its "Climate Initiative" philanthropy programme with an overall budget (€3 million over three years) identical to that of the first call for projects launched in 2010. Five new scientific projects were selected by recognised external scientific personalities:

- Philippe Gillet, Vice-President of the École Polytechnique Fédérale in Lausanne. Member of the BNP Paribas Foundation Executive Committee, he leads the scientific committee;
- Joanna Haigh, professor of atmospheric physics, Director of the Physics department at the Natural Sciences Faculty at Imperial College, London;
- Jean-Pascal Van Ypersele, Doctor of physical sciences, climatologist, professor at the Catholic University of Louvain where he co-directs the Master in Sciences and Environmental Management. He was elected Vice-President of the GIEC in 2008;
- Thomas Stocker, professor of physics of the climate and the environment at the University of Bern;

- Riccardo Valentini, professor of forestry ecology at the University of Tuscia, Italy;
- Corinne Le Quéré, professor at the University of East Anglia (Climate Change Science and Policy), Director of the Tyndall Centre for Climate Change Research.

The five projects selected study the fundamental mechanisms of climate and also the impact of its current change under the influence of human activity:

- **INVACOST**: Invasive Insects and Their Cost Following Climate Change

  The increase in temperature has repercussions on the behaviour and geographical spread of numerous organisms. This project, conducted by a team at the Paris Sud University and the CNRS, studies the reaction to climate change of around 20 insect species, whose massive irruption in regions where they are absent today will have serious consequences on biodiversity, agriculture, public health and the economy.
- **CPATEMP**: Continental PAst TEMPeratures since the last glacial cycle and recently developed organic biomarkers

  The study of past – sometimes brutal – climate changes provides illumination on its current functioning and the articulation between natural variation and human disruption. In collaboration with research teams in Europe and Africa, the European Centre for Research and Teaching of Environment Geosciences (CEREGE) will contribute to enriching the knowledge of our climatic past through recently discovered "markers": the Glycerol Dialkyl Glycerol Tetraethers (GDGTs), present in the sediments of some lakes, let us reconstitute the climatic conditions when they were deposited.
- **APT**: Acceleration of Permafrost Thaw by Snow-Vegetation Interactions

  Climate warming leads to the thaw of the permafrost, the planet's soil that is permanently frozen, and the release of some of the carbon contained in it, which could release up to twice as much CO_2 as the atmosphere contains today. The Franco-Canadian team of the Takuvik laboratory, a mixed international unit between the CNRS and the Laval University in Quebec, will carry out a study over several years to better understand this process, whilst informing the Inuit community of their work and involving their schools in the collection of ground temperatures.
- **SOCLIM**: Southern Ocean and Climate

  The Southern Ocean has a pivotal role in the planet's climate: the link between the Atlantic, Pacific and Indian Oceans, it cools by around 2°C more than half the volume; and its cold, poor waters absorb a large part of human emissions of CO_2. Its distance and meteorological conditions have limited expeditions and our knowledge of its functioning. A team from several oceanographic laboratories (Microbian Oceanographic Laboratory, Oceanographic Laboratory of Villefranche and the Dynamic Meteorological Laboratory) will deploy a new generation of instruments to better understand the processes that take place such as the exchange and storage of heat and carbon between the atmosphere and the ocean. Via the site http://www.monoceanetmoi.com, the scientific team will share its work with the general public, particularly schools who will be able to adopt a float and follow its path in the ocean.
- **FATES**: FAst Climate Changes, New Tools To Understand And Simulate The Evolution of The Earth System

  The FATES project has the ambition of precisely studying the natural climate warming observed at the end of the last ice age (20,000 to 10,000 years), associated with an increase in the atmospheric concentration of greenhouse gas and an increase in sea levels. These past changes will be finely dated and characterised, thanks to the analysis of natural climate archives (polar ice, marine and continental sediments, etc.). This period will then be used as a "test bench" to test the reliability of digital models that the scientific community has today to forecast the future changes in our climate and the role that human greenhouse gas emissions play in its disruption. The FATES project is coordinated by the Laboratory for climate sciences and the environment, and will bring together, for three years, multi-disciplinary research teams from the Paris-Saclay University.

In parallel to these scientific research projects, in 2014, the BNP Paribas Foundation also supported the Shift Project, a think tank on the best way to decouple economic growth from that of human carbon emissions. The support aims to look at the link between changes in GDP and energy consumption: the work carried out highlights that the second conditions the first, contrary to what has historically been accepted by most economists.

7.6 Table of concordance with the list of social, environmental and community information required under article 225 of the Grenelle II Act

Information required by article 225 of the French Grenelle II Act, article R. 225-105-1 of the French Commercial Code, and Decree no. 2012-557 of 24 April 2012.

	Corresponding page
1) SOCIAL INFORMATION	
a) Employment	
■ total headcount and breakdown by gender, age and geographical area	441 - 442
■ recruitment and redundancies	442 – 443
■ compensation and its evolution	452 – 453
b) Organisation of work	
■ organisation of working hours	444
■ absenteeism	444
c) Employee relations	
■ employee-management dialogue, including procedures for informing staff, as well as consulting and negotiating with staff	451 - 452
■ collective agreements	451
d) Health and safety	
■ health and safety conditions at work	453 – 454
■ agreements with unions and staff representatives regarding health and safety at work	454
■ frequency and severity of accidents at work and occupational illnesses	453
e) Training	
■ training policies	445 - 447
■ total hours of training	446
f) Equal treatment	
■ measures to promote gender equality	448 - 450
■ measures to promote the employment and integration of disabled people	449
■ anti-discrimination policy	458 - 450
g) Promoting and complying with the fundamental conventions of the ILO relating to	
■ freedom of association and the right to collective bargaining	454
■ the elimination of discrimination in respect of employment and occupation	454
■ the elimination of forced or compulsory labour	454
■ the abolition of child labour	454
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	424 - 429 ; 434 - 439 ; 464 – 468
■ employee training and information on environmental protection	465 (indirect impacts) ; 467 (direct impacts)
■ resources devoted to the prevention of environmental risks and pollution	464 - 466 (indirect impacts) ; 467 - 468 (directs 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	467
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	464 - 466 (indirect impacts) ; 467 - 468 (directs impacts)
■ measures for preventing, recycling or eliminating waste	468 (directs impacts)
■ factoring in noise pollution and any other form of pollution specific to an activity	Not relevant, see page 467
c) Sustainable use of resources	
■ water consumption and supply in accordance with local constraints	464 - 466 (indirect impacts); 468 (direct impacts)
■ consumption of raw materials and measures taken to improve the efficiency of their use	464 - 466 (indirect impacts); 468 (direct impacts)
■ consumption of energy, measures taken to improve energy efficiency and use of renewable energy	464 - 466 (indirect impacts); 467 - 468 (direct impacts)
■ land usage	464 - 466 (indirect impacts);
d) Climate change	
■ greenhouse gas emissions	464 - 466 (indirect impacts); 467 - 468 (direct impacts); 468 - 469 (philanthropy)
■ adaptation to the consequences of climate change	467 (direct impacts); 468 - 469 (philanthropy)
e) Protection of biodiversity	
■ measures taken to preserve or develop biodiversity	464 - 466 (indirect impacts); 468 (direct impacts)
3) INFORMATION ON CORPORATE COMMITMENTS IN FAVOUR OF SUSTAINABLE DEVELOPMENT	
a) Territorial, economic and social impact of the Company's activity	
■ in terms of employment and regional development	424 - 427 ; 430 - 432 ; 438 ; 441 - 444 ; 455 - 459
■ on local populations	424 - 427 ; 430 - 432 ; 438 ; 455 - 459
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	424 - 427 ; 430 - 432 ; 438 ; 441 - 444 ; 455 - 459
■ partnership or philanthropy actions	424 - 427 ; 430 - 432 ; 438 ; 455 - 459
c) Outsourcing and suppliers	
■ inclusion of social and environmental issues in procurement policy	433; 471 - 472
■ importance of outsourcing and consideration of social and environmental responsibility ■ when dealing with suppliers and subcontractors	433; 471 - 472
d) Fair commercial practice	
■ actions taken to prevent corruption	429; 432; 439; 464
■ measures taken to foster consumers' health and safety	442; 461; 469
e) Other action taken, under this point 3, to foster human rights	463

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

For the year ended 31 December 2014

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.

To the Shareholders,,

BNP Paribas SA

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 under number 3-1060[1], we hereby report to you on the consolidated environmental, labour and social information for the year ended 2014, presented in the management report (hereinafter the "CSR Information") in accordance with article L.225-102-1 of the French Commercial Code *(Code de commerce)*.

RESPONSIBILITY OF THE COMPANY

The Board of Directors is responsible for preparing the Company's management report including CSR Information in accordance with the provisions of article R.225-105-1 of the French Commercial Code and with the environmental, Social, and Societal reporting protocols used by the Company (hereinafter the "Guidelines"), 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 auditing standards and applicable legal and regulatory texts.

(1) Whose scope can be consulted at www.cofrac.fr.

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 (Statement of completeness of CSR Information);
- express limited assurance 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 3 November 2014 and 6 March 2015 and took around six weeks. We were assisted in our work by our specialists in corporate social responsibility.

We performed our work in accordance with the French professional auditing standards related to labour and environmental information falling within the scope of procedures directly related to the statutory audit engagement (NEP 9090), and in accordance with the decree of 13 May 2013 determining the conditions in which the independent third party performs its engagement and with ISAE 3000(1) concerning our reasoned opinion on the fairness of the CSR Information.

STATEMENT OF COMPLETENESS OF CSR INFORMATION

On the basis of interviews with the individuals in charge of the relevant departments, we reviewed the Company's sustainable development strategy with respect to the labour and environmental impact of its activities and its social commitments and, where applicable, any initiatives or programmes it has implemented as a result.

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.233-1 and the entities it controls as defined by article L.233-3 of the French Commercial Code, within the limitations set out in the introduction of Chapter 7 of the Registration Document.

Based on this work and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

REASONED OPINION ON THE FAIRNESS OF THE CSR INFORMATION

Nature and scope of our work

We conducted around 20 interviews with 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 suitability of the Guidelines in terms of their relevance, completeness, reliability, impartiality and comprehensibility and taking into account best practices where appropriate;
- verify that a data-collection, compilation, processing and control procedure has been implemented to ensure the completeness and consistency of the CSR Information, and review the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and controls according to the nature and importance of the CSR Information with respect to the characteristics of the Company, the labour 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 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. We also verified that the information was consistent and in concordance with the other information in the management report;
- at the level of a representative sample of entities selected by us(2) on the basis of their activity, contribution to the consolidated indicators, location and a 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 29% of headcount and between 51% and 86% of quantitative environmental data.

For the other consolidated CSR Information, we assessed consistency based on our understanding of the Company.

We also assessed the relevance of explanations given for any information not disclosed, either in whole or in part.

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

(2) The selected entities are:

- *BNP Paribas SA 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.*
- *BNP Paribas Hong Kong, BNP Paribas Singapore, BNL (Italy) and BNP Paribas London Branch (UK) for labour and environmental indicators.*

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. Due to the use of sampling techniques and other limitations intrinsic to the operation of information and internal control systems, we cannot provide absolute assurance that the CSR Information disclosed is free of material misstatement.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly, in all material respects, in accordance with the Guidelines.

Neuilly-sur-Seine, 6 March 2015

One of the Statutory Auditors of BNP Paribas SA

PricewaterhouseCoopers Audit

Étienne Boris	Sylvain Lambert
Partner	Partner Sustainable Development Department

APPENDIX: LIST OF INFORMATION THAT WE CONSIDERED TO BE THE MOST IMPORTANT

Quantitative labour Information

- Total headcount at 31 December 2014, 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 – Women in senior managing positions (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
- by calling: +33 (0)1 40 14 63 58

BNP Paribas' regulatory information (in French) can be viewed at: https://invest.bnpparibas.com/information-reglementee.

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 under the operational control of IBM France. BNP Paribas has a strong influence over this entity, which is 50/50 owned with IBM France. The BNP Paribas staff made available to BP²I make up half of that entity's permanent staff, its buildings and processing centres are the property of the Group, and the governance in place provides BNP Paribas with the contractual right to monitor the entity and bring it back into the Group 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

Except for the information given in note 3.g to the consolidated financial statements at 31 December 2014, related to the comprehensive settlement with the U.S. authorities regarding the review of certain USD transactions, 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 Auditors' report on the consolidated financial statements (6 March 2015).

8.5 Investments

The following table lists the Group's investments since 1 January 2012 that are individually valued at over EUR 500 million and are considered material at a Group level:

Country	Announcement date	Transaction	Transaction amount	Comments
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 25%)	The acquisition gives BNP Paribas a 99.93% holding in BNP Paribas Fortis
Poland	3 December 2013	Acquisition by BNP Paribas from Rabobank of its 88.98% stake in Bank Gospodarki Żywnościowej S.A. (BGZ)	EUR 961m (for 88.98%)	Takeover of 88.98% of the capital of BGZ by BNP Paribas. Following the announcement of the squeeze-out of BGZ's free float, in concert with Rabobank, on 23 December 2014, BNP Paribas holds a 90% stake in BGZ

(*) Société Fédérale de Participations et d'Investissement: a public-interest limited company (société anonyme) acting on behalf of the Belgian State.

8.6 Information on locations and businesses in 2014

In accordance with article L. 511-45 of the French Monetary and Financial Code and Decree No. 2014-1657 of 29 December 2014, credit institutions, financial holding companies, mixed financial holding companies and investment firms are obliged to disclose information about their locations and activities, included in their scope of consolidation, in each State or territory.

I. LOCATIONS BY COUNTRY

Locations	Business
European union member states	
Germany	
All In One Vermietungsgesellschaft für Telekommunicationsanlagen mbH.	Leasing Solutions
Arval Deutschland GmbH	Arval
BGL BNP Paribas (Germany branch)	Retail Banking
BNP Paribas Beteiligungsholding AG	Personal Investors
BNP Paribas Emission-und Handel. GmbH	Corporate and Investment Banking
BNP Paribas Factor GmbH	Retail Banking
BNP Paribas Fortis (Germany branch)	Corporate and Investment Banking
BNP Paribas Investment Partners Belgium (Germany branch)	Investment Partners
BNP Paribas Lease Group BPLG (Germany branch)	Leasing Solutions
BNP Paribas Real Estate Consult GmbH	Real Estate Services
BNP Paribas Real Estate GmbH	Real Estate Services
BNP Paribas Real Estate Holding GmbH	Real Estate Services
BNP Paribas Real Estate Investment Management Germany GmbH	Real Estate Services
BNP Paribas Real Estate Property Management GmbH	Real Estate Services
BNP Paribas SA (Germany branch)	Corporate and Investment Banking
BNP Paribas Securities Services - BP2S (Germany branch)	Securities Services
Cardif Assurance Vie (Germany branch)	Insurance
Cardif Assurances Risques Divers (Germany branch)	Insurance
Claas Financial Services (Germany branch)	Leasing Solutions
CNH Industrial Capital Europe (Germany branch)	Leasing Solutions
Commerz Finanz	Personal Finance
Cortal Consors (Germany branch)	Personal Investors
DAB Bank AG	Personal Investors
Fortis Lease Deutschland GmbH	Leasing Solutions
Gesellschaft für Capital & Vermögensverwaltung Gmbh (GCV)	Personal Finance
Inkasso Kodat Gmbh & Co KG	Personal Finance
JCB Finance (Germany branch)	Leasing Solutions
Von Essen GmbH & Co. KG Bankgesellschaft	Personal Finance
Austria	
All In One Vermietung GmbH	Leasing Solutions
Arval Austria GmbH	Arval
BNP Paribas Asset Management SAS (Austria branch)	Investment Partners
BNP Paribas Fortis (Austria branch)	Corporate and Investment Banking
Cardif Assurance Vie (Austria branch)	Insurance
Cardif Assurances Risques Divers (Austria branch)	Insurance
CNH Industrial Capital Europe GmbH (ex- CNH Capital Europe GmbH)	Leasing Solutions
Direktanlage AT AG	Personal Investors
Belgium	
Ace Equipment Leasing	Leasing Solutions
Ace Leasing	Leasing Solutions
AG Insurance (Group)	Insurance
Alpha Card SCRL (Group)	Retail Banking
Alpha Crédit SA	Personal Finance
Arval Belgium SA	Arval
BASS Master Issuer NV	Retail Banking
Belgian Mobile Wallet	Retail Banking
BNP Paribas Fortis	Retail Banking
BNP Paribas Fortis Factor NV	Retail Banking
BNP Paribas Investment Partners BE Holding	Investment Partners
BNP Paribas Investment Partners Belgium	Investment Partners
BNP Paribas Lease Group SA Belgium	Leasing Solutions
BNP Paribas Real Estate Advisory Belgium SA	Real Estate Services
BNP Paribas Real Estate Holding Benelux SA	Real Estate Services
BNP Paribas Real Estate Investment Management Belgium	Real Estate Services
BNP Paribas Real Estate Property Management Belgium	Real Estate Services
BNP Paribas SA (Belgium branch)	Corporate and Investment Banking
BNP Paribas Securities Services - BP2S (Belgium branch)	Securities Services
Bpost banque	Retail Banking
Cardif Assurance Vie (Belgium branch)	Insurance
Cardif Assurances Risques Divers (Belgium branch)	Insurance
Cardif Leven	Insurance
CNH Industrial Capital Europe (Belgium branch)	Leasing Solutions

Locations	Business
Cobema	Private Equity (BNP Paribas Capital)
Demetris NV	Retail Banking
Eos Aremas Belgium SA	Personal Finance
ES-Finance	Leasing Solutions
Esmée Master Issuer	Retail Banking
F&B Insurance Holdings SA (Group)	Insurance
Fortis Lease Belgium	Leasing Solutions
Fortis Lease Car & Truck	Leasing Solutions
Fortis Private Equity Belgium NV	Private Equity (BNP Paribas Capital)
Fortis Private Equity Expansion Belgium NV	Private Equity (BNP Paribas Capital)
Fortis Private Equity Management Belgium	Private Equity (BNP Paribas Capital)
Fortis Private Equity Venture Belgium SA	Private Equity (BNP Paribas Capital)
FScholen	Corporate and Investment Banking
Gepeco	Private Equity (BNP Paribas Capital)
Immobilière Sauvenière SA	Retail Banking
Nissan Finance Belgium NV	Personal Finance
Sagip	Investment companies and other subsidiaries
Bulgaria	
BNP Paribas SA (Bulgaria branch)	Corporate and Investment Banking
Cardif Assurance Vie (Bulgaria branch)	Insurance
Cardif Assurances Risques Divers (Bulgaria branch)	Insurance
Direct Services	Personal Finance
BNP Paribas Personal Finance EAD	Personal Finance
Denmark	
Alfred Berg Asset Management AB (Denmark branch)	Investment Partners
Arval A/S	Arval
BNP Paribas Fortis (Denmark branch)	Corporate and Investment Banking
Cardif Forsakring AB (Denmark branch)	Insurance
Cardif Livforsakring AB (Denmark branch)	Insurance
EkspresBank	Personal Finance
Spain	
Arval Service Lease SA	Arval
Banco Cetelem SA	Personal Finance
BNP Paribas Espana SA	Wealth Management
BNP Paribas Factor (Spain branch)	Retail Banking
BNP Paribas Fortis (Spain branch)	Corporate and Investment Banking
BNP Paribas Lease Group BPLG (Spain branch)	Leasing Solutions
BNP Paribas Real Estate Advisory Spain SA	Real Estate Services
BNP Paribas Real Estate Investment Management Spain SA	Real Estate Services
BNP Paribas Real Estate Property Management Spain SA	Real Estate Services
BNP Paribas SA (Spain branch)	Corporate and Investment Banking
BNP Paribas Securities Services - BP2S (Spain branch)	Securities Services
Cardif Assurance Vie (Spain branch)	Insurance
Cardif Assurances Risques Divers (Spain branch)	Insurance
Claas Financial Services (Spain branch)	Leasing Solutions
CNH Industrial Capital Europe (Spain branch)	Leasing Solutions
Cortal Consors (Spain branch)	Personal Investors
Effico Iberia SA	Personal Finance
Ejesur SA	Property companies (property used in operations)
Eurocredito EFC SA	Personal Finance
FCC U.C.I 5 -18	Personal Finance
Fimestic Expansion SA	Personal Finance
Fortis Lease Iberia SA	Leasing Solutions
JCB Finance (Spain branch)	Leasing Solutions
Meunier Hispania	Real Estate Services
Ribera del Loira Arbitrage	Corporate and Investment Banking
SC Nueva Condo Murcia SL	Corporate and Investment Banking
Servicios Financieros Carrefour EFC	Personal Finance
Tasaciones Hipotecarias SA	Real Estate Services
Union de Creditos Inmobiliarios - UCI (Group)	Personal Finance
Finland	
Alfred Berg Asset Management AB (Finland branch)	Investment Partners
Alfred Berg Kapitalforvaltning Finland AB	Investment Partners
Alfred Berg Rahastoyhtio Oy	Investment Partners

Locations	Business
Arval Oy	Arval
BNP Paribas Fortis (Finland branch)	Corporate and Investment Banking
France	
Antin Participation 5	Property companies (property used in operations)
Antin Participation 8	Corporate and Investment Banking
Aprolis Finance	Leasing Solutions
Arius	Leasing Solutions
Artegy	Leasing Solutions
Arval ECL	Arval
Arval Service Lease	Arval
Arval Trading	Arval
Asset Partners	Real Estate Services
Atargatis	Corporate and Investment Banking
Auguste Thouard Expertise	Real Estate Services
Austin Finance	Corporate and Investment Banking
Autonoria 2012 - 1 and 2	Personal Finance
Autonoria 2014	Personal Finance
Autovalley	Arval
Axa Banque Financement	Personal Finance
B*Capital	Personal Investors
Banque de Wallis et Futuna	Retail Banking
Banque Solféa	Personal Finance
BNP Intercontinentale – BNPI	Europe Mediterranean
BNP Paribas Aqua	Insurance
BNP Paribas Arbitrage	Corporate and Investment Banking
BNP Paribas Asset Management SAS	Investment Partners
BNP Paribas BDDI Participations	Europe Mediterranean
BNP Paribas Capital Partners (ex- BNP Paribas Private Equity)	Investment Partners
BNP Paribas Cardif	Insurance
BNP Paribas Dealing Services	Securities Services
BNP Paribas Développement	Retail Banking
BNP Paribas Equities France	Corporate and Investment Banking
BNP Paribas Factor	Retail Banking
BNP Paribas Flexi III Deposit Euro	Corporate and Investment Banking
BNP Paribas Fund Services France	Securities Services
BNP Paribas Global Senior Corporate Loans	Insurance
BNP Paribas Guadeloupe	Retail Banking
BNP Paribas Guyane	Retail Banking
BNP Paribas Home Loan SFH	Investment companies and other subsidiaries
BNP Paribas Immobilier Promotion Immobilier d'Entreprise	Real Estate Services
BNP Paribas Immobilier Residentiel	Real Estate Services
BNP Paribas Immobilier Residentiel Promotion Ile de France	Real Estate Services
BNP Paribas Immobilier Residentiel Residences Services BSA	Real Estate Services
BNP Paribas Immobilier Residentiel Service Clients	Real Estate Services
BNP Paribas Immobilier Residentiel Transaction & Conseil	Real Estate Services
BNP Paribas Immobilier Residentiel V2i	Real Estate Services
BNP Paribas Investment Partners	Investment Partners
BNP Paribas Lease Group BPLG	Leasing Solutions
BNP Paribas Martinique	Retail Banking
BNP Paribas Money 3M	Insurance
BNP Paribas Nouvelle Caledonie	Retail Banking
BNP Paribas Partners for Innovation (Group)	Investment companies and other subsidiaries
BNP Paribas Public Sector SCF	Investment companies and other subsidiaries
BNP Paribas Real Estate	Real Estate Services
BNP Paribas Real Estate Consult France	Real Estate Services
BNP Paribas Real Estate Financial Partner	Real Estate Services
BNP Paribas Real Estate Hotels France	Real Estate Services
BNP Paribas Real Estate Investment Management	Real Estate Services
BNP Paribas Real Estate Investment Services	Real Estate Services
BNP Paribas Real Estate Property Management France SAS	Real Estate Services
BNP Paribas Real Estate Transaction France	Real Estate Services
BNP Paribas Real Estate Valuation France	Real Estate Services
BNP Paribas Réunion	Retail Banking
BNP Paribas SA	Banking
BNP Paribas Securities Services – BP2S	Securities Services
BNP Paribas Wealth Management	Wealth Management
BNP Paribas-SME-1 (ex- Euro Secured Notes Issuer)	Investment companies and other subsidiaries
Cafineo	Personal Finance
CamGestion	Investment Partners
Cardif Assurance Vie	Insurance
Cardif Assurances Risques Divers	Insurance
Cardif I-Services	Insurance
Cardimmo	Insurance
Carrefour Banque	Personal Finance
Claas Financial Services	Leasing Solutions
CMV Médiforce	Personal Finance
CNH Industrial Capital Europe (ex- CNH Capital Europe)	Leasing Solutions
Cofica Bail	Personal Finance
Cofiparc	Arval
Cofiplan	Personal Finance
Communication Marketing Services - CMS	Personal Finance
Compagnie de Gestion et de Prêts	Personal Finance

Locations	Business
Compagnie d'Investissements de Paris - C.I.P.	Investment companies and other subsidiaries
Compagnie Investissement Italiens SNC	Corporate and Investment Banking
Compagnie Investissement Opéra SNC	Corporate and Investment Banking
Conseil Investissement SNC	Wealth Management
Cortal Consors	Personal Investors
Crédit Moderne Antilles Guyane	Personal Finance
Crédit Moderne Océan Indien	Personal Finance
Domofinance	Personal Finance
Domos 2011 - A and B	Personal Finance
Effico	Personal Finance
Esomet	Corporate and Investment Banking
Facet	Personal Finance
FCC Domos 2008	Personal Finance
FCC Retail ABS Finance - Noria 2009	Personal Finance
FCT Opéra	Investment companies and other subsidiaries
FG Ingenierie et Promotion Immobilière	Real Estate Services
Fidecom	Personal Finance
Fidem	Personal Finance
Financière BNP Paribas	Investment companies and other subsidiaries
Financière des Italiens	Corporate and Investment Banking
Financière du Marché Saint Honoré	Investment companies and other subsidiaries
Financière Paris Haussmann	Corporate and Investment Banking
Financière Taitbout	Corporate and Investment Banking
Fortis Lease (France)	Leasing Solutions
FundQuest Advisor	Investment Partners
Gestion et Services Groupe Cofinoga GIE	Personal Finance
GIE BNP Paribas Cardif	Insurance
GIE Groupement Auxiliaire de Moyens	Investment companies and other subsidiaries
Icare	Insurance
Icare Assurance	Insurance
Immobiliere des Bergues	Real Estate Services
JCB Finance	Leasing Solutions
Klépierre SA (Group)	Klépierre
Laffitte Participation 22	Corporate and Investment Banking
LaSer Cofinoga	Personal Finance
LaSer Loyalty	Personal Finance
LaSer SA	Personal Finance
LaSer Symag	Personal Finance
Leval 20	Personal Finance
Loisirs Finance	Personal Finance
Méditerranéa	Corporate and Investment Banking
MFF	Leasing Solutions
Natio Assurance	Insurance
Natio Fonds Ampère 1	Insurance
Natiocrédibail	Leasing Solutions
Natiocrédimurs	Leasing Solutions
Natioénergie 2	Leasing Solutions
Norrsken Finance	Personal Finance
Odyssée SCI	Insurance
Omnium de Gestion et de Developpement Immobilier – OGDI	Investment companies and other subsidiaries
Optichamps	Corporate and Investment Banking
Parifergie	Corporate and Investment Banking
Parilease	Corporate and Investment Banking
Participations Opéra	Corporate and Investment Banking
Partner's & Services	Real Estate Services
BNP Paribas Personal Finance	Personal Finance
Portes de Claye SCI	Insurance
Portzamparc Gestion	Personal Investors
Portzamparc société de Bourse	Personal Investors
Prêts et Services SAS	Personal Finance
Profilea Monde Equilibre	Insurance
Projeo	Personal Finance
Public Location Longue Durée	Arval
Retail Mobile Wallet	Personal Finance
Same Deutz-Fahr Finance	Leasing Solutions
Scoo SCI	Insurance
Siège Issy	Real Estate Services
Société Alsacienne de développement et d'expansion	Retail Banking
Société Auxiliaire de Construction Immobilière - SACI	Investment companies and other subsidiaries
Société Immobilière Marché Saint-Honoré	Property companies (property used in operations)
Société Orbaisienne de Participations	Investment companies and other subsidiaries
Construction-Sale Companies (Real Estate programmes)	Real Estate Services
Sygma Banque	Personal Finance
Taitbout Participation 3 SNC	Corporate and Investment Banking
THEAM	Investment Partners
UCB Bail 2	Investment companies and other subsidiaries
UCB Entreprises	Investment companies and other subsidiaries
Verner Investissements (Group)	Corporate and Investment Banking
Greece	
Arval Hellas Car Rental SA	Arval
BNP Paribas Securities Services - BP2S (Greece branch)	Securities Services
Hungary	

Locations	Business
Arval Magyarorszag KFT	Arval
BNP Paribas Lease Group KFT	Leasing Solutions
BNP Paribas Lease Group Lizing RT	Leasing Solutions
BNP Paribas SA (Hungary branch)	Corporate and Investment Banking
BNP Paribas Securities Services - BP2S (Hungary branch)	Securities Services
BNP PB Real Estate Advisory & Property Management Hungary Ltd.	Real Estate Services
Cardif Biztosito Magyarorszag Zrt	Insurance
Fortis Lease Operativ Lizing Zartkoruen Mukodo Reszvenytarsasag	Leasing Solutions
Magyar Cetelem Bank Zrt.	Personal Finance
Oney Magyarorszag Zrt	Personal Finance
UCB Ingatlanhitel RT	Personal Finance
Ireland	
Alectra Finance PLC	Corporate and Investment Banking
Aquarius + Investments PLC	Corporate and Investment Banking
Aquarius Capital Investments Ltd.	Corporate and Investment Banking
BNP Paribas Fund Services Dublin Ltd.	Securities Services
BNP Paribas International Finance Dublin	Corporate and Investment Banking
BNP Paribas Ireland	Corporate and Investment Banking
BNP Paribas Prime Brokerage International Ltd.	Corporate and Investment Banking
BNP Paribas SA (Ireland branch)	Corporate and Investment Banking
BNP Paribas Securities Services - BP2S (Ireland branch)	Securities Services
BNP Paribas Vartry Reinsurance Ltd.	Corporate and Investment Banking
BNP PB Real Estate Advisory & Property Management Ireland Ltd.	Real Estate Services
Darnell Ltd.	Insurance
Greenval Insurance Company Ltd.	Arval
Madison Arbor Ltd.	Corporate and Investment Banking
Matchpoint Finance Public Limited Company	Corporate and Investment Banking
Omega Capital Funding Ltd.	Corporate and Investment Banking
Omega Capital Investments PLC	Corporate and Investment Banking
Scaldis Capital (Ireland) Ltd.	Corporate and Investment Banking
Utexam Logistics Ltd.	Corporate and Investment Banking
Utexam Solutions Ltd.	Corporate and Investment Banking
Italy	
Artigiancassa SPA	Retail Banking
Arval Service Lease Italia S.P.A.	Arval
Banca Nazionale del Lavoro SPA	Retail Banking
Bieffe 5 SPA	Personal Finance
BNL Finance SPA	Retail Banking
BNL Positivity SRL	Retail Banking
BNP Paribas Cardif Vita Compagnia di Assicurazione E Riassicurazione S.P.A. (ex-Cardif Assicurazioni SPA)	Insurance
BNP Paribas Investment Partners Societa di Gestione del Risparmio SPA	Investment Partners
BNP Paribas Lease Group BPLG (Italy branch)	Leasing Solutions
BNP Paribas Lease Group Leasing Solutions SPA	Leasing Solutions
BNP Paribas Real Estate Advisory Italy SPA	Real Estate Services
BNP Paribas Real Estate Investment Management Italy	Real Estate Services
BNP Paribas Real Estate Italy SRL	Real Estate Services
BNP Paribas Real Estate Property Developpement Italy SPA	Real Estate Services
BNP Paribas Real Estate Property Management Italy SRL	Real Estate Services
BNP Paribas SA (Italy branch)	Corporate and Investment Banking
BNP Paribas Securities Services - BP2S (Italy branch)	Securities Services
Business Partners Italia SCPA	Retail Banking
Cardif Assurance Vie (Italy branch)	Insurance
Cardif Assurances Risques Divers (Italy branch)	Insurance
Claas Financial Services (Italy branch)	Leasing Solutions
CNH Industrial Capital Europe (Italy branch)	Leasing Solutions
EMF IT-2008-1 SRL	Retail Banking
Findomestic Banca SPA	Personal Finance
Florence 1 SRL	Personal Finance
Florence SPV SRL	Personal Finance
International Factors Italia SPA – Ifitalia	Retail Banking
JCB Finance (Italy branch)	Leasing Solutions
Locatrice Italiana SPA	Leasing Solutions
San Basilio 45 SRL	Real Estate Services
Sviluppo HQ Tiburtina SRL	Real Estate Services
Sviluppo Residenziale Italia SRL	Real Estate Services
UBI Assicurazioni Spa	Insurance
Vela ABS SRL	Retail Banking
Vela Home SRL	Retail Banking
Vela Lease SRL	Leasing Solutions
Vela Mortgages SRL	Retail Banking
Vela OBG SRL	Retail Banking
Vela Public Sector SRL	Retail Banking
Vela RMBS SRL	Retail Banking
Via Crespi 26 SRL	Real Estate Services
Luxembourg	
Alleray SARL	Corporate and Investment Banking
Arval Luxembourg SA	Arval
BGL BNP Paribas	Retail Banking
BGL BNP Paribas Factor SA	Retail Banking
BNL International Investment SA	Investment companies and other subsidiaries
BNP Paribas Fortis Funding SA	Retail Banking

Locations	Business
BNP Paribas Investment Partners Luxembourg	Investment Partners
BNP Paribas Lease Group Luxembourg SA	Retail Banking
BNP Paribas Leasing Solutions	Leasing Solutions
BNP Paribas Real Estate Advisory & Property Management Luxembourg SA	Real Estate Services
BNP Paribas Real Estate Investment Management Luxembourg SA	Real Estate Services
BNP Paribas SA (Luxembourg branch)	Corporate and Investment Banking
BNP Paribas SB Re	Investment companies and other subsidiaries
BNP Paribas Securities Services - BP2S (Luxembourg branch)	Securities Services
Cardif Assurances Risques Divers (Luxembourg branch)	Insurance
Cardif Lux Vie	Insurance
Cofhylux SA	Retail Banking
Compagnie Financière Ottomane SA	Private Equity (BNP Paribas Capital)
Crossen SARL	Corporate and Investment Banking
European Direct Property Management SA	Real Estate Services
Fund Channel	Investment Partners
GreenStars BNP Paribas	Corporate and Investment Banking
Grenache et Cie SNC	Corporate and Investment Banking
Hime Holding 1 SA	Corporate and Investment Banking
Hime Holding 2 SA	Corporate and Investment Banking
Hime Holding 3 SA	Corporate and Investment Banking
Le Sphinx Assurances Luxembourg SA	Investment companies and other subsidiaries
Plagefin - Placement, Gestion, Finance Holding SA	Investment companies and other subsidiaries
Plagefin SA (ex- Paribas Trust Luxembourg SA)	Corporate and Investment Banking
Pyrotex GB 1 SA	Real Estate Services
Pyrotex SARL	Real Estate Services
Royale Neuve I Sarl	Corporate and Investment Banking
Royale Neuve VI Sarl	Corporate and Investment Banking
Société Immobilière de Monterey SA	Retail Banking
Société Immobilière du Royal Building SA	Retail Banking
Netherlands	
Agrilease BV	Leasing Solutions
Alpha Murcia Holding BV	Corporate and Investment Banking
Arval Benelux BV	Arval
Arval BV	Arval
Astir BV	Corporate and Investment Banking
Atisreal Netherlands BV	Real Estate Services
Bank Insinger de Beaufort NV	Wealth Management
BNP Paribas Arbitrage Issuance BV	Corporate and Investment Banking
BNP Paribas Bank NV	Corporate and Investment Banking
BNP Paribas Cardif BV	Insurance
BNP Paribas Cardif Levensverzekeringen NV	Insurance
BNP Paribas Cardif Schadeverzekeringen NV	Insurance
BNP Paribas Factor Deutschland BV	Retail Banking
BNP Paribas Factoring Coverage Europe Holding NV	Retail Banking
BNP Paribas Fortis (Netherlands branch)	Corporate and Investment Banking
BNP Paribas Investment Partners Funds (Nederland) NV	Investment Partners
BNP Paribas Investment Partners Netherlands NV	Investment Partners
BNP Paribas Investment Partners NL Holding NV	Investment Partners
BNP Paribas Islamic Issuance BV	Corporate and Investment Banking
BNP Paribas Leasing Solutions NV	Leasing Solutions
BNP Paribas Real Estate Advisory Netherlands BV	Real Estate Services
BNP Paribas SA (Netherlands branch)	Corporate and Investment Banking
BNP Paribas Securities Services - BP2S (Netherlands branch)	Securities Services
Boug BV	Corporate and Investment Banking
CNH Industrial Capital Europe BV (ex- CNH Capital Europe BV)	Leasing Solutions
European Index Assets BV	Corporate and Investment Banking
Fortis Vastgoedlease BV	Leasing Solutions
Heffiq Heftruck Verhuur BV (ex- Barloworld Heftruck BV)	Leasing Solutions
Kronenburg Vastgoed BV	Europe Mediterranean
Leveraged Finance Europe Capital V BV	Corporate and Investment Banking
BNP Paribas Personal Finance BV	Personal Finance
Phedina Hypotheken 2010 BV	Personal Finance
Phedina Hypotheken 2011-I BV	Personal Finance
Phedina Hypotheken 2013-I BV	Personal Finance
Stichting Effecten BV	Europe Mediterranean
The Economy Bank NV	Europe Mediterranean
TKB BNP Paribas Investment Partners Holding BV	Investment Partners
Poland	
Arval Service Lease Polska SP z.o.o	Arval
BGZ SA	Europe Mediterranean
BNP Paribas Bank Polska SA	Europe Mediterranean
BNP Paribas Lease Group Polska SP z.o.o	Leasing Solutions
BNP Paribas Real Estate Advisory & Property Management Poland SP ZOO	Real Estate Services
BNP Paribas SA (Poland branch)	Corporate and Investment Banking
BNP Paribas Securities Services - BP2S (Poland branch)	Securities Services
Cardif Assurances Risques Divers (Poland branch)	Insurance
Cardif Polska Towarzystwo Ubezpieczen na Zycie SA	Insurance
Claas Financial Services (Poland branch)	Leasing Solutions
CNH Industrial Capital Europe (Poland branch)	Leasing Solutions
Dominet SA	Europe Mediterranean
Fortis Lease Polska Sp.z.o.o.	Leasing Solutions
Pocztylion Arka Powszechne Towarzystwo Emerytalne SA	Insurance

Locations	Business
Sygma Banque (Poland branch)	Personal Finance
Portugal	
Arval Service Lease Aluger Operational Automoveis SA	Arval
Banco BNP Paribas Personal Finance SA	Personal Finance
BNP Paribas Factor Portugal	Retail Banking
BNP Paribas Lease Group BPLG (Portugal branch)	Leasing Solutions
BNP Paribas SA (Portugal branch)	Corporate and Investment Banking
BNP Paribas Securities Services - BP2S (Portugal branch)	Securities Services
Cardif Assurance Vie (Portugal branch)	Insurance
Cardif Assurances Risques Divers (Portugal branch)	Insurance
Fortis Lease Portugal	Leasing Solutions
Czech Republic	
Arval CZ SRO	Arval
BNP Paribas Cardif Pojistovna A.S	Insurance
BNP Paribas Fortis (Czech Republic branch)	Corporate and Investment Banking
BNP PB Real Estate Advisory & Property Management Czech Republic SRO	Real Estate Services
Cetelem CR AS	Personal Finance
Romania	
Aprolis Finance (Romania branch)	Leasing Solutions
Arval Service Lease Romania SRL	Arval
BNP Paribas Fortis (Romania branch)	Corporate and Investment Banking
BNP Paribas Lease Group IFN SA	Leasing Solutions
Cardif Assurance Vie (Romania branch)	Insurance
Cardif Assurances Risques Divers (Romania branch)	Insurance
Cetelem IFN	Personal Finance
Fortis Lease Romania IFN SA	Leasing Solutions
S.C BNP Paribas Real Estate Advisory S.A	Real Estate Services
United Kingdom	
54 Lombard Street Investments Ltd.	Corporate and Investment Banking
Albury Asset Rentals Ltd.	Leasing Solutions
Artegy Ltd.	Leasing Solutions
Arval UK Group Ltd.	Arval
Arval UK Ltd.	Arval
Bank Insinger de Beaufort NV (UK branch)	Wealth Management
BNP Paribas Arbitrage (UK branch)	Corporate and Investment Banking
BNP Paribas Cardif PSC Ltd.	Insurance
BNP Paribas Commercial Finance Ltd.	Retail Banking
BNP Paribas Commodity Futures Ltd.	Corporate and Investment Banking
BNP Paribas Dealing Services (UK branch)	Securities Services
BNP Paribas Fleet Holdings Ltd.	Arval
BNP Paribas Fortis (UK branch)	Corporate and Investment Banking
BNP Paribas Investment Partners UK Ltd.	Investment Partners
BNP Paribas Investments No.1 Ltd.	Corporate and Investment Banking
BNP Paribas Investments No.2 Ltd.	Corporate and Investment Banking
BNP Paribas Lease Group (Rentals) Ltd.	Leasing Solutions
BNP Paribas Lease Group PLC	Leasing Solutions
BNP Paribas Leasing Solutions Ltd.	Leasing Solutions
BNP Paribas Net Ltd.	Corporate and Investment Banking
BNP Paribas Real Estate Advisory & Property Management UK Ltd.	Real Estate Services
BNP Paribas Real Estate Facilities Management Ltd.	Real Estate Services
BNP Paribas Real Estate Investment Management Ltd.	Real Estate Services
BNP Paribas Real Estate Investment Management UK Ltd.	Real Estate Services
BNP Paribas Real Estate Property Developpement UK Ltd.	Real Estate Services
BNP Paribas SA (UK branch)	Corporate and Investment Banking
BNP Paribas Securities Services - BP2S (UK branch)	Securities Services
BNP Paribas UK Holdings Ltd.	Corporate and Investment Banking
BNP Paribas UK Ltd.	Corporate and Investment Banking
BNP PUK Holding Ltd.	Corporate and Investment Banking
Cardif Pinnacle Insurance Holdings PLC	Insurance
Cardif Pinnacle Insurance Management Services PLC	Insurance
CB (UK) Ltd. (Fonds C)	Insurance
Claas Financial Services Ltd.	Leasing Solutions
CNH Industrial Capital Europe Ltd. (ex- CNH Capital Europe Ltd.)	Leasing Solutions
Cofinoga Funding Two L.P.	Personal Finance
Commercial Vehicle Finance Ltd.	Leasing Solutions
Creation Consumer Finance Ltd.	Personal Finance
Creation Financial Services Ltd.	Personal Finance
Creation Marketing Services Ltd.	Personal Finance
Financial Telemarketing Services Ltd.	Insurance
Fischer Francis Trees & Watts UK Ltd.	Investment Partners
Fortis Lease UK Ltd.	Leasing Solutions
Fortis Lease UK Retail Ltd.	Leasing Solutions
FundQuest Advisor (UK branch)	Investment Partners
FundQuest UK Ltd.	Investment Partners
H.F.G.L Ltd.	Leasing Solutions
Harewood Financing Limited	Corporate and Investment Banking
Harewood Holdings Ltd.	Corporate and Investment Banking
Humberclyde Commercial Investments Ltd.	Leasing Solutions
Humberclyde Commercial Investments No.1 Ltd.	Leasing Solutions
JCB Finance Holdings Ltd.	Leasing Solutions
Landspire Ltd.	Corporate and Investment Banking
Manitou Finance Ltd.	Leasing Solutions

Locations	Business
Pinnacle Insurance PLC	Insurance
Same Deutz Fahr Finance Ltd.	Leasing Solutions
Sygma Banque (UK branch)	Personal Finance
Sygma Funding Two Ltd.	Personal Finance
Slovakia	
Arval Slovakia	Arval
Cetelem Slovensko AS	Personal Finance
Poistovna Cardif Slovakia A.S	Insurance
Sweden	
Alfred Berg Asset Management AB	Investment Partners
Alfred Berg Fonder AB	Investment Partners
Alfred Berg Kapitalförvaltning AB	Investment Partners
BNP Paribas Fortis (Sweden branch)	Corporate and Investment Banking
Cardif Forsakring AB	Insurance
Cardif Livforsakring AB	Insurance
Cardif Nordic AB	Insurance
Other European Countries	
Guernsey	
BNP Paribas Securities Services - BP2S (Guernsey branch)	Securities Services
BNP Paribas Suisse SA (Guernsey branch)	Banking
Jersey	
BNP Paribas Real Estate Jersey Ltd.	Real Estate Services
BNP Paribas SA (Jersey branch)	Corporate and Investment Banking
BNP Paribas Securities Services - BP2S (Jersey branch)	Securities Services
BNP Paribas Suisse SA (Jersey branch)	Banking
Scaldis Capital Ltd.	Corporate and Investment Banking
Isle of Man(1)	
BNP Paribas Securities Services - BP2S (Isle of Man branch)	Securities Services
Monaco	
BNP Paribas SA (Monaco branch)	Retail Banking
BNP Paribas Wealth Management Monaco	Wealth Management
Norway	
Alfred Berg Asset Management AB (Norway branch)	Investment Partners
Alfred Berg Kapitalforvaltning AS	Investment Partners
BNP Paribas Fortis (Norway branch)	Corporate and Investment Banking
BNP Paribas SA (Norway branch)	Corporate and Investment Banking
Cardif Forsakring AB (Norway branch)	Insurance
Cardif Livforsakring AB (Norway branch)	Insurance
EkspresBank (Norway branch)	Personal Finance
Russia	
Arval OOO	Arval
BNP Paribas ZAO	Corporate and Investment Banking
Cardif Insurance Company LLC	Insurance
Cetelem Bank LLC	Personal Finance
Serbia	
Findomestic Banka AD	Personal Finance
TEB SH A	Europe Mediterranean
Switzerland	
Arval Schweiz AG	Arval
BNP Paribas Leasing Solutions Immobilier Suisse	Leasing Solutions
BNP Paribas Leasing Solutions Suisse SA	Leasing Solutions
BNP Paribas Securities Services - BP2S (Switzerland branch)	Securities Services
BNP Paribas Suisse SA	Banking
Cardif Assurance Vie (Switzerland branch)	Insurance
Cardif Assurances Risques Divers (Switzerland branch)	Insurance
Ukraine	
JSC IC Axa Insurance	Europe Mediterranean
UkrSibbank	Europe Mediterranean
AFRICA AND MEDITERRANEAN BASIN	
South Africa	
BNP Paribas Cadiz Securities	Corporate and Investment Banking
BNP Paribas Cadiz Stockbroking	Corporate and Investment Banking
BNP Paribas SA (South Africa branch)	Corporate and Investment Banking
RCS Cards Proprietary Ltd.	Personal Finance
RCS Collections Proprietary Ltd.	Personal Finance
RCS Home Loans Proprietary Ltd.	Personal Finance
RCS Investment Holdings Ltd.	Personal Finance
Algeria	
BNP Paribas El Djazair	Europe Mediterranean
Cetelem Algérie	Personal Finance
Saudi Arabia	
BNP Paribas Investment Company KSA	Corporate and Investment Banking
BNP Paribas SA (Saudi Arabia branch)	Corporate and Investment Banking
Bahrain	
BNP Paribas SA (Bahrain branch)	Corporate and Investment Banking
Turk Ekonomi Bankasi AS (Bahrain branch)	Europe Mediterranean

(1) *The branch located on the Isle of Man was wound up in 2014.*

Locations	Business
Botswana(1)	
RCS Botswana Proprietary Ltd.	Personal Finance
Burkina Faso	
Banque Internationale du Commerce et de l'Industrie Burkina Faso	Europe Mediterranean
Ivory Coast	
Banque Internationale du Commerce et de l'Industrie Cote d'Ivoire	Europe Mediterranean
United Arab Emirates	
BNP Paribas Real Estate Advisory & Property Management LLC	Real Estate Services
BNP Paribas SA (United Arab Emirates branch)	Corporate and Investment Banking
Gabon	
Banque Internationale du Commerce et de l'Industrie Gabon	Europe Mediterranean
Guinea	
Banque Internationale du Commerce et de l'Industrie Guinée	Europe Mediterranean
Kuwait	
BNP Paribas SA (Kuwait branch)	Corporate and Investment Banking
Mali	
Banque Internationale du Commerce et de l'Industrie Mali	Europe Mediterranean
Morocco	
Arval Maroc SA	Arval
Banque Marocaine du Commerce et de l'Industrie	Europe Mediterranean
Banque Marocaine du Commerce et de l'Industrie Assurance	Europe Mediterranean
Banque Marocaine du Commerce et de l'Industrie Crédit Conso	Europe Mediterranean
Banque Marocaine du Commerce et de l'Industrie Gestion Asset Management (ex- Banque Marocaine du Commerce et de l'Industrie Gestion)	Europe Mediterranean
Banque Marocaine du Commerce et de l'Industrie Leasing	Europe Mediterranean
Banque Marocaine du Commerce et de l'Industrie Offshore	Europe Mediterranean
BNP Paribas Mediterranée Innovation & Technologies	Investment companies and other subsidiaries
Namibia	
RCS Investment Holdings Namibia Proprietary Ltd.	Personal Finance
Qatar	
BNP Paribas SA (Qatar branch)	Corporate and Investment Banking
Senegal	
Banque Internationale du Commerce et de l'Industrie Senegal	Europe Mediterranean
Tunisia	
Union Bancaire pour le Commerce et l'Industrie	Europe Mediterranean
Turkey	
BNP Paribas Cardif Emeklilik Anonim Sirketi	Insurance
BNP Paribas Finansal Kiralama AS	Leasing Solutions
BNP Paribas Fortis Yatirimlar Holding AS	Europe Mediterranean
BNP Paribas Yatirimlar Holding Anonim Sirketi	Europe Mediterranean
Cardif Hayat Sigorta Anonim Sirketi	Insurance
TEB Arval Arac Filo Kiralama AS	Arval
TEB Faktoring AS	Europe Mediterranean
TEB Holding AS	Europe Mediterranean
TEB Portfoy Yonetimi AS	Europe Mediterranean
TEB Tuketici Finansman AS	Personal Finance
TEB Yatirim Menkul Degerler AS	Europe Mediterranean
Turk Ekonomi Bankasi AS	Europe Mediterranean
AMERICAS	
Argentina	
Banco Cetelem Argentina SA	Personal Finance
Banco de Servicios Financieros SA	Personal Finance
BNP Paribas Investment Partners Argentina SA	Investment Partners
BNP Paribas SA (Argentina branch)	Corporate and Investment Banking
Cardif Seguros SA	Insurance
Fideicomiso Financiero Cetelem II, III et IV	Personal Finance
Bermuda	
Cronos Holding Company Ltd. (Group)	Corporate and Investment Banking
Brazil	
Arval Brasil Limitada	Arval
Banco BNP Paribas Brasil SA	Corporate and Investment Banking
Banco Cetelem SA (ex- Banco BGN SA)	Personal Finance
BGN Mercantil E Servicos Ltda	Personal Finance
BNP Paribas Asset Management Brasil Ltda	Investment Partners
BNP Paribas EQD Brazil Fund Fundo Invest Multimercado	Corporate and Investment Banking
BNP Paribas Proprietario Fundo de Investimento Multimercado	Corporate and Investment Banking
Cardif do Brasil Seguros e Garantias	Insurance
Cardif do Brasil Vida e Previdencia SA	Insurance
Cetelem America Ltda	Personal Finance
Cetelem Brasil SA	Personal Finance
Cetelem Serviços Ltda	Personal Finance
Luizaseg	Insurance
NCVP Participacoes Societarias SA	Insurance
Cayman Islands	
Bank of the West (Cayman Islands branch)	Retail Banking
BNP Paribas Fortis (Cayman Islands branch)	Corporate and Investment Banking
BNP Paribas Prime Brokerage International Ltd.	Corporate and Investment Banking

(1) *The Botswana subsidiary was consolidated following BNP Paribas Personal Finance's acquisition of the RCS Group in South Africa in 2014.*

Locations	Business
BNP Paribas SA (Cayman Islands branch)	Corporate and Investment Banking
First Hawaïan Bank (Cayman Islands branch)	Retail Banking
Marc Finance Ltd.	Corporate and Investment Banking
TCG Fund I, L.P	Corporate and Investment Banking
Canada	
BNP Paribas (Canada) Valeurs Mobilières	Corporate and Investment Banking
BNP Paribas Canada	Corporate and Investment Banking
BNP Paribas Energy Trading Canada Corp	Corporate and Investment Banking
BNP Paribas SA (Canada branch)	Corporate and Investment Banking
Chile	
Banco Estado Administradora General de Fondos	Investment Partners
BNP Paribas Cardif Seguros de Vida SA	Insurance
BNP Paribas Cardif Seguros Generales SA	Insurance
Cardif Extension De Garantia y Asistencia Limitada	Insurance
Colombia	
BNP Paribas Colombia Corporation Financiera SA	Corporate and Investment Banking
Cardif Colombia Seguros Generales	Insurance
United States of America	
1897 Services Corporation	Retail Banking
Alamo Funding II Inc.	Corporate and Investment Banking
BancWest Corporation	Retail Banking
BancWest Investment Services, Inc.	Retail Banking
Banexi Holding Corporation	Corporate and Investment Banking
Bank of the West	Retail Banking
Bank of the West Business Park Association LLC	Retail Banking
Bishop Street Capital Management Corporation	Retail Banking
BNP Paribas Arbitrage (U.S.A branch)	Corporate and Investment Banking
BNP Paribas Asset Management Inc.	Investment Partners
BNP Paribas Capital Services Inc.	Corporate and Investment Banking
BNP Paribas CC Inc. (ex- BNP Paribas Capital Corporation Inc.)	Corporate and Investment Banking
BNP Paribas Energy Trading GP	Corporate and Investment Banking
BNP Paribas Energy Trading Holdings, Inc.	Corporate and Investment Banking
BNP Paribas Energy Trading LLC	Corporate and Investment Banking
BNP Paribas Finance Inc.	Corporate and Investment Banking
BNP Paribas Fortis (U.S.A branch)	Corporate and Investment Banking
BNP Paribas FS LLC	Corporate and Investment Banking
BNP Paribas Investment Partners USA Holdings Inc.	Investment Partners
BNP Paribas Leasing Corporation	Corporate and Investment Banking
BNP Paribas Mortgage Corporation	Corporate and Investment Banking
BNP Paribas North America Inc.	Corporate and Investment Banking
BNP Paribas Prime Brokerage Inc.	Corporate and Investment Banking
BNP Paribas RCC Inc.	Corporate and Investment Banking
BNP Paribas SA (U.S.A branch)	Corporate and Investment Banking
BNP Paribas Securities Corporation	Corporate and Investment Banking
BNP Paribas US Medium Term Notes Program LLC	Investment companies and other subsidiaries
BNP Paribas VPG Adonis LLC	Corporate and Investment Banking
BNP Paribas VPG BMC Select LLC	Corporate and Investment Banking
BNP Paribas VPG Brookfin LLC	Corporate and Investment Banking
BNP Paribas VPG Brookline Cre LLC	Corporate and Investment Banking
BNP Paribas VPG CB LLC (ex- BNP Paribas VPG CB Lender LLC)	Corporate and Investment Banking
BNP Paribas VPG CT Holdings LLC	Corporate and Investment Banking
BNP Paribas VPG EDMC Holdings LLC (ex- BNP Paribas VPG RHI Holdings LLC)	Corporate and Investment Banking
BNP Paribas VPG Freedom Communications LLC	Corporate and Investment Banking
BNP Paribas VPG Lake Butler LLC	Corporate and Investment Banking
BNP Paribas VPG Legacy Cabinets LLC	Corporate and Investment Banking
BNP Paribas VPG Mark IV LLC	Corporate and Investment Banking
BNP Paribas VPG Master LLC	Corporate and Investment Banking
BNP Paribas VPG Medianews Group LLC	Corporate and Investment Banking
BNP Paribas VPG MGM LLC	Corporate and Investment Banking
BNP Paribas VPG Modern Luxury Media LLC	Corporate and Investment Banking
BNP Paribas VPG Northstar LLC	Corporate and Investment Banking
BNP Paribas VPG PCMC LLC	Corporate and Investment Banking
BNP Paribas VPG Reader's Digest Association LLC	Corporate and Investment Banking
BNP Paribas VPG SBX Holdings LLC	Corporate and Investment Banking
BNP Paribas VPG SDI Media Holdings LLC	Corporate and Investment Banking
BNP Paribas VPG Semgroup LLC	Corporate and Investment Banking
BNP Paribas VPG Titan Outdoor LLC	Corporate and Investment Banking
BOW Auto Receivables LLC	Retail Banking
BOW Auto Trust LLC	Retail Banking
BW Insurance Agency, Inc.	Retail Banking
Center Club, Inc.	Retail Banking
CFB Community Development Corporation	Retail Banking
Claas Financial Services Inc.	Leasing Solutions
Claas Financial Services LLC	Retail Banking
Commercial Federal Affordable Housing, Inc.	Retail Banking
Commercial Federal Community Development Corporation	Retail Banking
Commercial Federal Insurance Corporation	Retail Banking
Commercial Federal Investment Service Inc.	Retail Banking
Commercial Federal Realty Investors Corporation	Retail Banking
Commercial Federal Service Corporation	Retail Banking
Community Service, Inc.	Retail Banking
Equipment Lot FH	Retail Banking

Locations	Business
Equipment Lot Siemens 1998A-FH	Retail Banking
Equity Lending Inc.	Retail Banking
Essex Credit Corporation	Retail Banking
FB Transportation Capital LLC	Corporate and Investment Banking
FHB Guam Trust Co.	Retail Banking
FHL SPC One, Inc.	Retail Banking
First Bancorp	Retail Banking
First Hawaïan Bank	Retail Banking
First Hawaiian Capital 1	Retail Banking
First Hawaiian Leasing, Inc.	Retail Banking
First National Bancorporation	Retail Banking
First Santa Clara Corporation	Retail Banking
Fischer Francis Trees & Watts Inc.	Investment Partners
Fortis Funding LLC	Corporate and Investment Banking
French American Banking Corporation - F.A.B.C	Corporate and Investment Banking
FSI Holdings Inc.	Corporate and Investment Banking
Glendale Corporate Center Acquisition LLC	Retail Banking
LACMTA Rail Statutory Trust (FHI)	Retail Banking
Lexington Blue LLC	Retail Banking
Liberty Leasing Company	Retail Banking
Madison Arbor LLC	Corporate and Investment Banking
Matchpoint Master Trust	Corporate and Investment Banking
MNCRC Equipement Lot	Retail Banking
Mountain Falls Acquisition Corporation	Retail Banking
Paribas North America Inc.	Corporate and Investment Banking
Real Estate Delivery 2 Inc.	Retail Banking
Riverwalk Village Three Holdings LLC	Retail Banking
Santa Rita Townhomes Acquisition LLC	Retail Banking
Scaldis Capital LLC	Corporate and Investment Banking
Southwest Airlines 1993 Trust N363SW	Retail Banking
ST 2001 FH-1	Retail Banking
Starbird Funding Corporation	Corporate and Investment Banking
SWB 99-1	Retail Banking
Tender Option Bond Municipal program	Corporate and Investment Banking
The Bankers Club, Inc.	Retail Banking
Ursus Real estate, Inc.	Retail Banking
Via North America, Inc.	Corporate and Investment Banking
VPG SDI Media LLC	Corporate and Investment Banking
VTA 1998-FH	Retail Banking
Mexico	
BNP Paribas Investment Partners Latam SA	Investment Partners
Cardif Mexico Seguros de Vida SA de CV	Insurance
Cardif Mexico Seguros Generales SA de CV	Insurance
BNP Paribas Personal Finance SA de CV	Personal Finance
Panama[(1)]	
BNP Paribas SA (Panama branch)	Corporate and Investment Banking
Peru	
Cardif del Peru Sa Compania de Seguros	Insurance
ASIA AND PACIFIC	
Australia	
BNP Pacific (Australia) Ltd.	Corporate and Investment Banking
BNP Paribas Fund Services Australasia Pty Ltd.	Securities Services
BNP Paribas Investment Partners (Australia) Holdings Pty Ltd.	Investment Partners
BNP Paribas Investment Partners (Australia) Ltd.	Investment Partners
BNP Paribas SA (Australia branch)	Corporate and Investment Banking
BNP Paribas Securities Services - BP2S (Australia branch)	Securities Services
China	
Arval China Co Ltd.	Arval
Banque de Nankin	Europe Mediterranean
BNP Paribas (China) Ltd.	Corporate and Investment Banking
BNP Paribas Commodities Trading (Shanghai) Co Ltd.	Corporate and Investment Banking
BNP Paribas SA (China branch)	Corporate and Investment Banking
BOB-Cardif Life Insurance Company Ltd.	Insurance
Haitong - Fortis Private Equity Fund Management Co. Ltd.	Investment Partners
HFT Investment Management Co Ltd. (Group)	Investment Partners

(1) *The liquidation process of the entity located in Panama, initiated in July 2010, is pending approval from the local regulator.*

Locations	Business
Korean Republic	
BNP Paribas General Insurance Co. Ltd.	Insurance
BNP Paribas SA (Republic of Korea branch)	Corporate and Investment Banking
BNP Paribas Securities Korea Company Ltd.	Corporate and Investment Banking
Cardif Life Insurance Co. Ltd.	Insurance
Shinhan BNP Paribas Asset Management Co Ltd.	Investment Partners
Hong Kong	
BNP Paribas Arbitrage (Hong Kong) Ltd.	Corporate and Investment Banking
BNP Paribas Capital (Asia Pacific) Ltd.	Corporate and Investment Banking
BNP Paribas Dealing Services Asia Ltd.	Securities Services
BNP Paribas Finance (Hong Kong) Ltd.	Corporate and Investment Banking
BNP Paribas Investment Partners Asia Ltd.	Investment Partners
BNP Paribas SA (Hong Kong branch)	Corporate and Investment Banking
BNP Paribas Securities (Asia) Ltd.	Corporate and Investment Banking
BNP Paribas Securities Services - BP2S (Hong Kong branch)	Securities Services
BNP Paribas SJ Ltd.	Corporate and Investment Banking
BNP Paribas Wealth Management (Hong Kong branch)	Wealth Management
India	
Arval India Private Ltd.	Arval
BNP Paribas Asset Management India Private Ltd.	Investment Partners
BNP Paribas India Holding Private Ltd.	Corporate and Investment Banking
BNP Paribas India Solutions Private Ltd.	Corporate and Investment Banking
BNP Paribas SA (India branch)	Corporate and Investment Banking
BNP Paribas Securities India Private Ltd.	Corporate and Investment Banking
BNP Paribas Sundaram GSO Private Ltd.	Securities Services
Geojit BNP Paribas Financial Services Ltd (Group)	Personal Investors
Geojit Technologies Private Ltd.	Personal Investors
SREI Equipement Finance Ltd. (ex- REI Equipement Finance Private Ltd.)	Leasing Solutions
State Bank of India Life Insurance Company Ltd.	Insurance
Sundaram BNP Paribas Home Finance Ltd.	Personal Finance
Indonesia	
PT Bank BNP Paribas Indonesia	Corporate and Investment Banking
PT BNP Paribas Securities Indonesia	Corporate and Investment Banking
PT. BNP Paribas Investment Partners	Investment Partners
Japan	
BNP Paribas Investment Partners Japan Ltd.	Investment Partners
BNP Paribas Japan Ltd.	Corporate and Investment Banking
BNP Paribas Principal Investments Japan Ltd.	Corporate and Investment Banking
BNP Paribas SA (Japan branch)	Corporate and Investment Banking
BNP Paribas Securities Japan Ltd.	Corporate and Investment Banking
BNP Paribas SJ Ltd. (Japan branch)	Corporate and Investment Banking
Cardif Assurance Vie (Japan branch)	Insurance
Cardif Assurances Risques Divers (Japan branch)	Insurance
Malaysia	
BNP Paribas Malaysia Berhad	Corporate and Investment Banking
BNP Paribas SA (Malaysia branch)	Corporate and Investment Banking
New Zealand	
BNP Paribas Fund Services Australasia Pty Ltd. (New Zealand branch)	Securities Services
Philippines	
BNP Paribas SA (Philippines branch)	Corporate and Investment Banking
Singapore	
ACG Capital Partners Singapore Pte. Ltd	Corporate and Investment Banking
BNP Paribas Investment Partners Singapore Ltd.	Investment Partners
BNP Paribas SA (Singapore branch)	Corporate and Investment Banking
BNP Paribas Securities (Singapore) Pte Ltd.	Corporate and Investment Banking
BNP Paribas Securities Services - BP2S (Singapore branch)	Securities Services
BNP Paribas Wealth Management (Singapore branch)	Wealth Management
BPP Holdings Pte Ltd.	Corporate and Investment Banking
Taiwan	
BNP Paribas Cardif TCB Life Insurance Company Ltd.	Insurance
BNP Paribas SA (Taiwan branch)	Corporate and Investment Banking
BNP Paribas Securities (Taiwan) Co Ltd.	Corporate and Investment Banking
Cardif Assurance Vie (Taiwan branch)	Insurance
Cardif Assurances Risques Divers (Taiwan branch)	Insurance
Thailand	
BNP Paribas SA (Thailand branch)	Corporate and Investment Banking
Viet Nam	
BNP Paribas SA (Viet Nam branch)	Corporate and Investment Banking
Orient Commercial Bank	Europe Mediterranean

II. PROFIT AND LOSS ACCOUNT ITEMS AND HEADCOUNT BY COUNTRY

	FY 2014(*) (EUR million)						Financial headcount(**) as at 31 December 2014
	Revenues	Public subsidies received	Income before tax	Current tax expense	Deferred taxes	Corporate income tax	
European Union member States							
Germany	1,114	0	297	(91)	(19)	(110)	4,163
Austria	14	0	5	(1)	0	(1)	170
Belgium	4,514	0	1,393	(31)	(441)	(472)	16,383
Bulgaria	54	0	17	(1)	0	(1)	1,055
Denmark	23	0	6	(2)	(6)	(8)	141
Spain	763	0	406	(152)	29	(123)	2,390
Finland	5	0	(2)	0	0	0	32
France	13,497	0	(1,296)	(921)	37	(884)	56,953
Greece	2	0	0	0	0	0	23
Hungary	80	0	23	(9)	6	(3)	503
Ireland	179	0	147	(16)	(2)	(18)	174
Italy	4,883	0	494	(399)	196	(203)	18,056
Luxembourg	1,186	0	566	(98)	(32)	(130)	3,664
Netherlands	371	0	139	(40)	6	(34)	967
Poland	377	0	95	(25)	(1)	(26)	9,372
Portugal	157	0	93	(30)	1	(29)	1,586
Czech Republic	131	0	69	(14)	(2)	(16)	610
Romania	50	0	12	(2)	0	(2)	814
United Kingdom	2,366	0	717	(59)	(72)	(131)	6,505
Slovakia	27	0	12	(3)	0	(3)	162
Sweden	24	0	1	0	0	0	154
Other European countries							
Guernsey	7	0	1	0	0	0	18
Jersey	61	0	39	0	0	0	212
Isle of Man(1)	1	0	0	0	0	0	0
Monaco	62	0	22	0	0	0	212
Norway	32	0	2	(4)	2	(2)	100
Russia	108	0	46	(13)	(5)	(18)	437
Serbia	46	0	11	(1)	0	(1)	869
Switzerland	411	0	(2,900)	(49)	247	198	1,500
Ukraine	120	0	(112)	0	0	0	5,900
Africa & Mediterranean basin							
South Africa	55	0	3	(3)	(1)	(4)	1,258
Algeria	120	0	61	(19)	3	(16)	1,287
Saudi Arabia	14	0	5	(1)	0	(1)	35
Bahrain	54	0	(31)	0	0	0	360
Botswana(2)	0	0	0	0	0	0	9
Burkina Faso	22	0	5	(1)	0	(1)	295
Ivory Coast	58	0	18	(3)	0	(3)	568
United Arab Emirates	31	0	16	(7)	1	(6)	100
Kuwait	7	0	3	0	0	0	27
Mali	14	0	4	(1)	0	(1)	102
Morocco	303	0	68	(34)	(2)	(36)	3,630
Namibia	0	0	0	0	0	0	9
Qatar	15	0	3	0	0	0	37
Senegal	48	0	13	(2)	0	(2)	440
Tunisia	69	0	28	(7)	(1)	(8)	1,229
Turkey	1,159	0	372	(89)	13	(76)	10,766
Americas							
Argentina	101	0	63	(18)	(5)	(23)	223
Brazil	625	0	214	(87)	10	(77)	1,280
Cayman Islands(3)	3	0	4	0	0	0	0
Canada	53	0	28	(7)	(2)	(9)	279
Chile	54	0	32	(1)	(7)	(8)	318
Colombia	23	0	1	(2)	(1)	(3)	241
United States of America	3,452	0	724	(215)	50	(165)	14,622
Mexico	14	0	1	0	0	0	181
Panama(4)	0	0	0	0	0	0	0
Asia & Pacific							
Australia	146	0	58	(5)	(14)	(19)	458
China	258	0	180	(37)	(6)	(43)	388
Korean Republic	87	0	16	(2)	(3)	(5)	343
Hong Kong	554	0	31	0	16	16	2,164
India	138	0	96	(43)	(3)	(46)	2,467
Indonesia	50	0	32	(11)	2	(9)	126
Japan	351	0	145	(44)	1	(43)	710
Malaysia	21	0	10	(3)	0	(3)	63
New Zealand	5	0	1	0	0	0	36
Philippines	1	0	0	0	0	0	12
Singapore	417	0	122	(19)	0	(19)	1,861
Taiwan	135	0	80	(6)	(2)	(8)	441
Thailand	24	0	14	(3)	0	(3)	63
Viet Nam	22	0	18	(3)	(1)	(4)	50
GROUP TOTAL	**39,168**	**0**	**2,741**	**(2,634)**	**(8)**	**(2,642)**	**179,603**

(*) *The financial data correspond to the contribution to consolidated income of fully consolidated entities under exclusive control.*

(**) *Financial headcount: full-time equivalents (FTE) at 31 December 2014 in wholly controlled, fully consolidated entities.*

(1) *The branch located on the Isle of Man was wound up in 2014.*

(2) *The Botswana subsidiary was consolidated following BNP Paribas Personal Finance's acquisition of the RCS Group in South Africa in 2014.*

(3) *The income of entities in the Cayman Islands is taxed in the United States and their staff are also located in the United States.*

(4) *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 12 January 2015.

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 Etablissements de Crédit et des Entreprises d'Investissement)*:

- any and all investment services,
- any and all services related to investment services,
- any and all banking transactions,
- any and all services related to banking transactions,
- any and all equity investments,

as defined in the French Monetary and Financial Code Book III – Section 1 *(Code Monétaire et Financier, Livre III, Titre 1er)* governing banking transactions and Section II *(Titre II)* governing investment services and related services.

On a regular basis, BNP PARIBAS may also conduct any and all other activities and any and all transactions in addition to those listed above, in particular any and all arbitrage, brokerage and commission transactions, subject to compliance with the regulations applicable to banks.

In general, BNP PARIBAS may, on its own behalf, and on behalf of third parties or jointly therewith, perform any and all financial, commercial, industrial or agricultural, personal property or real estate transactions directly or indirectly related to the activities set out above or which further the accomplishment thereof.

SECTION II

SHARE CAPITAL - SHARES

Article 4

The share capital of BNP PARIBAS shall stand at 2,491,915,350 euros divided into 1,245,957,675 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 31st.

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 regulated agreements and commitments

Annual General Meeting for the approval of the financial statements for the year ended 31 December 2014

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

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

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.

BNP Paribas SA

16 boulevard des Italiens

75009 Paris

To the Shareholders,

In our capacity as Statutory Auditors of BNP Paribas SA, 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 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

We were not informed of any agreements or commitments entered into during the year to be submitted for approval at the Annual General Meeting pursuant to the provisions of article L.225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

Agreements and commitments approved in previous years which were implemented during the year

Pursuant to article R.225-30 of the French Commercial Code, we were informed that the following agreement and commitment, approved in previous years by the Annual General Meeting, were implemented during the year.

- 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 until 1 December 2014

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.

This agreement ended when EUR 150,000 was paid to Baudouin Prot on 27 November 2014 upon his 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.

Agreements and commitments approved in previous years but not implemented during the year

In addition, we have been informed that the following agreement, previously approved by the Annual General Meeting, remained in force but was not implemented during the year.

- 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 occurs 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, 6 March 2015

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	63, rue de Villiers	61, rue Henri-Regnault
92524 Neuilly-sur-Seine Cedex	92208 Neuilly-sur-Seine Cedex	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 information provided in the management report (whose contents are listed in the *Table of Concordance* on page 499) 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 2014 presented in this Registration document is given on pages 241 to 242 and contains an emphasis of matter paragraph *(paragraphe d'observations)*.

The Statutory Auditors' report on the financial statements for the year ended 31 December 2014 presented in this Registration document is given on pages 421 to 422 and contains an emphasis of matter paragraph *(paragraphe d'observations)*.

The Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2013 presented in the Registration document filed with the AMF under visa no. D.14-0123 is given on pages 222-223 and contains an observation.

The Statutory Auditors' report on the parent company financial statements for the year ended 31 December 2013 presented in the Registration document filed with the AMF under visa no. D.14-0123 is given on pages 387-388 and contains an observation.

Paris, 6 March 2015

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	498
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; 106-128; 217-219; 243-381; 400; 409-412
■ Information about items that could have an impact in case of a public offer (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)	217; 412
■ Social, environmental and civic information (article L.225-102-1 of the French Commercial Code)	423-475
■ Information on locations and businesses in 2014 (article 511-45 of the Code montaire et financier)	480-486
Financial statements	
■ Parent company financial statements	383-415
■ Statutory Auditors' report on the financial statements	421-422
■ Consolidated financial statements	135-240
■ Statutory Auditors' report on the consolidated financial statements	241-242

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 2013 and the Statutory Auditors' report on the consolidated financial statements for the same period, presented respectively on pages 121-221 and 222-223 of Registration document no. D14-0123 filed with the AMF on 7 March 2014;
- 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 chapters of Registration documents nos. D14-0123 and D13-0115 not referred to above are either not significant for investors or are covered in another section of this Registration document.

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