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BNP PARIBAS | The bank for a changing world

CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2009



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CONSOLIDATED FINANCIAL STATEMENTS

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**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 2009 and 31 December 2008. In accordance with Article 20.1 of Annex I of European Commission Regulation (EC) 809/2004, the consolidated financial statements for 2007 are provided in the registration document filed with the Autorité des marchés financiers on 11 March 2009 under number D.09-0114.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

In millions of euros	Note	Year to 31 Dec. 2009	Year to 31 Dec. 2008
Interest income	2.a	46,460	58,839
Interest expense	2.a	(25,439)	(45,341)
Commission income	2.b	12,276	10,713
Commission expense	2.b	(4,809)	(4,854)
Net gain/loss on financial instruments at fair value through profit or loss	2.c	6,085	2,693
Net gain/loss on available-for-sale financial assets	2.d	436	464
Income from other activities	2.e	28,781	20,273
Expense on other activities	2.e	(23,599)	(15,411)
REVENUES		40,191	27,376
Operating expense		(21,958)	(17,324)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	5.m	(1,382)	(1,076)
GROSS OPERATING INCOME		16,851	8,976
Cost of risk	2.f	(8,369)	(5,752)
OPERATING INCOME		8,482	3,224
Share of earnings of associates		178	217
Net gain on non-current assets		87	481
Goodwill	5.n	253	2
PRE-TAX INCOME		9,000	3,924
Corporate income tax	2.g	(2,526)	(472)
NET INCOME		6,474	3,452
Net income attributable to minority interests		642	431
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		5,832	3,021
Basic earnings per share	8.a	5.20	2.99
Diluted earnings per share	8.a	5.20	2.97



STATEMENT OF NET INCOME AND CHANGES IN FAIR VALUE OF ASSETS AND LIABILITIES RECOGNISED DIRECTLY IN EQUITY

In millions of euros	Year to 31 Dec. 2009	Year to 31 Dec. 2008
Net income for the period	6,474	3,452
Changes in fair value of assets and liabilities recognised directly in equity	2,927	(5,123)
- Items related to exchange rate movements	64	(605)
- Changes in fair value of available-for-sale financial assets	2,834	(4,701)
- Changes in fair value of available-for-sale assets reported in net income	8	5
- Deferred gains and losses on hedging instruments	(137)	610
- Changes in value of hedging instruments reported in net income	(37)	(27)
- Items related to equity-accounted companies	195	(405)
Total	9,401	(1,671)
- Attributable to equity shareholders	8,537	(1,781)
- Attributable to minority interests	864	110

**BALANCE SHEET AT 31 DECEMBER 2009**

In millions of euros	Note	31 December 2009	31 December 2008
ASSETS			
Cash and amounts due from central banks and post office banks		56,076	39,219
Financial assets at fair value through profit or loss	5.a	828,784	1,192,271
Derivatives used for hedging purposes	5.b	4,952	4,555
Available-for-sale financial assets	5.c	221,425	130,725
Loans and receivables due from credit institutions	5.f	88,920	69,153
Loans and receivables due from customers	5.g	678,766	494,401
Remeasurement adjustment on interest-rate risk hedged portfolios		2,407	2,541
Held-to-maturity financial assets	5.i	14,023	14,076
Current and deferred tax assets	5.j	12,117	6,055
Accrued income and other assets	5.k	103,361	81,926
Policyholders' surplus reserve	5.o	-	531
Investments in associates	5.l	4,761	2,643
Investment property	5.m	11,872	9,920
Property, plant and equipment	5.m	17,056	14,807
Intangible assets	5.m	2,199	1,810
Goodwill	5.n	10,979	10,918
TOTAL ASSETS		2,057,698	2,075,551
LIABILITIES			
Due to central banks and post office banks		5,510	1,047
Financial liabilities at fair value through profit or loss	5.a	709,337	1,054,802
Derivatives used for hedging purposes	5.b	8,108	6,172
Due to credit institutions	5.f	220,696	186,187
Due to customers	5.g	604,903	413,955
Debt securities	5.h	211,029	157,508
Remeasurement adjustment on interest-rate risk hedged portfolios		356	282
Current and deferred tax liabilities	5.j	4,762	3,971
Accrued expenses and other liabilities	5.k	72,425	83,434
Technical reserves of insurance companies	5.o	101,555	86,514
Provisions for contingencies and charges	5.p	10,464	4,388
Subordinated debt	5.h	28,209	18,323
TOTAL LIABILITIES		1,977,354	2,016,583
CONSOLIDATED EQUITY			
<i>Share capital and additional paid-in capital</i>		<i>25,061</i>	<i>13,828</i>
<i>Retained earnings</i>		<i>37,433</i>	<i>37,909</i>
<i>Net income for the period attributable to shareholders</i>		<i>5,832</i>	<i>3,021</i>
Total capital, retained earnings and net income for the period attributable to shareholders		68,326	54,758
Unrealised or deferred gains and losses attributable to shareholders		1,175	(1,530)
Shareholders' equity		69,501	53,228
Retained earnings and net income for the period attributable to minority interests		11,060	6,179
Change in fair value of assets and liabilities recognised directly in equity		(217)	(439)
Total minority interests		10,843	5,740
Total consolidated equity		80,344	58,968
TOTAL LIABILITIES AND EQUITY		2,057,698	2,075,551



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY BETWEEN 1 JAN. 2008 AND 31 DEC. 2009

Shareholders' equity	Capital and retained earnings				Change in fair value of assets and liabilities recognised directly in equity			Total equity
	Ordinary shares, non-voting shares and additional paid-in capital net of treasury shares	Undated Super Subordinated Notes	Non-distributed reserves	Total capital and retained earnings	Exchange rates	Financial assets available for sale	Derivatives used for hedging purposes	
In millions of euros								
Capital and retained earnings at 31 December 2007	12,853	6,743	30,931	50,527	(1,232)	4,466	38	53,799
Appropriation of net income for 2007			(3,016)	(3,016)				(3,016)
Increase in share capital and issue	356	3,800		4,156				4,156
Movements in own equity instruments	270	(22)	(37)	211				211
Share-based payment plans	48		74	122				122
Remuneration on Preferred Shares and Undated Super Subordinated Notes			(232)	(232)				(232)
Other movements			(31)	(31)				(31)
Change in fair value of assets and liabilities recognised directly in equity					(448)	(5,034)	680	(4,802)
Net income for 2008			3,021	3,021				3,021
Capital and retained earnings at 31 December 2008	13,527	10,521	30,710	54,758	(1,680)	(568)	718	53,228
Appropriation of net income for 2008			(1,044)	(1,044)				(1,044)
Increase in share capital linked to the acquisition of Fortis	6,197			6,197				6,197
Issue of non-voting shares	5,097			5,097				5,097
Increase in capital with a view to the repurchase of non voting shares	4,253			4,253				4,253
Redemption of non-voting shares	(5,253)			(5,253)				(5,253)
Other increases in capital	1,080	69		1,149				1,149
Redemption of undated floating-rate subordinated notes		(2,550)		(2,550)				(2,550)
Movements in own equity instruments	258	5	(72)	191				191
Share-based payment plans	79		14	93				93
Remuneration on Preferred Shares and Undated Super Subordinated Notes			(335)	(335)				(335)
Other movements	(50)		(12)	(62)				(62)
Change in fair value of assets and liabilities recognised directly in equity					121	2,729	(145)	2,705
Net income for 2009			5,832	5,832				5,832
Capital and retained earnings at 31 December 2009	25,188	8,045	35,093	68,326	(1,559)	2,161	573	69,501

**Minority interests**

In millions of euros	Capital and retained earnings	Change in fair value of assets and liabilities recognised directly in equity	Total equity
Capital and retained earnings at 31 December 2007	5,712	(118)	5,594
Appropriation of net income for 2007	(193)		(193)
Remuneration on preferred shares	(185)		(185)
Interim dividends paid out of net income for the period	(80)		(80)
Other transactions carried out with minority interests	496		496
Other movements	(2)		(2)
Change in fair value of assets and liabilities recognised directly in equity		(321)	(321)
Net income for 2008	431		431
Capital and retained earnings at 31 décembre 2008	6,179	(439)	5,740
Appropriation of net income for 2008	(226)		(226)
Remuneration on preferred shares	(149)		(149)
Interim dividends paid out of net income for the period	(44)		(44)
Other transactions carried out with minority interests	571		571
Impact of Fortis acquisition	4,087		4,087
Change in fair value of assets and liabilities recognised directly in equity		222	222
Net income for 2009	642		642
Capital and retained earnings at 31 décembre 2009	11,060	(217)	10,843



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2009

In millions of euros	Note	Year to 31 Dec. 2009	Year to 31 Dec. 2008
Pre-tax net income		9,000	3,924
Non-monetary items included in pre-tax net income and other adjustments		8,017	18,849
Net depreciation/amortisation expense on property, plant and equipment and intangible assets		3,534	3,074
Impairment of goodwill and other non-current assets		(95)	12
Net addition to provisions		15,794	8,225
Share of earnings of associates		(178)	(217)
Net income from investing activities		(39)	(436)
Net income from financing activities		(1,200)	(114)
Other movements		(9,799)	8,305
Net increase (decrease) in cash related to assets and liabilities generated by operating activities		14,976	7,301
Net increase in cash related to transactions with credit institutions		(51,299)	8,204
Net increase in cash related to transactions with customers		48,115	34,362
Net decrease in cash related to transactions involving other financial assets and liabilities		22,583	(30,127)
Net decrease in cash related to transactions involving non-financial assets and liabilities		(2,311)	(3,452)
Taxes paid		(2,112)	(1,686)
NET INCREASE IN CASH AND EQUIVALENTS GENERATED BY OPERATING ACTIVITIES		31,993	30,074
Net increase (decrease) in cash related to acquisitions and disposals of consolidated entities	8.c	1,763	2,760
Net decrease related to property, plant and equipment and intangible assets		(1,391)	(1,413)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS RELATED TO INVESTING ACTIVITIES		372	1,347
Decrease in cash and equivalents related to transactions with shareholders		4,342	(3,046)
Increases in cash and equivalents generated by other financing activities		(24,580)	(9,709)
NET DECREASE IN CASH AND EQUIVALENTS RELATED TO FINANCING ACTIVITIES		(20,238)	(12,755)
EFFECT OF MOVEMENT IN EXCHANGE RATES ON CASH AND EQUIVALENTS		(886)	257
NET INCREASE IN CASH AND EQUIVALENTS		11,241	18,923
Balance of cash and equivalent accounts at the start of the period		42,961	24,038
Cash and amounts due from central banks and post office banks		39,219	18,542
Due to central banks and post office banks		(1,047)	(1,724)
Demand deposits with credit institutions	5.f	13,514	15,497
Demand loans from credit institutions	5.f	(8,673)	(8,165)
Deduction of receivables and accrued interest on cash and equivalents		(52)	(112)
Balance of cash and equivalent accounts at the end of the period		54,202	42,961
Cash and amounts due from central banks and post office banks		56,076	39,219
Due to central banks and post office banks		(5,510)	(1,047)
Demand deposits with credit institutions	5.f	16,379	13,514
Demand loans from credit institutions	5.f	(12,381)	(8,673)
Deduction of receivables and accrued interest on cash and equivalents		(362)	(52)
NET INCREASE IN CASH AND EQUIVALENTS		11,241	18,923



NOTES TO THE FINANCIAL STATEMENTS

Prepared in accordance with International Financial Reporting Standards as adopted by the European Union

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLIED BY THE BNP PARIBAS GROUP

1.a APPLICABLE ACCOUNTING STANDARDS

International Financial Reporting Standards (IFRS) were applied to the consolidated financial statements from 1 January 2005 (the date of first-time adoption) in accordance with the requirements of IFRS 1 "First-time Adoption of International Financial Reporting Standards" and of other IFRS, based on the version and interpretations of standards adopted within the European Union¹, and excluding therefore certain provisions of IAS 39 on hedge accounting.

In the consolidated financial statements for 2009, the Group applied the provisions of IAS 1 revised on the presentation of financial statements and the amendment to IFRS 4 and IFRS 7 adopted by the European Union on 27 November 2009 concerning financial instruments disclosures. These changes had no effect on the measurement or recognition of transactions.

The introduction of other standards which are mandatory as of 1 January 2009 had no effect on the 2009 financial statements.

The Group did not choose to early-adopt the new standards, amendments, and interpretations adopted by the European Union and whose application in 2009 was optional, including in particular IFRS 3 "Business Combinations" and IAS 27 revised "Consolidated and Separate Financial Statements".

1.b CONSOLIDATION

1.b.1 SCOPE OF CONSOLIDATION

The consolidated financial statements of BNP Paribas include all entities under the exclusive or joint control of the Group or over which the Group exercises significant influence, with the exception of those entities whose consolidation is regarded as immaterial to the Group. The consolidation of an entity is regarded as immaterial if it fails to meet any of the following thresholds: a contribution of more than EUR 8 million to consolidated Revenues, more than EUR 1 million to consolidated gross operating income or net income before tax, or more than EUR 40 million to total consolidated assets. Companies that hold shares in consolidated companies are also consolidated.

Subsidiaries are consolidated from the date on which the Group obtains effective control. Entities under temporary control are included in the consolidated financial statements until the date of disposal.

The Group also consolidates special purpose entities (SPEs) formed specifically to manage a transaction or a group of transactions with similar characteristics, even where the Group has no equity interest in the entity, provided that the substance of the relationship indicates that the Group exercises control as assessed by reference to the following criteria:

¹ The full set of standards adopted for use in the European Union can be consulted on the website of the European Commission at: http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission



- the activities of the SPE are being conducted exclusively on behalf of the Group, such that the Group obtains benefits from those activities;
- the Group has the decision-making and management powers to obtain the majority of the benefits of the ordinary activities of the SPE (as evidenced, for example, by the power to dissolve the SPE, to amend its bylaws, or to exercise a formal veto over amendments to its bylaws);
- the Group has the ability to obtain the majority of the benefits of the SPE, and therefore may be exposed to risks incident to the activities of the SPE. These benefits may be in the form of rights to some or all of the SPE's earnings (calculated on an annual basis), to a share of its net assets, to benefit from one or more assets, or to receive the majority of the residual assets in the event of liquidation;
- the Group retains the majority of the risks taken by the SPE in order to obtain benefits from its activities. This would apply, for example, if the Group remains exposed to the initial losses on a portfolio of assets held by the SPE.

1.b.2 CONSOLIDATION METHODS

Enterprises under the exclusive control of the Group are fully consolidated. The Group has exclusive control over an enterprise where it is in a position to govern the financial and operating policies of the enterprise so as to obtain benefits from its activities. Exclusive control is presumed to exist when the BNP Paribas Group owns, directly or indirectly, more than half of the voting rights of an enterprise. It also exists when the Group has power to govern the financial and operating policies of the enterprise under an agreement; to appoint or remove the majority of the members of the Board of Directors or equivalent governing body; or to cast the majority of votes at meetings of the Board of Directors or equivalent governing body.

Currently exercisable or convertible potential voting rights are taken into account when determining the percentage of control held.

Jointly-controlled companies are consolidated by the proportional method. The Group exercises joint control when, under a contractual arrangement, strategic financial and operating decisions require the unanimous consent of the parties that share control.

Enterprises over which the Group exercises significant influence (associates) are accounted for by the equity method. Significant influence is the power to participate in the financial and operating policy decision-making of an enterprise without exercising control. Significant influence is presumed to exist when the Group holds, directly or indirectly, 20% or more of the voting power of an enterprise. Interests of less than 20% are excluded from consolidation unless they represent a strategic investment and the Group effectively exercises significant influence. This applies to companies developed in partnership with other groups, where the BNP Paribas Group participates in the strategic decision-making of the enterprise through representation on the Board of Directors or equivalent governing body, exercises influence over the enterprise's operational management by supplying management systems or decision-making tools, and provides technical assistance to support the enterprise's development.

Changes in the net assets of associates (companies accounted for under the equity method) are recognised in "Investments in associates" on the assets side of the balance sheet, and in the relevant component of shareholders' equity. Goodwill on associates is also included in "Investments in associates".

If the Group's share of losses of an associate equals or exceeds the carrying amount of its investment in the associate, the Group discontinues including its share of further losses. The investment is reported at nil value. Additional losses of the associate are provided for only to the extent that the Group has a legal or constructive obligation to do so, or has made payments on behalf of the associate.

Minority interests are presented separately in the consolidated profit and loss account and balance sheet. The calculation of minority interests takes account of outstanding cumulative preferred shares classified as equity instruments and issued by subsidiaries, when such shares are held outside the Group.



Realised gains and losses on investments in consolidated undertakings are recognised in the profit and loss account under “Net gain on non-current assets”.

1.b.3 CONSOLIDATION PROCEDURES

The consolidated financial statements are prepared using uniform accounting policies for reporting like transactions and other events in similar circumstances.

- Elimination of intragroup balances and transactions

Intragroup balances arising from transactions between consolidated enterprises, and the transactions themselves (including income, expenses and dividends), are eliminated. Profits and losses arising from intragroup sales of assets are eliminated, except where there is an indication that the asset sold is impaired. Unrealised gains and losses included in the value of available-for-sale assets are maintained in the consolidated financial statements.

- Translation of financial statements expressed in foreign currencies

The consolidated financial statements of BNP Paribas are prepared in euros.

The financial statements of enterprises whose functional currency is not the euro are translated using the closing rate method. Under this method, all assets and liabilities, both monetary and non-monetary, are translated using the spot exchange rate at the balance sheet date. Income and expense items are translated at the average rate for the period.

The same method is applied to the financial statements of enterprises located in hyperinflationary economies, after adjusting for the effects of inflation by applying a general price index.

Differences arising on the translation of balance sheet items and profit and loss items are recorded in shareholders' equity under “Cumulative translation adjustment” for the portion attributable to shareholders, and in “Minority interests” for the portion attributable to outside investors. Under the optional treatment permitted by IFRS 1, the Group has reset at zero, by transfer to retained earnings, all cumulative translation differences attributable to shareholders and to minority interests in the opening balance sheet at 1 January 2004.

On liquidation or disposal of some or all of the interest held in a foreign enterprise, the portion of the cumulative translation adjustment recorded in shareholders' equity in respect of the interest liquidated or disposed of is recognised in the profit and loss account.

1.b.4 BUSINESS COMBINATIONS AND MEASUREMENT OF GOODWILL

- Business combinations

Business combinations are accounted for by the purchase method. Under this method, the acquiree's identifiable assets, liabilities and contingent liabilities that meet the IFRS recognition criteria are measured at fair value at the acquisition date except for non-current assets classified as assets held for sale, which are accounted for at fair value less costs to sell. The Group may recognise any adjustments to the provisional accounting within 12 months of the acquisition date.

The cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities assumed, and equity instruments issued to obtain control of the acquiree, plus any costs directly attributable to the combination.



Goodwill represents the difference between the cost of the combination and the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree at the acquisition date. Positive goodwill is recognised in the acquirer's balance sheet, while badwill is recognised immediately in profit or loss, on the acquisition date.

Goodwill is recognised in the functional currency of the acquiree and translated at the closing exchange rate.

The BNP Paribas Group tests goodwill for impairment on a regular basis.

As permitted under IFRS 1, business combinations that took place before 1 January 2004 and were recorded in accordance with the previously applicable accounting standards (French GAAP), have not been restated in accordance with the principles set out above.

- Cash-generating units

The BNP Paribas Group has split all its activities into cash-generating units², 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 and its value in use.

Fair value is the price that would be obtained from selling the unit at the market conditions prevailing at the date of measurement, as determined mainly by reference to actual prices of recent transactions involving similar entities or on the basis of stock market multiples for comparable companies.

Value in use is based on an estimate of the future cash flows to be generated by the cash-generating unit, derived from the annual forecasts prepared by the unit's management and approved by Group Executive Management, and from analyses of changes in the relative positioning of the unit's activities on their market. These cash flows are discounted at a rate that reflects the return that investors would require from an investment in the business sector and region involved.

1.c FINANCIAL ASSETS AND FINANCIAL LIABILITIES

1.c.1 LOANS AND RECEIVABLES

Loans and receivables include credit provided by the Group, the Group's share in syndicated loans, and purchased loans that are not quoted in an active market, unless they are held for trading purposes. Loans that are quoted in an active market are classified as "Available-for-sale financial assets" and measured using the methods applicable to this category.

² As defined by IAS 36.



Loans and receivables are initially measured at fair value, which is usually the net amount disbursed at inception including directly attributable origination costs and certain types of fees or commission (syndication commission, commitment fees and handling charges) that are regarded as an adjustment to the effective interest rate on the loan.

Loans and receivables are subsequently measured at amortised cost. The income from the loan, representing interest plus transaction costs and fees/commission included in the initial value of the loan, is calculated using the effective interest method and taken to profit or loss over the life of the loan.

Commission earned on financing commitments prior to the inception of a loan is deferred and included in the value of the loan when the loan is made.

Commission earned on financing commitments where the probability of drawdown is low, or there is uncertainty as to the timing and amount of drawdowns, is recognised on a straight-line basis over the life of the commitment.

1.c.2 REGULATED SAVINGS AND LOAN CONTRACTS

Home savings accounts (*Comptes Épargne-Logement* - "CEL") and home savings plans (*Plans d'Épargne Logement* - "PEL") are government-regulated retail products sold in France. They combine a savings phase and a loan phase which are inseparable, with the loan phase contingent upon the savings phase.

These products contain two types of obligation for BNP Paribas: (i) an obligation to pay interest on the savings for an indefinite period, at a rate set by the government on inception of the contract (in the case of PEL products) or at a rate reset every six months using an indexation formula set by law (in the case of CEL products); and (ii) an obligation to lend to the customer (at the customer's option) an amount contingent upon the rights acquired during the savings phase, at a rate set on inception of the contract (in the case of PEL products) or at a rate contingent upon the savings phase (in the case of CEL products).

The Group's future obligations in respect of each generation (in the case of PEL products, a generation comprises all products with the same interest rate at inception; in the case of CEL products, all such products constitute a single generation) are measured by discounting potential future earnings from at-risk outstandings for that generation.

At-risk outstandings are estimated on the basis of a historical analysis of customer behaviour, and equate to:

- for the loan phase: statistically probable loan outstandings and actual loan outstandings;
- for the savings phase: the difference between statistically probable outstandings and minimum expected outstandings, with minimum expected outstandings being deemed equivalent to unconditional term deposits.

Earnings for future periods from the savings phase are estimated as the difference between (i) the reinvestment rate and (ii) the fixed savings interest rate on at-risk savings outstandings for the period in question. Earnings for future periods from the loan phase are estimated as the difference between (i) the refinancing rate and (ii) the fixed loan interest rate on at-risk loan outstandings for the period in question.

The reinvestment rate for savings and the refinancing rate for loans are derived from the swap yield curve and from the spreads expected on financial instruments of similar type and maturity. Spreads are determined on the basis of actual spreads on (i) fixed rate home loans in the case of the loan phase and (ii) euro-denominated life insurance products in the case of the savings phase. In order to reflect the uncertainty of future interest rate trends, and the impact of such trends on customer behaviour models and on at-risk outstandings, the obligations are estimated using the Monte Carlo method.

Where the sum of the Group's estimated future obligations in respect of the savings and loan phases of any generation of contracts indicates a potentially unfavourable situation for the Group, a provision is recognised (with no offset between generations) in the balance sheet in "Provisions for contingencies and charges". Movements in this provision are recognised as interest income in the profit and loss account.

**1.c.3 SECURITIES**

- Categories of securities

Securities held by the Group are classified in one of four categories.

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise:

- financial assets held for trading purposes;
- financial assets that the Group has opted, on initial recognition, to recognise and measure at fair value through profit or loss using the fair value option available under IAS 39. The conditions for applying the fair value option are set out in section 1.c.10.

Securities in this category are measured at fair value at the balance sheet date. Transaction costs are directly posted in the profit and loss account. Changes in fair value (excluding accrued interest on fixed-income securities) are presented in the profit and loss account under "Net gain/loss on financial instruments at fair value through profit or loss", along with dividends from variable-income securities and realised gains and losses on disposal.

Income earned on fixed-income securities classified in this category is shown under "Interest income" in the profit and loss account.

Fair value incorporates an assessment of the counterparty risk on these securities.

- 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 incidental acquisition costs (where material). Income earned from this category of assets is included in "Interest income" in the profit and loss account.



- Available-for-sale financial assets

Available-for-sale financial assets are fixed-income and variable-income securities other than those classified as “fair value through profit or loss” or “held-to-maturity” 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 to fair value, with changes in fair value (excluding accrued interest) shown on a separate line in shareholders’ equity, “Unrealised or deferred gains or losses”. On disposal, these unrealised gains and losses are transferred from shareholders’ equity to the profit and loss account, where they are shown on the line “Net gain/loss on available-for-sale financial assets”.

Income recognised using the effective interest method derived from fixed-income available-for-sale securities is recorded in “Interest income” in the profit and loss account. Dividend income from variable-income securities is recognised in “Net gain/loss on available-for-sale financial assets” when the Group’s right to receive payment is established.

- Repurchase agreements and securities lending/borrowing

Securities temporarily sold under repurchase agreements continue to be recorded in the Group’s balance sheet in the category of securities to which they belong. The corresponding liability is recognised in the appropriate debt category in the balance sheet except in the case of repurchase agreements contracted for trading purposes, where the corresponding liability is classified in “Financial liabilities at fair value through profit or loss”.

Securities temporarily acquired under reverse repurchase agreements are not recognised in the Group’s balance sheet. The corresponding receivable is recognised in “Loans and receivables” except in the case of reverse repurchase agreements contracted for trading purposes, where the corresponding receivable is recognised in “Financial assets at fair value through profit or loss”.

Securities lending transactions do not result in derecognition of the loaned securities, and securities borrowing transactions do not result in recognition of the borrowed securities in the balance sheet, except in cases where the borrowed securities are subsequently sold by the Group. In such cases, the obligation to deliver the borrowed securities on maturity is recognised in the balance sheet under “Financial liabilities at fair value through profit or loss”.

- Date of recognition for securities transactions

Securities classified as at fair value through profit or loss, held-to-maturity or available-for-sale financial assets are recognised at the trade date.

Regardless of their classification (at fair value through profit or loss, loans and receivables or debt), temporary sales of securities as well as sales of borrowed securities are initially recognised at the settlement date.

Securities transactions are carried on the balance sheet until the Group’s rights to receive the related cash flows expire, or until the Group has transferred substantially all the risks and rewards incident to ownership of the securities.

**1.c.4 FOREIGN CURRENCY TRANSACTIONS**

The methods used to account for assets and liabilities relating to foreign currency transactions entered into by the Group, and to measure the foreign exchange risk arising on such transactions, depends upon whether the asset or liability in question is classified as a monetary or a non-monetary item.

- Monetary assets and liabilities³ expressed in foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into the functional currency of the relevant Group entity at the closing rate. Translation differences are recognised in the profit and loss account, except for those arising on financial instruments designated as a cash flow hedge or a net foreign investment hedge, which are recognised in shareholders' equity.

- Non-monetary assets and liabilities expressed in foreign currencies

Non-monetary assets may be measured either at historical cost or at fair value. Non-monetary assets expressed in foreign currencies are translated using the exchange rate at the date of the transaction if they are measured at historical cost, and at the closing rate if they are measured at fair value.

Translation differences on non-monetary assets expressed in foreign currencies and measured at fair value (variable-income securities) are recognised in the profit and loss account if the asset is classified in "Financial assets at fair value through profit or loss", and in shareholders' equity if the asset is classified in "Available-for-sale financial assets", unless the financial asset in question is designated as an item hedged against foreign exchange risk in a fair value hedging relationship, in which case the translation difference is recognised in the profit and loss account.

1.c.5 IMPAIRMENT OF FINANCIAL ASSETS

- Impairment of loans and receivables and held-to-maturity financial assets, provisions for financing and guarantee commitments

An impairment loss is recognised against loans and held-to-maturity financial assets where (i) there is objective evidence of a decrease in value as a result of an event occurring after inception of the loan or acquisition of the asset; (ii) the event affects the amount or timing of future cash flows; and (iii) the consequences of the event can be measured reliably. Loans are assessed for evidence of impairment initially on an individual basis, and subsequently on a portfolio basis. Similar principles are applied to financing and guarantee commitments given by the Group, with the probability of drawdown taken into account in any assessment of financing commitments.

At individual level, objective evidence that a financial asset is impaired includes observable data about the following events:

- the existence of accounts more than three months past due (six months past due for real estate loans and loans to local authorities);

³ Monetary assets and liabilities are assets and liabilities to be received or paid in fixed or determinable amounts of cash.



- knowledge or indications that the borrower is in significant financial difficulty, such that a risk can be considered to have arisen regardless of whether the borrower has missed any payments;
- concessions in respect of the credit terms granted to the borrower that the lender would not have considered had the borrower not been in financial difficulty.

The amount of the impairment is the difference between the carrying amount before impairment and the present value, discounted at the original effective interest rate of the asset, of those components (principal, interest, collateral, etc.) regarded as recoverable. Changes in the amount of impairment losses are taken to the profit and loss account under "Cost of risk". Any subsequent decrease in an impairment loss that can be related objectively to an event occurring after the impairment loss was recognised is credited to the profit and loss account, also under "Cost of risk". Once an asset has been impaired, the notional interest earned on the carrying amount of the asset (calculated at the original effective interest rate used to discount the estimated recoverable cash flows) is recognised in "Interest income" in the profit and loss account.

Impairment losses taken against loans and receivables are usually recorded in a separate provision account which reduces the amount for which the loan or receivable was recorded in assets upon initial recognition. Provisions relating to off-balance sheet financial instruments, financing and guarantee commitments or disputes are recognised in liabilities. Impaired receivables are written off in whole or in part and the corresponding provision reversed for the amount of the loss when all other means available to the Bank for recovering the receivables or guarantees have failed, or when all or part of the receivables has been waived.

Counterparties that are not individually impaired are risk-assessed on the basis of portfolios of loans with similar characteristics. This assessment draws upon an internal rating system based on historical data, adjusted as necessary to reflect circumstances prevailing at the balance sheet date. It enables the Group to identify groups of counterparties which, as a result of events occurring since inception of the loans, have collectively acquired a probability of default at maturity that provides objective evidence of impairment of the entire portfolio, but without it being possible at that stage to allocate the impairment to individual counterparties. This assessment also estimates the amount of the loss on the portfolios in question, taking account of trends in the economic cycle during the assessment period. Changes in the amount of portfolio impairments are taken to the profit and loss account under "Cost of risk".

Based on the experienced judgement of the Bank's divisions or Risk Management, the Group may recognise additional collective impairment provisions in respect of a given economic sector or geographic area affected by exceptional economic events. This may be the case when the consequences of these events cannot be measured with sufficient accuracy to adjust the parameters used to determine the collective provision recognised against affected portfolios of loans with similar characteristics.

- Impairment of available-for-sale financial assets

Impairment of available-for-sale financial assets (which mainly comprise securities) is recognised on an individual basis if there is objective evidence of impairment as a result of one or more events occurring since acquisition.

In the case of variable-income securities quoted in an active market, the control system identifies securities that may be permanently impaired 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 two indications of impairment, one being a significant decline in price, defined as a fall of more than 50% of the acquisition price, the other



being a prolonged decline over five consecutive years. This is the period which the Group believes 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 unlisted variable-income securities.

In the case of fixed-income securities, impairment is assessed based on the same criteria as applied to individually impaired loans and receivables.

Impairment losses taken against variable-income securities are recognised as a component of 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 the securities in question are sold. Any subsequent decline in fair value constitutes an additional impairment loss, recognised in the profit and loss account.

Impairment losses taken against fixed-income securities are recognised in "Cost of risk", and may be reversed through the profit and loss account in the event of an increase in fair value that relates objectively to an event occurring after the last impairment was recognised.

1.c.6 RECLASSIFICATION OF FINANCIAL ASSETS

The only authorised reclassifications of financial assets are the following:

- For a non-derivative financial asset that is 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 where 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" on 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 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 applicable 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 rate 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 may be obliged to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group, or to deliver a variable number of the Group's own equity instruments.

Issues of debt securities are initially recognised at the issue value including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Bonds redeemable for or convertible into equity instruments of the Group are accounted for as hybrid instruments with a debt component and an equity component, determined on initial recognition.

1.c.8 OWN EQUITY INSTRUMENTS AND OWN EQUITY INSTRUMENT DERIVATIVES

The term "own equity instruments" refers to shares issued by the parent company (BNP Paribas SA) or by its fully consolidated subsidiaries.

Own equity instruments held by the Group, also known as treasury shares, are deducted from consolidated shareholders' equity irrespective of the purpose for which they are held. Gains and losses arising on such instruments are eliminated from the consolidated profit and loss account.

When the Group acquires equity instruments issued by subsidiaries under the exclusive control of BNP Paribas, the difference between the acquisition price and the share of net assets acquired is recorded in retained earnings attributable to BNP Paribas shareholders. Similarly, the liability corresponding to put options granted to minority shareholders in such subsidiaries, and changes in the value of that liability, are offset initially against minority interests, with any surplus offset against retained earnings attributable to BNP Paribas shareholders. Until these options have been exercised, the portion of net income attributable to minority interests is allocated to minority interests in the profit and loss account. A decrease in the Group's interest in a fully consolidated subsidiary is recognised in the Group's accounts as a change in shareholders' equity.

Own equity instrument derivatives are treated as follows, depending on the method of settlement:

- as equity instruments if they are settled by physical delivery of a fixed number of own equity instruments for a fixed amount of cash or other financial asset. Such instruments are not revalued;
- as derivatives if they are settled in cash, or through a choice of whether they are settled by physical delivery of the shares or in cash. Changes in value of such instruments are taken to the profit and loss account.

If the contract includes an obligation, whether contingent or not, for the bank to repurchase its own shares, the bank must recognise the present value of the debt with an offsetting entry in equity.



1.c.9 DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

All derivative instruments are recognised in the balance sheet on the trade date at the transaction price, and are remeasured to fair value on the balance sheet date.

- Derivatives held for trading purposes

Derivatives held for trading purposes are recognised in the balance sheet in “Financial assets at fair value through profit or loss” when their fair value is positive, and in “Financial liabilities at fair value through profit or loss” when their fair value is negative. Realised and unrealised gains and losses are taken to the profit and loss account on the line “Net gain/loss on financial instruments at fair value through profit or loss”.

- Derivatives and hedge accounting

Derivatives contracted as part of a hedging relationship are designated according to the purpose of the hedge.

Fair value hedges are used in particular to hedge interest rate risk on fixed rate assets and liabilities, both for identified financial instruments (securities, debt issues, loans, borrowings) and for portfolios of financial instruments (in particular, demand deposits and fixed rate loans).

Cash flow hedges are used in particular to hedge interest rate risk on floating-rate assets and liabilities, including rollovers, and foreign exchange risk on highly probable forecast foreign currency revenues.

At the inception of the hedge, the Group prepares formal documentation of the hedging relationship identifying the instrument (or portion of the instrument or portion of risk) that is being hedged; the hedging strategy and the type of risk covered; the hedging instrument; and the methods used to assess the effectiveness of the hedging relationship.

On inception and at least quarterly, the Group assesses, consistently with the original documentation, the actual (retrospective) and expected (prospective) effectiveness of the hedging relationship. Retrospective effectiveness tests are designed to assess whether actual changes in the fair value or cash flows of the hedging instrument and the hedged item are within a range of 80% to 125%. Prospective effectiveness tests are designed to ensure that expected changes in the fair value or cash flows of the derivative over the residual life of the hedge adequately offset those of the hedged item. For highly probable forecast transactions, effectiveness is assessed largely on the basis of historical data for similar transactions.

Under IAS 39 as adopted by the European Union (which excludes certain provisions on portfolio hedging), interest rate risk hedging relationships based on portfolios of assets or liabilities qualify for fair value hedge accounting as follows:

- the risk designated as being hedged is the interest rate risk associated with the interbank rate component of interest rates on commercial banking transactions (loans to customers, savings accounts and demand deposits);
- the instruments designated as being hedged correspond, for each maturity band, to a portion of the interest rate gap associated with the hedged underlyings;
- the hedging instruments used consist exclusively of “plain vanilla” swaps;
- prospective hedge effectiveness is established by the fact that all derivatives must, on inception, have the effect of reducing interest rate risk in the portfolio of hedged underlyings. Retrospectively, a hedge will be disqualified from hedge accounting once a shortfall arises in the underlyings



specifically associated with that hedge for each maturity band (due to prepayment of loans or withdrawals of deposits).

The accounting treatment of derivatives and hedged items depends on the hedging strategy.

In a fair value hedging relationship, the derivative instrument is remeasured at fair value in the balance sheet, with changes in fair value taken to profit or loss in "Net gain/loss on financial instruments at fair value through profit or loss", symmetrically with the remeasurement of the hedged item to reflect the hedged risk. In the balance sheet, the fair value remeasurement of the hedged component is recognised in accordance with the classification of the hedged item in the case of a hedge of identified assets and liabilities, or under "Remeasurement adjustment on interest rate risk hedged portfolios" in the case of a portfolio hedging relationship.

If a hedging relationship ceases or no longer fulfils the effectiveness criteria, the hedging instrument is transferred to the trading book and accounted for using the treatment applied to this asset category. In the case of identified fixed-income instruments, the remeasurement adjustment recognised in the balance sheet is amortised at the effective interest rate over the remaining life of the instrument. In the case of interest rate risk hedged fixed-income portfolios, the adjustment is amortised on a straight-line basis over the remainder of the original term of the hedge. If the hedged item no longer appears in the balance sheet, in particular due to prepayments, the adjustment is taken to the profit and loss account immediately.

In a cash flow hedging relationship, the derivative is stated at fair value in the balance sheet, with changes in fair value taken to shareholders' equity on a separate line, "Unrealised or deferred gains or losses". The amounts taken to shareholders' equity over the life of the hedge are transferred to the profit and loss account under "Net interest income" as and when the cash flows from the hedged item impact profit or loss. The hedged items continue to be accounted for using the treatment specific to the asset category to which they belong.

If the hedging relationship ceases or no longer fulfils the effectiveness criteria, the cumulative amounts recognised in shareholders' equity as a result of the remeasurement of the hedging instrument remain in equity until the hedged transaction itself impacts profit or loss, or until it becomes clear that the transaction will not occur, at which point they are transferred to the profit and loss account.

If the hedged item ceases to exist, the cumulative amounts recognised in shareholders' equity are immediately taken to the profit and loss account.

Whatever the hedging strategy used, any ineffective portion of the hedge is recognised in the profit and loss account under "Net gain/loss on financial instruments at fair value through profit or loss".

Hedges of net foreign currency investments in subsidiaries and branches are accounted for in the same way as cash flow hedges. The gains and losses initially recognised in shareholders' equity are taken to the profit and loss account when the net investment is sold or liquidated in full or in part. Hedging instruments may be currency hedges or any other non-derivative financial instrument.

- Embedded derivatives

Derivatives embedded in hybrid financial instruments are extracted from the value of the host contract and accounted for separately as a derivative if the hybrid instrument is not recorded as a financial asset or liability at fair value through profit or loss and if the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract.

1.c.10 DETERMINATION OF FAIR VALUE

Financial assets and liabilities classified as fair value through profit or loss, and financial assets classified as available-for-sale, are measured and accounted for at fair value upon initial recognition and at subsequent dates. Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. On initial



recognition, the value of a financial instrument is generally the transaction price (i.e. the value of the consideration paid or received).

Method of determining fair value

Fair value is determined:

- on the basis of quoted prices in an active market; or
- using valuation techniques involving:
 - mathematical calculation methods based on accepted financial theories; and
 - parameters derived in some cases from the prices of instruments traded in active markets, and in others from statistical estimates or other quantitative methods.

The distinction between the two valuation methods is made according to whether or not the instrument is traded in an active market.

Whether or not a market is active is determined on the basis of a variety of factors. Characteristics of an inactive market include a significant decline in the volume and level of trading activity in identical or similar instruments, the available prices vary significantly over time or among market participants or observed transaction prices are not current.

- Instruments traded in active markets

If quoted prices in an active market are available, they are used to determine fair value. This method is used for quoted securities and for derivatives traded on organised markets such as futures and options.

The majority of over-the-counter derivatives, swaps, forward rate agreements, caps, floors and plain vanilla options are traded in active markets. Valuations are determined using generally accepted models (discounted cash flows, Black & Scholes model, interpolation techniques) based on quoted market prices for similar instruments or underlyings.

The valuation derived from these models is adjusted for liquidity and credit risk.

Starting from valuations derived from median market prices, price adjustments are used to value the net position in each financial instrument at bid price in the case of short positions, or at asking price in the case of long positions. Bid price is the price at which a counterparty would buy the instrument, and asking price is the price at which a seller would sell the same instrument.

A counterparty risk adjustment is included in the valuation derived from the model in order to reflect the credit quality of the derivative instrument.

- Instruments traded in inactive markets

- Products traded in inactive markets and valued using an internal valuation model based on directly observable parameters or on parameters derived from observable data

Some financial instruments, although not traded in an active market, are valued using methods based on observable market data.

These models use market parameters calibrated on the basis of observable data such as yield curves, implicit volatility layers of options, default rates, and loss assumptions obtained from consensus data or from active over-the-counter markets. Valuations derived from these models are adjusted for liquidity and credit risk.

The margin generated when these financial instruments are traded is taken to the profit and loss account immediately.



- Products traded in inactive markets and valued using an internal valuation model based on parameters that are not observable or only partially observable.

Some illiquid complex financial instruments are valued using internally-developed techniques and techniques that are based on data only partially observable on active markets.

In the absence of observable data, these instruments are measured on initial recognition in a way that reflects the transaction price, regarded as the best indication of fair value. Valuations derived from these models are adjusted for liquidity risk and credit risk.

The margin generated when these complex financial instruments are traded (day one profit) is deferred and taken to the profit and loss account over the period during which the valuation parameters are expected to remain non-observable. When parameters that were originally non-observable become observable, or when the valuation can be substantiated by comparison with recent similar transactions in an active market, the unrecognised portion of the day one profit is released to the profit and loss account.

- Unlisted equity securities

The fair value of unlisted equity securities is measured by comparison with recent transactions in the equity of the company in question carried out with an independent third party on an arm's length basis. If no such reference is available, the valuation is determined either on the basis of generally accepted practices (EBIT or EBITDA multiples) or of the Group's share of net assets as calculated using the most recently available information.

1.c.11 FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (FAIR VALUE OPTION)

The amendment to IAS 39 relating to the "fair value option" was adopted by the European Union on 15 November 2005, with effect from 1 January 2005.

This option allows entities to designate any financial asset or financial liability on initial recognition as measured at fair value, with changes in fair value recognised in profit or loss, in the following cases:

- hybrid financial instruments containing one or more embedded derivatives which otherwise would have been extracted and accounted for separately;
- where using the option enables the entity to eliminate or significantly reduce a mismatch in the measurement and accounting treatment of assets and liabilities that would arise if they were to be classified in separate categories;
- where a group of financial assets and/or financial liabilities is managed and measured on the basis of fair value, under a properly documented management and investment strategy.

BNP Paribas applies this option primarily to financial assets related to unit-linked business (in order to achieve consistency of treatment with the related liabilities), and to structured issues containing significant embedded derivatives.

1.c.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 account of (i) all fees received or paid that are an integral part of the effective interest rate of the contract, (ii) transaction costs, and (iii) premiums and discounts.

The method used by the Group to recognise service-related commission income and expenses depends on the nature of the service. Commission treated as an additional component of interest is included in the effective interest rate, and is recognised in the profit and loss account in "Net interest income". Commission payable or receivable on execution of a significant transaction is recognised in the profit and loss account in full on execution of the transaction, under "Commission income and expense". Commission payable or receivable for recurring services is recognised over the term of the service, also under "Commission income and expense".

Commission received in respect of financial guarantee commitments is regarded as representing the fair value of the commitment. The resulting liability is subsequently amortised over the term of the commitment, under commission income in Revenues.

External costs that are directly attributable to an issue of new shares are deducted from equity net of all related taxes.

1.c.13 COST OF RISK

Cost of risk includes movements in provisions for impairment of fixed-income securities and loans and receivables due from customers and credit institutions, movements in financing and guarantee commitments given, losses on irrecoverable loans and amounts recovered on loans written off. This caption also includes impairment losses recorded in respect of default risk incurred on counterparties for over-the-counter financial instruments, as well as expenses relating to fraud and to disputes inherent to the financing business.

1.c.14 DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group derecognises all or part of a financial asset either (i) when the contractual rights to the cash flows from the asset expire or (ii) when the Group transfers the contractual rights to the cash flows from the asset and substantially all the risks and rewards of ownership of the asset. Unless these conditions are fulfilled, the Group retains the asset in its balance sheet and recognises a liability for the obligation created as a result of the transfer of the asset.

The Group derecognises all or part of a financial liability when the liability is extinguished in full or in part.

1.c.15 NETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A financial asset and a financial liability are offset and the net amount presented in the balance sheet if, and only if, the Group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



1.d ACCOUNTING STANDARDS SPECIFIC TO INSURANCE BUSINESS

The specific accounting policies relating to assets and liabilities generated by insurance contracts and financial contracts with a discretionary participation feature written by fully consolidated insurance companies are retained for the purposes of the consolidated financial statements. These policies comply with IFRS 4.

All other insurance company assets and liabilities are accounted for using the policies applied to the Group's assets and liabilities generally, and are included in the relevant balance sheet and profit and loss account headings in the consolidated financial statements.

1.d.1 ASSETS

Financial assets and non-current assets are accounted for using the policies described elsewhere in this note. The only exceptions are shares in civil property companies (SCIs) held in unit-linked insurance contract portfolios, which are measured at fair value on the balance sheet date with changes in fair value taken to profit or loss.

Financial assets representing technical provisions related to unit-linked business are shown in "Financial assets at fair value through profit or loss", and are stated at the realisable value of the underlying assets at the balance sheet date.

1.d.2 LIABILITIES

The Group's obligations to policyholders and beneficiaries are shown in "Technical reserves of insurance companies" and comprise liabilities relating to insurance contracts carrying a significant insurance risk (e.g., mortality or disability) and to financial contracts with a discretionary participation feature, which are covered by IFRS 4. A discretionary participation feature is one which gives life policyholders the right to receive, as a supplement to guaranteed benefits, a share of actual profits.

Liabilities relating to other financial contracts, which are covered by IAS 39, are shown in "Due to customers".

Unit-linked contract liabilities are measured by reference to the fair value of the underlying assets at the balance sheet date.

The technical reserves of life insurance subsidiaries consist primarily of mathematical reserves, which generally correspond to the surrender value of the contract.

The benefits offered relate mainly to the risk of death (term life insurance, annuities, loan repayment, guaranteed minimum on unit-linked contracts) and, for borrowers' insurance, to disability, incapacity and unemployment risks. These types of risks are controlled by the use of appropriate mortality tables (certified tables in the case of annuity-holders), medical screening appropriate to the level of benefit offered, statistical monitoring of insured populations, and reinsurance programmes.

Non-life technical reserves include unearned premium reserves (corresponding to the portion of written premiums relating to future periods) and outstanding claims reserves, inclusive of claims handling costs.

The adequacy of technical reserves is tested at the balance sheet date by comparing them with the average value of future cash flows as derived from stochastic analyses. Any adjustments to technical reserves are taken to the profit and loss account for the period. A capitalisation reserve is set up in individual statutory accounts on the sale of amortisable securities in order to defer part of the net realised gain and hence maintain the yield to maturity on the portfolio of admissible assets. In the consolidated financial statements, the bulk of this reserve is reclassified to "Policyholders' surplus" on the liabilities side of the consolidated balance sheet; a deferred tax liability is recognised on the portion taken to shareholders' equity.



This item also includes the policyholders' surplus reserve resulting from the application of shadow accounting. This represents the interest of policyholders, mainly within French life insurance subsidiaries, in unrealised gains and losses on assets where the benefit paid under the policy is linked to the return on those assets. This interest is an average derived from stochastic analyses of unrealised gains and losses attributable to policyholders in various scenarios.

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 account of policyholders' surplus reserves recognised elsewhere, capital gains on financial assets that are not shadow accounted due to accounting elections made (held-to-maturity financial assets and property investments measured at cost) and the company's ability and intention to hold the assets carrying the unrealised loss. The policyholders' loss reserve is recognised symmetrically with the corresponding assets and shown on the assets side of the balance sheet under the line item "Accrued income and other assets".

1.d.3 PROFIT AND LOSS ACCOUNT

Income and expenses arising on insurance contracts written by the Group are recognised in the profit and loss account under "Income from other activities" and "Expenses on other activities".

Other insurance company income and expenses are included in the relevant profit and loss account item. Consequently, movements in the policyholders' surplus reserve are shown on the same line as gains and losses on the assets that generated the movements.

1.e PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment and intangible assets shown in the consolidated balance sheet comprise assets used in operations and investment property.

Assets used in operations are those used in the provision of services or for administrative purposes, and include non-property assets leased by the Group as lessor under operating leases.

Investment property comprises property assets held to generate rental income and capital gains.

Property, plant and equipment and intangible assets are initially recognised at purchase price plus directly attributable costs, together with borrowing costs where a long period of construction or adaptation is required before the asset can be brought into service.

Software developed internally by the BNP Paribas Group that fulfils the criteria for capitalisation is capitalised at direct development cost, which includes external costs and the labour costs of employees directly attributable to the project.

Subsequent to initial recognition, property, plant and equipment and intangible assets are measured at cost less accumulated depreciation or amortisation and any impairment losses. The only exceptions are shares in civil property companies (SCIs) held in unit-linked insurance contract portfolios, which are measured at fair value on the balance sheet date, with changes in fair value taken to profit or loss.

The depreciable amount of property, plant and equipment and intangible assets is calculated after deducting the residual value of the asset. Only assets leased by the Group as lessor under operating leases are presumed to have a residual value, as the useful life of property, plant and equipment and intangible assets used in operations is generally the same as their economic life.

Property, plant and equipment and intangible assets are depreciated or amortised using the straight-line method over the useful life of the asset. Depreciation and amortisation expense is recognised in the profit and loss account under "Depreciation, amortisation and impairment of property, plant and equipment and intangible assets".

Where an asset consists of a number of components that may require replacement at regular intervals, or that have different uses or different patterns of consumption of economic benefits, each component is



recognised separately and depreciated using a method appropriate to that component. The BNP Paribas Group has adopted the component-based approach for property used in operations and for investment property.

The depreciation periods used for office property are as follows: 80 years or 60 years for the shell (for prime and other property respectively); 30 years for facades; 20 years for general and technical installations; and 10 years for fixtures and fittings.

Software is amortised, depending on its type, over periods of no more than 8 years in the case of infrastructure developments and 3 years or 5 years in the case of software developed primarily for the purpose of providing services to customers.

Software maintenance costs are expensed as incurred. However, expenditure that is regarded as upgrading the software or extending its useful life is included in the initial acquisition or production cost.

Depreciable property, plant and equipment and intangible assets are tested for impairment if there is an indication of potential impairment at the balance sheet date. Non-depreciable assets are tested for impairment at least annually, using the same method as for goodwill allocated to cash-generating units.

If there is an indication of impairment, the new recoverable amount of the asset is compared with the carrying amount. If the asset is found to be impaired, an impairment loss is recognised in the profit and loss account. This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. Impairment losses are taken to the profit and loss account in "Depreciation, amortisation and impairment of property, plant and equipment and intangible assets".

Gains and losses on disposals of property, plant and equipment and intangible assets used in operations are recognised in the profit and loss account in "Net gain on non-current assets".

Gains and losses on disposals of investment property are recognised in the profit and loss account in "Income from other activities" or "Expenses on other activities".

1.f LEASES

Group companies may be either the lessee or the lessor in a lease agreement.

1.f.1 LESSOR ACCOUNTING

Leases contracted by the Group as lessor are categorised as either finance leases or operating leases.

- **Finance leases**

In a finance lease, the lessor transfers substantially all the risks and rewards of ownership of an asset to the lessee. It is treated as a loan made to the lessee to finance the purchase of the asset.

The present value of the lease payments, plus any residual value, is recognised as a receivable. The net income earned from the lease by the lessor is equal to the amount of interest on the loan, and is taken to the profit and loss account under "Interest income". The lease payments are spread over the lease term, and are allocated to reduction of the principal and to interest such that the net income reflects a constant rate of return on the net investment outstanding in the lease. The rate of interest used is the rate implicit in the lease.

Individual and portfolio impairments of lease receivables are determined using the same principles as applied to other loans and receivables.



- Operating leases

An operating lease is a lease under which substantially all the risks and rewards of ownership of an asset are not transferred to the lessee.

The asset is recognised under property, plant and equipment in the lessor's balance sheet and depreciated on a straight-line basis over the lease term. The depreciable amount excludes the residual value of the asset. The lease payments are taken to the profit and loss account in full on a straight-line basis over the lease term. Lease payments and depreciation expense are taken to the profit and loss account under "Income from other activities" and "Expenses on other activities".

1.f.2 LESSEE ACCOUNTING

Leases contracted by the Group as lessee are categorised as either finance leases or operating leases.

- Finance leases

A finance lease is treated as an acquisition of an asset by the lessee, financed by a loan. The leased asset is recognised in the balance sheet of the lessee at the lower of its fair value or the present value of the minimum lease payments calculated at the interest rate implicit in the lease. A matching liability, equal to the fair value of the leased asset or the present value of the minimum lease payments, is also recognised in the balance sheet of the lessee. The asset is depreciated using the same method as that applied to owned assets, after deducting the residual value from the amount initially recognised, over the useful life of the asset. The lease obligation is accounted for at amortised cost.

- Operating leases

The asset is not recognised in the balance sheet of the lessee. Lease payments made under operating leases are taken to the profit and loss account of the lessee on a straight-line basis over the lease term.

1.g NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Where the Group decides to sell non-current assets and it is highly probable that the sale will occur within 12 months, these assets are shown separately in the balance sheet, on the line "Non-current assets held for sale". Any liabilities associated with these assets are also shown separately in the balance sheet, on the line "Liabilities associated with non-current assets held for sale".

Once classified in this category, non-current assets and groups of assets and liabilities are measured at the lower of carrying amount or fair value less costs to sell.

Such assets are no longer depreciated. If an asset or group of assets and liabilities becomes impaired, an impairment loss is recognised in the profit and loss account. Impairment losses may be reversed.

Where a group of assets and liabilities held for sale represents a major business line, it is categorised as a "discontinued operation". Discontinued operations include operations that are held for sale, operations that have been shut down, and subsidiaries acquired exclusively with a view to resale.

All gains and losses related to discontinued operations are shown separately in the profit and loss account, on the line "Post-tax gain/loss on discontinued operations and assets held for sale". This line



includes the post-tax profits or losses of discontinued operations, the post-tax gain or loss arising from remeasurement at fair value less costs to sell, and the post-tax gain or loss on disposal of the operation.

1.h EMPLOYEE BENEFITS

Employee benefits are classified in one of four categories:

- short-term benefits such as salary, annual leave, incentive plans, profit-sharing and additional payments;
- long-term benefits, including compensated absences, long-service awards, and other types of cash-based deferred compensation;
- termination benefits;
- post-employment benefits, including top-up banking industry pensions in France and pension plans in other countries, some of which are operated through pension funds.

- Short-term benefits

The Group recognises an expense when it has used services rendered by employees in exchange for employee benefits.

- Long-term benefits

These are benefits (other than post-employment benefits and termination benefits) which do not fall wholly due within 12 months after the end of the period in which the employees render the associated service. This relates in particular to compensation deferred for more than 12 months and not linked to the BNP Paribas share price, which is accrued in the financial statements for the period in which it is earned.

The actuarial techniques used are similar to those used for defined-benefit post-employment benefits, except that actuarial gains and losses are recognised immediately as is the effect of any plan amendments.

- Termination benefits

Termination benefits are employee benefits payable as a result of a decision by the Group to terminate a contract of employment before the legal retirement age or a decision by an employee to accept voluntary redundancy in exchange for a benefit. Termination benefits falling 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 consequently do not require a provision. The amount of employer's contributions payable during the period is recognised as an expense.

Only defined-benefit schemes give rise to an obligation for the Group. This obligation must be measured and recognised as a liability by means of a provision.



The classification of plans into these two categories is based on the economic substance of the plan, which is reviewed to determine whether the Group has a legal or constructive obligation to pay the agreed benefits to employees.

Post-employment benefit obligations under defined-benefit plans are measured using actuarial techniques that take account of demographic and financial assumptions.

The amount of the obligation recognised as a liability is measured on the basis of the actuarial assumptions applied by the Group, using the projected unit credit method. This method takes account of various parameters such as demographic assumptions, the probability that employees will leave before retirement age, salary inflation, a discount rate, and the general inflation rate. The value of any plan assets is deducted from the amount of the obligation.

Where the value of the plan assets exceeds the amount of the obligation, an asset is recognised if it represents a future economic benefit for the Group in the form of a reduction in future contributions or a future partial refund of amounts paid into the plan.

The amount of the obligation under a plan, and the value of the plan assets, may show significant fluctuations from one period to the next due to changes in actuarial assumptions, thereby giving rise to actuarial gains and losses. The Group applies the “corridor” method in accounting for actuarial gains and losses. Under this method, the Group is allowed to recognise, as from the following period and over the average remaining service lives of employees, only that portion of actuarial gains and losses that exceeds the greater of (i) 10% of the present value of the gross defined-benefit obligation or (ii) 10% of the fair value of plan assets at the end of the previous period.

At the date of first-time adoption, BNP Paribas elected for the exemption allowed under IFRS 1, under which all unamortised actuarial gains and losses at 1 January 2004 are recognised as a deduction from equity at that date.

The effects of plan amendments on past service cost are recognised in profit or loss over the full vesting period of the amended benefits.

The annual expense recognised in the profit and loss account under “Salaries and employee benefits” in respect of defined-benefit plans comprises the current service cost (the rights vested in each employee during the period in return for service rendered), interest cost (the effect of discounting the obligation), the expected return on plan assets, amortisation of actuarial gains and losses and past service cost arising from plan amendments, and the effect of any plan curtailments or settlements.

1.i SHARE-BASED PAYMENT

Share-based payment transactions are payments based on shares issued by the Group, whether the transaction is settled in the form of equity or cash of which the amount is based on trends in the value of BNP Paribas shares.

IFRS 2 requires share-based payments granted after 7 November 2002 to be recognised as an expense. The amount recognised is the value of the share-based payment made to the employee.

The Group grants employees stock subscription option plans and deferred share-based or share price-linked cash-settled compensation plans, and also offers them the possibility of subscribing for specially-issued BNP Paribas shares at a discount on condition that they retain the shares for a specified period.

- 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 option and share award expense is recorded in salaries and employee benefits, and its credit entry is posted to shareholders’ equity. It is calculated on the basis of the overall plan value, determined at the date of grant by the Board of Directors.



In the absence of any market for these instruments, financial valuation models are used that take account of 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 that will vest at the end of the vesting period, taking account of conditions regarding the grantee's continued employment.

The only assumptions revised during the vesting period, and hence resulting in a remeasurement of the expense, are those relating to the probability that employees will leave the Group and those relating to performance conditions that are not linked to the value of BNP Paribas shares.

- 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 on 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 in salaries and employee benefits 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 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, which is then revised on each reporting date until settlement to take account of any performance conditions and the change in 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 in measuring the benefit to the employees, which is reduced accordingly. The benefit therefore equals the difference, at the date the plan is announced to employees, between the fair value of the share (after allowing for the restriction on sale) and the acquisition price paid by the employee, multiplied by the number of shares acquired.

The cost of the mandatory five-year holding period is equivalent to the cost of a strategy involving the forward sale of shares subscribed at the time of the capital increase reserved for employees and the cash purchase of an equivalent number of BNP Paribas shares on the market, financed by a loan repaid at the end of a five-year period out of the proceeds from the forward sale transaction. The interest rate on the loan is the rate that would be applied to a five-year general purpose loan taken out by an individual with an average risk profile. The forward sale price for the shares is determined on the basis of market parameters.

1.j PROVISIONS RECORDED UNDER LIABILITIES

Provisions recorded under liabilities (other than those relating to financial instruments, employee benefits and insurance contracts) mainly relate to restructuring, claims and litigation, fines and penalties, and tax risks.

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation arising from a past event, and a reliable estimate can be made of the amount of the obligation. The amount of such obligations is discounted, where the impact of discounting is material, in order to determine the amount of the provision.



1.k CURRENT AND DEFERRED TAXES

The current income tax charge is determined on the basis of the tax laws and tax rates in force in each country in which the Group operates during the period in which the income is generated.

Deferred taxes are recognised when temporary differences arise between the carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax liabilities are recognised for all taxable temporary differences other than:

- taxable temporary differences on initial recognition of goodwill;
- taxable temporary differences on investments in enterprises under the exclusive or joint control of the Group, where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and unused carryforwards of tax losses only to the extent that it is probable that the entity in question will generate future taxable profits against which these temporary differences and tax losses can be offset.

Deferred tax assets and liabilities are measured using the liability method, using the tax rate which is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been or will have been enacted by the balance sheet date of that period. They are not discounted.

Deferred tax assets and liabilities are offset when they arise within a group tax election under the jurisdiction of a single tax authority, and there is a legal right of offset.

Current and deferred taxes are recognised as tax income or expense in the profit and loss account, except deferred taxes relating to unrealised gains or losses on available-for-sale assets or to changes in the fair value of instruments designated as cash flow hedges, which are taken to shareholders' equity.

When tax credits on revenues from receivables and securities are used to settle corporate income tax payable for the period, the tax credits are recognised on the same line as the income to which they relate. The corresponding tax expense continues to be carried in the profit and loss account under "Corporate income tax".

1.l STATEMENT OF CASH FLOWS

The cash and cash equivalents balance is composed of the net balance of cash accounts and accounts with central banks and post office banks, and the net balance of interbank demand loans and deposits.

Changes in cash and cash equivalents related to operating activities reflect cash flows generated by the Group's operations, including cash flows related to investment property, held-to-maturity financial assets and negotiable certificates of deposit.

Changes in cash and cash equivalents related to investing activities reflect cash flows resulting from acquisitions and disposals of subsidiaries, associates or joint ventures included in the consolidated group, as well as acquisitions and disposals of property, plant and equipment excluding investment property and property held under operating leases.

Changes in cash and cash equivalents related to financing activities reflect the cash inflows and outflows resulting from transactions with shareholders, cash flows related to bonds and subordinated debt, and debt securities (excluding negotiable certificates of deposit).

**1.m USE OF ESTIMATES IN THE PREPARATION OF THE FINANCIAL STATEMENTS**

Preparation of the financial statements requires managers of core businesses and corporate functions to make assumptions and estimates that are reflected in the measurement of income and expense in the profit and loss account and of assets and liabilities in the balance sheet, and in the disclosure of information in the notes to the financial statements. This requires the managers in question to exercise their judgement and to make use of information available at the date of preparation of the financial statements when making their estimates. The actual future results from operations in respect of which managers have made use of estimates may in reality differ 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 organised markets;
- calculations of the fair value of unquoted financial instruments classified in "Available-for-sale financial assets", "Financial assets at fair value through profit or loss" or "Financial liabilities at fair value through profit or loss", and more generally calculations of the fair value of financial instruments subject to a fair value disclosure requirement;
- 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 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.



2. NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

2.a NET INTEREST INCOME

The BNP Paribas Group includes in “Interest income” and “Interest expense” all income and expense from financial instruments measured at amortised cost (interest, fees/commissions, transaction costs), and from financial instruments measured at fair value that do not meet the definition of a derivative instrument. These amounts are calculated using the effective interest method. The change in fair value on financial instruments at fair value through profit or loss (excluding accrued interest) is recognised in “Net gain/loss on financial instruments at fair value through profit or loss”.

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

In millions of euros	Year to 31 Dec. 2009			Year to 31 Dec. 2008		
	Income	Expense	Net	Income	Expense	Net
Customer items	27,918	(8,682)	19,236	28,381	(11,149)	17,232
Deposits, loans and borrowings	25,955	(8,169)	17,786	26,695	(10,668)	16,027
Repurchase agreements	204	(367)	(163)	19	(349)	(330)
Finance leases	1,759	(146)	1,613	1,667	(132)	1,535
Interbank items	3,120	(3,894)	(774)	4,685	(7,848)	(3,163)
Deposits, loans and borrowings	2,855	(3,388)	(533)	4,371	(6,834)	(2,463)
Repurchase agreements	265	(506)	(241)	314	(1,014)	(700)
Debt securities issued		(4,215)	(4,215)	-	(7,935)	(7,935)
Cash flow hedge instruments	1,896	(1,832)	64	1,669	(1,627)	42
Interest rate portfolio hedge instruments	1,045	(2,906)	(1,861)	1,223	(1,300)	(77)
Trading book	6,576	(3,910)	2,666	17,189	(15,482)	1,707
Fixed-income securities	3,481	-	3,481	4,631	-	4,631
Repurchase agreements	2,775	(2,430)	345	12,503	(13,451)	(948)
Loans / Borrowings	320	(895)	(575)	55	(161)	(106)
Debt securities	-	(585)	(585)	-	(1,870)	(1,870)
Available-for-sale financial assets	5,142	-	5,142	4,954	-	4,954
Held-to-maturity financial assets	763	-	763	738	-	738
Total interest income/(expense)	46,460	(25,439)	21,021	58,839	(45,341)	13,498

Interest income on individually impaired loans amounted to EUR 567 million at 31 December 2009 and EUR 334 million at 31 December 2008.

The net gain relating to cash flow hedges previously recorded under “Unrealised or deferred gains or losses” and taken to the profit and loss account in 2009 amounted to EUR 28 million, unchanged from 2008.



2.b COMMISSION INCOME AND EXPENSE

Commission income on financial assets and commission expense on financial liabilities which are not measured at fair value through profit or loss amounted to EUR 3,097 million and EUR 447 million respectively in 2009, compared with income of EUR 2,788 million and expense of EUR 378 million in 2008.

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 2,215 million in 2009, compared with EUR 1,777 million in 2008.

2.c NET GAIN/LOSS ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net gain/loss on financial instruments at fair value through profit or loss includes all profit and loss items relating to financial instruments managed in the trading book and financial instruments (including dividends) that the Group has designated as at fair value through profit or loss under the fair value option, other than interest income and expense which are recognised in "Net interest income" (Note 2.a).

In millions of euros	Year to 31 Dec. 2009			Year to 31 Dec. 2008		
	Trading book	Assets designated at fair value through profit or loss	Total	Trading book	Assets designated at fair value through profit or loss	Total
Fixed-income securities	1,739	(3,283)	(1,544)	(5,808)	12,438	6,630
Variable-income securities	4,799	343	5,142	(30,538)	1,040	(29,498)
Derivative instruments	1,799	-	1,799	22,740	-	22,740
Repurchase agreements	(230)	(168)	(398)	490	148	638
Loans	301	(412)	(111)	395	730	1,125
Borrowings	(284)	462	178	(48)	(685)	(733)
Remeasurement of interest-rate risk hedged portfolios	(400)	-	(400)	2,559	-	2,559
Remeasurement of currency positions	1,419	-	1,419	(768)	-	(768)
Total	9,143	(3,058)	6,085	(10,978)	13,671	2,693

Net gain for the year on hedging instruments in fair value hedges and included under derivative instruments amounted to EUR 660 million (net loss of EUR 3,670 million in 2008), while the net loss on the hedged components amounted to EUR 634 million (net gain of EUR 3,652 million in 2008).

Net gains on the trading book in 2009 and 2008 include a non-material amount related to the ineffective portion of cash flow hedges.

Fixed-income securities at fair value through profit or loss (fair value option) are mainly made up of certificates issued to customers by BNP Paribas Arbitrage Issuance BV. These instruments pay an amount indexed to equity market indexes, with the inherent risks hedged by variable-income securities managed in BNP Paribas Arbitrage's trading book. The net gain/loss on remeasurement at fair value of the debt represented by these certificates of deposit, amounting to a loss of EUR 1,237 million in 2009 (versus a gain of EUR 9,151 million in 2008), is offset by the net gain/loss recorded on variable-income securities in the trading book.



2.d NET GAIN/LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

“Net gain/loss on available-for-sale financial assets” includes net gains or losses on non-derivative financial assets not classified as either loans and receivables or held-to-maturity investments.

In millions of euros	Year to 31 Dec. 2009	Year to 31 Dec. 2008
Fixed-income securities ⁽¹⁾	266	(17)
Disposal gains and losses	266	(17)
Equities and other variable-income securities	170	481
Dividend income	488	637
Additions to impairment provisions	(1,223)	(1,634)
Net disposal gains	905	1,478
Total	436	464

(1) Interest income from available-for-sale fixed-income securities is included in “Net interest income” (Note 2.a), and impairment losses related to potential issuer default are included in “Cost of risk” (Note 2.f).

Unrealised gains and losses (previously recorded under “Unrealised or deferred gains and losses” in shareholders’ equity) taken to pre-tax income amounted to a loss of EUR 44 million for the year ended 31 December 2009 compared with a gain of EUR 163 million for the year ended 31 December 2008.

Additions to impairment provisions for variable-income securities comprise provisions taken during the period against listed securities whose market value translated into the functional currency has fallen by an amount deemed to be sufficiently significant given the historical prices in euros observed over the past twelve months. This is the case for the Group's holding in South Korean group ShinHan Financial Group, for which a EUR 369 million impairment provision was taken due to a depreciation of the local currency.

The Group has no significant holdings in listed securities whose market value at 31 December 2009 was less than 50% of the acquisition price.

**2.e NET INCOME FROM OTHER ACTIVITIES**

In millions of euros	Year to 31 Dec. 2009			Year to 31 Dec. 2008		
	Income	Expense	Net	Income	Expense	Net
Net income from insurance activities	21,085	(18,004)	3,081	14,004	(10,874)	3,130
Net income from investment property	1,556	(700)	856	1,048	(430)	618
Net income from assets held under operating leases	4,552	(3,802)	750	4,284	(3,635)	649
Net income from property development activities	168	(49)	119	206	(50)	156
Other	1,420	(1,044)	376	731	(422)	309
Total net income from other activities	28,781	(23,599)	5,182	20,273	(15,411)	4,862

- **Net income from insurance activities**

In millions of euros	Year to 31 Dec. 2009	Year to 31 Dec. 2008
Gross premiums written	16,876	13,473
Movement in technical reserves	(10,075)	5,284
Claims and benefits expense	(7,516)	(7,593)
Reinsurance ceded, net	(162)	(245)
Change in value of admissible investments related to unit-linked business	3,864	(7,996)
Other income and expense	94	207
Total net income from insurance activities	3,081	3,130

"Claims and benefits expense" includes expenses arising from surrenders, maturities and claims relating to insurance contracts. "Movement in technical reserves" reflects changes in the value of financial contracts, in particular unit-linked contracts. Interest paid on such contracts is recognised in "Interest expense".

- **Operating leases and investment property**

In millions of euros	31 December 2009	31 December 2008
Future minimum lease payments receivable under non-cancellable leases	6,202	6,676
<i>Payments receivable within 1 year</i>	<i>2,514</i>	<i>2,741</i>
<i>Payments receivable after 1 year but within 5 years</i>	<i>3,142</i>	<i>3,662</i>
<i>Payments receivable beyond 5 years</i>	<i>546</i>	<i>273</i>

Future minimum lease payments receivable under non-cancellable leases comprise payments that the lessee is required to make during the lease term.



2.f COST OF RISK

“Cost of risk” represents the net amount of impairment losses recognised in respect of credit risks inherent in the Group’s banking intermediation activities, plus any impairment losses in the case of known counterparty risks on over-the-counter instruments.

• Cost of risk for the period

Cost of risk for the period in millions of euros	Year to 31 Dec. 2009	Year to 31 Dec. 2008
Net additions to impairment provisions	(8,161)	(5,786)
Recoveries on loans and receivables previously written off	420	348
Irrecoverable loans and receivables not covered by impairment provisions	(628)	(314)
Total cost of risk for the period	(8,369)	(5,752)

Cost of risk for the period by asset type in millions of euros	Year to 31 Dec. 2009	Year to 31 Dec. 2008
Loans and receivables due from credit institutions	12	(30)
Loans and receivables due from customers	(7,818)	(3,783)
Available-for-sale financial assets	(200)	(198)
Financial instruments on trading activities	(130)	(1,779)
Other assets	(7)	1
Off-balance sheet commitments and other items	(226)	37
Total cost of risk for the period	(8,369)	(5,752)

• Provisions for impairment: credit risks

Movement in impairment provisions during the period in millions of euros	Year to 31 Dec. 2009	Year to 31 Dec. 2008
Total impairment provisions at start of period	17,216	13,508
Net additions to impairment provisions	8,161	5,786
Impact of the consolidation of Fortis	6,715	-
Utilisation of impairment provisions	(3,256)	(1,792)
Effect of exchange rate movements and other items	(36)	(286)
Total impairment provisions at end of period	28,800	17,216

The main changes in impairment provisions in 2009 and 2008 are related to loans and receivables due from customers

Impairment provisions by asset type, in millions of euros	31 December 2009	31 December 2008
Impairment of assets		
Loans and receivables due from credit institutions (Note 5.f)	1,028	83
Loans and receivables due from customers (Note 5.g)	25,369	14,298
Financial instruments on trading activities	651	1,708
Available-for-sale financial assets (Note 5.c)	432	422
Other assets	67	14
Total impairment provisions against financial assets	27,547	16,525

Provisions recognised as liabilities

Provisions for off-balance sheet commitments		
- to credit institutions	12	1
- to customers	818	224
Other items subject to provisions	423	466
Total provisions recognised as liabilities	1,253	691
Total impairment provisions	28,800	17,216

**2.g CORPORATE INCOME TAX**

	Year to 31 Dec. 2009		Year to 31 Dec. 2008	
	in millions of euros	in percentage	in millions of euros	in percentage
Corporate income at standard tax rate expense in France	(2,853)	33.3%	(1,308)	33.3%
Differential effect in tax rates applicable to foreign entities	339	-4.0%	547	-13.9%
Effect of items taxed at reduced rate in France	26	-0.3%	286	-7.3%
Permanent differences effect	(30)	0.4%	9	-0.2%
Other items	(8)	0.1%	(6)	-0.1%
Corporate income tax expense	(2,526)	29.5%	(472)	12%
<i>Of which</i>				
Tax expense of the period	(2,327)		(1,736)	
Net (Loss) profit of deferred taxes of the period (note 5.)	(199)		1,264	

The tax saving arising from the recognition of deferred taxes on unused carryforwards of tax losses and on previous temporary differences was EUR 78 million for the year ended 31 December 2009, compared with EUR 6 million for the year ended 31 December 2008.



3. SEGMENT INFORMATION

The Group is composed of four core businesses:

- Retail Banking, which covers French retail banking (FRB) and Italian Retail Banking (BNL banca commerciale), as well as retail financial services, which is split into two sub-divisions: Personal Finance providing credit solutions to private individuals and Equipment Solutions providing credit and other services to corporates. It also includes retail banking activities in the United States (BancWest) and in emerging markets;
- Investment Solutions (IS), which includes Private Banking; Investment Partners – covering all of the Group's Asset Management businesses; Personal Investors – providing private individuals with independent financial advice and investment services; Securities Services to management companies, financial institutions and other corporations; and 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 Financing (Specialised and Structured Financing) businesses.
- BNP Paribas-Fortis (including BGL BNP Paribas), which covers retail banking in Belgium and Luxembourg. These activities were acquired in the second quarter of 2009 (see note 8.c) and overlap with the Group's other three operating segments. However, they have been kept separate in 2009 to ensure comparability of the financial performance of the Group's other operating segments. Restructuring costs incurred in the integration of the Fortis Group have also been allocated to this segment.

Other activities mainly comprise Private Equity, Principal Investments, the Klépierre property investment company, and the Group's corporate functions.

In 2009, they also include the impact of applying the rules on business combinations to the Fortis Group acquisition. The exceptional gain reflecting the negative goodwill arising on the combination (see note 8.c) is therefore included in other activities.

Inter-segment transactions are conducted at arm's length. The segment information presented comprises agreed inter-segment transfer prices.

This capital allocation is carried out on the basis of risk exposure, taking account of various assumptions relating primarily to the capital requirement of the business as derived from the risk-weighted asset calculations required under capital adequacy rules. Normalised equity income by business segment is determined by attributing to each segment the income of its allocated equity.



- Information by business segment

- Income by business segment

In millions of euros	Year to 31 Dec. 2009						Year to 31 Dec. 2008					
	Revenues	Operating expense	Cost of risk	Operating income	Non-operating items	Pre-tax income	Revenues	Operating expense	Cost of risk	Operating income	Non-operating items	Pre-tax income
Retail Banking												
French retail Banking ⁽¹⁾	5,801	(3,921)	(451)	1,429	1	1,430	5,717	(3,868)	(203)	1,646	1	1,647
BNL banca commerciale ⁽¹⁾	2,897	(1,728)	(629)	540	-	540	2,775	(1,737)	(411)	627	1	628
Personal Finance	4,302	(2,071)	(1,902)	329	83	412	3,792	(2,101)	(1,218)	473	193	666
Other activities Retail Banking	4,960	(2,981)	(2,187)	(208)	9	(199)	4,990	(2,932)	(1,160)	898	149	1,047
Investment Solution	4,768	(3,400)	(27)	1,341	(51)	1,290	4,935	(3,423)	(207)	1,305	5	1,310
Corporate and Investment Banking												
Advisory & Capital Markets	9,086	(4,338)	(934)	3,814	(2)	3,812	2,066	(2,607)	(2,122)	(2,663)	26	(2,637)
Financing	3,108	(1,115)	(1,361)	632	-	632	2,907	(1,104)	(355)	1,448	-	1,448
BNP Paribas-Fortis	5,292	(3,147)	(853)	1,292	68	1,360	-	-	-	-	-	-
Other Activities ⁽²⁾	(23)	(639)	(25)	(687)	410	(277)	194	(628)	(76)	(510)	325	(185)
Total Group	40,191	(23,340)	(8,369)	8,482	518	9,000	27,376	(18,400)	(5,752)	3,224	700	3,924

- Assets and liabilities by business segment

For most Group entities, the segmental allocation of assets and liabilities is based on the core business to which they report, with the exception of the key ones, which are broken down or allocated specifically on the basis of risk-weighted assets.

In millions of euros	Year to 31 Dec. 2009				Year to 31 Dec. 2008			
	Assets	- of which goodwill on acquisitions during the period	- of which investments in associates	Liabilities	Assets	- of which goodwill on acquisitions during the period	- of which investments in associates	Liabilities
Retail Banking								
French retail Banking ⁽¹⁾	134,749	-	6	130,636	147,785	-	6	143,769
BNL banca commerciale ⁽¹⁾	77,855	-	10	72,405	76,454	-	14	71,099
Other activities Retail Banking	198,756	449	754	182,906	201,766	406	697	185,514
Investment Solution	173,421	154	673	166,488	178,483	38	415	171,911
Corporate and Investment Banking	985,451	5	7	976,271	1,422,387	168	7	1,410,971
BNP Paribas-Fortis	405,045	4	1,647	395,190	-	-	-	-
Other Activities ⁽²⁾	82,421	-	1,664	77,974	48,676	-	1,504	44,422
Total Group	2,057,698	612	4,761	2,001,870	2,075,551	612	2,643	2,027,686

(1) French Retail Banking and BNL banca commerciale after the reallocation within Investment Solutions of one-third of Private Banking activities in France and Italy.

(2) Including Klépierre and the entities ordinarily known as Principal Investments.



- Information by geographic area

The geographic split of segment results, assets and liabilities is based on the region in which they are recognised for accounting purposes and does not necessarily reflect the counterparty's nationality or the location of operations.

- Revenues by geographic area

In millions of euros	Year to 31 Dec. 2009	Year to 31 Dec. 2008
France	13,824	12,283
Other European Countries	16,984	8,461
Americas	5,763	4,031
Asia - Oceania	1,919	1,255
Other countries	1,701	1,346
Total	40,191	27,376

- Assets and liabilities by geographic area

In millions of euros	Year to 31 Dec. 2009		31 December 2008	
	Total segment assets	Goodwill on acquisitions during the period	Total segment assets	Goodwill on acquisitions during the period
France	953,332	8	1,224,663	9
Other European Countries	722,068	568	435,592	54
Americas	222,992	12	256,833	465
Asia - Oceania	125,747	23	127,933	84
Other countries	33,559	1	30,530	-
Total	2,057,698	612	2,075,551	612



4. RISK MANAGEMENT AND CAPITAL ADEQUACY

As a follow up of Basel II Pillar 3 implementation, which introduced new requirements concerning risk transparency, BNP Paribas has decided to combine the information about the Group required under IFRS 7 and Pillar 3 of Basel II, in order to ensure maximum consistency and clarity.

The Group calculates the risks related to its banking activities using methods approved by the French banking supervisor under Pillar 1. The scope covered by the methods (called the "prudential scope") is discussed in note 8.b, "Scope of consolidation."

A significant event of 2009 was the first-time consolidation of the Fortis Group entities acquired by within the Group BNP Paribas. The information presented in this note reflects the entirety of the risks carried by the Group, which are measured and managed as consistently as possible. However, a few convergence projects have not yet been completed due to their magnitude or complexity and the Group has therefore temporarily retained a hybrid approach, based on methods approved by the French, Belgian and Luxemburgish regulators.

In addition to the regulatory-required information about its banking risks, BNP Paribas has provided information about the risks related to its insurance business, which is given in note 4.i, "Insurance risks".

4.a RISK MANAGEMENT ORGANISATION

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 primarily by the Group Risk Management Department (GRM), which is responsible for measuring and controlling risks at Group level. GRM is independent from the divisions, business lines and territories and reports directly to Group Executive Management. The Group Compliance department (GC) monitors operational and reputation risk as part of its responsibility for permanent controls.

While front-line responsibility for managing risks lies with the divisions and business lines that propose the underlying transactions, GRM is responsible for providing assurance that the risks taken by the Bank comply and are compatible with its risk policies and its profitability and rating objectives. GRM, and GC for operational and reputation risk, perform continuous, generally ex-ante controls that are fundamentally different from the periodic, ex-post examinations of the Internal Auditors. GRM reports regularly to the Internal Control and Risk Management Committee of the Board on its main findings, as well as on the methods used by GRM to measure these risks and consolidate them on a Group-wide basis. GC reports to the Committee on issues relevant to its remit, particularly those concerning operational risk, financial security, reputation risk and permanent controls.

GRM covers risks resulting from the Group's business operations. It intervenes at all levels in the risk taking and monitoring process. Its remit includes formulating recommendations concerning risk policies, analysing the loan portfolio on a forward-looking basis, approving corporate loans and trading limits, guaranteeing the quality and effectiveness of monitoring procedures, defining and/or validating risk measurement methods, and producing comprehensive and reliable risk reporting data for Group management. GRM is also responsible for ensuring that all the risk implications of new businesses or products have been adequately evaluated. These evaluations are performed jointly by the sponsoring business line and all the functions concerned (Group Tax Department, Group Legal Department, Group Development and Finance and, Group Compliance and Information Technology and Processes). The quality of the validation process is overseen by GRM which reviews identified risks and the resources deployed to mitigate them, as well as defining the minimum criteria to be met to ensure that growth is based on sound business practices. GC has identical responsibilities as regards operational and reputation risk. It plays an important oversight and reporting role in the process of validating new products, new business activities and exceptional transactions.



4.b RISK CATEGORIES

The risk categories reported by BNP Paribas evolve in line with methodological developments and regulatory requirements.

All the risk categories discussed below are managed by BNP Paribas. However, no specific capital requirement is identified for reputation and strategy risk as these are risks that may lead to a change in share price which is borne directly by the shareholders and cannot be protected by the Bank's capital.

Reputation risk is contingent on other risks and, apart from market rumours leading to a change in share price, its impacts are included in estimated losses incurred for other risk categories.

Similarly, strategy risk arising from the strategic decisions published by the Bank, which could give rise to a change in share price, is a matter for the highest level of governance and is the shareholder's responsibility.

The implementation of regulatory definitions in accordance with the new Basel Accord (International Convergence of Capital Measurement and Capital Standard), or Basel II, is discussed in parts 4.d to 4.f of this section.

CREDIT AND COUNTERPARTY RISK

Credit risk is the risk of incurring a loss on loans and receivables (existing or potential due to commitments given) resulting from a change in the credit quality of the Bank's debtors, which can ultimately result in default. The probability of default and the expected recovery on the loan or receivable in the event of default are key components of the credit quality assessment.

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

Counterparty risk is the manifestation of credit risk in market, investment and/or payment transactions that potentially expose the Bank to the risk of default by the counterparty. It is a bilateral risk on a counterparty with whom one or more market transactions have been concluded. The amount of this risk may vary over time in line with market parameters that impact the value of the underlying market instrument.

MARKET RISK

Market risk is the risk of incurring a loss of value due to adverse trends in market prices or parameters, whether directly observable or not.

Observable market parameters include, but are not limited to, exchange rates, interest rates, prices of securities and commodities (whether listed or obtained by reference to a similar asset), prices of derivatives, prices of other goods, and other parameters that can be directly inferred from them, such as credit spreads, volatilities and implied correlations or other similar parameters.

Non-observable factors are those based on working assumptions such as parameters contained in models or based on statistical or economic analysis, non confirmed by market informations.

Liquidity is an important component of market risk. In times of limited or no liquidity, instruments or goods may not be tradable or may not be tradable at their estimated value. This may arise, for example, due to low transaction volumes, legal restrictions or a strong imbalance between demand and supply for certain assets.



OPERATIONAL RISK

Operational risk is the risk of incurring a loss due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Management of operational risk is based on an analysis of the "cause – event – effect" chain.

Internal processes giving rise to operational risk may involve employees and/or IT systems. External events include, but are not limited to floods, fire, earthquakes and terrorist attacks. Credit or market events such as default or fluctuations in value do not fall within the scope of operational risk.

Operational risk encompasses human resources risks, legal risks, tax risks, information system risks, misprocessing risks, risks related to published financial information and the financial implications resulting from reputation and compliance risks.

Compliance and reputation risk

According to French regulations, compliance risk is the risk of legal, administrative or disciplinary sanctions, together with the significant financial loss that a bank may suffer as a result of its failure to comply with all the laws, regulations, codes of conduct and standards of good practice applicable to banking and financial activities (including instructions given by an executive body, particularly in application of guidelines issued by a supervisory body).

By definition, this risk is a sub-category of operational risk. However, as certain implications of compliance risk involve more than a purely financial loss and may actually damage the institution's reputation, the Bank treats compliance risk separately.

Reputation risk is the risk of damaging the trust placed in a corporation by its customers, counterparties, suppliers, employees, shareholders, regulators and any other stakeholder whose trust is an essential condition for the corporation to carry out its day-to-day operations.

Reputation risk is primarily contingent on all the other risks borne by the Bank.

ADDITIONAL INFORMATION ABOUT RISK DEFINITIONS

Although a lot of material has been written on the classification of banking risks, and industry regulations have produced a number of widely accepted definitions, there is still no comprehensive account of all of the risks to which banks are exposed. A good deal of progress has nevertheless been made in understanding the precise nature of risks and how they interact. The interaction between these risks has not yet been quantified, but is captured by global stress scenarios. The following comments review the Group's latest conceptual developments.

- Market risk and credit/counterparty risk

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

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

- Operational risk, credit risk and market risk

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



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

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

ASSET-LIABILITY MANAGEMENT RISK

Asset-liability management risk is the risk of incurring a loss as a result of mismatches in interest rates, maturities or nature between assets and liabilities. For banking activities, asset-liability management risk arises in non-trading portfolios and primarily relates to global interest rate risk. For insurance activities, it also includes the risk of mismatches arising from changes in the value of shares and other assets (particularly property) held by the general insurance fund.

LIQUIDITY AND REFINANCING RISK

Liquidity and refinancing risk is the risk of the Bank being unable to fulfil its obligations at an acceptable price in a given place and currency.

INSURANCE SUBSCRIPTION RISK

Insurance subscription risk corresponds to the risk of a financial loss caused by an adverse trend in insurance claims. Depending on the type of insurance business (life, personal risk or annuities), this risk may be statistical, macro-economic or behavioural, or may be related to public health issues or natural disasters. It is not the main risk factor arising in the life insurance business, where financial risks are predominant.

BREAKEVEN RISK

Breakeven risk is the risk of incurring an operating loss due to a change in the economic environment leading to a decline in revenue coupled with insufficient cost-elasticity.

STRATEGY RISK

Strategy risk is the risk that the Bank's share price may fall because of its strategic decisions.



CONCENTRATION RISK

Concentration risk and its corollary, diversification effects, are embedded within 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.

SUMMARY OF RISKS

- Risk monitored by the BNP Paribas Group:

Risks affecting the Group's capital adequacy	Risks affecting the Group's value (share price)	Pillar 1		ICAAP ⁽⁴⁾ (Pillar 2)		Additional risk identified by BNP Paribas
		Risk covered	Measure-ment method	Risk covered	Measurement and management method	
Credit and counterparty risk		✓	Basel II	✓	Economic Capital	
Equity risk		✓	Basel II	✓	Economic Capital	
Operational risk		✓	Basel II	✓	Economic Capital	
Market risk		✓	Basel II	✓	Economic Capital	
Concentration risk ⁽¹⁾				✓	Economic Capital	
Asset & liability management risk ⁽²⁾				✓	Economic Capital	
Breakeven risk				✓	Economic Capital	
Insurance risks ⁽³⁾ , including insurance subscription risks					Economic Capital	✓
	Strategy risk			✓	Procedures; market multiples	
Liquidity and Refinancing risk				✓	Quantitative and qualitative rules; stress tests	
	Reputation risk			✓	Procedures	

(1) Concentration risk is managed within credit risk at BNP Paribas

(2) Asset & liability management risk comes under what the banking supervisors call global interest rate risk.

(3) Insurance risks are not included in the scope of banking activities. Insurance businesses are exposed to market risk, operational risk, and insurance subscription risk.

(4) Internal Capital Adequacy Assessment Process

The capital requirements for risks monitored under Pillar 1 are included in the capital adequacy ratio calculation.

The ARC (All Reportings on Capital) system consolidates all regulatory and economic capital calculations produced by the risk management and accounting functions. It generates and circulates Basel II and economic capital reports both for internal and external communication purposes.

- Internal Capital Adequacy Assessment Process (ICAAP)

The second pillar of the new Basel II capital framework prescribes how supervisory authorities and banks can effectively assess the appropriate level of regulatory capital. The assessment must cover all the risks incurred by the Group, their sensitivity to crisis scenarios, and how they are expected to evolve in light of changes in the Group's business going forward.

BNP Paribas continues to fine-tune its tools for measuring economic capital requirements. It is also in the process of identifying the risks it believes should not be covered by a capital requirement but



governed by appropriate management and control procedures. As a result of its analysis, the Group drew up the risk typology chart shown in the table above.

This internal assessment tool is regularly embedded into the Group's decision-making and management processes through more extensive use of the concept of regulatory capital and, gradually, economic capital, supported by analyses of the impact of crisis scenarios and business plans. The tool is developed at Group level and adapted to each business as appropriate. Assessments of legal entities are based on simplified approaches.

RISK FACTORS

- Risks Related to the Bank and its Industry

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

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

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

Legislators, governments, regulators, advisory groups, trade and professional associations and various committees at the national, European and international level have adopted or are studying an array of measures in response to the financial crisis. The analysis and interpretation of these measures, which are drawn from various and sometimes contradictory sources, may increase compliance risk. Implementation of these new requirements and compliance with them could increase the Bank's costs and its regulatory capital and liquidity requirements and limit its ability to conduct certain types of activities. These measures could also substantially affect the Bank's competitiveness, its ability to attract and retain talent and its profitability, particularly with respect to its investment banking and financing businesses, which would in turn have an adverse effect on its business, financial condition, and results of operations.

In addition, it is difficult to predict what impact these measures (particularly those that are only proposals currently) would have on financial market conditions and thus indirectly on the Bank and it is uncertain whether they would prevent or limit possible future financial crises.



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

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

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

In connection with its lending activities, the Bank regularly establishes provisions for loan losses, which are recorded in its profit and loss account under "cost of risk". The Bank's overall level of provisions is based on its assessment of prior loss experience, the volume and type of lending being conducted, industry standards, past due loans, economic conditions and other factors related to the recoverability of various loans. Although the Bank uses its best efforts to establish an appropriate level of provisions, its lending businesses may have to increase their provisions for loan losses substantially in the future as a result of increases in non-performing assets or for other reasons, as was the case in the second half of 2008 and throughout 2009. Any significant increase in provisions for loan losses or a significant change in the Bank's estimate of the risk of loss inherent in its portfolio of non-impaired loans, as well as the occurrence of loan losses in excess of the related provisions, could have a material adverse effect on the Bank's results of operations and financial condition.

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

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

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



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

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

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

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 especially the case for assets the Bank holds for which there are not very liquid markets to begin with. Assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may have values that the Bank calculates using models rather than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to losses that the Bank did not anticipate.

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

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

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

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

In addition, misconduct by financial market participants can have a material adverse effect on financial institutions due to the interrelated nature of the financial markets. A recent example is the fraud perpetrated by Bernard Madoff, as a result of which numerous financial institutions globally, including the Bank, have announced losses or exposure to losses in substantial amounts. Potentially significant additional potential exposure is also possible in the form of litigation of various types, claims in the



context of the bankruptcy proceedings of Bernard Madoff Investment Services (BMIS), and other potential claims relating to counterparty or client investments made, directly or indirectly, in BMIS or other entities controlled by Bernard Madoff.

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

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

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

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

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

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

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

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

The Bank is exposed to regulatory compliance risk, such as the inability to comply fully with the laws, regulations, codes of conduct, professional norms or recommendations applicable to the financial services industry. Besides damage to the Bank's reputation, non-compliance could lead to fines, public reprimand, enforced suspension of operations or, in extreme cases, withdrawal of operating licenses. This risk is exacerbated by continuously increasing regulatory oversight. This is the case in particular with respect to money laundering, the financing of terrorist activities or transactions with countries that are subject to economic sanctions. For example, U.S. laws require compliance with the rules administered by the Office of Foreign Assets Control relating to certain foreign countries, nationals or others that are subject to economic sanctions. The U.S. Department of Justice and the New York County District Attorney's Office, as well as other governmental authorities, are reported to be conducting a review of how certain financial institutions have processed U.S. dollar payments involving U.S. sanctioned countries, persons and entities. The Bank is currently discussing with these authorities a possible retrospective internal review of certain U.S. dollar payments involving countries, persons or entities subject to these sanctions.



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

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

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

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

The Bank has devoted significant resources to developing its risk management policies, procedures and assessment methods and intends to continue to do so in the future. Nonetheless, the Bank's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risk, particularly risks that the Bank may have failed to identify or anticipate. The Bank's ability to assess the creditworthiness of its customers or to estimate the values of its assets may be impaired if, as a result of market turmoil such as that experienced during the recent financial crisis, the models and approaches it uses become less predictive of future behaviors, valuations, assumptions or estimates. Some of the Bank's qualitative tools and metrics for managing risk are based on its use of observed historical market behavior. The Bank applies statistical and other tools to these observations to arrive at quantifications of its risk exposures. The process the Bank uses to estimate losses inherent in its credit exposure or estimate the value of certain assets requires difficult, subjective, and complex judgments, including forecasts of economic conditions and how these economic predictions might impair the ability of its borrowers to repay their loans or impact the value of assets, which may, during periods of market disruption, be incapable of accurate estimation and, in turn, impact the reliability of the process. These tools and metrics may fail to predict future risk exposures, e.g., if the Bank does not anticipate or correctly evaluate certain factors in its statistical models, or upon the occurrence of an event deemed extremely unlikely by the tools and metrics. This would limit the Bank's ability to manage its risks. The Bank's losses could therefore be significantly greater than the historical measures indicate. In addition, the Bank's quantified modeling does not take all risks into account. Its more qualitative approach to managing certain risks could prove insufficient, exposing it to material unanticipated losses.

The Bank's hedging strategies may not prevent losses.

If any of the variety of instruments and strategies that the Bank uses to hedge its exposure to various types of risk in its businesses is not effective, the Bank may incur losses. Many of its strategies are based on historical trading patterns and correlations. For example, if the Bank holds a long position in an asset, it may hedge that position by taking a short position in another asset where the short position has historically moved in a direction that would offset a change in the value of the long position.



However, the hedge may only be partial, or the strategies used may not protect against all future risks or may not be fully effective in mitigating the Bank's risk exposure in all market environments or against all types of risk in the future. Unexpected market developments may also reduce the effectiveness of the Bank's hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in the Bank's reported earnings.

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

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

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

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

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

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



4.c RISK MANAGEMENT AND CAPITAL ADEQUACY

The BNP Paribas Group is required to comply with the French regulations that transpose European Union capital adequacy directives (Directive on the Capital Adequacy of Investment Firms and Credit Institutions and Financial Conglomerates Directive) into French law.

In the various countries in which the Group operates, BNP Paribas also complies with specific regulatory ratios in line with procedures controlled by the relevant supervisory authorities. These ratios mainly address the issues of capital adequacy, risk concentration, liquidity and asset/liability mismatches.

Since 1 January 2008, the capital adequacy ratio has been calculated in accordance with the decree issued by the Ministry of the Economy, Finance and Industry on 20 February 2007 introducing the Basel II capital adequacy ratio, i.e. regulatory capital expressed as a percentage of the sum of:

- risk-weighted assets calculated using the standardised approach or the internal ratings based approach depending on the entity or Group business concerned;
- the regulatory capital requirement for market and operational risks, multiplied by 12.5. The capital requirement for operational risk is measured using the basic indicator, standardised or advanced measurement approach, depending on the Group entity concerned.

REGULATORY CAPITAL

- Breakdown of regulatory capital

Regulatory capital is determined in accordance with Comité de la Réglementation Bancaire et Financière (CRBF) regulation 90-02 dated 23 February 1990. It comprises three components – Tier 1 capital, Tier 2 capital and Tier 3 capital – determined as follows:

- Core capital (Tier 1) corresponds to consolidated equity (excluding unrealised or deferred gains and losses), adjusted for certain items known as "prudential filters". The main adjustments consist of (i) deducting the planned dividend for the year, as well as goodwill and other intangibles, (ii) excluding consolidated subsidiaries that are not subject to banking regulations – mainly insurance companies – and (iii) applying limits to the eligibility of certain securities, such as undated super subordinated notes.
- Supplementary capital (Tier 2) comprises some subordinated debt and any positive credit and counterparty risk valuation differences between provisions for incurred losses taken under the book method and expected losses on credit exposure measured using the internal ratings based approach.
- A discount is applied to subordinated debt with a maturity of less than five years, and dated subordinated debt included in Tier Two capital is capped at the equivalent of 50% of Tier 1 capital. Total Tier 2 capital is capped at the equivalent of 100% of Tier 1 capital.
- Tier 3 capital comprises subordinated debt with shorter maturities and can only be used to cover a certain proportion of market risks.
- The following items are deducted for the purpose of calculating regulatory capital, half from Tier 1 capital and half from Tier 2 capital: (i) the carrying amount of investments in credit institutions and finance companies accounted for by the equity method; (ii) the regulatory capital of credit institutions and finance companies more than 10% owned by the Group; (iii) the portion of expected losses on credit exposure measured using the internal ratings based approach which is not covered by provisions and value adjustments.



- Amount of regulatory capital

<i>In millions of euros</i>	31 December 2009	31 December 2008
Shareholders' equity before appropriation of income	69,501	53,228
Share capital, retained earnings and similar	61,456	42,707
Super subordinated notes and similar securities (note 8.a)	8,045	10,521
Minority interests before appropriation of income	10,843	5,740
Share capital, retained earnings and similar	8,604	3,492
Preferred Shares (note 8.a)	2,239	2,248
Regulatory deductions and other items	(17,434)	(17,169)
Intangible assets deductions	(13,316)	(12,854)
of which goodwills	(11,410)	(11,278)
Other regulatory items	(4,118)	(4,315)
of which dividend payment ⁽¹⁾	(1,772)	(1,252)
of which deductions from Tier 1 capital at 50%	(1,146)	(1,003)
TIER 1 CAPITAL	62,910	41,799
Total Tier 2 capital	25,298	17,951
of which positive difference between provisions and expected losses	1,314	1,620
Tier 2 regulatory deductions	(1,146)	(1,003)
Allocated Tier 3 capital	1,352	752
REGULATORY CAPITAL	88,414	59,499

(1) Dividend to be recommended at the Annual General Meeting of shareholders.

At 31 December 2009, the positive difference between provisions and expected losses over one year amounts to EUR 1,314 million compared with EUR 1,620 million at 31 December 2008.

CAPITAL RATIO

Under the European Union regulation transposed into French law by regulation 91-05, the Group's capital adequacy ratio must at all times be at least 8%, including a Tier One ratio of at least 4%. Under United States capital adequacy regulations, BNP Paribas is qualified as a Financial Holding Company and as such is required to have a capital adequacy ratio of at least 10%, including a Tier One ratio of at least 6%.

Ratios are monitored and managed centrally, on a consolidated basis, at Group level. Where a French or international entity is required to comply with banking regulations at its own level, its ratios are also monitored and managed directly by the entity.

- Capital management and planning

Capital adequacy ratios are managed prospectively on a prudent basis that takes into account the Group's profitability and growth targets. The Group maintains a balance sheet structure that allows it to finance business growth on the best possible terms while preserving its very high quality credit rating. In line with the commitment to offering shareholders an optimum return on their investment, the Group places considerable emphasis on efficiently investing equity capital and attentively managing the balance between financial strength and shareholder return. In 2008 and 2009, the BNP Paribas Group's capital adequacy ratios complied with regulatory requirements and its own targets.

Regulatory capital levels are managed using information produced during the budget process, including forecast growth in earnings and risk-weighted assets, planned acquisitions, planned issues of hybrid capital instruments and exchange rate assumptions. Changes in ratios are reviewed by the Group's



executive management at monthly intervals and whenever an event occurs or a decision is made that will materially affect consolidated ratios.

4.d CREDIT AND COUNTERPARTY RISK

The following table shows all the BNP Paribas Group's financial assets, including fixed-income securities, which are exposed to credit risk. Credit risk exposure does not include collateral and other security taken by the Group in its lending business or purchases of credit protection. It is based on the carrying value of financial assets recognised on the balance sheet.

Exposure to credit risk by Basel asset class

In millions of euros	31 December 2009			31 December 2008		
	IRBA	Standardised Approach	Total	IRBA	Standardised Approach	Total
Central governments and central banks	181,691	31,359	213,050	82,310	16,678	98,988
Corporates	419,000	149,341	568,341	317,213	130,434	447,647
Institutions (*)	109,701	28,661	138,362	95,996	33,828	129,824
Retail	184,382	167,960	352,342	121,128	144,312	265,440
Securitisation positions	52,621	5,260	57,881	25,499	5,412	30,911
Other non credit-obligation assets (**)	261	79,894	80,155	-	76,766	76,766
Total exposure	947,656	462,475	1,410,131	642,146	407,430	1,049,576

The table above shows the entire prudential scope based on the asset classes defined in article 40-1 of the decree of 20 February 2007 on capital requirements for credit institutions and investment firms.

(*) The Basel II 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 and accrued income and other assets.

The credit risk exposure shown in the table above represents the gross amount before impairment of deposit accounts with central banks and post office banks (EUR 56 billion), loans granted to customers (EUR 703 billion), and credit institutions (EUR 90 billion), loans and fixed-income securities classified as "available-for-sale financial assets", "held-to-maturity financial assets" or designated as at fair value through profit or loss (EUR 227 billion), remeasurement adjustment on interest-rate risk hedged portfolios (EUR 2 billion), property, plant and equipment, and investment property (EUR 29 billion), accrued income and other assets (EUR 104 billion), and financing and guarantee commitments given (EUR 379 billion). Exposure to repo transactions, which is included in the counterparty risk exposures below (EUR - 86 billion) and exposure not included in the prudential covered scope (EUR - 94 billion) have been deducted from these amounts.

The evolution of exposures to credit risk by Basel asset class in 2009 is mainly due to the acquisition of BNP Paribas Fortis and BGL BNP Paribas, as described in note 8c. The entities comprising these two sub-groups contributed a total of EUR 411 billion to the Group's credit risk exposures at 30 June 2009 (first-time consolidation).

The table below shows exposure to counterparty risk (measured as exposure at the time of default) by Basel asset class on derivatives contracts and securities lending/borrowing transactions, after the impact of any netting agreements.



Exposure at default to counterparty risk by Basel asset class.

In millions of euros	31 December 2009			31 December 2008		
	IRBA	Standardised Approach	Total	IRBA	Standardised Approach	Total
Central governments and central banks	7,582	1	7,583	11,342	12	11,354
Corporates	46,414	3,869	50,283	56,043	1,489	57,532
Institutions (*)	41,042	1,039	42,081	37,022	966	37,988
Retail	-	14	14	-	-	-
Total exposure	95,038	4,923	99,961	104,407	2,467	106,874

(*) The Basel II 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.

Exposure to counterparty risk declined in 2009 despite the acquisition of BNP Paribas Fortis and BGL BNP Paribas, as described in note 8c. The entities comprising these two sub-groups contributed a total of EUR 32 billion to the Group's counterparty risk exposure at 30 June 2009 (first-time consolidation). The improvement in market conditions and more particularly the tightening of interest rate spreads explain the sharp decrease on BNP Paribas historical scope which occurred prior to merger with the Fortis Group entities acquired by BNP Paribas.

CREDIT RISK

- Management of credit risk - lending activities

- General credit policy and control and provisioning procedures

The Bank's lending activities are governed by the Global Credit Policy approved by the Risk Policy Committee, chaired by the Chief Executive Officer. The purpose of the Committee is to determine the Group's risk management strategy. The policy is underpinned by core principles related to compliance with the Group's ethical standards, clear definition of responsibilities, the existence and implementation of procedures and thorough analysis of risks. It is rolled down in the form of specific policies tailored to each type of business or counterparty.

- Decision-making procedures

A system of discretionary lending limits has been established, under which all lending decisions must be approved by a formally designated member of GRM. Approvals are systematically evidenced in writing, either by means of a signed approval form or in the minutes of formal meetings of a Credit Committee. Discretionary lending limits correspond to aggregate commitments by business group and vary according to internal credit ratings and the specific nature of the business concerned. Certain types of lending commitments, such as loans to banks, sovereign loans and loans to customers operating in certain industries, are required to be passed up to a higher level for approval. In addition, an industry expert or designated specialist may also be required to sign off on the loan application. In retail banking, simplified procedures are applied, based on statistical decision-making aids.

Loan applications must comply with the Bank's Global Credit Policy and with any specific policies, and must in all cases comply with the applicable laws and regulations. In particular, before making any commitments BNP Paribas carries out an in-depth review of any known development plans of the borrower, and ensures that it has thorough knowledge of all the structural aspects of the borrower's operations and that adequate monitoring will be possible.

The Group Credit Committee, chaired by one of the Chief Operating Officers or the head of GRM, has ultimate decision-making authority for all credit and counterparty risks.



- Monitoring procedures

A comprehensive risk monitoring and reporting system applies to all Group entities. The system is organised around Control and Reporting units which are responsible for ensuring that lending commitments comply with the loan approval decision, that credit risk reporting data are reliable and that risks accepted by the Bank are effectively monitored. Daily exception reports are produced and various forecasting tools are used to provide early warnings of potential escalations of credit risks. Monitoring is carried out at different levels, generally reflecting the organisation of discretionary lending limits. Depending on the level, the monitoring teams report to GRM or to the Group Debtor Committee. This Committee meets at monthly intervals to examine all sensitive or problem loans in excess of a certain amount. Its responsibilities include deciding on any adjustments to impairment provisions, based on the recommendations of the business line and GRM. A tailored system is applied in the Retail Banking business.

- Impairment procedures

GRM reviews all corporate, bank and sovereign loans in default at monthly intervals to determine the amount of any impairment loss to be recognised, either by reducing the carrying amount or by recording a provision for impairment, depending on the applicable accounting standards. The amount of the impairment loss is based on the present value of probable net recoveries, including from the realisation of collateral.

In addition, a collective impairment is established for each core business on a statistical basis. A committee comprising the Core Business Director, the Group Chief Financial Officer and the head of GRM meets quarterly to determine the amount of the impairment. This is based on simulations of losses to maturity on portfolios of loans whose credit quality is considered as impaired, but where the customers in question have not been identified as in default (i.e. loans not covered by specific impairment). The simulations carried out by GRM use the parameters of the internal rating system described below.

- Internal rating system

The principles set out below refer to practices within the BNP Paribas historical scope and represent the Group's target practices.

The BNP Paribas Group has been authorised by the French banking supervisor (Commission Bancaire) to use an advanced internal ratings-based approach (IRBA) to credit risk for the retail, sovereign, bank, corporate and equity asset classes to calculate the regulatory capital requirements for CIB, FRB, Personal Finance France and BNP Paribas Securities Services (BP2S). For other businesses, the Basel II standardised method is used, based on external ratings. Each transaction and each counterparty is rated by the Group using the same methods, regardless of the model used to calculate regulatory capital requirements.

The Bank has a comprehensive internal rating system for determining risk-weighted assets used to compute capital adequacy ratios. A periodic assessment and control process has been deployed to ensure that the system is appropriate and correctly implemented. The system was formally validated by the French banking supervisor (Commission Bancaire) in December 2007.

For corporate loans, the system is based on three parameters: the counterparty's probability of default expressed via a rating, global recovery rate (or loss given default), which depends on the structure of the transaction, and the credit conversion factor (CCF), which estimates the portion of off-balance sheet exposure at risk.

There are twelve counterparty ratings. Ten cover performing clients with credit assessments ranging from "excellent" to "very concerning", and two relate to clients classified as in default, as per the definition by the banking supervisor.

Ratings are determined at least once a year, in connection with the loan approval process, drawing on the combined expertise of business line staff and GRM credit risk managers, who have the final say. High quality tools have been developed to support the rating process, including analysis aids and credit scoring systems. The decision to use these tools and the choice of technique depends on the nature of the risk.



Where external ratings exist, they are taken into account by mapping the internal rating scale against the external ratings based on the one-year default probability for each rating. The Bank's internal rating for an exposure is not necessarily the same as the external rating, and there is no strict correspondence between an external investment grade rating⁴ and an internal rating equal to or higher than 5. Counterparties with a BBB- external rating may be rated 6 internally, even though an external BBB- theoretically equates to an internal 5. Annual benchmarking studies are carried out to compare internal and external ratings.

Various quantitative and other methods are used to check rating consistency and the rating system's robustness. Loans to private customers and very small businesses are rated using statistical analyses of groups of risks with the same characteristics. GRM has overall responsibility for the quality of the entire system. This responsibility is fulfilled by either defining the system directly, validating it or verifying its performance.

Loss given default is determined either using statistical models for books with the highest degree of granularity or using expert judgment based on comparative values, in line with a process similar to the one used to determine the counterparty rating for corporate books.⁵ Basel II defines loss given default as the loss that the Bank would suffer in the event of the counterparty's default in times of economic crisis.

For each transaction, it is measured using the recovery rate for a senior unsecured exposure to the counterparty concerned, adjusted for any effects related to the transaction structure (e.g. subordination) and for the effects of any risk mitigation techniques (collateral and other security). Amounts recoverable against collateral and other security are estimated each year on a prudent basis and discounts are applied for realising security in a stressed environment.

Various credit conversion factors have been modelled by the Bank where permitted (i.e. excluding high-risk transactions where the conversion factor is 100%), either using historical internal default data or other techniques when there is insufficient historical data. Conversion factors are used to measure the off-balance sheet exposure at risk in the event of borrower default. Unlike rating and recovery rate, this parameter is assigned automatically depending on the transaction type and is not determined by the Credit Committee.

Each of the three credit risk parameters are backtested and benchmarked annually to check the system's performance for each of the Bank's business segments. Backtesting consists of comparing estimated and actual results for each parameter. Benchmarking consists of comparing the parameters estimated internally with those of external organisations.

For backtesting ratings, the default rate of populations in each rating category, or each group of risks with similar characteristics for retail banking operations, is compared with the actual default rate observed on a year by year basis. An analysis by rating policy, rating, geographical area and rating method is carried out to identify any areas where the models might be underperforming. The stability of the rating and its population is also verified. The Group has also developed backtesting techniques tailored to low default portfolios to assess the appropriateness of the system, even where the number of actual defaults is very low, such as sovereigns and banks, for example. The impacts of economic cycles are also taken into account. This backtesting work has proved that the ratings assigned by the Group are consistent with "mid-cycle" ratings and that, the forecast default rate is conservative.

For benchmarking work on non retail exposures, internal ratings are compared with the external ratings of several agencies based on the mapping between internal and external rating scales. Some 10% to 15% of the Group's corporate clients have an external rating and the benchmarking studies reveal a conservative approach to internal ratings.

Backtesting of global recovery rates is based mainly on analysing recovery flows on exposures in default. When an exposure has been written off, each amount recovered is discounted back to the default date and calculated as a percentage of the exposure. When an exposure has not yet been written off, the amount of provisions taken is used as a proxy for future recoveries. The recovery rate determined in this way is then compared with the initially forecasted rate. As for the rating, recovery rates are analysed on an overall basis and by rating policy and geographical area. Variances on an item by item and average basis are analysed taking into account the bimodal distribution of recovery rates.

⁴ Defined as an external rating from AAA to BBB-.

⁵ Within the Group, the "Corporate" book includes institutions, corporates, specialised financing and sovereigns.



The results of these tests show that the Group's estimates are consistent with economic downturn conditions and are conservative on an average basis. Benchmarking of recovery rates is based on data pooling initiatives in which the Group takes part.

The credit conversion factor is also backtested annually, although in less detail given the small volumes of available data.

The result of all backtesting and benchmarking work is presented annually to the Chief Risk Officer and to the bodies responsible for overseeing the rating system and risk practitioners worldwide. These results and ensuing discussions are used to help set priorities in terms of developing methodology and deploying tools.

Internal estimates of risk parameters are used in the Bank's day-to-day management in line with Basel II recommendations. For example, apart from calculating capital requirements, they are used when making new loans or reviewing existing loans to measure profitability, determine collective impairment and for internal and external reporting purposes.

Prior to its acquisition, the Fortis group had approval from its supervisor, the *Commission Bancaire, Financière et des Assurances* (CBFA) in Belgium, to use an advanced IRB approach to calculate its capital requirements under Basel II, pillar 1. The ratings policies and systems of BNP Paribas Fortis and BGL BNP Paribas and those of BNP Paribas on the other side are due to converge within a consistent methodology used across the entire Group. Work already done in this respect has shown that the concepts developed by the two banks are compatible and has enabled the Group to harmonise ratings for the main counterparties. However, this work has not yet been completed and a hybrid approach has therefore been used at 31 December 2009, based on the methods approved by the French and Belgian supervisors.

- Portfolio Policy

In addition to carefully selecting and evaluating individual risks, BNP Paribas follows a portfolio-based policy designed to diversify risks among borrowers, industries and countries. The results of this policy are regularly reviewed by the Risk Policy Committee, which may modify or fine-tune it as required, based on GRM's analyses and recommendations. As part of this policy, BNP Paribas may use credit risk transfer instruments (such as securitisation programmes or credit derivatives) to hedge individual risks, reduce portfolio concentration or cap potential losses from crisis scenarii.

- Scope and nature of risk reporting and measurement systems

All information processes and systems used by the credit risk reporting function for producing Basel II reports have been submitted for review to the French banking supervisor (*Commission Bancaire*). For BNP Paribas Fortis and BGL BNP Paribas activities where the convergence projects have not yet been completed, the information processes and systems used are those approved by banking supervisory authorities of Belgium and Luxemburg.

The current credit risk system is based on a two-tier architecture:

- A central tier mainly comprising the credit risk exposure consolidation system, central databases and the engine for computing regulatory capital, developed in-house.
- A local tier comprising credit risk monitoring and reporting systems owned by GRM.

- Risk mitigation techniques

Collateral and other security

The BNP Paribas Global Credit Policy sets out how transactions should be structured in order to mitigate risk. Collateral and other security are taken into account at fair value, and only accepted as the main source of repayment in exceptional cases such as commodities financing for example; cash generated by operations is regarded as the primary source of the borrower's ability to repay. Guarantors are subject to the same rigorous upfront assessment process as primary debtors.



Banking regulations set clear guidelines for assessing the risk-mitigating effect of collateral and other security under the Basel II advanced approaches. The Bank's diversified business base means that loans are secured by many different types of collateral and security, particularly asset financing, which may be secured by aircraft, ships or real estate for example. Risk assessments also take into account direct guarantees issued by the counterparty's parent company or other guarantors such as financial institutions. Other guarantees assessed by the Bank include credit derivatives, export credit agencies and credit enhancers. Acceptance of these types of guarantees is governed by strict criteria. A guarantee is considered as mitigating a risk only when the guarantor is rated higher than the counterparty. The value of collateral or other security is only taken into account in measuring exposure if there is no strong correlation with the risk on the first-rank debtor.

BNP Paribas' system for assessing the risk-mitigating effects of collateral and other security has been validated by the French banking supervisor (*Commission Bancaire*) as part of the implementation of the new Basel II capital adequacy ratio.

Purchases of credit protection

In order to reduce the credit risk on certain portfolios, the Group carries out synthetic securitisations that transfer part of the risk to the market using credit derivatives (purchases of options or credit default swaps) contracted either via special purpose entities or directly with other banks.

The credit protected loans remain on the consolidated balance sheet. BNP Paribas is exposed to counterparty risk in relation to the sellers of the credit protection. This risk is subject to the same decision-making and management process as that applied to derivatives used for other purposes.

For portfolio transactions, BNP Paribas retains part of the risk in the form of tranches which are generally junior or mezzanine.

- Diversification of exposure to credit risk

Under Basel II, the Group's gross credit risk exposure amounted to EUR 1,272 billion at 31 December 2009, compared with EUR 942 billion at 31 December 2008. This portfolio, which is analysed below in terms of diversification, comprises all exposures to credit risk shown in the table at the beginning of the chapter, excluding securitisation positions and other non credit-obligation assets⁶.

No single counterparty gives rise to an excessive concentration of credit risk, due to the size of the business and the high level industrial and geographical diversification of the client base. The breakdown of credit risks by industry and by region is presented in the charts below.

- Diversification by counterparty

Diversification is a key component of the Bank's policy and is assessed by taking account of all exposure to a single business group. Diversification is achieved largely through the extent and variety of the Bank's business activities and the widespread system of discretionary lending authorities.

Diversification of commitments by counterparty is closely and regularly monitored. The risk concentration ratio is designed to ensure that the aggregate risk on beneficiaries whose individual risks each exceed 10% of net consolidated shareholders' equity does not exceed eight times the Group's capital.

BNP Paribas remains well below the concentration limits set out in the European Directive on Large Exposures. At 31 December 2009, the top ten customer groups accounted for less than 4.7% of total exposure including the Fortis entities acquired by BNP Paribas (compared with 4% at 31 December 2008 excluding the Fortis scope).

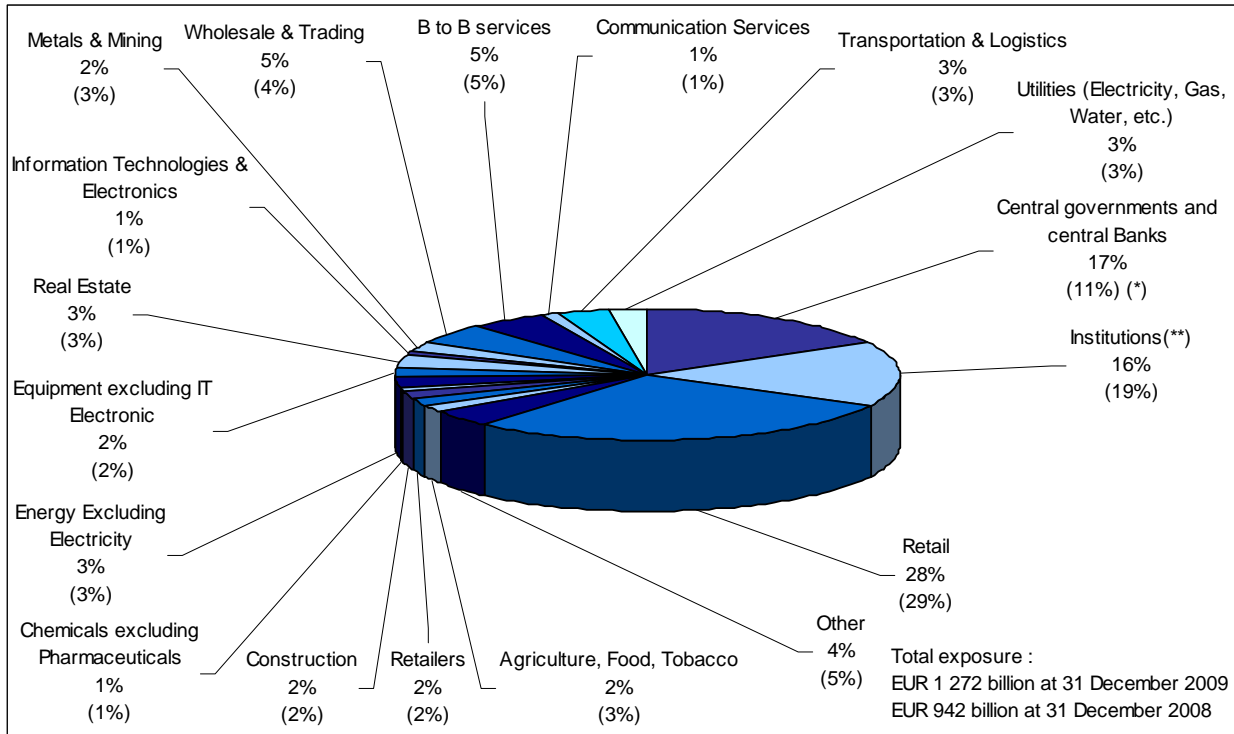
⁶ The scope covered includes loans and receivables due from customers, amounts due from credit institutions and central banks, the Group's credit accounts with other credit institutions and central banks, financing and guarantee commitments given (excluding repos) and fixed-income securities in the banking book.



- Industry diversification

The breakdown of exposure by business sector is monitored carefully and supported by a forward-looking analysis for dynamic management of the Bank's exposure. This analysis is based on the in-depth knowledge of independent sector experts who express an opinion on trends in the sectors they follow and identify the factors underlying the risks faced by the main companies in the sector. This process is adjusted by sector according to its weighting in the Group's exposure, the technical knowledge required to understand the sector, its cyclical nature and degree of globalisation and the existence of any particular risk issues.

Breakdown of credit risk by Basel II asset class and by Corporate industry



Prudential scope: exposures excluding counterparty risk, other non credit obligation assets and securitisation positions.

[*] The percentages in brackets reflect the breakdown at 31 December 2008.

[**] The 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.

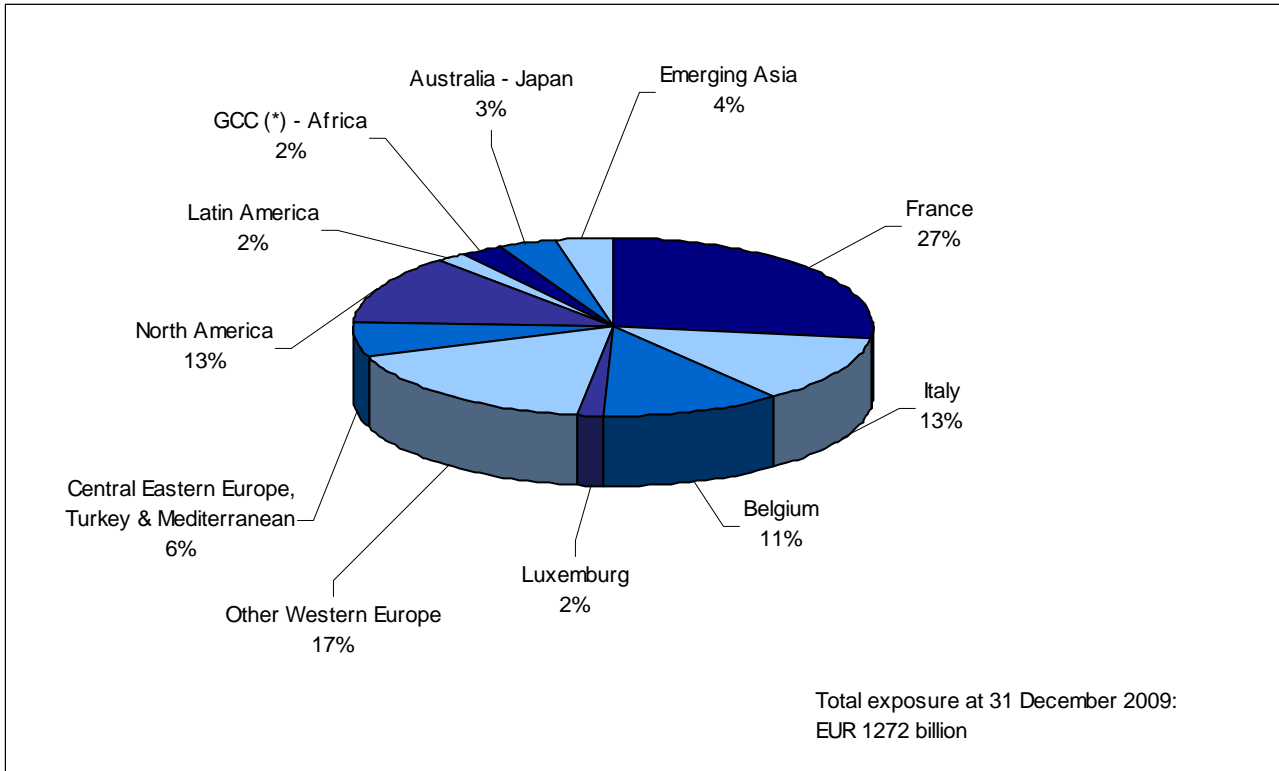
This presentation isolates the share of the Group's exposure on its two new domestic markets namely Belgium and Luxemburg, and consolidates Turkey with Central Eastern Europe and Mediterranean countries.



- Geographic diversification

Country risk is the sum of all exposures to obligors in the country concerned. It is not the same as sovereign risk, which is the sum of all exposures to the central government and its various offshoots. Country risk reflects the Bank's exposure to a given economic and political environment, which are taken into consideration when assessing counterparty quality.

Geographical breakdown of credit risk at 31 December 2009 by counterparty's country of business

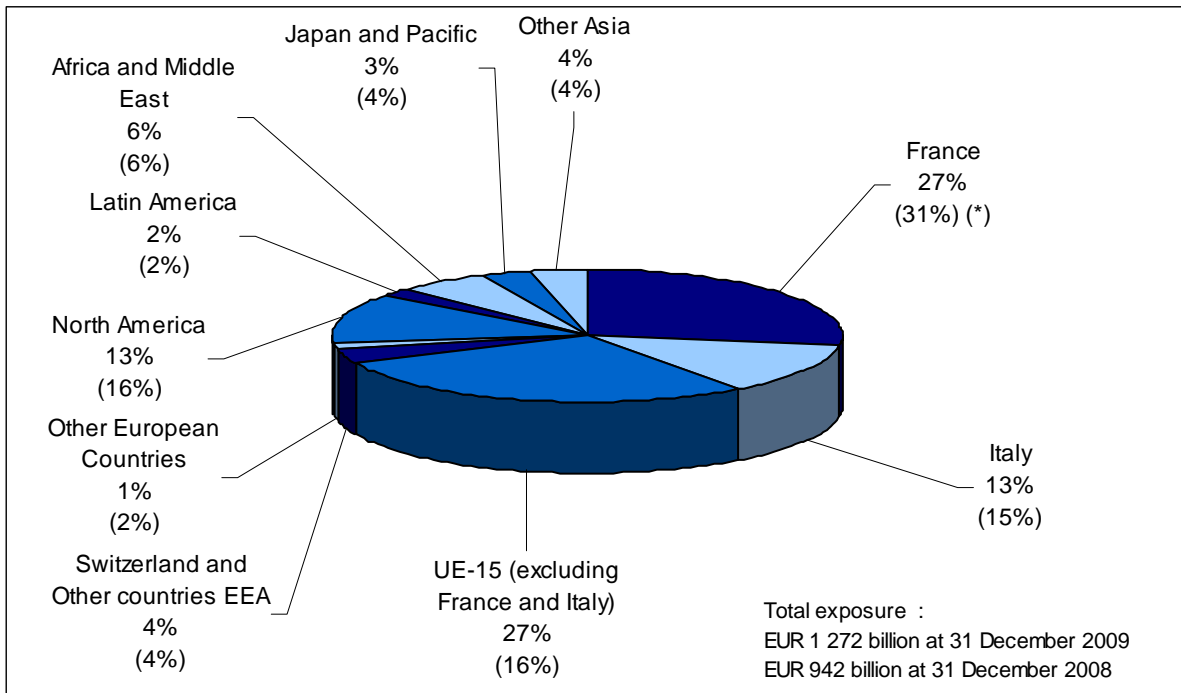


(*) Gulf Cooperation Council

Prudential scope: exposures excluding counterparty risk, other non credit obligation assets and securitisation positions



Former geographical breakdown of credit risk at 31 December 2009 by counterparty's country of business (pro forma 31 December 2008)



Prudential scope: exposure excluding counterparty risk, other non credit obligation assets and securitisation positions

(*) The percentages in brackets reflect the breakdown at 31 December 2008

Geographic diversification of exposure remains balanced. The acquisition of the Fortis Group entities has strengthened the Group's predominantly European dimension (72% at 31 December 2009 versus 68% at 31 December 2008).

The Group, which is naturally present in most economically active areas, strives to avoid excessive concentrations of risk in countries whose political and economic infrastructure is acknowledged to be weak.

• Quality of the portfolio exposed to credit risk

- Advanced Internal Ratings Based Approach (IRBA)

The internal rating system developed by the Group covers the entire Bank. The IRBA, validated in December 2007, covers the Corporate Investment Banking (CIB) portfolio, the French Retail Banking (FRB) portfolio, as well BP2S and part of Personal Finance. Convergence projects are currently in progress with a view to harmonising methods, processes and systems in the scope resulting from the acquisition of BNP Paribas Fortis and BGL BNP Paribas.

Corporate model

The IRBA for the Corporate book (i.e. institutions, corporates, specialised financing and sovereigns) is based on a consistent rating procedure in which GRM has the final say as regards the rating assigned to the counterparty and the recovery rate assigned to transactions. Credit conversion factors (CCF) are assigned according to counterparty and transaction type.



The generic process for assigning a rating to each segment of the Corporate book is as follows:

- For corporates and structured financing, an analysis is carried out by the unit proposing the rating and a global recovery rate to the Credit Committee, using the rating models and tools developed by GRM. The rating and global recovery rate are validated or revised by the GRM representative during the Credit Committee meeting. The Committee decides whether or not to grant or renew a loan and if applicable reviews the counterparty rating at least once a year.
- For banks, the analysis is carried out by analysts in the risk management function. Counterparty ratings and global recovery rates are determined during review committees by geographical area to ensure comparability between similar banks.
- For sovereigns, the ratings are proposed by the Economic Research Department and approved at Country Committee meetings which take place several times a year. The committee comprises members of Executive Management, the Risk Management Department and the business lines.
- For medium-sized companies, a score is assigned by the business line's credit analysts and GRM has the final say.
- For each of these sub-portfolios, the risk parameters are measured using a model certified and validated by the GRM teams, based mainly on an analysis of the Bank's historical data. The model is supported as far as possible by tools available through a network to ensure consistent use. However, expert judgment is also a fundamental factor. Each rating and recovery rate is subject to an opinion which may differ from the results of the model, provided it can be justified.

The method of measuring risk parameters is based on a set of common principles, and particularly the "two pairs of eyes" principle which requires at least two people, one of whom has no commercial involvement, to give their opinion on each counterparty rating and each transaction global recovery rate (GRR).

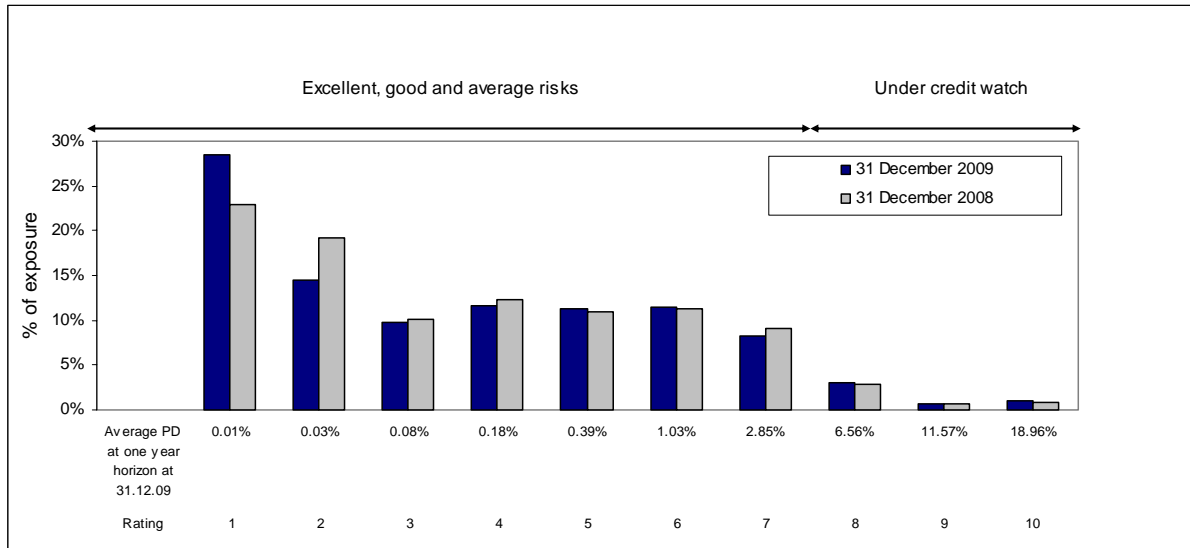
The same definition of default is used consistently throughout the Group.

The chart below shows a breakdown by credit rating of performing loans and commitments in the Corporate book (asset classes: corporates, central governments and central banks, institutions) for all the Group's business lines, measured using the internal ratings-based approach. This exposure represents EUR 696 billion of the gross credit risk at 31 December 2009 compared with EUR 491 billion at 31 December 2008.

The majority of commitments are towards borrowers rated as good even excellent quality, reflecting the heavy weighting of large multinational groups and financial institutions in the Bank's client base. A significant proportion of commitments to non-investment grade borrowers are highly structured or secured by high quality guarantees implying a high recovery rate in the event of default. They include export financing covered by export credit insurance written by international agencies, project finance, structured finance and transaction financing.



Breakdown of IRBA Corporate* exposures by credit rating



*The "Corporate" book shown in the chart above includes corporates, central governments and central banks, and institutions.

The breakdown of Corporate exposures in the IRBA scope remains globally steady in 2009, with the exception of exposures rated 1 and 2. The growth in exposures rated 1 is due to an increase in central government and central bank exposures coupled with the integration of the BNP Paribas Fortis and BGL BNP Paribas portfolios.

The relative decrease in exposures rated 2 compared with the Group's total portfolio is due mainly to integration of these portfolios.

Retail banking operations:

Retail banking operations are carried out either by the BNP Paribas network of branches in France, or by certain subsidiaries and notably Personal Finance, or by the Fortis Group entities acquired by BNP Paribas through their branch network in Belgium and Luxembourg.

The Standard Ratings Policy for Retail Operations [SRPRO] provides a framework allowing Group core businesses and risk management departments to assess, prioritise and monitor credit risks consistently. This policy is used for transactions presenting a high degree of granularity, small unit volumes and a standard risk profile. Borrowers are assigned scores in accordance with the policy, which sets out:

- standard internal ratings-based principles, underlining the importance of a watertight process and its ability to adapt to changes in the credit environment;
- principles for defining homogeneous pools of credit risk exposures;
- principles relative to credit models, particularly the need to develop discriminating and understandable models, and to model or observe risk indicators downstream in order to calibrate exposures. Risk indicators must be quantified based on historical data covering a minimum period of five years, and in-depth, representative sampling. All models must be documented in detail.

The majority of FRB's retail borrowers are assigned a behavioural score which serves as a basis to determine the probability of default and, for each transaction, the global recovery rate (GRR) and exposure at default (EAD). These parameters are calculated monthly on the basis of the latest available information. They are drilled down into different scores and made available to the commercial function, which has no involvement in determining risk parameters. These methods are used consistently for all retail banking customers.

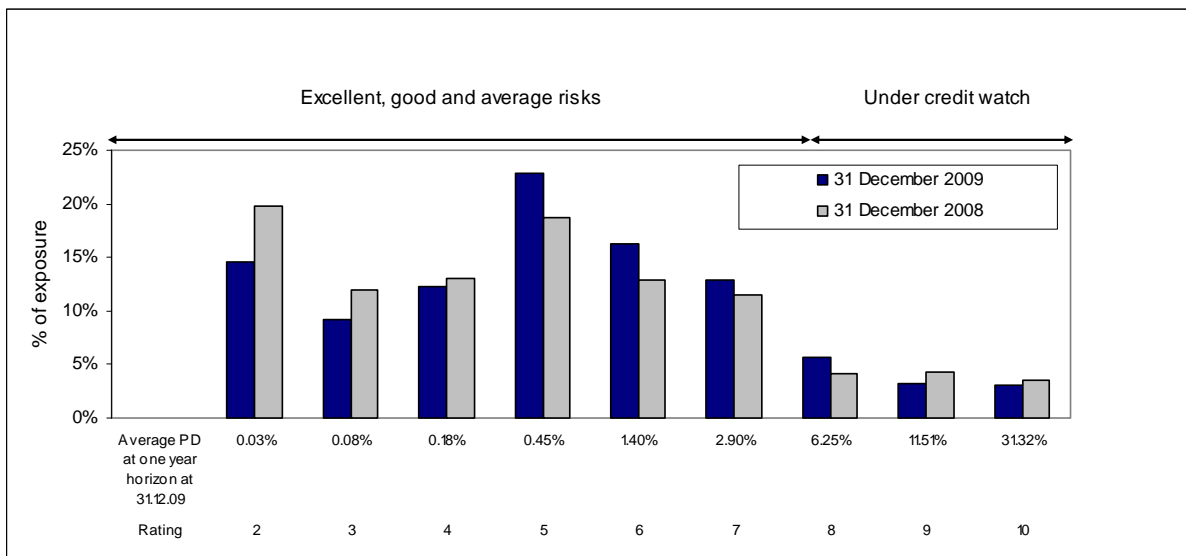


For the portion of the Personal Finance book eligible for the IRBA, the risk parameters are determined by the Risk Management Department on a statistical basis according to customer type and relationship history.

Scoring techniques are used to assign retail customers to risk groups presenting the same default risk characteristics. This also applies to the other credit risk inputs: Exposure at Default (EAD) and Loss Given Default (LGD).

The chart below shows a breakdown by credit rating of performing loans and commitments in the retail book for all the Group's business lines, measured using the internal ratings-based approach. This exposure represents EUR 177 billion of the gross credit risk at 31 December 2009 compared with EUR 116 billion at 31 December 2008.

Breakdown of IRBA Retail exposures by credit rating



Compared with 31 December 2008, the increase in the proportion of exposures rated 5 and 7 relative to those rated 2 and 3 is mainly due to the structure of the retail portfolio of the Fortis Group entities acquired by BNP Paribas.

- Standardised approach

For exposures in the standardised approach, BNP Paribas uses the external ratings assigned by Standard & Poor's, Moody's and Fitch Ratings. These ratings are mapped into equivalent credit quality levels as required by the Basel II framework in accordance with the instructions issued by the French banking supervisor (Commission Bancaire).

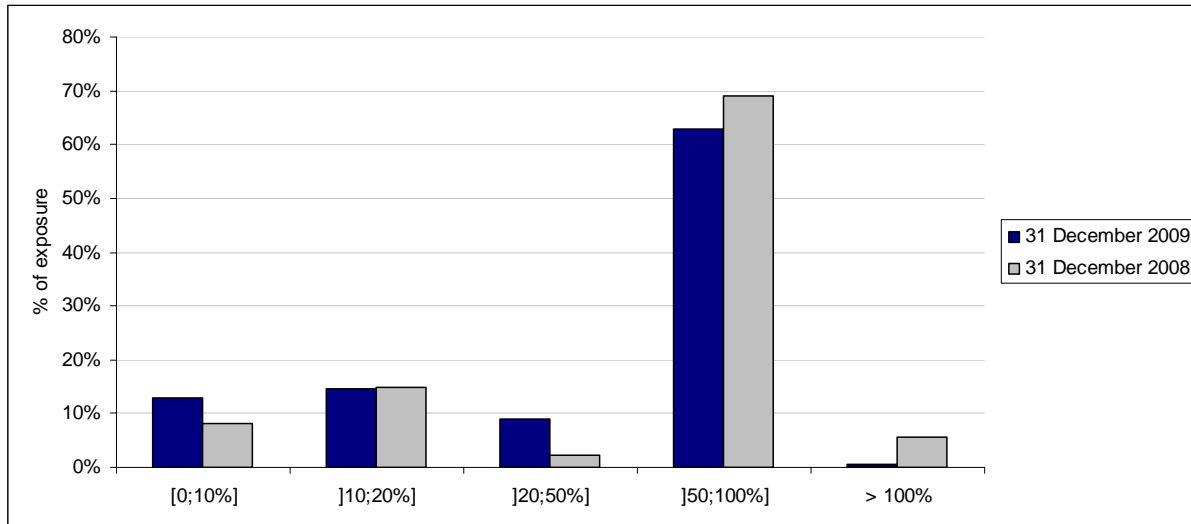
When there is no directly applicable external rating, the issuer's senior unsecured rating may, if available, be obtained from external databases and used for risk-weighting purposes in some cases.

This exposure represents 30% of the BNP Paribas Group's total gross exposure. The main entities using the standardised approach at 31 December 2009 are BNL, BancWest, Cetelem excluding France, UCB, BPLG, TEB, UkrSibbank, the emerging country subsidiaries of both BNP Paribas and BNP Paribas Fortis, and Banque de la Poste.

The chart below shows a breakdown by credit rating of performing loans and commitments in the Corporate book (exposure classes: corporates, central governments and central banks, institutions) for all the Group's business lines, measured using the standardised approach. This exposure represents EUR 203 billion of the gross credit risk at 31 December 2009 compared with EUR 176 billion at 31 December 2008.



Breakdown of Corporate (*) exposure by weighting in the standardised approach



* The "Corporate" book shown in the chart above includes corporates, central governments and central banks, and institutions

The consolidation of the Fortis Group entities acquired by BNP Paribas did not lead to any material shift in this portfolio.



Loans with past-due instalments, whether impaired or not, and related collateral or other security

The following table presents, for the accounting scope, the carrying amounts of financial assets that are past due but not impaired (by age of past due), impaired assets and related collateral or other security. The amounts shown are stated before any provision on a portfolio basis.

In millions of euros	31 December 2009								
	Maturities of unimpaired past-due loans					Impaired assets and commitments covered by provisions	Total loans and commitments	Collateral received in respect of unimpaired past-due loans	Collateral received in respect of impaired assets
	Total	Up to 90 days	Between 90 days and 180 days	Between 180 days and 1 year	More than 1 year				
Financial assets at fair value through profit or loss (excl. variable-income securities)	4				4		4		
Available-for-sale financial assets (excl. variable-income securities)	18	18				143	161		
Loans and receivables due from credit institutions	358	330	5	8	15	973	1,331	52	291
Loans and receivables due from customers	15,122	14,362	573	107	80	18,983	34,105	9,425	10,652
Past-due assets, net of individual impairment provisions	15,502	14,710	578	115	99	20,099	35,601	9,477	10,943
Financing commitments given						1,129	1,129		790
Guarantee commitments given						461	461		85
Off-balance sheet non-performing commitments, net of provisions						1,590	1,590	-	875
Total	15,502	14,710	578	115	99	21,689	37,191	9,477	11,818

In millions of euros	31 December 2008								
	Maturities of unimpaired past-due loans					Impaired assets and commitments covered by provisions	Total loans and commitments	Collateral received in respect of unimpaired past-due loans	Collateral received in respect of impaired assets
	Total	Up to 90 days	Between 90 days and 180 days	Between 180 days and 1 year	More than 1 year				
Financial assets at fair value through profit or loss (excl. variable-income securities)	18	15	-	-	3	-	18	-	-
Available-for-sale financial assets (excl. variable-income securities)	1	1	-	-	-	114	115		4
Loans and receivables due from credit institutions	137	87	2	18	30	33	170	18	1
Loans and receivables due from customers	9,518	8,796	547	94	81	8,407	17,925	5,550	3,945
Past-due assets, net of individual impairment provisions	9,674	8,899	549	112	114	8,554	18,228	5,568	3,950
Financing commitments given						223	223		10
Guarantee commitments given						460	460		67
Off-balance sheet non-performing commitments, net of provisions						683	683	-	77
Total	9,674	8,899	549	112	114	9,237	18,911	5,568	4,027

The amounts shown for collateral and other security correspond to the lower of the value of the collateral or other security and the value of the secured assets.

**COUNTERPARTY RISK**

BNP Paribas is exposed to counterparty risk on its capital markets transactions. This risk is managed through the widespread use of standard close-out netting and collateral agreements and through a dynamic hedging policy. Changes in the value of the Bank's exposure are taken into account in the measurement of over-the-counter financial instruments through a credit adjustment process.

- **Netting agreements**

Netting is a technique used by the Bank to mitigate counterparty risks on derivatives transactions. The Bank primarily uses close-out netting, which enables it to close out all positions at current market value in the event of default by the counterparty. All amounts due to and from the counterparty are then netted, to arrive at the net amount payable or receivable. The net amount may be secured by collateral in the form of cash, securities or deposits.

The Bank also uses bilateral payment flow netting to mitigate counterparty risk on foreign currency payments. Bilateral payment flow netting consists of replacing payment streams in a given currency by a cumulative balance due to or from each party, representing a single net sum in each currency to be settled on a given day between the Bank and the counterparty.

The transactions are executed according to the terms of bilateral or multilateral master agreements that comply with the general provisions of national or international master agreements. The main bilateral agreement models used are those of the Fédération Bancaire Française (FBF), or those of the International Swaps and Derivatives Association (ISDA) for international agreements). The BNP Paribas Group also participates in EchoNetting, enabling it to use multilateral netting for transactions with other participants within the organisation.

- **Measurement of exposure**

Exposure at Default (EAD) for counterparty risk is measured using an internal assessment procedure which is subsequently integrated within the credit risk assessment tool. This tool has been used by the Group for the past ten years and is updated on an ongoing basis. It is based on Monte Carlo simulations which allow analysts to identify likely movements in exposure amounts. The stochastic processes used are sensitive to parameters (including volatility and correlation) calibrated on historical market data. Potential future exposures to counterparty risk are captured using ValRisk, an internal model allowing to simulate several thousand possible market trend scenarii and revalue transactions carried out with each counterparty at several hundred future points in time (from 1 day to more than 30 years for very long-term transactions). Changes in exposure amounts are calculated up to the maturity of the corresponding transactions. To aggregate transactions on each counterparty, ValRisk takes into account the legal jurisdiction in which each counterparty operates, and any netting or margin call agreements.

Counterparty risk exposures fluctuate significantly over time due to constant changes in the market parameters affecting the value of the underlying transactions. Accordingly, any assessment of counterparty risk must consider possible future changes in the value of these transactions as well as their present value.

For counterparty risk exposures in the BNP Paribas Fortis and BGL BNP Paribas books which have not migrated to BNP Paribas systems, the value at risk is not calculated on the basis of an internal model.

- **Monitoring and control of Counterparty Risk**

Every day, potential future exposures calculated by ValRisk are checked against the approved limits per counterparty. ValRisk allows analysts to simulate new transactions and measure their impact on the counterparty portfolio, making it an essential tool in the risk approval process. Limits are set by the following committees (in increasing order of authority) : Regional Credit Committee, Global Credit Committee and General Management Credit Committee, according to their level of delegated authority.



- Credit adjustments to over-the-counter financial instruments

The fair values of financial instruments traded over-the-counter by the Fixed Income and Global Equity & Commodity Derivatives units include credit value adjustments. A credit value adjustment (CVA) is an adjustment to the value of the trading book to take account of counterparty risk. It reflects the expected fair value loss on the existing exposure to a counterparty due to the potential positive value of the contract, the probability of default, migration of credit quality and the estimated global recovery rate.

- Dynamic counterparty risk management

The CVA varies according to changes in the existing exposure and in the prices quoted for the counterparty's credit risk, which may be reflected in particular in the credit default swap (CDS) spread variations used to calculate the probability of default.

To reduce the risk resulting from a deterioration in the inherent credit quality of a portfolio of financial instruments, BNP Paribas may use a dynamic hedging strategy based on the purchase of market instruments such as credit derivatives.

SECURITISATION

The BNP Paribas Group is involved in securitisation transactions as originator, sponsor and investor as defined by Basel II.

The securitisation transactions described below are those defined in the CRD and described in Title V of the decree of 20 February 2007. They are transactions in which the credit risk inherent in a pool of exposures is divided into tranches. The main features of these securitisation transactions are:

- there is a significant transfer of risk;
- payments made depend upon the performance of the underlying exposures;
- subordination of the tranches as defined by the transaction determines the distribution of losses during the risk transfer period.

As required by the CRD, assets securitised as part of proprietary securitisation transactions that meet Basel II eligibility criteria, particularly in terms of significant risk transfer, are excluded from the regulatory capital calculation. Only BNP Paribas' positions in the securitisation vehicle, and any commitment subsequently granted to the securitisation vehicle, are included in the capital requirement calculation using the external ratings-based approach.

Proprietary securitisation exposures that do not meet the Basel II eligibility criteria remain in the portfolio to which they were initially assigned. The capital requirement is calculated as if they had not been securitised and is included in the section on credit risk.

Consequently, the securitisation transactions discussed below only cover those originated by the Group deemed to be efficient under Basel II, those arranged by the Group in which it has retained positions, and those originated by other parties in which the Group has invested.



The Group's activities in each of these roles are described below:

In millions of euros	31 December 2009		31 December 2008		
	BNP Paribas role	Securitisation exposures originated by BNP Paribas (1)	Securitisation positions held or acquired (EAD) (2)	Securitisation exposures originated by BNP Paribas (1)	Securitisation positions held or acquired (EAD) (2)
Originator		18,219	5,433	4,831	357
Sponsor		548	18,289	35	17,132
Investor		0	28,354	0	13,422
Total		18,767	52,076	4,866	30,911

(1) Securitisation exposures originated by the Group correspond to the underlying exposures recognised on the Group's balance sheet which have been securitised.

(2) 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 under Basel II)

As part of the day-to-day management of liquidity, the Group's least liquid assets may be swiftly transformed into liquid assets by securitising loans (mortgages and consumer loans) granted to retail banking customers, as well as loans granted to corporate customers.

Several securitisation transactions were carried out in 2009 by BNP Paribas subsidiaries, Personal Finance in France, BNL in Italy, UCI in Spain and BNP Paribas Fortis in Belgium. The total amount securitised was EUR 16.7 billion. All these transactions have been retained by the subsidiaries concerned.

Given the weak market appetite for securitisation products since August 2007, the Group's strategy as regards securitising its retail loans has been to carry out proprietary transactions that may serve as collateral for refinancing operations.

In 2009, 35 transactions were carried out representing a total Group exposure of EUR 55.4 billion, including EUR 12.6 billion for Personal Finance, EUR 0.6 billion for Equipment Solutions, EUR 11.7 billion for BNL and EUR 30.5 billion for BNP Paribas Fortis. Only five of these transactions, representing a total securitised exposure of EUR 4.4 billion, have been excluded from the calculation of Basel II credit risk-weighted assets, as shown in the table above. Securitisation positions retained in these transactions amount to EUR 0.7 billion at 31 December 2009 compared with EUR 0.4 billion at 31 December 2008.

When BNP Paribas acquired the Fortis Group entities, the riskiest portion of their structured asset portfolio was sold to a dedicated SPV. The SPV's securitised exposures amount to EUR 12.1 billion. The Group retained a EUR 4.1 billion securitisation exposures in the SPV including EUR 0.2 billion of the equity tranche, EUR 0.5 billion of the senior tranche and EUR 3.4 billion of the super senior tranche.

The exposures retained in securitisation transactions originated by BNP Paribas and the Fortis Group entities acquired by BNP Paribas amount to an additional EUR 0.6 billion.

- Securitisation as sponsor on behalf of clients

CIB Fixed Income carries out securitisation programmes on behalf of its customers. Under these programmes, liquidity facilities and, where appropriate, guarantees are granted to special purpose entities. Special purpose entities over which the Group does not exercise control are not consolidated.

Short-term refinancing: at 31 December 2009, six non-consolidated multiseller conduits (Eliopée, Thésée, Starbird, J Bird, J Bird 2 and Matchpoint) were managed by the Group on behalf of customers. These entities are refinanced on the local short-term commercial paper market. The Group has issued letters of credit guaranteeing the secondary default risk on securitised receivables managed for clients



by these entities up to an amount of EUR 0.4 billion (EUR 0.7 billion at 31 December 2008) and has granted liquidity facilities to these entities. In a climate of financial crisis and risk management, CIB Fixed Income has scaled back its international securitisation business and the liquidity facilities granted to these six conduits decreased from EUR 15.2 billion at 31 December 2008 to EUR 11.1 billion at 31 December 2009).

Medium/long-term refinancing:

In Europe and Northern America, the BNP Paribas Group's structuring ability remained intact and it was therefore able to continue providing securitisation solutions to its clients, based on products better geared to current conditions in terms of risk and liquidity. These products are sometimes accompanied by specific banking facilities such as bridge financing, senior loans and cash facilities. Liquidity facilities are also granted to non consolidated funds, arranged by the Group, for receiving securitised customers assets (these funds are not managed by the Bank). The total of these facilities amounts to EUR 1.3 billion at 31 December 2009 compared with EUR 1.9 billion at 31 December 2008.

Some of the Fortis Group entities acquired by BNP Paribas have also granted liquidity facilities to the Scaldis multiseller conduit, totalling EUR 5.8 billion at 31 December 2009.

During 2009, BNP Paribas Structured Finance continued to manage CLO conduits on behalf of clients but did not originate any new European CLO packages during the year in view of market conditions. Securitisation positions retained amounted to EUR 24 million at 31 December 2009.

- **Securitisation as investor**

The Group's business in securitisation as investor is mainly carried out by Fortis, CIB, Investment Solutions and BancWest.

BNP Paribas Fortis structured credit portfolio amounts to EUR 18.5 billion. This portfolio carries guarantee by the Belgian State on the second level of loss. Beyond a first tranche of final loss, against the notional value of 3,5 billion euros largely provisioned in the purchase accounting, the Belgian State guarantees on demand a second loss tranche up to 1,5 billion euros.

CIB Fixed Income is responsible for monitoring and managing the portfolio of ABS (either held or covered by CDOs), which represented a total of EUR 4.8 billion of ABS at 31 December 2009 compared with EUR 5.9 billion at 31 December 2008. It also manages liquidity facilities granted by banking syndicates to ABCP conduits managed by a number of major international industrial groups - clients of BNP Paribas - representing a total of EUR 0.5 billion at 31 December 2009 compared with EUR 1.3 billion at 31 December 2008.

CIB Loan & Portfolio Management (LPM) did not set up any new transactions during 2009. At 31 December 2009, the portfolio managed by LPM had shrunk to EUR 79 million from EUR 148 million at 31 December 2008 following the sale of some programmes.

In 2009, Investment Solutions invested a total of EUR 600 millions in securitisation programmes, mainly during the first quarter. These investments were made in strict compliance with the Group's risk management rules and totalled EUR 3.1 billion at 31 December 2009. Meanwhile, repayments and disposals reduced exposure from EUR 3.1 billion at 31 December 2008 to EUR 3 billion at 31 December 2009.

BancWest invests exclusively in securitisation positions in listed securities as a core component of its refinancing and own funds investment policy. At 31 December 2009, its exposure amounted to EUR 1.6 billion compared with EUR 2.1 billion at 31 December 2008.

- **Securitisation risk management**

Securitisation transactions arranged by BNP Paribas on behalf of clients are highly technical and specific in nature. They are therefore subject to a specific risk management system:

- independent analysis and monitoring by dedicated teams within the Risk Department;
- specific processes (with specific committees, approval procedures, credit and rating policies) to ensure a consistent, tailored approach.



Given the crisis in the securitisation market since 2007 and the size of the portfolio, especially since the consolidation of BNP Paribas Fortis securitisation exposures, this system has also been strengthened by:

- a crisis reporting procedure (at least quarterly through Capital Market Risk Committees, CCIRC and Corporate Communication via reports recommended by the Financial Stability Forum);
- creation of a dedicated ABS unit in the Risk Department to coordinate the independent review and monitoring of ABS related risks;
- centralisation of ABS valuation issues in a specialised dedicated unit on behalf of all businesses;
- a dedicated Debtors Committee to review trends in ABS related provisions on a quarterly basis.



4.e MARKET RISK

MARKET RISK RELATED TO FINANCIAL INSTRUMENTS

- Definitions

Market risk is the risk of incurring a loss due to adverse changes in prices or market parameters, whether directly observable or not. Market risks arise mainly from trading book transactions carried out by the Fixed Income and Equity teams with Corporate Investment Banking. The parameters are as follows:

- Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.
- Currency risk is the risk that the value of an instrument will fluctuate due to changes in foreign exchange rates.
- Equity risk arises from changes in the market prices and volatilities of equities and changes in the prices of equity indices.
- Commodities risk arises from changes in the market prices and volatilities of commodities and changes in the prices of commodities indices;
- Credit spread risk arises from the change in the credit quality of an issuer and is reflected in changes in the cost of purchasing protection on that issuer.
- Options give rise to an intrinsic volatility and correlation risk, whose parameters can be determined from observable prices of options traded in an active market.

- Governance

The market risk management system aims to track and control market risks whilst ensuring that the control functions remain totally independent from the business lines.

The system is structured around several committees:

- The Capital Markets Risk Committee (CMRC) is the main committee governing the risks related to capital markets. It is responsible for addressing, in a coherent manner, the issues related to market and counterparty risk. The CMRC sets the aggregate trading limits, outlines risk approval procedures, and reviews loss statements and hypothetical losses estimated on the basis of stress tests. It meets twice a year and is chaired by the Group CEO. Other meetings may also be chaired by one of the Bank's two COOs.
- The Product and Financial Control Committee (PFCC) meets quarterly to review valuation issues and take any requisite decisions, such as validating master procedures. It is chaired by the Bank's CFO and other members include the Chief Risk Officer (CRO), head of CIB and other representatives of Group Development and Finance and the Risk Department.
- At business unit level, the Valuation Review Committee (VRC) meets monthly to examine and approve the results of MAP Reviews and any changes in reserves. The committee is chaired by the Senior Trader and other members include representatives from trading, GRM, Group Product Control, and Group Development and Finance. The Valuation Review Committee also acts as the referee in any disagreements between trading and control functions.
- Created in 2009, the Valuation Methodology Committee (VMC) meets quarterly to monitor approvals and review models.



- Limit setting and tracking

Responsibility for setting and tracking limits is delegated to three levels, which are, in order, the CMRC, the Head of the Business Line and the Head of Trading.

Limits may be changed either temporarily or permanently, authorised in accordance with the level of delegation and the prevailing procedures.

GRM's responsibility in terms of market risk management is to define, measure and analyse sensitivities and risk factors, and to measure and control Value at Risk (VaR), which is the global indicator of potential losses. GRM ensures that all business activity complies with the limits approved by the various committees. In this respect, it also approves new activities and major transactions, reviews and approves position valuation models and conducts a monthly review of market parameters (MAP review) in association with Group Product Control (GPC).

GRM reports to Executive Management and business lines Senior Management on its risk analysis work.

The Group uses an integrated system called Market Risk eXplorer (MRX) to follow the trading positions on a daily basis and manage VaR calculations. MRX not only tracks VaR, but also detailed positions and sensitivities to market parameters based on various simultaneous criteria (currency, product, counterparty, etc.). MRX is also configured to include trading limits, reserves and stress tests.

- Control processes

Since 2007 the Group has enhanced its portfolio valuation controls by forming a Group Product Control team. This team works under a charter outlining its responsibilities (towards GRM, Group Development and Finance, the front-office, IT, and Operations) in terms of financial instrument valuations, gains or losses on capital market activities, and control processes.

The team's main areas of involvement are:

- Transaction accounting;
- Market Parameter (MAP) Reviews (monthly reviews of book valuations);
- Model reviews; and
- Reserve calculations.

The procedures for these controls are discussed below.

- Transaction accounting controls

Operations (middle-office) is responsible for controlling the transaction accounting process, although GRM checks the process for more structured transactions requiring special attention.

- Market Parameter (MAP) Review

GRM and Group Product Control are jointly responsible for MAP Review. This review entails a formal verification of all market parameters and are generally performed monthly; the more liquid parameters are reviewed daily. Group Product Control checks the parameters where processes can be automated, while GRM checks the risk and market parameters requiring an in-depth analysis and an informed opinion. The information used for MAP Reviews is obtained from brokers and suppliers of consensus market prices.

The MAP Review methodology is outlined in separate procedures for each major product line, which also set out the responsibilities of GRM and Group Product Control. All MAP Review conclusions are documented, and the corresponding adjustments are made in the middle-office books. MAP Review results are presented to business managers during Valuation Review Committee meetings.



- Models review

The front-office quantitative analysts are mainly responsible for proposing new methodologies aiming to improve product valuation and risk calculation. The Research and IT teams then put them into practice.

GRM is responsible for controlling and analysing these models. The main review processes are as follows:

- Model approval, which consists of performing a formal review when changes are made to a model's methodology ("model event"). The approval process may be swift or it may be comprehensive, in which case the results of the review are documented in a Model Approval Report explaining the basis of and conditions for the approval.
- Model testing, designed to test a model's quality and robustness. Other models may be used for calibration and comparison. The results of the testing are documented.
- Product/model mapping, a process that examines whether pricing models are suited to their products and being used properly within the system, including checking the necessary configurations.

- Reserve calculations

GRM defines and calculates "reserves", which correspond to fair value adjustments and are accounted for as deductions from earnings. Reserves can be considered, depending on the case, either as the price for closing a position or as a premium for a risk that cannot be diversified or hedged.

Reserves mainly cover:

- Liquidity risk and bid/offer spreads;
- Uncertainty and modelling risk.

The reserve mechanisms are documented in detail and GRM is responsible for implementing them. Reserves for uncertainty and modelling risk are compatible with the "prudent valuation" regulatory approach but may not always be strictly in line with accounting standards such as penalties for large positions. In this case, the reserves are eliminated from the financial statements.

The methodology for calculating reserves is regularly reviewed and improved as part of the MAP and models review processes.

- Day-one-profit

Some structured transactions require the use of parameters considered unobservable, which means that the day-one profit cannot be recognised under IAS 39.

GRM works with Group Development and Finance, middle-offices, and business units to calculate the day-one profit, and most notably performs the following:

- Determines whether a parameter is observable;
- Documents evidence of observability; and
- Determines whether a transaction is observable whenever this determination cannot be performed by the middle-office's automated processes.

The middle-office calculates the necessary adjustments to the day-one profit and checks the observability criteria of each transaction.

Risk reports and information for Executive Management

The Global Risk Analysis and Reporting team is responsible for generating risk reports.



- Regular risk reports

The following risk reports are generated on a regular basis:

- Weekly "Main Position" reports for each business line (equity derivatives, commodities, credit, and interest rate and currency derivatives), summarising all positions and highlighting items needing particular attention; these reports are sent to business line managers;
 - Bimonthly "Over €15m at Risk" reports sent to Executive Management;
 - "CMRC Events Summary" reports used as a basis for discussions during CMRC meetings;
 - "Position Highlights" reports focusing on specific issues; and
 - Geographical dashboards such as "UK Risk Dashboard" reports.
- Measurement of market risk
Market risk is measured using three types of indicator (sensitivities, VaR and stress tests), which aim to capture all risks.

Analysis of sensitivities to market parameters

Market risk is first analysed by systematically measuring portfolio sensitivity to various market parameters. The information thus obtained is used to set tolerance ranges for maturities and option strike prices. The results of these sensitivity analyses are compiled at various aggregate position levels and compared with market limits.

Measurement of market risk under normal market conditions: VAR

VaR is calculated using an internal model. It estimates the potential loss on a trading portfolio under normal market conditions over one trading day, based on changes in the market over the previous 260 days with a confidence level of 99%. The model has been approved by the banking supervisor and takes into account of all usual risk factors (interest rates, credit spreads, exchange rates, equity prices, commodities prices, and associated volatilities), as well as the correlation between these factors in order to include the effects of diversification. It also takes into account of specific credit risk.

The algorithms, methodologies and sets of indicators are reviewed and improved regularly to take into account of growing market complexity and product sophistication.

For the scope comprising the Fortis Group entities acquired by BNP Paribas, market risk is also measured using the global VaR indicator. The methodology has been approved by the Belgian banking supervisor and is similar to that used by the Group, apart from a few slight methodological differences.

Measurement of market risk under extreme market conditions

The Group performs stress tests to simulate the impact of extreme market conditions on the value of trading portfolios. These conditions are reflected in the extreme stress scenarii and adjusted to reflect changes in the economic environment. GRM uses 15 stress test scenarii covering all market activities: fixed-income, currency, equity derivatives, commodities and treasury. These scenarii are presented to and reviewed by the CMRC on a monthly basis.

GRM may also outline specific scenarios to carefully manage some types of risks, most notably the more complex risks requiring a full revaluation rather than an estimate based on sensitivity indicators. The results of these stress tests may be presented to business line managers and stress test limits may be set.



Historical VaR (10 days, 99%) in 2009

The Values at Risk (VaRs) set out below are calculated from an internal model, which uses parameters that comply with the method recommended by the Basel Committee for determining estimated value at risk ("Supplement to the Capital Accord to Incorporate Market Risks"). They are based on a ten-day time horizon and a 99% confidence interval.

In 2009, total average VaR for the BNP Paribas scope excluding Fortis is EUR 188 million (with a minimum of EUR 107 million and a maximum of EUR 441 million), after taking into account the EUR 258 million netting effect between the different types of risks. These amounts break down as follows:

Value at risk (10 days - 99%): breakdown by risk type for the BNP Paribas scope excluding BNP Paribas Fortis

Type of risk	Year to 31 Dec. 2009			31 December 2009	Year to 31 Dec. 2008	31 December 2008
	Average	Minimum	Maximum		Average	
Interest rate risk	132	106	261	147	129	261
Credit risk	141	95	219	138	176	198
Currency risk (1)	44	14	84	35	42	69
Equity price risk	113	19	482	89	169	119
Commodity price risk	16	9	37	18	17	13
<i>Netting Effect</i>	<i>(258)</i>			<i>(235)</i>	<i>(255)</i>	<i>(357)</i>
Total Value at Risk	188	107	441	192	278	303

(1) The VaR for currency risk is outside the scope of Pillar I of Basel II

In 2009, total average VaR for the BNP Paribas Fortis scope is EUR 79 million (with a minimum of EUR 21 million and a maximum of EUR 163 million), after taking into account the EUR 23 million netting effect between the different types of risk. These amounts break down as follows:

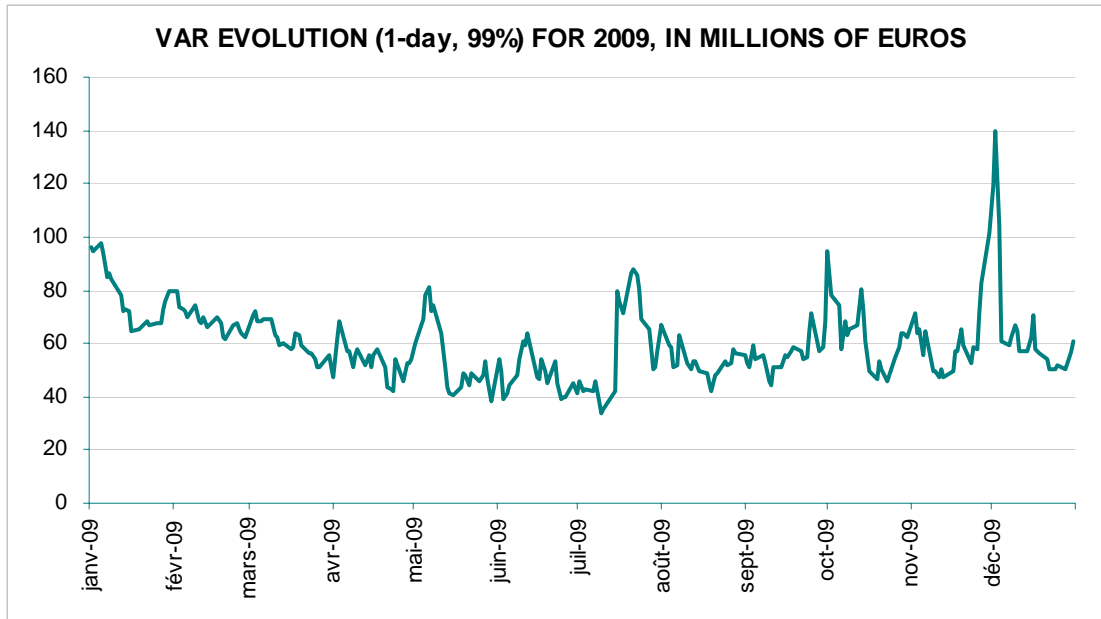
Value at risk (10 days - 99%): breakdown by risk type for the BNP Paribas Fortis scope

Type of risk	Year to 31 Dec. 2009			31 December 2009
	Average	Minimum	Maximum	
Interest rate risk	54	17	89	17
Credit risk				
Currency risk	9	4	20	6
Equity price risk	31	8	59	13
Commodity price risk	8	3	17	3
<i>Netting Effect</i>	<i>(23)</i>			<i>(15)</i>
Total Value at Risk	79	21	163	24



Risk exposure in 2009

Change in VaR (1 day, 99%) in millions of euros for the BNP Paribas scope excluding Fortis



GRM continuously tests the accuracy of its internal model through a variety of techniques, including a regular comparison over a long-term horizon between actual daily losses on capital market transactions and 1-day VaR.

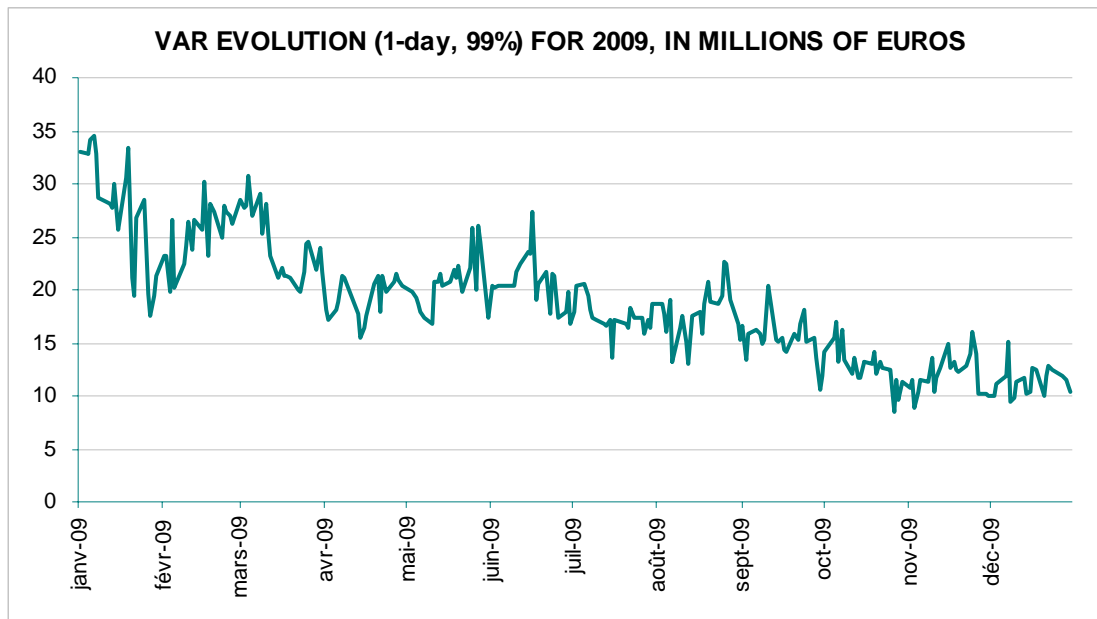
A 99% confidence level means that in theory the Bank should not incur daily losses in excess of VaR more than two or three days a year.

2009 saw a reduction in volatilities thanks to the various economic and financial support measures taken to overcome the 2008 crisis. VaR therefore declined. However, it rose sharply for a few days in early December, reaching EUR 139 million (1-day VaR) on 2 December 2009. This was due to a position in barrier options. After the sharp rise in the stock markets and indices in 2009, these options were close to maturity and their underlyings close to the barrier level, but the barriers were not ultimately triggered.

Daily losses did not exceed VaR in 2009 and have only exceeded VaR nine times in the past three years, in conditions of unprecedented shock and exceptionally high volatility in the financial markets.



Change in VaR (1-day, 99%) in millions of euros for the BNP Paribas Fortis scope



VaR has fallen considerably due to lower volatility in the market in 2009 and a number of positions reaching maturity. In addition, some portfolios were sold to BNP Paribas.

MARKET RISK RELATED TO BANKING ACTIVITIES

The market risk related to banking activities encompasses the risk of loss on equity holdings on the one hand, and the interest rate and currency risks stemming from banking intermediation activities on the other hand. Only the equity and currency risks give rise to a weighted assets calculation under Pillar 1. The interest rate risk falls under Pillar 2.

Interest rate and currency risks related to banking intermediation activities and investments mainly concern retail banking activities in domestic markets (France, Italy, Belgium and Luxembourg), the specialised financing and savings management subsidiaries, the CIB financing businesses, and investments made by the Group. These risks are managed by the ALM-Treasury Department.

At Group level, ALM-Treasury reports directly to one of the Chief Operating Officers. Group ALM-Treasury has functional authority over the ALM and Treasury staff of each subsidiary. Strategic decisions are made by the Asset and Liability Committee (ALCO), which oversees ALM-Treasury's activities. These committees have been set up at Group, division and operating entity level.

- Equity risk
- Scope

Equity interests held by the Group outside the trading book are securities that convey a residual, subordinated claim on the assets or income of the issuer or have a similar economic substance. They include:

- listed and unlisted equities and units in investment funds;
- options embedded in convertible and mandatory convertible bonds;
- equity options;



- super subordinated notes;
 - commitments given and hedges related to equity interests; and
 - interests in companies accounted for by the equity method.
- Modelling equity risk

For the BNP Paribas historical scope, the Group uses an internal model derived from the one used to calculate daily VaR on the trading book. However, it differs in terms of horizon and confidence interval, which are applied in accordance with article 59.1-c ii of the decree of 20 February 2007 issued by the Ministry of Economics, Finance and Industry. The model estimates the contribution of each equity exposure to the economic loss in the most extreme market conditions for the Bank, and then determines the level of losses actually incurred by the Bank.

Various types of risk factors are used to measure equity risk and they depend largely on the level of available or useable share price information.

- Share price is the risk factor used for listed equities with a sufficiently long historical track record.
- For other listed and unlisted equities, each is assigned an industry and country-specific systemic risk factor, plus an equity-specific risk factor.
- If the exposure is outside the eurozone, an exchange rate risk factor is also added.

The model has been validated by the banking supervisor for measuring the capital requirement for equity risk as part of the Basel II approval process.

Pending convergence, the approach used temporarily for the BNP Paribas Fortis and BGL BNP Paribas historical scope is that approved by the CBFA.

- Accounting principles and valuation methods

Accounting principles and valuation methods are set out in Note 1 – Summary of significant accounting policies applied by the BNP Paribas Group - 1.c.9 Determination of market value.

- Exposure* to equity risk

In millions of euros (Exposure *)	31 December 2009	31 December 2008
Internal model method	12,463	14,409
Listed equities	4,727	4,793
Other equity exposures (**)	5,114	6,596
Private equity in diversified portfolios	2,622	3,020
Simple risk weight method	1,273	
Listed equities	278	
Other equity exposures	416	
Private equity in diversified portfolios	579	
Standardised approach	1,777	350
TOTAL	15,513	14,759

(*) Fair value (on and off-balance sheet)

(**) Other equity exposures at 31 December 2008 include EUR 4,281 million of off-balance sheet exposure not included in this line in the published document on this date

The increase in exposures at 31 December 2009 includes the consolidation of positions held by BNP Paribas Fortis and BGL BNP Paribas, measured using the simple risk weight approach or standardised



approach. The market value of exposures measured using the internal model amounts to EUR 12.5 billion at 31 December 2009, down EUR 1.9 billion compared to 31 December 2008, due to the sale of a number of assets while the equity markets were rising sharply.

- Total gains and losses

Total gains and losses are set out in Note 5.c. – Available-for-sale financial assets.

- Currency risk (Pillar 1)

- Calculation of risk-weighted assets

Currency risk relates to all transactions whether part of the trading book or not. This risk is treated in the same way under both Basel I and Basel II.

Except for BNP Paribas Fortis Belgium's currency exposure, which is calculated using the BNP Paribas Fortis internal model approved by the CBFA, exposure to currency risk is now determined under the standardised approach, using the option provided by the banking supervisor to limit the scope to operational currency risk.

Group entities calculate their net position in each currency, including the euro. The net position is equal to the sum of all asset items less all liability items plus off-balance sheet items (including the net forward currency position and the net delta-based equivalent of the currency option book), less structural, non-current assets (long-term equity interests, property, plant and equipment, and intangible assets). These positions are converted into euros at the exchange rate prevailing on the reporting date and aggregated to give the Group's overall net open position in each currency. The net position in a given currency is long when assets exceed liabilities and short when liabilities exceed assets. For each Group entity, the net currency position is balanced in the relevant currency (i.e. its reporting currency) such that the sum of long positions equals the sum of short positions.

The rules for calculating the capital requirement for currency 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.
- Currency risk and hedging of earnings generated in foreign currencies

The Group's exposure to operational currency risks stems from the net earnings in currencies other than the euro. The Group's policy is to systematically hedge the variability of its earnings due to currency movements. Earnings generated locally in a currency other than the operation's functional currency are hedged locally. Net earnings generated by foreign subsidiaries and branches and positions relating to portfolio impairment are managed centrally.

- Currency risk and hedging of net investments in foreign operations

The Group's currency position on investments in foreign operations arises mainly on branch capital allocations and equity interests denominated in foreign currencies, financed by purchasing the currency in question.

Group policy is usually to borrow the investment currency in order to protect the investment against currency risk. Such borrowings are documented as hedges of net investments in foreign operations. However, for most of soft currencies, the investment may also be financed by purchasing the currency in question.



- Interest rate risk (Pillar 2)

- Interest rate risk management framework

Interest rate risk on the commercial transactions of the domestic retail banking (France, Italy, Belgium and Luxemburg) and international retail banking, the specialised financing subsidiaries, and the savings management business lines in the Investment Solutions and CIB's Corporate Banking divisions are managed centrally by ALM-Treasury through the client intermediation book. Interest rate risk on the Bank's equity and investments is also managed by ALM-Treasury, in the equity intermediation and investments book.

Transactions initiated by each BNP Paribas business line are transferred to ALM-Treasury via internal contracts booked in the management accounts or via loans and borrowings. ALM-Treasury is responsible for managing the interest rate risk inherent in these transactions.

The main decisions concerning positions arising from banking intermediation activities are taken at monthly or quarterly committee meetings for each business line. These meetings are attended by the management of the business line, ALM-Treasury, Group Development and Finance and GRM.

- Measurement of interest rate risk

Banking book interest rate gaps are measured, with embedded behavioural options translated into delta equivalents. Maturities of outstanding assets are determined based on the contractual characteristics of the transactions and historical customer behaviour. For retail banking products, behavioural models are based on historical data and econometric studies. The models deal with early repayments, current accounts in credit and debit and savings accounts. Theoretical maturities of equity capital are determined according to internal assumptions.

In the case of retail banking activities, structural interest rate risk is also measured on a going-concern basis, incorporating dynamic changes in balance sheet items, through an earnings sensitivity indicator. Due to the existence of partial or even zero correlations between customer interest rates and market rates, and the volume sensitivity caused by behavioural options, rotation of balance sheet items generates a structural sensitivity of revenues to interest rate changes. Lastly, for products with underlying behavioural options, a specific option risk indicator is analysed in order to fine-tune hedging strategies.

The choice of indicators and risk modelling, as well as the production of indicators, are controlled by independent Product Control teams and by dedicated Group Risk Management teams. The results of these controls are presented regularly to specialist committees and once a year to the Board of Directors.

These indicators are systematically presented to the ALM committees, and serve as the basis for hedging decisions taking into account the nature of the risk involved.

- Risk limits

For the customer banking intermediation books, overall interest rate risk for Retail Banking entities is subject to a primary limit, based on the sensitivity of revenues to changes in nominal and real interest rates and in the inflation rate over at least a three-year timeframe. The limit is based on annual revenues, in order to control uncertainty about future fluctuations in revenues caused by changes in interest rates. This limit is supplemented beyond the three-year timeframe by an interest rate gap limit, expressed as a percentage of customer deposits. This percentage is a declining function of the management period. This limit is used to manage long-term interest rate risk.

The specialised financing subsidiaries are exposed to very low levels of interest rate risk, considering the centralisation of risks at ALM-Treasury level. The residual risk is controlled by technical interest rate gap limits that are monitored by the ALM committee of the relevant business line.



- Sensitivity of the value of banking intermediation books

Since the books of financial instruments resulting from the Group's banking intermediation activities are not intended to be sold, they are not managed on the basis of their value. To comply with the financial reporting rules prescribed by IFRS, BNP Paribas determines the value of the financial instruments that make up these books (see Note 8.g) and the sensitivity of that value to interest rate fluctuations.

The table below shows the sensitivity of the value of consolidated banking intermediation books, by currency and by maturity band, to an instantaneous movement of one basis point across the entire yield curve. This analysis takes into account all future cash flows generated by transactions outstanding at the reporting date, irrespective of maturity. The sensitivity data shown take account of the replication portfolios and models used to generate theoretical maturities, especially on the Bank's equity.

The sensitivity of the value of banking intermediation books to an instantaneous change of one basis point in interest rates was an increase in value in the event of a fall and a decrease in value in the event of a rise of approximately EUR 117,000 at 31 December 2009, compared with EUR 3,629,000 at 31 December 2008.

Interest rate sensitivity of the value of the Group's customer banking and equity intermediation books:

In thousands of euros	31 December 2009					
	less than 3 months	3 to 12 months	1 to 3 years	3 to 5 years	more than 5 years	Total
EUR	235	(93)	(2,742)	1,265	3,776	2,441
USD	343	351	78	(239)	(3,527)	(2,994)
GBP	40	35	(50)	(13)	54	66
Other currencies	236	(148)	(271)	40	513	370
Total	854	145	(2,985)	1,053	816	(117)

In thousands of euros	31 December 2008					
	less than 3 months	3 to 12 months	1 to 3 years	3 to 5 years	more than 5 years	Total
EUR	(20)	(445)	(833)	(1,098)	2,128	(268)
USD	33	57	1,125	(693)	(3,825)	(3,303)
GBP	(1)	7	5	2	11	24
Other currencies	13	(41)	(148)	(69)	163	(82)
Total	25	(422)	149	(1,858)	(1,523)	(3,629)

- Hedging of interest rate and currency risks

Hedging relationships initiated by the Group mainly consist of interest rate or currency hedges in the form of swaps, options, forwards or futures.

Depending on the hedging objective, derivative financial instruments used for hedging purposes are qualified as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Each hedging relationship is formally documented at inception. The documentation describes the hedging strategy; identifies the hedged item and the hedging instrument, and the nature of the hedged risk; and describes the methodology used to test the expected (prospective) and actual (retrospective) effectiveness of the hedge.

- Interest rate risk in the banking book

The Bank's strategy for managing global interest rate risk is based on closely monitoring the sensitivity of the Bank's earnings to changes in interest rates. In this way, it can determine how to achieve an optimum level of offset between different risks. This procedure requires an extremely accurate assessment of the risks incurred so that the Bank can determine the most appropriate hedging strategy, after taking into account the effects of netting the different types of risk.



These hedging strategies are defined and implemented for each portfolio - customer activities and own funds - and currency.

In 2009, despite the impact of the crisis, fixed-rate customer loan origination continued to grow faster than fixed-rate deposits or was not especially correlated with market rates in most retail banking units, particularly France and Italy. Belgium, by contrast, saw strong inflows of customer deposits, recapturing the market share lost in 2008. In France, there was a shift in the savings product mix, with a decrease in term deposits and an increase in savings accounts (due to the greater availability of the Livret A tax-efficient passbook account) and non-intermediated savings.

The market environment in 2009 was marked by a sharp steepening of the euro and dollar yield curves following the decrease in short-term interest rates and a return to more normal swap spreads on the shorter maturities. This was due both to massive central bank intervention designed to provide the market with liquidity and to uncertainty over the post-crisis outlook in terms of both growth and inflation.

The hedges put in place by the Bank in 2009 are based mainly on a fixed-rate borrowing strategy. They include derivatives and options typically accounted for as fair value hedges or cash flow hedges. Government securities are mostly recorded in the "Available for sale" category.

No hedging relationship was disqualified from hedge accounting in 2009.

- Structural currency risk

Currency hedges are contracted by the ALM department in respect of the Group's investments in foreign currencies and its future foreign currency revenues. Each hedging relationship is formally documented at inception. The documentation describes the hedging strategy, identifies the hedged item and the hedging instrument, and the nature of the hedged risk and describes the methodology used to test the expected (prospective) and actual (retrospective) effectiveness of the hedge.

A hedging relationship is applied and documented for investments financed by foreign currency loans so that impacts of movements in exchange rates can be recorded in a symmetrical fashion and have no impact on the profit and loss account. These instruments are designated as net investment hedges.

A similar hedging relationship is set up to hedge the currency risk on net foreign currency assets of consolidated branches and subsidiaries. Fair value hedges are used to hedge the currency risk on equity investments in non-consolidated companies. No hedging relationship was disqualified from hedge accounting in 2009.

The Group hedges the variability of components of BNP Paribas' earnings, in particular the highly-probable future revenue streams (mainly interest income and fees) denominated in currencies other than the euro generated by the Group's main businesses, subsidiaries or branches.

In 2008, only one hedge of forecast transactions was disqualified on the grounds that the related future event was no longer highly probable.

- Hedging of financial instruments recognised in the balance sheet (fair value hedges)

Fair value hedges of interest rate risks relate either to identified fixed-rate assets or liabilities, or to portfolios of fixed-rate assets or liabilities. Derivatives are contracted to reduce the exposure of the fair value of these instruments to changes in interest rates.

Identified assets consist mainly of available-for-sale securities; identified liabilities consist mainly of debt issued by the Group.

Hedges of portfolios of financial assets and liabilities, constructed by currency, relate to:

- fixed-rate loans (property loans, equipment loans, consumer credit and export loans);
- fixed-rate customer deposits (demand deposits, funds deposited under home savings contracts).

To identify the hedged amount, the residual balance of the hedged item is split into maturity bands, and a separate amount is designated for each band. The maturity split is determined on the basis of the contractual terms of the transactions and historical observations of customer behaviour (prepayment assumptions and estimated default rates).



Demand deposits, which do not bear interest at contractual rates, are qualified as fixed rate medium-term financial liabilities. Consequently, the value of these liabilities is sensitive to changes in interest rates. Estimates of future cash outflows are based on historical analyses. No allowance is made prospectively for the effects of potential increases in customer wealth or for the effects of inflation.

For each hedging relationship, expected hedge effectiveness is measured by ensuring that for each maturity band, the fair value of the hedged items is greater than the fair value of the designated hedging instruments.

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 currency risk, the Group hedges against variability in components of consolidated earnings. In particular, the Group may hedge future revenue flows (especially interest and fee/commission income) derived from operations carried out by its main subsidiaries and/or branches in a currency other than their functional currencies. As in the case of interest rate hedges, the effectiveness of these hedging relationships is documented and assessed on the basis of forecast maturity bands.

The table below concerns the scope of BNP Paribas SA Paris' 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.

In millions of euros	31 December 2009				31 December 2008			
	less than 1 year	1 to 5 year	more than 5 years	Total	less than 1 year	1 to 5 year	more than 5 years	Total
Hedged cash flows	115	244	332	691	892	1,027	1,543	3,462

In the year ended 31 December 2009, no hedges of forecast transactions were requalified as ineligible for hedge accounting on the grounds that the related future event would be no longer highly probable.



4.f OPERATIONAL RISK

RISK MANAGEMENT FRAMEWORK

- Regulatory framework

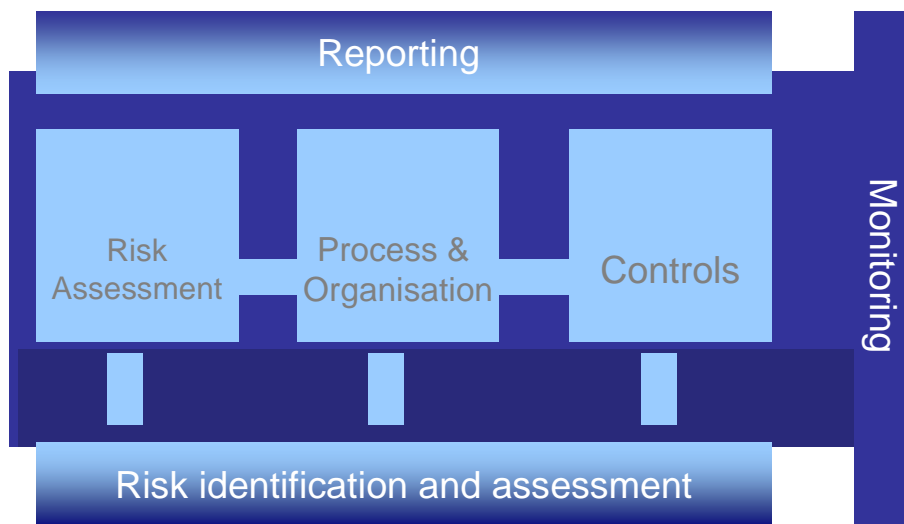
Operational risk management is governed by a strict regulatory framework:

- Basel II, which requires the allocation of capital to operational risk;
- Regulation CRBF 97-02 as amended, which requires an internal control system that ensures the effectiveness and quality of the Bank's internal operations, the reliability of internal and external information, the security of transactions and compliance with all laws, regulations and internal policies.

- Objectives and principles

To meet this dual requirement for measuring and managing operational risk, BNP Paribas has developed a risk management process that operates in a five-stage loop:

- identifying and assessing risks;
- formulating, implementing and monitoring permanent controls, including procedures, checks and all organisational elements designed to help to control risk, such as segregation of tasks, management of clearance rights, etc.;
- producing risk measures and calculating the capital charge for operational risk;
- reporting and analysing oversight information relating to the permanent operational control process;
- managing the system through a governance framework that involves members of management, preparing and monitoring action plans.





There are two key components to the system, which are structuring in scope and illustrate the complementary nature of the Group's operational risk and permanent control systems:

- Calculating capital requirements for the BNP Paribas scope excluding Fortis is based on a hybrid approach that combines an internal model covering 69% of the Group's revenues excluding Fortis at 31 December 2009 with the standardised approach for other entities in the consolidation scope. Under the Advanced Measurement Approach (AMA), loss distributions are modelled and calibrated using two sets of data: historical event data since 2002 for the BNP Paribas Group and the major international banks, and internally constructed potential event scenarios to take better account of the extreme risks to which the Bank is exposed. This model was approved by the French banking supervisor (Commission Bancaire) in 2008.
- Widespread use of control plans: BNP Paribas has embarked on a process of formulating "control plans", which have three objectives: harmonising practices, rationalising the system and standardising controls. The project will also cover the Group's international operations and thereby support its growth. It is based on a risk mapping exercise carried out to identify and quantify potential risk scenarios, involving all the Group's core businesses, operational entities and Group functions.

- Key players and governance

The risk management framework relies on teams of operational risk analysts at all levels of the Group (core businesses, functions, business lines, subsidiaries and territories), coordinated centrally by an Oversight of Operational Permanent Control team which reports to Group Compliance. The teams have been substantially bolstered over the past few years and now comprise more than 600 dedicated full-time equivalents (ETP), including some who focus entirely on supervising business continuity. They have two key responsibilities:

- coordinating implementation of the system, its standards and methodologies, reporting and tools across the areas falling within their remit;
- flagging issues to management and ensuring that the system works properly.

The entire system therefore requires significant involvement of operational staff, who have front-line responsibility for managing their risk. Issues that arise in relation to operational risk management and business continuity are discussed with the Group's Executive Committee three times a year, and periodically with the Internal Control Coordination Committee. This committee is chaired by the Internal Control Coordinator and brings together key players in the internal control process. The Group's divisions, business lines and functions tailor this governance structure to their own organisations, with the participation of Executive Management. Other Group entities, particularly the major subsidiaries, are also required to set up a similar structure.

- Scope and nature of risk reporting and measurement

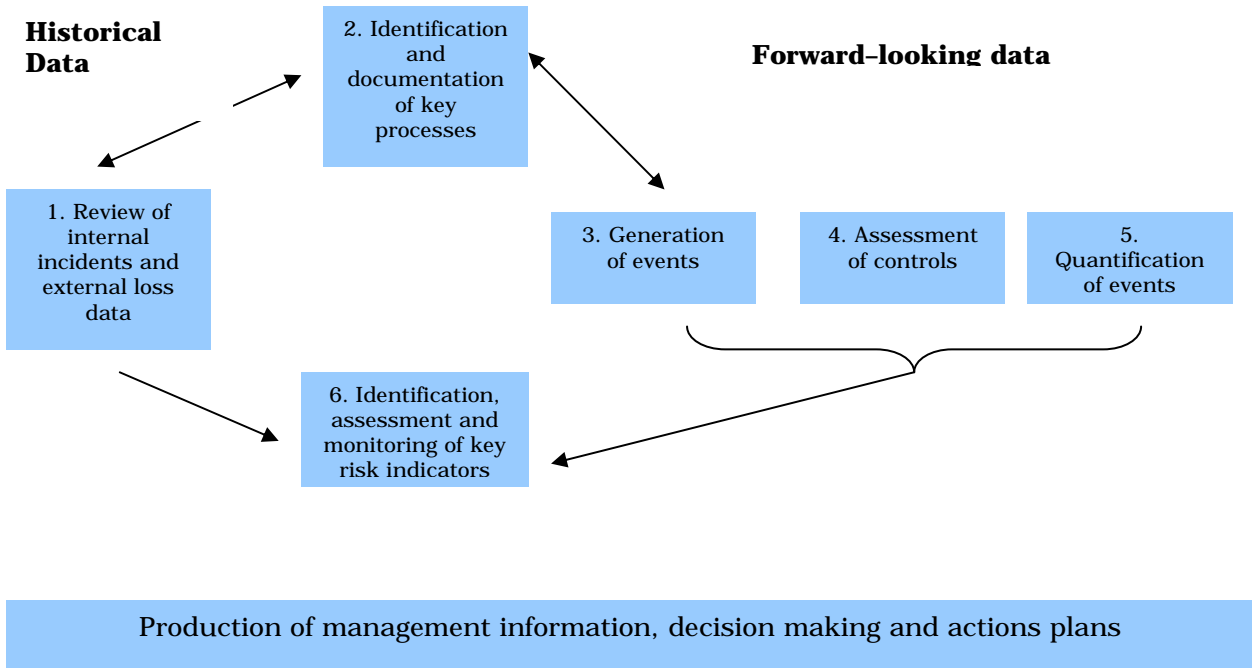
Group Executive Committees, core businesses and operational entities are tasked with ensuring that operational risk is effectively managed and controlled in the areas falling within their remit, in accordance with the Group's operational risk framework. The committees validate the quality and consistency 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.

A Risk Analysis Protocol has been drawn up to structure the method for implementing these regulatory requirements and assessing key processes (see diagram below).

It led to a number of fine-tunings as the system was being built and to the development of a suite of intranet-based tools (FORECAST) for all Group users, meeting the overall system requirements.

These tools now include modules for recording and managing events, describing and managing key processes, prospective analysis of events and compiling action plans.

The Bank has thus developed a comprehensive and consistent analysis and reporting system by compiling both historical and potential event data based on the structure of BNP Paribas key processes and the organisation of its operational entities, business lines and countries.



MERGER OF BNP PARIBAS WITH THE BNP PARIBAS AND BGL BNP PARIBAS ENTITIES

The Fortis Group entities acquired by BNP Paribas have a very similar operational risk management system to that of BNP Paribas. BNP Paribas Fortis and BGL BNP Paribas, like BNP Paribas, are AMA approved by the CBFA and have established a system that analyses historical incidents and forward-looking data. In time, the BNP Paribas Group's system will be extended to encompass BNP Paribas Fortis and BGL BNP Paribas.

In practice, this permanent operational control system complies with Belgian regulations and is overseen by centralised Operational Risk & Management Control (ORMC) teams, which also have an officer in each of the business lines of BNP Paribas Fortis and BGL BNP Paribas. The Fortis system provides a good overview of the major issues, but takes less of a structured, systematic, formal approach than BNP Paribas and will therefore have to converge with the one of the Group.

COMPONENTS OF OPERATIONAL RISK RELATED TO LEGAL, TAX AND INFORMATION SECURITY RISKS

• Legal risk

In each country where it operates, BNP Paribas is bound by specific local regulations applicable to companies engaged in banking, insurance and financial services. The Group is notably required to respect the integrity of the markets and the primacy of clients' interests.

For many years, the Group Legal Department has had an overarching internal control system designed to anticipate, detect, measure and manage legal risks. The system is organised around:

- Specific committees:
 - the Executive Legal Affairs Committee;
 - the Global Legal Committee, which coordinates the activities of the legal function throughout the Group in all countries that have their own legal staff, and ensures that the Group's legal policies are consistent and applied in a uniform manner;



- the Legislation Tracking Committee, which analyses, interprets and distributes throughout the Group the texts of new laws and regulations, and details of changes in French and European case law;
- the Legal Internal Control Committee, whose focuses include overseeing operational risk;
- the Litigation Committee, which deals with major litigation proceedings in which the Group is the plaintiff or defendant;
- the Legal function is a permanent member of the Compliance Committee and the Internal Control Coordination Committee.
- Internal procedures and databases providing a framework for (i) managing legal risk, in close collaboration with the Compliance function for all matters which also fall under their responsibility, and (ii) overseeing the activities of the Group's legal staff 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 in English and French and is now also available in Italian.
- Legal reviews, which are carried out in Group entities to ensure that local systems for managing legal risks are appropriate, legal risks are properly managed and tools correctly used. Regular visits are made, particularly to countries deemed the most vulnerable, in order to check the effectiveness of the systems developed by international units for managing legal risks.
- Internal reporting tools, document templates and analytical models, which are upgraded on an ongoing basis by Group Legal Department and contribute to the identification, assessment and analysis of operational risk.

One of the major projects in 2009 was to integrate BNP Paribas Fortis Legal function into the Group's legal risk management system. The work consisted of identifying the main sources of vulnerability and proposing corrective measures to be implemented in 2010, including the appointment of a legal risk officer in accordance with the framework set out by the Group Legal Department.

- Tax risk

In each country where it operates, BNP Paribas is bound by specific local tax regulations applicable to companies engaged for example in banking, insurance or financial services.

The Group Tax Department is a global function, responsible for overseeing the consistency of the Group's tax affairs. It also shares responsibility for monitoring global tax risks with Group Development and Finance. The Group Tax Department performs controls to ensure that tax risks remain at an acceptable level and are consistent with the Group's reputation and profitability objectives.

To ensure its mission, the Group Tax Department has established:

- a network of dedicated tax specialists in 15 countries completed by tax correspondents covering other countries where the Group operates;
- a qualitative data reporting system in order to manage tax risks and assess compliance with local tax laws;
- regular reporting to Group Executive Management on the use made of delegations of authority and compliance with internal standards.

The Group Tax Department co-chairs the Tax Coordination Committee with Group Development and Finance. The Committee also includes the Compliance function and may involve the core businesses when appropriate. It is responsible for analysing key tax issues for the Group and making appropriate decisions. Group Development and Finance is obliged to consult the Group Tax Department on any tax issues arising on transactions processed.

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



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

Information is a key commodity for banks and effective management of information security risk is vital in an era of near full-scale migration to electronic media, growing demand for swift online processing of ever more sophisticated transactions, and widespread use of the internet or multiple networks as the primary interface between a bank and its individual or institutional customers.

Incidents reported in different countries involving banking and credit/payment card industries highlight the increased need for vigilance. This topic has been reiterated by regulations and case law on data protection.

The rules governing information security at BNP Paribas are set out in various types of reference documents. These include a general security policy; more specific policies for various issues related to information systems security; ISO 27001 requirements; practical guides to security requirements; and operational procedures.

The security framework is drilled down to each individual business line, taking account of any regulatory requirements and the risk appetite of the business line in question. It is governed by the Group's general security policy. Each business line takes the same approach to managing information security. The primary methodology used is ISO 27005, supported by the French methodology EBIOS, common objective indicators, control plans, residual risk assessments and action plans. This approach is part of the permanent and periodic control framework set up for each banking activity pursuant to CRBF regulation 97-02 (amended in 2004) in France and similar regulations in other countries.

Each of BNP Paribas' business lines is exposed to some specific form of information security risk, with some risks common to all businesses. The Group's policy for managing these risks takes into consideration the specific nature of the business, often made more complex by legally and culturally-specific regulations in the different countries in which the Group does business.

BNP Paribas takes a continuous progress approach to information security. Apart from investing heavily in protecting its information systems assets and information resources, the level of security must be supervised and controlled continuously. This enables the Bank to adjust swiftly to new threats caused by cyber crime. One of the effects of this continuous progress approach is that investments are made at Group level to develop and improve the management of authorisations and controls over access to the most important applications used by the business lines.

The availability of information systems is vital to allow BNP Paribas to continue operating in a crisis or emergency. Although it is impossible to guarantee 100% availability, the Group maintains, improves and regularly verifies its information back-up capabilities and system robustness, in line with its values of operational excellence, in response to tighter regulations and extreme stress scenarios (natural disasters or other catastrophes, health pandemics, etc.). Its action in this area is consistent with the Group's general business continuity plan.

BNP Paribas seeks to minimise information security risk and optimise resources by:



- setting up a procedural framework for each business line governing day-to-day data production and management of existing software and new applications;
- raising employees' awareness of information security imperatives and training key players in the appropriate procedures and behaviours related to information system resources;
- adopting a formal approach for evaluating systems and improving management of security risks through measurable key performance indicators and action plans. This approach is applicable to business projects and shared information system architecture and applications, and is embedded within the Group's system of permanent and periodic controls;
- monitoring incidents and developing intelligence of technological vulnerability and information systems attacks.

INSURANCE POLICIES

Risks incurred by the BNP Paribas Group may be covered by major insurers with the dual aim of protecting its balance sheet and profit and loss account.

The Group's insurance policy is based on an in-depth identification of risks underpinned by detailed operating loss data. The risks identified are then mapped and their impact quantified.

The Group purchases insurance from leading insurers in the market covering fraud, theft, property and casualty, business disruption, liability and other risks for which it may be held responsible.

In order to 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.



4.g COMPLIANCE AND REPUTATION RISKS

Effective management of compliance risk is a core component of the Bank's internal control framework and covers adherence to applicable laws, regulations, codes of conduct and standards of good practice. Compliance also involves protecting the Group's reputation as well as the reputation of its investors and customers; publishing accurate and complete information, ensuring that members of staff act in an ethical manner and avoid conflicts of interest; protecting the interests of its customers and the integrity of the market; implementing anti-money laundering procedures, combating corruption and terrorist financing; and respecting financial embargos.

As required by French regulations, the Compliance function manages compliance risk for all of the Group's domestic and international businesses. The Compliance Function reports to the Chief Executive Officer and has direct, independent access to the Board's Internal Control and Risk Management Committee.

The function includes a central structure in Paris responsible for overseeing and supervising all compliance matters, and local teams within the different divisions and business lines acting under delegated authority from the central team. The Compliance function has grown continuously since 2004.

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

- general and specific procedures;
- coordination of action taken within the Group to guarantee the consistency and effectiveness of monitoring systems and tools;
- deployment of tools for detecting and preventing money laundering, terrorist financing and corruption;
- training, both at Group level and in the divisions and business lines.

Protecting the Bank's reputation is high on the Group's agenda. It requires ongoing revisions to the risk management policy in line with developments in the external environment. The Group has strengthened its anti-money laundering, terrorist financing and corruption techniques due to the international climate, the increasing number of fraudulent practices and the introduction of tighter regulations by many countries.

4.h LIQUIDITY AND REFINANCING RISK

Liquidity and refinancing risk is the risk of the Bank being unable to fulfil current or future foreseen or unforeseen cash or collateral requirements without affecting routine transactions or its financial position.

Liquidity and refinancing risk is managed through a global liquidity policy approved by Group Executive Management. This policy is based on management principles designed to apply both in normal conditions and in a liquidity crisis. The Group's liquidity position is assessed on the basis of internal standards, warning flags and regulatory ratios.

LIQUIDITY RISK MANAGEMENT POLICY

- Policy objectives

The objectives of the Group's liquidity management policy are to (i) secure a balanced financing mix to support BNP Paribas' development strategy; (ii) ensure that the Group is always in a position to discharge its obligations to its customers; (iii) ensure that it does not trigger a systemic crisis solely by



its own actions; (iv) comply with the standards set by the local banking supervisor; (v) keep the cost of refinancing as low as possible; and (vi) cope with any liquidity crises

- Roles and responsibilities in liquidity risk management

The Group's Executive Committee sets the general liquidity risk management policy, including risk measurement principles, acceptable risk levels and the internal billing system. Responsibility for monitoring and implementation has been delegated to the Group ALM Committee, which was created in 2009. The Internal Control, Risk Management and Compliance Committee reports quarterly to the Board of Directors on liquidity policy principles and the Bank's position.

Group ALM Committee proposes procedures for implementing the liquidity policy set by the Executive Committee. These proposals are then reviewed and approved by the ALM-CIB Committee. The Executive Committee is informed on a regular basis of liquidity indicators, results of stress tests, and the execution of financing programmes. It is also informed of any crisis situation, and is responsible for deciding on the allocation of crisis management roles and approving emergency plans.

After validation by Group ALM Committee, ALM-Treasury is responsible for implementing the policy at both central and individual entity level. It is also owner of the systems used to manage liquidity risk.

The business line and entity ALM committees implement at local level the strategy approved by Group ALM Committee.

GRM contributes to defining liquidity policy principles. It also provides second-line control by validating the models, risk indicators (including liquidity stress tests), limits and market parameters used. GRM is a member of Group ALM Committee and the business lines ALCOs.

- Centralised liquidity risk management

Liquidity risk is managed centrally by ALM-Treasury across all maturities. The Treasury unit is responsible for refinancing and for short-term issues (certificates of deposit, commercial paper, etc.), while the ALM unit is responsible for senior and subordinated debt issues (MTNs, bonds, medium/long-term deposits, covered bonds, etc), preferred share issues, and loan securitisation programmes for the retail banking business and the financing business lines within Corporate and Investment Banking. ALM-Treasury is also tasked with providing financing to the Group's core businesses and business lines, and investing their surplus cash.

LIQUIDITY RISK MANAGEMENT AND SUPERVISION

Day-to-day liquidity management is based on a full range of internal standards and warning flags at various maturities.

An overnight target is set for each Treasury unit, limiting the amount raised on interbank overnight markets. This applies to the major currencies in which the Group does business.

The refinancing capacity needed to cope with an unexpected surge in liquidity needs is regularly measured at Group level. It mainly comprises available securities and loans eligible for central bank refinancing, available ineligible securities that can be sold under repurchase agreements or immediately on the market, and overnight loans not liable to be renewed.

BNP Paribas uses indicators to monitor the diversification of its sources of short-term funds on a worldwide basis to ensure that it is not over-dependent on a limited number of providers of capital.

Medium- and long-term liquidity management is based mainly on an analysis of the medium- and long-term sources of funds available to finance assets with the same maturity.

Over a one-year maturity, the ratio of sources to uses of funds must be more than 80%. The ratio is also monitored over two to five-year maturities. These ratios are based on maturity schedules of balance sheet and off-balance sheet items for all Group entities, whether contractual or theoretical, i.e. based on customer behaviour (prepayment in the case of loans, modelling customer behaviour in the case of regulated savings accounts, etc.).



The Group's consolidated liquidity position by maturity (1 month, 3 months, 6 months, then annually to 15 years) is measured regularly by business line and currency.

In addition, regular stress tests are performed, based on market factors and factors specific to BNP Paribas that would adversely affect its liquidity position.

Regulatory ratios represent the final plank in the liquidity risk management system.

These include the 1-month liquidity ratio and observation ratios, which are calculated monthly for the parent company BNP Paribas SA (French operations and branches) and separately by each subsidiary concerned by the regulations.

Foreign subsidiaries and branches may be required to comply with local regulatory ratios.

RISK EXPOSURE IN 2009

- Movements in the consolidated balance sheet

The Group had total assets of EUR 2,058 billion at 31 December 2009. A total of EUR 1,215 billion in assets were refinanced in cash, an increase of EUR 320 billion on 2008, including EUR 184 billion relating to loans to customers and EUR 95 billion relating to securities portfolios.

This increase was refinanced primarily by customer deposits for EUR 182 billion and debt for EUR 79 billion.

- Regulatory liquidity ratios

The average one-month regulatory liquidity ratio for BNP Paribas SA (French operations and branches) was 131% in 2009 compared with a minimum requirement of 100%.

Internal medium and long-term liquidity ratios

The ratio between sources and uses of funds due in more than one year was 87% at the end of December 2009 for the entire BNP Paribas Group, versus 84% at end-December 2008.

RISK MITIGATION TECHNIQUES

As part of the day-to-day management of liquidity, in the event of a temporary liquidity crisis, the Group's most liquid assets constitute a financing reserve enabling the Bank to adjust its treasury position by selling them on the repo market or discounting them with the central bank. If there is a prolonged liquidity crisis, the Bank may have to gradually reduce its total balance sheet position by selling assets outright.

Less liquid assets may be converted into liquid assets or collateralised as part of the day-to-day management of liquidity, by securitising pools of consumer loans granted to retail banking customers, as well as pools of corporate loans.

Liquidity risk is also reduced by the diversification of financing sources in terms of structure, investors, and secured/unsecured financing.

- Hedging strategies

In 2009, the Group continued its policy of diversifying its sources of financing in terms of structures, investors and collateralised financing. The "deposit" product line created in 2007 has contributed to diversifying the corporate and institutional investor base and reduce interbank borrowings. A new certificate of deposit programme offers funds the opportunity to increase their investment in the BNP Paribas Group, thereby improving its liquidity. For the year 2008, the collect of "deposit" product line increased by 11%, and amounted for EUR 14 billion.



The creation of a new EUR 10 billion certificate of deposit program offers funds new opportunities for investing in BNP Paribas Group, thereby improving its liquidity. The amount outstanding at 31 December 2009 was EUR 2 billion.

The Group has also expanded its sources of funds through the use of asset collateralisation (increased volumes and pool allocation strategy). In late 2008, the Group set up a special purpose vehicle called BNP Paribas SCF to raise liquidity by using loans guaranteed by export credit agencies and public sector loans. In the final quarter of 2008, the creation of SFEF gave the Bank access to collateralised refinancing unconditionally and irrevocably guaranteed by the French State.

The Group continued to substantially increase its capacity for discounting securities and receivables with various central banks, both to obtain finance and to increase its liquidity reserve.

The loan to deposit ratio improved further in 2009, as customer deposits rose faster than customer loans and receivables (EUR +191 billion and EUR +49 billion respectively). The ratio reached 112% in December 2009 compared to 119% in December 2008.

- Senior debt

Senior debt with an economic life of more than one year issued by BNP Paribas SA and its subsidiaries in 2009 totalled EUR 45.7 billion, versus EUR 48.7 billion in 2008.

- New issues of collateralised debt securities included:

- BNP Paribas covered bonds: EUR 6 billion;
- CRH (Caisse de Refinancement de l'Habitat): EUR 0.7 billion;
- SFEF (Société de Financement de l'Economie Française): EUR 11 billion;
- SCF (Société de Crédit Foncier): EUR 1 billion.

- Subordinated debt and hybrid securities

In 2009, the Group issued non-voting shares for a total of EUR 5.1 billion, mainly to the Société de Prise de Participation de l'Etat (SPPE) as part of the French economic support plan. Half of the proceeds were used to redeem the super subordinated notes issued previously. These non-voting shares were redeemed at the year end with the proceeds of a EUR 4.3 billion rights issue.

- Proprietary securitisations

(See the section on Proprietary securitisation in note 4.d).



4.i INSURANCE RISKS

The insurance subsidiaries' risk exposures result from the sale, in France and abroad, of savings and protection contracts.

FINANCIAL RISKS

Financial risks arise mainly in the Savings business, which accounts for over 95% of the insurance subsidiaries' liabilities.

There are three types of financial risk:

- Interest rate risk

Policyholder yields on non-unit-linked life insurance policies are based on either a fixed rate specified in the policy or a variable rate, with or without a fixed floor rate. All of these policies give rise to an interest rate risk, corresponding to the risk that the return on admissible assets (i.e. assets acquired by investing premiums) is less than the contractual yield payable to policyholders.

This risk is managed centrally by the BNP Paribas Assurance Asset/Liability Management unit, which coordinates its activities with the BNP Paribas ALM-Treasury Department. Regular asset-liability matching reviews are performed to measure and manage the financial risks, based on medium and/or long-term income statement and balance sheet projections prepared according to various economic scenarios. The results of these reviews are analysed in order to determine any adjustments to assets (through diversification, use of derivatives, etc.) that are required to reduce the risks arising from changes in interest rates and asset values.

In France, to cover future potential financial losses, estimated over the life of the policies, a provision for future adverse deviation (*provision pour aléas financiers*) is booked when total amount of technical interest plus the guaranteed yield payable to policyholders through technical reserves is not covered by 80% of the yield on the admissible assets. No provision for future adverse deviation was booked at 31 December 2009 or 2008 as the yields guaranteed by the insurance subsidiaries are low and the guarantees are for short periods, resulting in only limited exposure.

- Surrender risk

Savings contracts include a surrender clause allowing insured people to request reimbursement of all or part of their accumulated savings. The insurer is exposed to the risk of surrender rates being higher than the forecasts used for ALM purposes, which may force it to sell assets at a loss.

The surrender risk is limited, however, as:

- Most policies provide for the temporary suspension of surrender rights in the event that the insurer's financial position were to be severely impaired such that the surrenders would deprive other policyholders of the ability to exercise their rights.
- Policyholder behaviour is monitored on an ongoing basis, in order to regularly align the duration of assets with that of the corresponding liabilities and reduce the risk of abrupt, large-scale asset sales. Changes in assets and liabilities are projected over periods of up to 40 years, in order to identify mismatches giving rise to a liquidity risk. These analyses are then used to determine the choice of maturities for new investments and the assets to be sold.
- In addition to the guaranteed yield, policyholders are paid dividends that raise the total yield to a level in line with market benchmarks. These dividends, which are partly discretionary, reduce the risk of an increase in surrender rates in periods of rising market interest rates.
- The return on financial assets is protected mainly through the use of hedging instruments.



- Unit-linked contracts with a capital guarantee

Certain unit-linked contracts include whole life cover providing for the payment of a death benefit at least equal to the cumulative premiums invested in the contract, whatever the conditions on the financial markets at the time of the insured's death. The risk on these contracts is both statistical (probability of a claim) and financial (market value of the units).

The capital guarantee is generally subject to certain limits. In France, for example, most contracts limit the guarantee to one year and a maximum of EUR 765,000 per insured. In addition, the guarantee is not normally available beyond the insured's 80th birthday.

The carrying amount of linked liabilities is equal to the sum of the fair values of the assets held in the unit-linked portfolios. The insurer's liability is therefore covered by corresponding assets. The match between linked liabilities and the related assets is checked at monthly intervals.

The capital guarantee reserve 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 capital guarantee reserve amounted to EUR 19 million at 31 December 2009 (versus EUR 27 million at 31 December 2008).

INSURANCE UNDERWRITING RISKS

The insurance underwriting risks arise mainly in the Protection Business Line, which accounts for some 5% of the insurance subsidiaries' liabilities.

They result mainly from the sale of loan protection insurance worldwide and other personal risk insurance (individual death and disability, extended warranty, annuity policies in France).

The actuarial oversight system set up to prevent and control actuarial risks in France and internationally is based on guidelines and tools that describe (i) the principles, rules, methods and best practices to be followed by each actuary throughout the policies' life cycle, (ii) the tasks to be performed by the actuaries and their reporting obligations and (iii) practices that are banned or that are allowed only if certain conditions are met.

Underwriting limits are set at various local and central levels, based on capital at risk, estimated maximum acceptable losses and estimated margins on the policies concerned. The experience acquired in managing geographically diversified portfolios is used to regularly update risk pricing databases comprising a wide range of criteria such as credit risk, the type of guarantee and the insured population). Each contract is priced by reference to the margin and return-on-equity targets set by the executive management of BNP Paribas Assurance.

Risk exposures are monitored at quarterly intervals by BNP Paribas Assurance's Executive Committee, based on an analysis of loss ratios.

Loan protection insurance covers death, total or partial disability, loss of employment and financial loss risks for personal loans and home loans. The insurance book comprises a very large number of individual policies representing low risks and low premiums. Margins depend on the size of the insurance book, effective pooling of risks and tight control of administrative costs.

Loss ratios for annuity contracts are based on mortality tables applicable under insurance regulations, adjusted in some cases by portfolio specific data which is certified by independent actuaries. Annuity risks are low.

Actual loss ratios are compared with forecast ratios on a regular basis by the actuarial department, and premium rates are adjusted when necessary.

The insurance subscription risks are covered by various technical reserves, including the unearned premiums reserve generally calculated on an accruals basis policy-by-policy, the outstanding claims reserve, determined by reference to reported claims, and the IBNR (claims incurred but not reported) reserve, determined on the basis of either observed settlements or the expected number of claims and the average cost per claim.



5. NOTES TO THE BALANCE SHEET AT 31 DECEMBER 2009

5.a FINANCIAL ASSETS, FINANCIAL LIABILITIES AND DERIVATIVES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and financial liabilities at fair value through profit or loss consist of trading account transactions (including derivatives) and certain assets and liabilities designated by the Group as at fair value through profit or loss at the time of acquisition or issue.

FINANCIAL ASSETS

Trading book assets include proprietary securities transactions, repurchase agreements, and derivative instruments contracted for position management purposes. Assets designated by the Group as at fair value through profit or loss include admissible investments related to unit-linked insurance business, and to a lesser extent assets with embedded derivatives that have not been separated from the host contract.

FINANCIAL LIABILITIES

Trading book liabilities comprise securities borrowing and short selling transactions, repurchase agreements, and derivative instruments contracted for position management purposes. Financial liabilities at fair value through profit or loss mainly comprise issues originated and structured on behalf of customers, where the risk exposure is managed in combination with the hedging strategy. These types of issue contain significant embedded derivatives, whose changes in value are cancelled out by changes in the value of the hedging instrument.

The redemption value of financial liabilities at fair value through profit or loss at 31 December 2009 was EUR 65,703 million (EUR 68,291 million at 31 December 2008). Their fair value takes into account any change attributable to issuer risk relating to the BNP Paribas Group itself insofar as this change is considered material in respect of the Group's conditions of issuance. The Group has recognised a EUR 362 million reduction in the fair value of its debt (EUR 734 million at 31 December 2008).



In millions of euros	31 December 2009			31 December 2008		
	Trading book	Assets designated at fair value through profit or loss	TOTAL	Trading book	Assets designated at fair value through profit or loss	TOTAL
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS						
Negotiable certificates of deposit	59,260	398	59,658	64,736	410	65,146
Treasury bills and other bills eligible for central bank refinancing	41,695	3	41,698	45,155	7	45,162
Other negotiable certificates of deposit	17,565	395	17,960	19,581	403	19,984
Bonds	88,421	6,608	95,029	115,374	5,774	121,148
Government bonds	56,876	501	57,377	80,857	413	81,270
Other bonds	31,545	6,107	37,652	34,517	5,361	39,878
Equities and other variable-income securities	58,393	38,892	97,285	52,840	33,944	86,784
Repurchase agreements	208,810	47	208,857	350,282	106	350,388
Loans	858	3,392	4,250	465	1,420	1,885
Trading book derivatives	363,705		363,705	566,920		566,920
Currency derivatives	29,426		29,426	50,586		50,586
Interest rate derivatives	217,983		217,983	297,600		297,600
Equity derivatives	70,239		70,239	116,679		116,679
Credit derivatives	35,528		35,528	85,531		85,531
Other derivatives	10,529		10,529	16,524		16,524
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	779,447	49,337	828,784	1,150,617	41,654	1,192,271
<i>of which loaned securities</i>	<i>25,545</i>		<i>25,545</i>	<i>30,592</i>		<i>30,592</i>
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS						
Borrowed securities and short selling	83,214	-	83,214	83,736	-	83,736
Repurchase agreements	209,293	-	209,293	369,315	-	369,315
Borrowings	1,884	2,962	4,846	1,276	1,501	2,777
Debt securities	-	52,228	52,228	-	53,781	53,781
Subordinated debt	-	3,604	3,604	-	159	159
Trading book derivatives	356,152		356,152	545,034		545,034
Currency derivatives	29,492		29,492	45,151		45,151
Interest rate derivatives	210,798		210,798	291,457		291,457
Equity derivatives	67,762		67,762	104,195		104,195
Credit derivatives	35,466		35,466	82,380		82,380
Other derivatives	12,634		12,634	21,851		21,851
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	650,543	58,794	709,337	999,361	55,441	1,054,802

SUBORDINATED DEBT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group has designated certain subordinated debt as at fair value through profit and loss in order to eliminate the potential accounting differences resulting from the associated derivatives and securities.

Subordinated debt mainly comprises an issue of Convertible And Subordinated Hybrid Equity-linked Securities (CASHES) made by Fortis Banque (now BNP Paribas Fortis) in December 2007, for a nominal amount of EUR 3 billion and a market value of EUR 1,620 million at 31 December 2009. The interest rate on these securities is Euribor 3 months plus 2% and interest is paid quarterly in arrears.

The CASHES are undated but may be exchanged for Fortis SA/NV shares at the holder's sole discretion at a price of EUR 23.94. However, as of 19 December 2014, the CASHES will be automatically exchanged into Fortis SA/NV shares if the price is equal to or higher than EUR 35.91 for twenty



consecutive trading days. The principal amount will never be redeemed in cash. The rights of the CASHES holders are limited to the 125,313,283 Fortis SA/NV shares that Fortis Banque acquired on the date of issuance of the CASHES and pledged to them: they are recognised as financial assets and measured at fair value through profit or loss, which amounted to EUR 328 million at 31 December 2009. Fortis SA/NV and Fortis Banque have entered into a Relative Performance Note (RPN) contract, the value of which varies contractually so as to offset the impact on Fortis Banque of the relative difference between changes in the value of the CASHES and changes in the value of the Fortis SA/NV shares. At 31 December 2009, the value of the RPN was EUR 641 million recognised on the balance sheet under "Derivative instruments held for trading" (Financial assets at fair value through profit or loss). On the basis of this RPN value, the debtor pays the creditor interest at 3-month Euribor plus 20 basis points, for which BNP Paribas has a guarantee from the Belgian government.

DERIVATIVE FINANCIAL INSTRUMENTS HELD FOR TRADING

The derivative instruments included in the trading book mostly relate to transactions initiated for position management purposes, and may be contracted in connection with market-making or arbitrage activities. BNP Paribas actively trades in derivatives so as to meet the needs of its customers. Transactions include trades in ordinary instruments such as credit default swaps, and structured transactions with tailored complex risk profiles. The net position is in all cases subject to limits.

Trading account derivative instruments also include derivatives contracted to hedge financial assets or financial liabilities but for which the Group has not documented a hedging relationship, or which do not qualify for hedge accounting under IFRS. This applies in particular to credit derivative transactions which are primarily contracted to protect the Group's loan book.

The positive or negative fair value of derivative instruments classified in the trading book represents the replacement value of these instruments. This value may fluctuate significantly in response to changes in market parameters such as interest rates or exchange rates.

The 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 2009	31 December 2008
Trading book derivatives	41,557,195	36,349,436
Currency derivatives	1,746,509	1,688,447
Interest rate derivatives	36,509,248	30,477,544
Equity derivatives	1,540,515	2,248,303
Credit derivatives	1,591,712	1,770,439
Other derivatives	169,211	164,703

Derivatives traded on organised markets represented 42% of the Group's derivatives transactions at 31 December 2009 (38% at 31 December 2008).

**5.b DERIVATIVES USED FOR HEDGING PURPOSES**

The table below shows the fair values of derivatives used for hedging purposes.

In millions of euros	31 December 2009		31 December 2008	
	Negative fair value	Positive fair value	Negative fair value	Positive fair value
DERIVATIVES USED AS FAIR VALUE HEDGES OF NON-DERIVATIVE FINANCIAL INSTRUMENTS				
Currency derivatives	10	6	5	2
Interest rate derivatives	7,554	3,306	5,195	2,409
Other derivatives	94	36	-	52
FAIR VALUE HEDGES	7,658	3,348	5,200	2,463
DERIVATIVES USED AS CASH FLOW HEDGES OF NON-DERIVATIVE FINANCIAL INSTRUMENTS				
Currency derivatives	40	47	378	313
Interest rate derivatives	375	1,210	542	1,719
Other derivatives	30	334	52	-
CASH FLOW HEDGES	445	1,591	972	2,032
DERIVATIVES USED AS NET FOREIGN INVESTMENT HEDGES				
Currency derivatives	5	13	-	60
NET INVESTMENT HEDGES	5	13	-	60
DERIVATIVES USED FOR HEDGING PURPOSES	8,108	4,952	6,172	4,555

The total notional amount of derivatives used for hedging purposes stood at EUR 482,932 million at 31 December 2009, compared with EUR 459,134 million at 31 December 2008.

Derivatives used for hedging purposes are primarily contracted on over-the-counter markets.

**5.c AVAILABLE-FOR-SALE FINANCIAL ASSETS**

In millions of euros	31 December 2009	31 December 2008
Negotiable certificates of deposit	28,309	19,487
Treasury bills and other bills eligible for central bank refinancing	20,408	14,110
Other negotiable certificates of deposit	7,901	5,377
Bonds	173,839	94,946
Government bonds	122,959	61,014
Other bonds	50,880	33,932
Equities and other variable-income securities	22,475	18,849
<i>of which listed securities</i>	<i>11,275</i>	<i>9,717</i>
<i>of which unlisted securities</i>	<i>11,200</i>	<i>9,132</i>
Total available-for-sale financial assets, before impairment provisions	224,623	133,282
<i>of which loaned securities</i>	<i>651</i>	<i>374</i>
Provisions for impairment of available-for-sale financial assets	(3,198)	(2,557)
Fixed-income securities	(432)	(422)
Variable-income securities	(2,766)	(2,135)
Total available-for-sale financial assets, net of impairment provisions	221,425	130,725
<i>of which unrealised gains and losses on negotiable certificates of deposit and bonds</i>	<i>2,100</i>	<i>(1,893)</i>
<i>of which unrealised gains and losses on equities and other variable-income securities</i>	<i>2,299</i>	<i>162</i>



5.d MEASUREMENT OF THE FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments are classified into three levels in descending order of the observability of their value and of the inputs used for their valuation:

- Level 1 – Financial instruments with quoted market prices:

This level comprises financial instruments with prices quoted in an active market that can be used directly.

It notably includes liquid shares and bonds, borrowings and short sales of these instruments, derivatives traded in organised markets (futures and options, etc.), and units in funds with net asset value calculated on a daily basis.

- Level 2 - Financial instruments measured using valuation techniques based on observable inputs:

This level consists of financial instruments measured by reference to the price of similar instruments quoted in an active market or to identical or similar instruments quoted in a non-active market, but for which regular transactions can be observed or, lastly, instruments measured using valuation techniques based on observable inputs.

This level notably includes illiquid shares with low liquidity and bonds, borrowings and short sales of these instruments, short-term repurchase agreements not measured based on a quoted price directly observed in the market, units in civil property companies (SCIs) held in unit-linked contract portfolios, where the underlying assets are appraised from time to time using observable market data, units in funds for which liquidity is provided on a regular basis, derivatives traded in OTC markets measured using techniques based on observable inputs and structured debt issues measured using only observable inputs.

- Level 3 - Financial instruments measured using valuation techniques based on non-observable inputs:

This level comprises financial instruments measured using valuation techniques based wholly or partially on non-observable inputs. A non-observable input is defined as a parameter, the value of which is derived from assumptions or correlations not based either on observable transaction prices in the identical instrument at the measurement date or observable market data available at the same date.

An instrument is classified in Level 3 if a significant portion of its valuation is based on non-observable inputs.

This level notably comprises unlisted shares, bonds measured using valuation models employing at least one significant non-observable input or derived from price data in a non-active market (such as CDO, CLO and ABS units), long-term or structured repurchase agreements, units in funds undergoing liquidation or quotation of which has been suspended, complex derivatives with multiple underlyings (hybrid instruments, synthetic CDOs, etc.) and the structured debt underlying these derivatives.



CHANGES TO THE CLASSIFICATION OF FINANCIAL INSTRUMENTS USED AT 31 DECEMBER 2008

With effect from 31 December 2009, the BNP Paribas Group has applied the amendment to IFRS 7 entitled “Improving Disclosures about Financial Instruments” published in March 2009. This amendment introduces a hierarchy for the classification of financial instruments based on the methods used to measure fair value adopted by the Group rather than on the active market concept, which predominates in IAS 39 and on which the classification of financial instruments presented until 31 December 2008 was based. The contents of each of the three levels defined in IFRS 7 is therefore no longer comparable with that of the three categories of financial instruments disclosed in previous reports.

Accordingly, certain instruments traded in active markets but not quoted presented in Category 1 in the report at 31 December 2008 were classified in Level 2 in the comparative presentation of the financial statements for 2008. This chiefly applies to repurchase agreements, the vast majority of which were classified in Category 1 in the report published for the year to 31 December 2008, but which now appear in Level 2. The repurchase agreements reclassified amounted to EUR 350 billion on the asset side and EUR 369 billion on the liability side.

At 31 December 2008, Level 3 primarily comprised instruments subject to day one profit deferred in the balance sheet upon initial recognition as well as some asset classes whose market had become inactive in 2008 (certain convertible bonds and certain securities linked to CDOs and ABSs). At 31 December 2009, in accordance with IFRS 7, all financial instruments whose valuation on the reporting date was based to a significant degree on unobservable parameters were included in Level 3.

Lastly, available-for-sale financial assets, as well as hedging derivatives, were included in the scope of the classification.

The Group’s financial statements at 31 December 2008 were restated for comparability purposes.

BREAKDOWN BY MEASUREMENT METHOD APPLIED TO FINANCIAL INSTRUMENTS RECOGNISED AT FAIR VALUE PRESENTED IN LINE WITH THE LATEST RECOMMENDATIONS OF IFRS 7.

In millions of euros, at	31 December 2009				31 December 2008			
	Quoted market prices	Valuation techniques using observable inputs	Valuation techniques using non-observable inputs	TOTAL	Quoted market prices	Valuation techniques using observable inputs	Valuation techniques using non-observable inputs	TOTAL
	(level 1)	(level 2)	(level 3)		(level 1)	(level 2)	(level 3)	
FINANCIAL ASSETS								
Financial instruments at fair value through profit or loss held for trading (Note 5.a)	182,584	571,245	25,618	779,447	226,565	887,725	36,327	1,150,617
Financial instruments designated as at fair value through profit or loss (Note 5.a)	31,723	15,784	1,830	49,337	27,921	10,920	2,813	41,654
Derivatives used for hedging purposes (Note 5.b)	-	4,952	-	4,952	-	4,555	-	4,555
Available-for-sale financial assets (Note 5.c.)	156,736	57,396	7,293	221,425	89,031	29,577	12,117	130,725
FINANCIAL LIABILITIES								
Financial instruments at fair value through profit or loss held for trading (Note 5.a)	107,975	514,237	28,331	650,543	132,693	846,335	20,333	999,361
Financial instruments designated as at fair value through profit or loss (Note 5.a)	5,390	42,831	10,573	58,794	5,608	39,743	10,090	55,441
Derivatives used for hedging purposes (Note 5.b)	-	8,108	-	8,108	-	6,172	-	6,172



TABLE OF CHANGES IN LEVEL 3 FINANCIAL INSTRUMENTS

For Level 3 financial instruments, the following movements took place between 1 January 2009 and 31 December 2009:

In millions of euros at 31 December 2009	Financial Assets				Financial Liabilities		
	Financial instruments at fair value through profit or loss held for trading	Financial instruments designated as at fair value through profit or loss	Available-for-sale financial assets	TOTAL	Financial instruments at fair value through profit or loss held for trading	Financial instruments designated as at fair value through profit or loss	TOTAL
Beginning of the period	36,327	2,813	12,117	51,257	(20,333)	(10,090)	(30,423)
- purchases ⁽¹⁾	6,840	405	1,556	8,801	(1,952)	(368)	(2,320)
- issues	-	-	-	-	(5,922)	(3,842)	(9,764)
- sales	(4,115)	(1,102)	(4,291)	(9,508)	-	-	-
- settlements ⁽²⁾	(1,569)	(118)	(800)	(2,487)	(3,304)	3,651	347
Reclassifications ⁽³⁾	(2,760)	-	(1,158)	(3,918)	-	-	-
Transfers to level 3	893	-	36	929	(64)	-	(64)
Transfers from level 3	(1,868)	(278)	(4)	(2,150)	51	-	51
Gains or (losses) recognised in income	(10,163)	108	142	(9,913)	4,409	76	4,485
Changes in fair value of assets and liabilities recognised directly in equity							
- Items related to exchange rate movements	2,033	2	79	2,114	(1,216)	-	(1,216)
- Changes in fair value of assets and liabilities recognised in equity	-	-	(384)	(384)	-	-	-
End of the period	25,618	1,830	7,293	34,741	(28,331)	(10,573)	(38,904)
Total gains or losses in the period recognised in income for instruments outstanding at the end of the period	(3,367)	94	235	(3,038)	3,387	365	3,752

(1) Includes instruments resulting from the consolidation of Fortis Banque.

(2) For the assets, includes redemptions of principal, interest payments as well as cash inflows and outflows relating to derivatives whose fair value is positive. For the liabilities, includes principal redemptions, interest payments as well as cash inflows and outflows relating to derivatives whose fair value is negative.

(3) These are financial instruments initially recognised at fair value and reclassified as loans and receivables

The Level 3 financial instruments may be hedged by other Level 1 and/or Level 2 instruments, the gains and losses on which are not shown in this table. Accordingly, the gains and losses shown in this table are not representative of the gains and losses arising from management of the net risk on all these instruments. More particularly, losses and gains on financial assets and liabilities at fair value through profit or loss held for trading purposes, amounting respectively to EUR 10,163 million and EUR 4,409 million, primarily correspond to changes in the value of CDO positions classified in Level 3 hedged by CDS positions classified in Level 2.

SENSITIVITY OF MODEL VALUES TO REASONABLY LIKELY CHANGES IN ASSUMPTIONS

Trading portfolio instruments, which are managed using dynamic risk hedging, generally complex derivatives, are subject to global sensitivity calculations based on adjustments for the portfolio's model value risks.

These adjustments help to factor in risks not included in the model and the uncertainty inherent in the estimate of the inputs and form a component of the fair value of these portfolios.



When measuring the sensitivity of the portfolio's fair value to a change in assumptions, the following two scenarios were considered: a favourable scenario in which no valuations require any value adjustments for Level 3 risks and an unfavourable scenario in which all valuations entail a double model value adjustment on Level 3 risks.

Based on this method, each position (portfolios of instruments managed together with netting of risks) is considered individually, and no diversification effect between non-observable inputs of a different type is taken into account.

The sensitivity of the fair value of securities positions, be they trading portfolio securities, available-for-sale assets or instruments designated as at fair value through profit or loss, is based on a change of 1% in fair value. For instruments with doubtful counterparties, sensitivity is calculated based on the scenario of a 1% change in the assumed recovery rate

In millions of euros at 31 December 2009	Potential impact on income	Potential impact on equity
Financial instruments at fair value through profit or loss held for trading or designated as at fair value ⁽¹⁾	+/- 1,418	
Available-for-sale financial assets		+/- 81

(1) Financial instruments at fair value through profit or loss are presented under the same heading to reflect the manner in which these instruments are accounted for, whether they are part of the trading portfolio or have been designated at fair value through profit or loss as sensitivity is calculated on the net positions in instruments classified as Level 3 regardless of their accounting classification.

DEFERRED MARGIN ON FINANCIAL INSTRUMENTS MEASURED USING TECHNIQUES DEVELOPED INTERNALLY AND BASED ON INPUTS PARTLY NON-OBSERVABLE IN ACTIVE MARKETS

Changes in the margin not taken to the profit and loss account ("day one profit") merely reflect the scope of market activities eligible for Level 3.

They are calculated after setting aside reserves for uncertainties as described previously and taken back to profit or loss over the expected period for which the inputs will be non-observable. The as yet unamortised amount is included under "Financial instruments held for trading purposes at fair value through profit or loss" as a reduction in the fair value of the relevant complex transactions.

Changes in the margin not taken to the profit and loss account and contained in the price of derivatives sold to clients and measured using internal models based on non-observable parameters ("day one profit") can be analysed as follows over 2008 and 2009:

In millions of euros	Year to 31 Dec. 2009	Year to 31 Dec. 2008
Deferred margin at 1 January	710	673
Deferred margin on transactions during the year	580	542
Margin taken to the profit and loss account during the year	(430)	(505)
Deferred margin at 31 December	860	710



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 crisis that shook financial markets worldwide in the second half of 2007 continued throughout 2008 and the first half of 2009, reaching an unprecedented scale and intensity in the fourth quarter of 2008. The effects of the crisis were particularly visible in the volume and duration of interbank financing transactions, the volume and conditions of syndicated leveraged loans, and the trading of structured instruments arising from securitisation transactions. The crisis also made liquidity scarce in numerous markets and market segments, and did away with almost all reliable market transactions or reference points for a large number of financial instruments.

These exceptional circumstances prompted the Group to change its accounting treatment of financial instruments initially held for trading or available for sale. While the Group originally intended to sell these assets, they are now being held within customer loan portfolios or as securities available for sale. The Group has therefore reclassified these assets into the corresponding categories allowed by the amendments to IAS 39 and IFRS 7 adopted by the European Union on 15 October 2008.

These reclassifications were made during the fourth quarter of 2008 and during the first half of 2009 and are summarised in the following table:

In millions of euros	Amount on the reclassification date		31 December 2009		31 December 2008	
	1 st half of 2009	4 th quarter of 2008	Carrying value	Market or model value	Carrying value	Market or model value
Financial assets reclassified from the trading portfolio	2,760	7,844	6,943	6,921	7,816	7,405
Into loans and receivables due from customers	2,760	7,077	6,913	6,891	7,079	6,668
Into available-for-sale assets	-	767	30	30	737	737
Financial assets reclassified from the available-for-sale financial portfolio	1,158	-	874	977	-	-
Into loans and receivables due from customers	1,158	-	874	977	-	-

The cash flows expected and deemed recoverable by the Group as of the reclassification date were EUR 4,824 million in 2009 for assets reclassified as “Loans and receivables due from customers” (EUR 7,904 million in assets were reclassified as “Loans and receivables due from customers” and EUR 790 million as “Available-for-sale assets” in 2008). The average effective interest rates for these assets stood at 8.4% (during the fourth quarter of 2008, 7.6% for assets reclassified as “Loans and receivables due from customers” and 6.7% for assets reclassified as Available-for-sale assets”).



The following table shows the profit or loss items related to the reclassified assets, both as they were recorded over the period and as they would have been recorded if the reclassification had not taken place:

In millions of euros	Year to 31 Dec. 2009 <small>(1)</small>	Year to 31 Dec. 2008 after the reclassification	Year to 31 Dec. 2009 up to the reclassification	Year to 31 Dec. 2008 up to the reclassification
Profit or loss and equity (before tax)	248	43	(473)	(487)
related to reclassified assets in 2009	18		(473)	
- profit or loss item	(96)		(218)	
<i>Gains or losses on financial assets at fair value through profit or loss</i>	5		(75)	
<i>Interest expense</i>	98			
<i>Gains or losses on available-for-sale financial assets</i>	(18)			
<i>Cost of risk</i>	(181)		(143)	
- equity items	114		(255)	
related to reclassified assets in 2008	230	43		(487)
- profit or loss item	188	78		(487)
<i>Gains or losses on financial assets at fair value through profit or loss</i>	142	42		(487)
<i>Interest expense</i>	354	64		
<i>Gains or losses on available-for-sale financial assets</i>	(70)	-		
<i>Cost of risk</i>	(238)	(28)		
- equity items	42	(35)		-
Income (before tax) that would have been generated by the instruments reclassified in 2008 had the reclassification not taken place	697	(387)		
- profit or loss item	564	(387)		
<i>Gains or losses on financial assets at fair value through profit or loss</i>	343	(424)		
<i>Interest expense</i>	298	37		
<i>Gains or losses on available-for-sale financial assets</i>	54	-		
<i>Cost of risk</i>	(131)	-		
- equity items	133	-		

(1) Profit or loss and equity items related to the reclassified instruments over the year as a whole for instruments reclassified in 2008 and for the period following their reclassification for instruments reclassified in 2009.



5.f INTERBANK AND MONEY-MARKET ITEMS

- Loans and receivables due from credit institutions

In millions of euros	31 December 2009	31 December 2008
Demand accounts	16,379	13,514
Loans	45,045	49,648
Repurchase agreements	28,524	6,074
Total loans and receivables due from credit institutions, before impairment provisions	89,948	69,236
Provisions for impairment of loans and receivables due from credit institutions (Note 2.f)	(1,028)	(83)
Total loans and receivables due from credit institutions, net of impairment provisions	88,920	69,153

- Due to credit institutions

In millions of euros	31 December 2009	31 December 2008
Demand accounts	12,380	8,673
Borrowings	158,908	154,292
Repurchase agreements	49,408	23,222
Total due to credit institutions	220,696	186,187



5.g CUSTOMER ITEMS

- Loans and receivables due from customers

In millions of euros	31 December 2009	31 December 2008
Demand accounts	26,474	28,519
Loans to customers	616,908	454,237
Repurchase agreements	25,866	885
Finance leases	34,887	25,058
Total loans and receivables due from customers, before impairment provisions	704,135	508,699
Impairment of loans and receivables due from customers (Note 2.f)	(25,369)	(14,298)
Total loans and receivables due from customers, net of impairment provisions	678,766	494,401

- Breakdown of finance leases

In millions of euros	31 December 2009	31 December 2008
Gross investment	39,228	28,313
<i>Receivable within 1 year</i>	<i>11,666</i>	<i>7,753</i>
<i>Receivable after 1 year but within 5 years</i>	<i>18,985</i>	<i>15,140</i>
<i>Receivable beyond 5 years</i>	<i>8,577</i>	<i>5,420</i>
Unearned interest income	(4,341)	(3,255)
Net investment before impairment provisions	34,887	25,058
<i>Receivable within 1 year</i>	<i>10,549</i>	<i>6,946</i>
<i>Receivable after 1 year but within 5 years</i>	<i>16,833</i>	<i>13,256</i>
<i>Receivable beyond 5 years</i>	<i>7,505</i>	<i>4,856</i>
Impairment provisions	(779)	(508)
Net investment after impairment provisions	34,108	24,550

- Due to customers

In millions of euros	31 December 2009	31 December 2008
Demand deposits	260,962	198,926
Term accounts and short-term notes	234,506	161,705
Regulated savings accounts	46,342	42,226
Repurchase agreements	63,093	11,098
Total due to customers	604,903	413,955

**5.h DEBT SECURITIES AND SUBORDINATED DEBT**

This note covers all debt securities in issue and subordinated debt measured at amortised cost. Debt securities and subordinated debt measured at fair value through profit or loss are presented in note 5.a.

DEBT SECURITIES MEASURED AT AMORTISED COST

In millions of euros	31 December 2009	31 December 2008
Negotiable certificates of deposit	191,421	129,506
Bond issues	19,608	28,002
Total debt securities	211,029	157,508

SUBORDINATED DEBT MEASURED AT AMORTISED COST

In millions of euros	31 December 2009	31 December 2008
Redeemable subordinated debt	25,114	17,209
Undated subordinated debt	3,095	1,114
Total Subordinated debt at amortised cost	28,209	18,323

- Redeemable subordinated debt

The redeemable subordinated debt issued by the Group is in the form of medium and long-term debt securities, equivalent to ordinary subordinated debt; these issues are redeemable prior to the contractual maturity date in the event of liquidation of the issuer, and rank after the other creditors but before holders of participating loans and participating subordinated notes.

After agreement from the regulator 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 then applicable tax rules oblige the BNP Paribas Group issuer to compensate debt-holders for the consequences of such changes. Redemption may be subject to a notice period of between 15 and 60 days, and is in all cases subject to approval by the banking supervisory authorities.

- Undated subordinated debt

In millions of euros	31 December 2009	31 December 2008
Undated floating-rate subordinated notes (TSDIs)	420	780
Other undated subordinated notes	1,708	63
Undated subordinated debt	740	-
Undated participating subordinated notes	223	270
Issue costs and fees, accrued interest	4	1
TOTAL	3,095	1,114



- Undated floating-rate subordinated notes

The various TSDI issues are as follows:

In millions of euros					31 December 2009	31 December 2008
Issuer	Issue date	Currency	Original amount in issue currency	Rate		
Paribas SA	September 1984	USD	24 million	3-month Libor + 3/8%	-	17
BNP SA	October 1985	EUR	305 million	TMO - 0.25%	229	290
Paribas SA	July 1986	USD	165 million	3-month Libor + 1/8%	-	115
BNP SA	September 1986	USD	500 million	6-month Libor + 0.75%	191	358
TOTAL					420	780

The TSDIs 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.

The TSDIs issued in US dollars contain a specific call option provision, whereby they may be redeemed at par prior to maturity at the issuer's discretion at any time after a date specified in the issue particulars, after approval of the banking supervisory authorities. They are not subject to any interest step up clause. Payment of interest is obligatory, but the Board of Directors may postpone interest payments if within the twelve months preceding the interest payment date the Ordinary General Meeting of Shareholders approves a decision not to pay a dividend. In December 2009, BNP Paribas made a public offer for these securities comprising an exchange offer for Undated Super Subordinated Notes (see note 8a) and a cash offer. The transaction generated a gross gain of EUR 104 million over the book value of the TSDIs tendered to the offer.

Payment of interest is obligatory on the TSDIs issued in October 1985 representing a nominal amount of EUR 305 million, but the Board of Directors may postpone interest payments if within the twelve months preceding the interest payment date the Ordinary General Meeting of Shareholders notes that there is no income available for distribution.

- Other undated subordinated notes

The other undated subordinated notes issued by the Group may be redeemed at par prior to maturity on certain dates specified in the issue particulars, after approval of the banking supervisory authorities, and are entitled to a step up in interest from the first of such dates if the notes have not been redeemed.

In millions of euros							31 December 2009	31 December 2008
Issuer	Issue date	Currency	Original amount in issue currency	Redemption option/interest step up date	Rate	Interest step up (basis points)		
Fortis Luxembourg Finance SA	February 1995	USD	22 million	February 2013	6-month Libor + 0.835%	6-month Libor + 250 bp	11	-
Fortis Luxembourg Finance SA	August 1995	EUR	23 million	August 2015	6-month Euribor + 104 bp	6-month Euribor + 250 bp	15	-
Fortis Luxembourg Finance SA	February 1996	USD	35 million	February 2021	6-month Libor + 77 bp	6-month Libor + 250 bp	6	-
Laser	May 1999	EUR	110 million ⁽¹⁾	May 2009	5.935%	+250 bp ⁽²⁾	-	55
Fortis Bank SA	September 2001	EUR	1,000 million	September 2011	6.500%	3-month Euribor +237 bp	928	-
Fortis Bank SA	October 2004	EUR	1,000 million	September 2014	4.625%	3-month Euribor +170 bp	688	-
Fortis Bank SA	June 2008	EUR	75 million	July 2018	7.500%	3-month Euribor + 350 bp	52	-
Others							8	8
TOTAL							1,708	63

(1) Before application of the proportionate consolidation rate.

(2) Above the 3-month Eurolibor.

The EUR 110 million in undated notes issued by Laser in May 1999 were redeemed prior to maturity in May 2009, on the first possible redemption date indicated in the issue particulars.



- Undated subordinated debt

Fortis Banque NV/SA made two issues of undated subordinated debt in 2008, one for USD 750 million at 8.28%, the other for EUR 375 million at 8.03%. They may be redeemed by BNP Paribas Fortis as of 2013.

• Undated participating subordinated notes

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

In December 2009, BNP Paribas made a public offer for these securities comprising an exchange offer for Undated Super Subordinated Notes (see note 8.a) and a cash offer. The transaction generated a gross gain of EUR 7 million over the book value of the undated participating notes tendered to the offer.

**5.i HELD-TO-MATURITY FINANCIAL ASSETS**

In millions of euros	31 December 2009	31 December 2008
Negotiable certificates of deposit	3,103	3,089
Treasury bills and other bills eligible for central bank refinancing	3,044	3,031
Other negotiable certificates of deposit	59	58
Bonds	10,920	10,987
Government bonds	10,692	10,733
Other bonds	228	254
Total held-to-maturity financial assets	14,023	14,076

**5.j CURRENT AND DEFERRED TAXES**

In millions of euros	31 December 2009	31 December 2008
Current taxes	2,067	2,036
Deferred taxes	10,050	4,019
Current and deferred tax assets	12,117	6,055
Current taxes	2,669	2,166
Deferred taxes	2,093	1,805
Current and deferred tax liabilities	4,762	3,971

Deferred taxes on temporary differences relate to the following items:

Change in deferred taxes over the year In millions of euros	Year to 31 Dec. 2009	Year to 31 Dec. 2008
Net deferred taxes at start of period	2,214	382
Profit (loss) of deferred taxes	(199)	1,264
Impact of the consolidation of Fortis	6,176	
Change in deferred taxes linked to the remeasurement and reversal through profit or loss of remeasurement adjustments on available-for-sale financial assets	(982)	1,197
Change in deferred taxes linked to the remeasurement and reversal through profit or loss of remeasurement adjustments on hedging derivatives	79	(367)
Effect of exchange rate and other movements	669	(262)
Net deferred taxes at end of period	7,957	2,214

Breakdown of net deferred taxes by temporary differences In millions of euros	31 December 2009	31 December 2008
Available-for-sale financial assets	(577)	557
Unrealised finance lease reserve	(666)	(801)
Provisions for employee benefit obligations	940	363
Provision for credit risk	3,939	1,453
Other items	984	(524)
Tax loss carryforwards	3,337	1,166
Net deferred taxes	7,957	2,214
<i>of which</i>		
Deferred tax assets	10,050	4,019
Deferred tax liabilities	(2,093)	(1,805)

Unrecognised deferred tax assets amounted to EUR 1,785 million at 31 December 2009 (EUR 552 million at 31 December 2008).

**5.k ACCRUED INCOME/EXPENSE AND OTHER ASSETS/LIABILITIES**

In millions of euros	31 December 2009	31 December 2008
Guarantee deposits and bank guarantees paid	25,506	24,249
Settlement accounts related to securities transactions	46,843	25,677
Collection accounts	3,092	4,416
Reinsurers' share of technical reserves	2,403	2,226
Accrued income and prepaid expenses	3,297	5,731
Other debtors and miscellaneous assets	22,220	19,627
Total accrued income and other assets	103,361	81,926
Guarantee deposits received	22,698	31,423
Settlement accounts related to securities transactions	29,424	21,036
Collection accounts	1,217	3,362
Accrued expenses and deferred income	6,157	7,743
Other creditors and miscellaneous liabilities	12,929	19,870
Total accrued expenses and other liabilities	72,425	83,434

The movement in "Reinsurers' share of technical reserves" breaks down as follows:

In millions of euros	31 December 2009	31 December 2008
Reinsurers' share of technical reserves at start of period	2,226	2,554
(Decrease) increase in technical reserves borne by reinsurers	824	(18)
Amounts received in respect of claims and benefits passed on to reinsurers	(652)	(301)
Effect of changes in exchange rates and scope of consolidation	5	(9)
Reinsurers' share of technical reserves at end of period	2,403	2,226



5.1 INVESTMENTS IN ASSOCIATES

The following table shows the Group's investments in associates (companies carried under the equity method), which represent amounts in excess of EUR 100 million at 31 December 2009:

In millions of euros	31 December 2009	31 December 2008
AG Insurance	1,135	-
Erbe	1,256	1,121
Verner Investissement	361	334
BNL Vita	243	152
Société de Paiement Pass	195	194
Bank of Nanjing	175	172
CCAC Brasil	134	87
Other associates	1,262	583
Investments in associates	4,761	2,643

The following table gives financial data for the Group's main associates:

In millions of euros	Financial reporting standard	Total assets	Net revenue	Net income
AG Insurance ⁽¹⁾	IFRS Gaap	56,527	897	344
Erbe ⁽²⁾	IFRS Gaap	2,405		(75)
Verner Investissement ⁽²⁾	IFRS Gaap	6,890	401	65
BNL Vita	IFRS Gaap	11,705	3,050	133
Societe de Paiement Pass ⁽²⁾	French Gaap	3,106	281	70
Bank of Nanjing ⁽²⁾	Chinese Gaap	9,583	338	153
CCAC Brasil ⁽²⁾	Brazilian Gaap	174	332	55

(1) Data at 30 September 2009.

(2) Data for full-year 2008 or at 31 December 2008.



5.m PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS USED IN OPERATIONS, INVESTMENT PROPERTY

In millions of euros	31 December 2009			31 December 2008		
	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount	Gross value	Accumulated depreciation, amortisation and impairment	Carrying amount
INVESTMENT PROPERTY	13,536	(1,664)	11,872	11,125	(1,205)	9,920
Land and buildings	6,719	(1,131)	5,588	4,955	(998)	3,957
Equipment, furniture and fixtures	6,157	(3,756)	2,401	4,376	(2,583)	1,793
Plant and equipment leased as lessor under operating leases	11,252	(3,998)	7,254	10,343	(3,377)	6,966
Other property, plant and equipment	2,426	(613)	1,813	2,685	(594)	2,091
PROPERTY, PLANT AND EQUIPMENT	26,554	(9,498)	17,056	22,359	(7,552)	14,807
Purchased software	2,116	(1,538)	578	1,668	(1,156)	512
Internally-developed software	2,172	(1,501)	671	1,332	(815)	517
Other intangible assets	1,821	(871)	950	943	(162)	781
INTANGIBLE ASSETS	6,109	(3,910)	2,199	3,943	(2,133)	1,810

The main changes in investment and owner-occupied property in the year to 31 December 2009 are attributable to the acquisition of BNP Paribas Fortis and BGL BNP Paribas.

- Investment property

Land and buildings leased by the Group as lessor under operating leases, and land and buildings held as investments in connection with life insurance business, are recorded in "Investment property".

The estimated fair value of investment property accounted for at cost at 31 December 2009 was EUR 17,137 million, compared with EUR 16,437 million at 31 December 2008.

- Intangible assets

"Other intangible assets" comprise leasehold rights, goodwill and trademarks acquired by the Group.

- Depreciation, amortisation and impairment

Net depreciation and amortisation expense for the year ended 31 December 2009 was EUR 1,372 million, compared with EUR 1,062 million for the year ended 31 December 2008.

The net increase in impairment losses on property, plant and equipment and intangible assets taken to the profit and loss account in the year ended 31 December 2009 amounted to EUR 10 million, compared with a net increase of EUR 14 million for the year ended 31 December 2008.



5.n GOODWILL

In millions of euros	Year to 31 Dec. 2009	Year to 31 Dec. 2008
Carrying amount at start of period	10,918	10,244
Acquisitions	612	612
Divestments	(3)	(14)
Impairment losses recognised during the period	(582)	-
Translation adjustments	47	(222)
Subsidiaries previously accounted for by the equity method	-	302
Other movements	(13)	(4)
Carrying amount at end of period	10,979	10,918
<i>In which</i>		
Gross value	11,574	10,932
Accumulated impairment recognised at the end of period	(595)	(14)

Impairment losses have been taken against the goodwill on some business activities due to the deterioration in their markets in an economic climate already weakened by the crisis that hit in late 2007. The emerging markets, consumer finance and business equipment management have all been affected by the economic climate prevailing today and their medium-term prospects are no longer as good as their business plan forecasts. In 2009, therefore, goodwill impairment losses were recognised in respect of four business units: Personal Finance, Arval, UkrSibBank and Banque du Sahara.

Goodwill by core business is as follows:

In millions of euros	Carrying amount		Impairment losses recognised in 2009
	31 December 2009	31 December 2008	
Goodwill impairment losses recognised in the first half of 2009			
Retail Banking	2,709	2,730	(582)
<i>Personal Finance</i>	2,270	2,003	(257)
<i>Arval</i>	439	509	(105)
<i>UkrSibBank</i>	-	119	(123)
<i>Sahara Bank</i>	-	99	(97)
Other goodwill			
Retail Banking	5,606	5,695	
<i>BancWest</i>	3,482	3,574	
<i>Italian Retail Banking (BNL bc)</i>	1,698	1,698	
Investment Solutions	1,829	1,673	
<i>BNP Paribas Personal Investors</i>	418	400	
Corporate and Investment Banking	624	624	
Other businesses	207	196	
Fortis	4	-	
Total goodwill	10,979	10,918	(582)
Badwill on the Fortis acquisition			835
Change in value of goodwill			253



Goodwill impairment tests are based on three different methods: transaction multiples for 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 an 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 risk provisions for each business unit. These parameters are taken from the medium-term business plan for the first three years, extrapolated over a sustainable growth period of ten years and then in perpetuity, based on sustainable growth rates out to ten years and the inflation rate thereafter.

The tests take account of the cost of capital based on a risk-free rate plus a business specific risk premium. The key parameters which are sensitive to the assumptions made are therefore the cost/income ratio, the sustainable growth rate and the cost of capital.

The table below shows the goodwill impairment that would have been recognised or the additional goodwill impairment that would have been required in the event of a adverse change of 10 basis points for the cost of capital and 1% for the other key parameters, as well as the goodwill impairment that would not have been recognised in the event of a favourable change of the same magnitude.

Sensitivity of goodwill impairment to a + or - 1% change in the cost/income ratio and the sustainable growth rate and a + or - 10 bp change in the cost of capital on the date of recognition

In millions of euros	Cost of capital	Cost / income ratio	Sustainable growth rate
Unfavourable change	-92	-401	-299
Favourable change	+97	+413	+395

At 31 December 2009, the sensitivity of goodwill impairment to a change in the parameters as described above was immaterial.

**5.0 TECHNICAL RESERVES OF INSURANCE COMPANIES**

In millions of euros	31 December 2009	31 December 2008
Liabilities related to insurance contracts	89,986	77,465
Gross technical reserves		
- Unit-linked contracts	29,357	26,307
- Other insurance contracts	60,629	51,158
Liabilities related to financial contracts	9,513	9,049
Liabilities related to financial contracts with discretionary participation feature	9,513	9,049
Policyholders' surplus	2,056	-
Total technical reserves of insurance companies	101,555	86,514
Policyholders' loss reserve	-	(531)
Liabilities related to unit-linked financial contracts ⁽¹⁾	2,257	3,520
Liabilities related to general fund financial contracts	179	-
Total liabilities related to contracts written by insurance companies	103,991	89,503

(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, mainly within French life insurance subsidiaries, in unrealised gains and losses on assets where the benefit paid under the policy is linked to the return on those assets. This interest, set at 90% for France (92.5% in 2008), is an average derived from stochastic analyses of unrealised gains and losses attributable to policyholders in various scenarios.

At 31 December 2008, market conditions arising from the escalation of the financial crisis in 2008 led to the build-up of an overall unrealised net loss on portfolios classified as "Available-for-sale financial assets" and "Financial assets at fair value through profit or loss". Accordingly, a policyholders' loss reserve has been recognised as an asset in an amount of EUR 531 million. This amount is deemed to be recoverable based on a stochastic analysis of future cash flows over 15 years and consistent assumptions as regards rates paid to customers and new business inflows.

At 31 December 2009, the overall net loss recognised at the end of 2008 was absorbed due to improved conditions in the financial markets and the policyholders' surplus reserve stood at EUR 2,056 million.

The movement in liabilities related to insurance contracts breaks down as follows:

In millions of euros	Year to 31 Dec. 2009	Year to 31 Dec. 2008
Liabilities related to contracts at start of period	89,503	98,770
Additions to insurance contract technical reserves and deposits taken on financial contracts related to life insurance	18,067	7,386
Claims and benefits paid	(7,502)	(7,686)
Contracts portfolio disposals	(487)	(338)
Effect of changes in scope of consolidation	319	(18)
Effect of movements in exchange rates	227	(615)
Effect of changes in value of admissible investments related to unit-linked business	3,864	(7,996)
Liabilities related to contracts at end of period	103,991	89,503

Please refer to note 5.k for details of reinsurers' share of technical reserves.

**5.p PROVISIONS FOR CONTINGENCIES AND CHARGES**

In millions of euros	Year to 31 Dec. 2009	Year to 31 Dec. 2008
Total provisions at start of period	4,388	4,738
Additions to provisions	1,491	1,123
Reversals of provisions	(611)	(905)
Provisions utilised	(1,001)	(769)
Impact of the consolidation of Fortis	6,183	-
Effect of movements in exchange rates and other movements	14	201
Total provisions at end of period	10,464	4,388

At 31 December 2009 and 31 December 2008, provisions for contingencies and charges mainly included provisions for post-employment benefits (Note 7.b), for impairment related to credit risks (Note 2.f), for risks on regulated savings products and for litigation in connection with banking transactions.

- Provisions for regulated savings product risks
 - Deposits, loans and savings – home savings accounts (CEL) and home savings plans (PEL)

In millions of euros	31 December 2009	31 December 2008
Deposits collected under home savings accounts and plans	14,086	14,366
of which deposits collected under home savings plans	11,252	11,330
<i>Aged more than 10 years</i>	3,424	3,929
<i>Aged between 4 and 10 years</i>	5,254	5,343
<i>Aged less than 4 years</i>	2,574	2,058
Outstanding loans granted under home savings accounts and plans	589	586
of which loans granted under home savings plans	160	161
Provisions recognised for home savings accounts and plans	202	128
of which home savings plans	166	91
<i>Aged more than 10 years</i>	61	45
<i>Aged between 4 and 10 years</i>	60	33
<i>Aged less than 4 years</i>	45	13



- Change in provisions for regulated savings products

In millions of euros	Year to 31 Dec. 2009		Year to 31 Dec. 2008	
	Provisions recognised - home savings plans	Provisions recognised - home savings accounts	Provisions recognised - home savings plans	Provisions recognised - home savings accounts
Total provisions at start of period	91	37	97	38
Additions to provisions during the period	75	8	2	-
Provision reversals during the period	-	(9)	(8)	(1)
Total provisions at end of period	166	36	91	37



6. FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS

6.a FINANCING COMMITMENTS

Contractual value of financing commitments given and received :

In millions of euros	31 December 2009	31 December 2008
Financing commitments given:		
- to credit institutions	34,882	27,659
- to customers:	238,882	194,082
Confirmed letters of credit	211,563	166,127
Other commitments given to customers	27,319	27,955
Total financing commitments given	273,764	221,741
Financing commitments received:		
- from credit institutions	79,471	124,411
- from customers	6,584	9,756
Total financing commitments received	86,055	134,167

6.b GUARANTEE COMMITMENTS

- Financial instruments given and received as guarantees

Financial instruments given by the Group as guarantees of liabilities or contingent liabilities amounted to EUR 125,380 million at 31 December 2009 (EUR 75,145 million at 31 December 2008), financial instruments given by the Group as collateral in respect of notes, securities and receivables from central banks amounted to EUR 44,454 million at 31 December 2009 (EUR 48,169 million at 31 December 2008) and financial instruments given in respect of repos transactions amounted to EUR 340,669 million at 31 December 2009 (EUR 412,848 million at 31 December 2008).

Financial instruments given as guarantees by the Group which the beneficiary is authorised to sell or give as guarantees amounted to EUR 366,771 million at 31 December 2009 (EUR 429,164 million at 31 December 2008).

Financial instruments received as guarantees by the Group which it is authorised to sell or give as guarantees amounted to EUR 44,062 million at 31 December 2009 (EUR 42,594 million at 31 December 2008). Financial instruments received in respect of repo transactions amounted to EUR 276,370 million at 31 December 2009 (EUR 356,421 million at 31 December 2008).

Financial instruments actually sold or given as guarantees amounted to EUR 235,750 million at 31 December 2009 (EUR 309,776 million at 31 December 2008).



- **Guarantee commitments given**

In millions of euros	31 December 2009	31 December 2008
Guarantee commitments given:		
to credit institutions	10,367	7,680
to customers:	<u>94,283</u>	<u>77,287</u>
- Property guarantees	1,313	1,590
- Sureties provided to tax and other authorities, other sureties	59,808	40,072
- Other guarantees	33,162	35,625
Total guarantee commitments given	104,650	84,967



7. SALARIES AND EMPLOYEE BENEFITS

7.a SALARY AND EMPLOYEE BENEFIT EXPENSES

Salary and employee benefit expenses for the year to 31 December 2009 came to EUR 13,998 million (EUR 10,227 million for the year to 31 December 2008).

Fixed and variable remuneration, incentive bonuses and profit-sharing amounted to EUR 9,795 million (EUR 7,275 million in 2008); retirement bonuses, pension costs and social security taxes to EUR 3,529 million (EUR 2,588 million in 2008); and payroll taxes to EUR 674 million (EUR 364 million in 2008).

7.b EMPLOYEE BENEFIT OBLIGATIONS

POST-EMPLOYMENT BENEFITS UNDER DEFINED-CONTRIBUTION PLANS

In France, the BNP Paribas Group contributions to various nationwide basic and top-up pension schemes. BNP Paribas SA and certain subsidiaries have set up a funded pension plan under a company-wide agreement. Under this plan, employees will receive an annuity on retirement in addition to the pension paid by nationwide schemes.

In the rest of the world, defined-benefit plans have been closed to new employees in most of the countries in which the Group operates (the United States, Germany, Luxembourg, the United Kingdom, Ireland, Norway, Australia and Belgium for almost all plans). 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. However, in Belgium and Switzerland, the employer is required by law to guarantee a minimum rate on these plans.

The amount paid into defined-contribution post-employment plans in France and other countries for the year to 31 December 2009 was approximately EUR 422 million EUR compared with 418 million for the year to 31 December 2008.

POST-EMPLOYMENT BENEFITS UNDER DEFINED-BENEFIT PLANS

The legacy defined-benefit plans in France and other countries are valued independently using actuarial techniques, applying the projected unit cost method, in order to determine the expense arising from rights vested in employees and benefits payable to retired employees. The demographic and financial assumptions used to estimate the present value of these obligations and of plan assets take account of economic conditions specific to each country and Group company. Actuarial gains and losses outside the permitted 10% "corridor" are amortised, these gains and losses are calculated separately for each defined-benefit plan.

Provisions set up to cover obligations under defined-benefit post-employment plans at 31 December 2009 totalled EUR 4,548 million (EUR 1,365 million at 31 December 2008), comprising EUR 257 million for French plans and EUR 4,291 million for other plans.

Plan assets recognised (reimbursement rights or surpluses) rose from EUR 91 million at 31 December 2008 to EUR 2,636 million at 31 December 2009, due to the consolidation of all provisions and assets related to BNP Paribas Fortis and BGL BNP Paribas employee benefit plans, which amounted to EUR 3,543 million and EUR 2,549 million respectively at 31 December 2009. The plan assets for these two sub-groups are managed mainly by AG Insurance.



- Pension plans and other post-employment benefits

- Pension plans

In France, BNP Paribas pays a top-up banking industry pension arising from rights acquired to 31 December 1993 by ex-employees in retirement at that date and active employees in service at that date. The residual pension obligations are covered by a provision in the consolidated financial statements or transferred to an insurance company outside the Group. The defined-benefit plans previously granted to Group executives formerly employed by BNP, Paribas or Compagnie Bancaire have all been closed and converted into top-up type schemes. The amounts allocated to the beneficiaries, subject to their still being with the Group at retirement, were fixed when the previous schemes were closed. These pension plans have been contracted out to insurance companies. The fair value of the related plan assets in these companies' balance sheets breaks down as 84% bonds, 8% equities and 8% property assets.

There are some thirty plans outside France, mainly in Belgium, the United Kingdom, the United States and Switzerland.

In Belgium, BNP Paribas Fortis provides a pension plan for its employees and middle managers who joined the bank before its pension plans were harmonised on 1 January 2002, based on final salary and the number of years' service. The obligation is partially funded through AG Insurance, in which the BNP Paribas Group has an 18.73% interest. Senior managers have a pension plan that provides a capital sum based on number of years' service and final salary, which is partially funded through AXA Belgium and AG Insurance.

In the other countries, pension plans are based either on pensions linked to the employee's final salary and length of service (United Kingdom), or on annual vesting of rights to a capital sum expressed as a percentage of annual salary and paying interest at a pre-defined rate (United States). Some plans are top-up schemes linked to statutory pensions (Norway). Some plans are managed by an insurance company (Netherlands), a foundation (Switzerland) or by independent fund managers (United Kingdom). In Turkey, the pension plan replaces the national pension scheme and is fully funded by financial assets held with a foundation external to the Group.

At 31 December 2009, Belgium, the United Kingdom, the United States, Switzerland and Turkey accounted for 93% of the total gross obligations outside France. The fair value of the related plan assets was split as follows: 61% bonds, 14% equities, 25% other financial instruments (including 14% in insurance contracts).

- Other post-employment benefits

Group employees also receive various other contractual post-employment benefits such as bonuses payable on retirement. BNP Paribas' obligations for these bonuses in France are funded through a contract taken out with a third-party insurer. In other countries, the bulk of the Group's obligations are in Italy (88%), where pension reforms changed Italian termination indemnity schemes (TFR) into defined-contribution plans with effect from 1 January 2007. Rights vested up to 31 December 2006 continue to be classified as defined benefit obligations.



The tables below provide details relating to the Group's obligations for both pensions and other post-employment benefits:

- Reconciliation of assets and liabilities recognised in the balance sheet

In millions of euros	31 December 2009	31 December 2008
Present value of obligation	8,009	4,113
Present value of obligations wholly or partially funded by plan assets	7,166	3,247
Present value of unfunded obligations	843	866
Fair value of plan assets	(3,474)	(2,129)
<i>of which fair value of surplus assets</i>	<i>(70)</i>	<i>(76)</i>
Fair value of segregated assets ⁽¹⁾	(2,566)	(15)
Cost not yet recognised in accordance with IAS 19	(325)	(751)
Past service cost	(185)	(193)
Net actuarial losses/gains	(140)	(558)
Limit on assets recognised	162	5
Net obligation recognised in the balance sheet for defined-benefit plans	1,806	1,223
Asset recognised in the balance sheet for defined-benefit plans	(2,636)	(91)
Obligation recognised in the balance sheet for defined-benefit plans	4,442	1,314

(1) Segregated assets are ring-fenced assets held in the balance sheets of Group insurance companies to cover post-employment benefit obligations transferred to the insurance companies for certain categories of employees of other Group entities.

- Movements in the present value of the obligation and surplus assets

In millions of euros	31 December 2009	31 December 2008
Present value of obligation at start of period	4,113	3,979
Service cost for the period	280	149
Expense arising on discounting of the obligation	289	181
Effect of plan amendments	1	(40)
Effect of plan curtailments or settlements	(53)	16
Net actuarial gains and losses	(206)	240
Contributions by plan participants	23	11
Benefits paid	(598)	(285)
Effect of movements in exchange rates	47	(117)
Effect of changes in scope of consolidation	4,088	(3)
Other movements	25	(18)
Present value of obligation at end of period	8,009	4,113



- Movements in the fair value of plan assets and segregated assets

In millions of euros	31 December 2009	31 December 2008
Fair value of assets at start of period	2,144	2,488
<i>Fair value of plan assets at start of period</i>	<i>2,129</i>	<i>2,474</i>
<i>Fair value of segregated assets at start of period</i>	<i>15</i>	<i>14</i>
Expected return on plan assets	223	119
Effect of plan curtailments or settlements	(40)	(2)
Net actuarial gains and losses	201	(327)
Contributions by plan participants	23	11
BNP Paribas contributions to plan assets	615	81
Benefits paid to recipients of funded benefits	(463)	(139)
Effect of movements in exchange rates	30	(83)
Effect of changes in scope of consolidation	3,306	1
Other movements	1	(5)
Fair value of assets at end of period	6,040	2,144
<i>Fair value of plan assets at end of period</i>	<i>3,474</i>	<i>2,129</i>
<i>Fair value of segregated assets at end of period</i>	<i>2,566</i>	<i>15</i>

- Components of pension cost

In millions of euros	Year to 31 Dec. 2009	Year to 31 Dec. 2008
Service cost for the period	280	149
Expense arising on discounting of the obligation	289	181
Expected return on plan assets	(223)	(119)
Amortisation of actuarial gains and losses	28	1
Amortisation of past service cost	10	11
Effect of plan curtailments or settlements	(13)	18
Other items	15	-
Total expense recorded in "Salary and employee benefit expenses"	386	241

- Main actuarial assumptions used in employee benefit calculations at the balance sheet date

The Group discounts its obligation at the government bond yield in the eurozone and the yield on first-class private bonds with a similar maturity to the obligation in other currency areas. When the market for such bonds is not sufficiently liquid, the obligation is discounted at the government bond yield. The rates used are as follows:

In %	31 December 2009				31 December 2008			
	France	Euro zone excl. France	UK	USA	France	Euro zone excl. France	UK	USA
Discounting rate	3.06%-4.25%	3.06%-4.50%	4.50%-4.95%	5.75%	3.11%-4.05%	2.75%-4.19%	4.50%	6.00%
Future rate of salary increases	3.00%-4.50%	2.00%-4.00%	3.50%-5.15%	4.00%	3.00%-5.00%	2.00%-4.00%	3.50%-4.40%	4.00%



- Effective rate of return on plan assets during the year

The expected return on plan assets is determined by weighting the expected return on each asset class by their respective contribution to the fair value of total plan assets.

In %,	Year to 31 Dec. 2009				Year to 31 Dec. 2008			
	France	Euro zone excl. France	UK	USA	France	Euro zone excl. France	UK	USA
Expected return on plan assets ⁽¹⁾	4.00%	3.25%-5.75%	4.85%-6.40%	5.00%-6.00%	4.20%	3.25%-5.15%	4.50%-6.60%	6.00%-7.00%
Actual return on plan assets ⁽¹⁾	3.95%	(4.00)%-22.00%	10.00%-21.00%	14.00%-30.00%	4.00%-4.15%	(33.00)%-0.00%	(20.00)%-(-1.38)%	(32.00)%-(-15.60)%

(1) Range of values, reflecting the existence of several plans within a single country or geographical or monetary zone.

At 31 December 2009, unrecognised actuarial losses totalled EUR 140 million (including 91 million for international and EUR 49 million for France).

In France, actuarial gains arising in 2009 amounted to EUR 78 million. These were mainly due to experience adjustments (actual number of retirements observed during the year, trends in salaries) and, to a lesser extent, updating the assumptions used for calculating employee benefits and particularly the discount rate.

In other countries, actuarial gains arising in 2009 decreased the value of the Group's net obligation by approximately EUR 329 million. These gains were due to a rise in the rate of return on plan assets (EUR 203 million) and to updating the assumptions used for calculating employee benefits. In Belgium, the actuarial gains amounted to EUR 261 million, due mainly to updating the discount rates used to measure the obligation, the very low inflation rates in 2009 and the difference between the forecast and actual salary increases in 2009.

- Post-employment healthcare plans

In France, BNP Paribas no longer has any obligations in relation to healthcare benefits for its retired employees.

Several healthcare benefit plans for retired employees exist in other countries, mainly in the United States and Belgium. Provisions for obligations under these plans at 31 December 2009 amounted to EUR 105 million compared with EUR 51 million at 31 December 2008.

Obligations under post-employment healthcare benefit plans are measured using the mortality tables applicable in each country. They also build in assumptions about healthcare benefit costs, including forecast trends in the cost of healthcare services and in inflation, which are derived from historical data.

TERMINATION BENEFITS

BNP Paribas has implemented a number of voluntary redundancy plans for employees who meet certain eligibility criteria. The obligations to eligible active employees under such plans are provided for where the plan is the subject of an agreement or a draft bilateral agreement. In 2009, these plans in France mainly concerned BNP Paribas French operations, BNP Paribas Arbitrage, BNP Paribas Personal Finance, BNP Paribas Lease Group and BNP Paribas Fortis. In other countries, similar plans have been implemented by BNL and BNP Paribas Fortis.

Provisions for voluntary redundancy and early retirement plans amounted to EUR 232 million at 31 December 2009 (EUR 150 million at 31 December 2008), including EUR 222 million related to the Group's operations outside France (EUR 108 million at 31 December 2008) and EUR 10 million in France.



7.c SHARE-BASED PAYMENT

SHARE-BASED LOYALTY, COMPENSATION AND INCENTIVE SCHEMES

BNP Paribas has set up share-based payment systems for certain employees, including stock option and share award plans implemented as part of deferred compensation plans and a Global Share-Based Incentive Plan. In addition, some cash-settled long-term compensation plans are linked to the share price.

- Deferred share price-linked, cash-settled compensation plans

As part of the Group's variable remuneration policy, certain high-performing employees are offered a deferred compensation plan, entitling them to variable remuneration settled in cash but linked to the share price, payable over several years.

- Deferred variable compensation loyalty schemes

These annual deferred plans are designed to retain the loyalty of employees by accruing variable compensation in respect of future service over a vesting period. The corresponding expense is therefore recognised over the vesting period.

- Variable deferred compensation in 2009 contingent on performance conditions

The 2009 variable compensation plan for the Group employees concerned, mainly trading staff, was established in accordance with the rules set out in the decree of 3 November 2009 on compensation for employees whose activities are likely to have an impact of the risk exposure of credit institutions and investment firms, and with the industry guidelines for variable compensation paid to trading staff issued on 5 November 2009.

Payment is deferred over time and is contingent on the performance achieved by the business units, core businesses and Group.

Sums are paid in cash and are linked to the negative or positive change in the BNP Paribas share price.

- Global Share-Based Incentive Plan

Until 2005, various stock option plans were granted to Group employees by BNP, by Paribas and its subsidiaries, and subsequently by BNP Paribas, under successive authorisations given by Extraordinary Shareholders' Meetings.

Since 2005, the Group has set up stock option plans on an annual basis with a view to actively involving various categories of managers in creating value for the Group, and thereby encouraging the convergence of their interests with those of the Group's shareholders. The managers selected for these plans represent the Group's best talent, including the next generation of leaders: senior managers, managers in key positions, line managers and technical experts, high-potential managers, high-performing young managers with good career development prospects, and major contributors to the Group's results.

The option exercise price under these plans is determined at the time of issue in accordance with the terms of the authorisation given by the corresponding Extraordinary Shareholders' Meeting. No discount is offered. Since the 2005 plan, the life of the options granted has been reduced to 8 years.

The plans are subject to vesting conditions under which a portion of the options granted over and above a minimum threshold is conditional upon the performance of the BNP Paribas share relative to the Dow Jones Euro Stoxx Bank index. This relative performance is measured at the end of the second, third



and fourth years of the compulsory holding period and, at each measurement date, applies to one third of the options subject to the performance condition.

The portion that vested in 2009 differed according to employee category and was set at 60% of the total award for members of the BNP Paribas Group Executive Committee, 40% for BNP Paribas Group senior managers and 20% for other beneficiaries.

The performance of the BNP Paribas share relative to the index is determined by comparing (i) the percentage ratio between the average of the opening prices of the BNP Paribas share in each compulsory holding year and the average of the opening prices in the previous compulsory holding year, with (ii) the percentage ratio between the average of the opening prices of the index in the same periods.

If the BNP Paribas share outperforms the index, the exercise price of the corresponding portion of options remains unchanged. If it underperforms the index by 20 points or more, the options subject to the performance condition will lapse and may no longer be exercised.

If the BNP Paribas share underperforms the index by less than 5 points, by 5 to less than 10 points, or by 10 to less than 20 points, the initial exercise price of the relevant portion of the options will be increased by 5%, 10% or 20% respectively.

Under stock option plans set up since 2003, the performance condition was not fully met on six of ten occasions and the adjustments described above were therefore implemented.

In 2006, BNP Paribas used the authorisations granted by the Extraordinary Shareholders' Meeting of 18 May 2005 to set up a Global Share-Based Incentive Plan for the above-mentioned employee categories, which consists of stock options with share awards. Under this plan, senior managers are exclusively granted stock options, whereas managers in key positions receive both stock options and share awards. High-potential managers and major contributors are exclusively granted share awards.

Employees' rights under share awards made until 2009 vest after a period of 2 or 4 years depending on the case and provided the employee is still a member of the Group. The compulsory holding period for the shares granted free of consideration is two years. Share awards were made to Group employees outside France as of 2009. 20% of the share awards made since 2009 are subject to a performance condition.

This performance condition is met if the Group's earnings per share increase by 5% or more compared with the previous year and, if not, it depends on the BNP Paribas share's performance relative to the Dow Jones Euro Stoxx Bank index, measured in the same way as for the stock option plans.

If this condition is not met, the relevant portion of the share awards will become null and void.

All unexpired plans involve potential settlement in BNP Paribas shares.

- Expense for the year

The expense recognised in the year to 31 December 2009 in respect of all the plans granted amounted to EUR 1,233 million (EUR 116 million in the year to 31 December 2008).

In millions of euros	2009				2008
	Stock option plans	Share award plans	Other plans	Total expense	Total expense
Loyalty schemes			435	435	13
Plan for the year			710	710	-
Global Share-Based Incentive Plan	51	37		88	103
Total	51	37	1,145	1,233	116



- Description of the plans

The tables below give details of the characteristics and terms of all unexpired plans at 31 December 2009:

- 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 (1)	Start date of exercise period	Option expiry date	Adjusted exercise price (in euros) (5)	Number of options (1)	Remaining period until expiry of options (years)	
BNL ⁽⁵⁾	13/09/1999	137	614,763	13/09/2001	13/09/2011	82.05	410,557	2	
BNP ^{(1) (4)}	07/04/2000	1,214	1,754,200	08/04/2005	07/04/2010	41.09	297,001	1	
BNL ⁽⁵⁾	20/10/2000	161	504,926	20/10/2003	20/10/2013	103.55	440,443	4	
BNP Paribas SA ^{(1) (2)}	15/05/2001	932	6,069,000	15/05/2005	14/05/2011	47.37	2,904,153	2	
BNL ⁽⁵⁾	26/10/2001	223	573,250	26/10/2004	26/10/2014	63.45	4,739	5	
BNL ⁽⁵⁾	26/10/2001	153	479,685	26/10/2004	26/10/2012	63.45	2,073	3	
BNP Paribas SA ⁽²⁾	31/05/2002	1,384	2,158,570	31/05/2006	30/05/2012	58.02	1,042,931	3	
BNP Paribas SA ⁽³⁾	21/03/2003	1,302	6,693,000	21/03/2007	20/03/2013	35.87	3,300,623	4	
BNP Paribas SA ⁽³⁾	24/03/2004	1,458	1,779,850	24/03/2008	21/03/2014	48.15	1,378,182	5	
BNP Paribas SA ⁽³⁾	25/03/2005	2,380	4,332,550	25/03/2009	22/03/2013	53.28	4,154,846	4	
BNP Paribas SA ⁽³⁾	05/04/2006	2,583	3,894,770	06/04/2010	04/04/2014	73.40	3,716,134	5	
BNP Paribas SA ⁽³⁾	08/03/2007	2,023	3,630,165	08/03/2011	06/03/2015	80.66	3,592,348	6	
BNP Paribas SA ⁽³⁾	06/04/2007	219	405,680	06/04/2011	03/04/2015	76.57	381,495	6	
BNP Paribas SA ⁽³⁾	18/04/2008	2,402	3,985,590	18/04/2012	15/04/2016	64.47	3,997,034	7	
BNP Paribas SA ⁽³⁾	06/04/2009	1,397	2,376,600	08/04/2013	05/04/2017	35.11	2,419,134	8	
Total options outstanding at end of period								28,041,693	

(1) The number of options and the exercise price have been adjusted for the two-for-one BNP Paribas share split that took place on 20 February 2002, and the pre-emptive subscription rights allotted on 7 Mars 2006 and 30 September 2009, in accordance with the prevailing regulations.

(2) These options were subject to vesting conditions related to the financial performance of the Group as measured by the ratio of net income to average shareholders' equity for the year in question. The minimum requirement is an average ratio of 16% over four years starting in the year of grant, or alternatively over three rolling years starting in the second year after the year of grant. This condition has been met for the plans concerned.

(3) The plan is subject to vesting conditions under which a proportion of the options granted to employees is conditional upon the performance of the BNP Paribas share relative to the Dow Jones Euro Stoxx Bank index during the applicable holding period.

Based on this relative performance condition, the adjusted exercise price for these options has been set at:

- EUR 37.67 for 391,950 options under the 21 March 2003 plan, outstanding at the year-end.
- EUR 50.55 for 3,080 options under the 24 March 2004 plan, outstanding at the year-end.
- EUR 55.99 for 175,139 options under the 25 March 2005 plan, outstanding at the year-end.
- EUR 77.06 for 164,364 options under the 5 April 2006 plan, outstanding at the year-end.

(4) Plans granted to employees of the two pre-merger groups, BNP and Paribas. The options vested only in the event that no payments were due in respect of the Contingent Value Rights Certificates attached to the shares issued at the time of the merger. This condition has been met for the two plans concerned.

(5) Following the merger between BNL and BNP Paribas on 1 October 2007, stock option plans granted by BNL between 1999 and 2001 entitle beneficiaries to subscribe to BNP Paribas shares as of the date of the merger. Beneficiaries may subscribe to the shares based on a ratio of 1 BNP Paribas share for 27 BNL shares. The exercise price has been adjusted in line with this ratio.



- Share award plans

Characteristics of the plan						Number of shares outstanding at end of period ⁽²⁾
Originating company	Date of grant	Number of grantees	Number of shares granted	Vesting date of share granted ⁽¹⁾	Expiry date of holding period for shares granted	
BNP Paribas SA	05/04/2006	2,034	544,370	07/04/2008	07/04/2010	344
BNP Paribas SA	05/04/2006	253	64,281	06/04/2009	06/04/2011	53
BNP Paribas SA	08/03/2007	2,145	834,110	09/03/2009	09/03/2011	1,888
BNP Paribas SA	08/03/2007	327	76,813	28/06/2010	28/06/2012	68,348
BNP Paribas SA	18/04/2008	2,124	820,890	19/04/2010	19/04/2012	802,242
BNP Paribas SA	06/04/2009	2,247	359,930	10/04/2012	19/04/2014	368,942
BNP Paribas SA	06/04/2009	1,686	278,325	08/04/2013	08/04/2013	283,505
Total shares outstanding at end of period						1,525,322

(1) The vesting date for some 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

	2009		2008	
	Number of options	Weighted average exercise price (euros)	Number of options	Weighted average exercise price (euros)
Options outstanding at 1 January	27,302,391	59.60	24,648,283	59.07
Options granted during the period	2,376,600	35.11	3,985,590	66.10
Options arising from October 2009 capital increase	705,521			
Options exercised during the period	(1,898,604)	54.01	(1,040,223)	65.23
Options expired during the period	(444,215)		(291,259)	
Options outstanding at 31 December	28,041,693	58.15	27,302,391	59.60
Options exercisable at 31 December	13,935,548	49.95	10,666,992	45.20

The average quoted stock market price for the option exercise period in 2009 was EUR 43.22 (EUR 42.08 in 2008).



- Share award plans

	2009	2008
	Number of shares	Number of shares
Shares outstanding at 1 January	1,773,186	1,483,630
Shares granted during the period	638,255	820,890
Shares vested during the period	(873,826)	(524,208)
Shares expired during the period	(52,662)	(7,126)
Adjustment linked to the increase in capital through the subscription of preferential subscription rights	40,369	-
Shares outstanding at 31 December	1,525,322	1,773,186

- Value attributed to stock options and share awards

As required under IFRS 2, BNP Paribas attributes a value to stock options and share awards granted to employees and recognises an expense, determined at the date of grant, calculated on the basis of the fair value of the options and shares concerned. This initial fair value may not subsequently be adjusted for changes in the quoted market price of BNP Paribas shares. The only assumptions that may result in a revision to fair value during the vesting period, and hence to an adjustment in the expense, are those related to the population of grantees (loss of rights) 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 used to price in the characteristics of certain secondary grants linking options to the performance of the BNP Paribas share relative to a sector index.

The implied volatility used in measuring stock option plans is estimated on the basis of a range of ratings prepared by various dealing rooms. The level of volatility used by the Group takes account of historical volatility trends for the benchmark index and BNP Paribas shares over a 10-year period.

Stock subscription options granted in 2009 were valued at between EUR 11.70 and EUR 13.57 depending on whether or not they are subject to performance conditions according to the various secondary award tranches (compared with EUR 15.35 and EUR 17.32, respectively in 2008).

	Year to 31 Dec. 2009	Year to 31 Dec. 2008
	6 April 2009 Plan	18 April 2008 Plan
BNP Paribas share price on the grant date (in euros)	36.00	67.98
Option exercise price (in euros)	35.11	66.10
Implied volatility of BNP Paribas shares	39.9%	29.5%
Expected option holding period	8 years	8 years
Expected dividend on BNP Paribas shares ⁽¹⁾	2.5%	4.0%
Risk-free interest rate	3.2%	4.5%
Expected proportion of options that will be forfeited	1.5%	1.5%

(1) The dividend rate shown above is an average of the estimated annual dividends over the life of the option.



- Measurement of share awards

The unit value used to measure shares awarded free of consideration is the value at the end of the compulsory holding period plus dividends paid since the date of acquisition, discounted at the grant date.

The value of shares awarded free of consideration by BNP Paribas on 6 April 2009 was EUR 32.55 for those with a four-year vesting period and EUR 33.20 for those with a three-year vesting period (EUR 60.94 for the shares awarded in 2008 whose holding period expires on 19 April 2012).

	Year to 31 Dec. 2009		Year to 31 Dec. 2008
	Plan granted on 6 April 2009 available in 2014	Plan granted on 6 April 2009 available in 2013	18 April 2008 Plan
BNP Paribas share price on the grant date (in euros)	36.00	36.00	67.98
Vesting date	10/04/2012	08/04/2013	19/04/2010
Date of availability	10/04/2014	08/04/2013	19/04/2012
Expected dividend on BNP Paribas shares ⁽¹⁾	2.50%	2.50%	4.00%
Risk-free interest rate	2.65%	2.39%	4.44%
Expected proportion of options that will be forfeited	2.00%	2.00%	2.00%
Theoretical unit value	33.20 €	32.55 €	60.94 €

(1) The dividend yield indicated above is the average of a series of estimated annual dividends.

SHARES SUBSCRIBED OR PURCHASED BY EMPLOYEES UNDER THE COMPANY SAVINGS PLAN

	Year to 31 Dec. 2009	Year to 31 Dec. 2008
	6 April 2009 Plan	18 April 2008 Plan
Date plan announced	5 may 2009	13 may 2008
Quoted price of BNP Paribas shares at date plan announced (in euros)	41.85	67.75
Number of shares issued or transferred	8,999,999	5,360,439
Purchase or subscription price (in euros)	29.40	54.90
Five-year risk-free interest rate	2.69%	4.20%
Five-year borrowing cost	8.50%	8.00%
Borrowing cost during the holding period	24.06%	16.40%

The Group did not recognise an expense in relation to the Company Savings Plan as the discount granted to employees subscribing or purchasing shares under this plan represented a negligible financial expense for BNP Paribas when valued taking into account the five-year compulsory holding period applicable to the shares purchased. Of the total number of BNP Paribas Group employees who were offered the opportunity of buying shares under the Plan in 2009, 42% accepted the offer and 58% turned it down.



8. ADDITIONAL INFORMATION

8.a CHANGES IN SHARE CAPITAL AND EARNINGS PER SHARE

- Resolutions of the Shareholders' General Meeting valid for 2009

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 2009:

Shareholders' General Meeting at which authorisation was granted to the Board of Directors		Use of authorisation in 2009
Shareholders' General Meeting of 21 May 2008 (13 th resolution)	<p>Authorisation to issue ordinary shares and share equivalents with pre-emptive rights for existing shareholders maintained</p> <p><i>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 giving access to the capital of BNP Paribas 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.</i></p>	The issue of 107,650,488 new ordinary shares with a par value of EUR 2 was recorded on 26 October 2009.
Shareholders' General Meeting of 21 May 2008 (14 th resolution)	<p>Authorisation to issue ordinary shares and share equivalents, with pre-emptive rights for existing shareholders waived, and a priority subscription period granted</p> <p><i>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 350 million (representing 175 million shares). The par value of any debt instruments giving access to the capital of BNP Paribas that may be issued by virtue of this authorisation may not exceed EUR 7 billion. This authorisation was granted for a period of 26 months.</i></p>	This authorisation was not used during the year.
Shareholders' General Meeting of 21 May 2008 (15 th resolution)	<p>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</p> <p><i>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 250 million (representing 125 million shares). This authorisation was granted for a period of 26 months.</i></p>	This authorisation was not used during the year.
Shareholders' General Meeting of 21 May 2008 (16 th resolution)	<p>Authorisation to issue ordinary shares and share equivalents, with pre-emptive rights for existing shareholders waived, in consideration for securities tendered to contributions of unlisted shares (up to a maximum of 10% of the capital)</p> <p><i>The maximum size 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 comprising the issued capital of BNP Paribas. This authorisation was granted for a period of 26 months.</i></p>	The issue of 88,235,294 new ordinary shares with a par value of EUR 2 in connection with the Fortis merger (First Contribution) was recorded on 13 May 2009.
Shareholders' General Meeting of 21 May 2008 (17 th resolution)	<p>Blanket limit on authorisations to issue shares with pre-emptive rights for existing shareholders waived</p> <p><i>The maximum par value of all issues made with pre-emptive rights for existing shareholders waived by virtue of the authorisations granted under the 14th to 16th resolutions of the Shareholders' General Meeting of 21 May 2008 may not exceed EUR 350 million for shares immediately and/or in the future and EUR 7 billion for debt instruments.</i></p>	-



Shareholders' General Meeting of 21 May 2008 (19 th resolution)	<p>Blanket limit on authorisations to issue shares with pre-emptive rights for existing shareholders maintained or waived</p> <p><i>The maximum par value of all issues with pre-emptive rights for existing shareholders maintained or waived may not exceed EUR 1 billion for capital increases to be carried out immediately and/or in the future by virtue of authorisations granted under the 13th to 16th resolutions of the Shareholders' General Meeting of 21 May 2008, and secondly, the maximum par value of debt instruments may not exceed EUR 10 billion by virtue of the authorisations granted under the 13th to 16th resolutions of the Shareholders' General Meeting of 21 May 2008.</i></p>	-
Shareholders' General Meeting of 21 May 2008 (21 th resolution)	<p>Authorisation to award shares for no consideration to employees and corporate officers of BNP Paribas and related companies</p> <p><i>The shares awarded may be existing shares or new shares to be issued and may not exceed 1.5% of BNP Paribas' share capital, i.e. less than 0.5% a year. This authorisation was granted for a period of 38 months.</i></p>	638,255 free ordinary shares awarded at the Board meeting of 6 March 2009
Shareholders' General Meeting of 21 May 2008 (22 th resolution)	<p>Authorisation to grant stock subscription or purchase options to corporate officers and certain employees</p> <p><i>The number of options granted may not exceed 3% of BNP Paribas' share capital, i.e. less than 1% a year. This is a blanket limit covering both the 21st and 22nd resolutions of the Shareholders' General Meeting of 21 May 2008. This authorisation was granted for a period of 38 months.</i></p>	2,376,600 stock subscription options granted at the Board meeting of 27 March 2009
Shareholders' General Meeting of 27 March 2009 (2 nd resolution)	<p>Authorisation granted to the Board of Directors to increase the share capital through the issue of non-voting shares subscribed by Société de Prise de Participation de l'Etat (SPPE).</p> <p><i>BNP Paribas' share capital was increased by EUR 374,449,338 through the issue of 187,224,669 so-called "class B" non-voting shares. This issue gave rise to EUR 4,725,550,645.56 in additional paid-in capital.</i></p> <p>-----</p> <p><i>After the repurchase of these non-voting shares from Société de Prise de Participation de l'Etat (SPPE) on 28 October 2009, BNP Paribas SA's share capital was reduced on 26 November 2009 through the cancellation of 187,224,669 class B non-voting shares with a par value of EUR 2, by virtue of a Board of Directors' decision on 4 November 2009 and in accordance with the powers granted to the Board by Article 6 of the Articles of Association.</i></p>	<p>The issue of 187,224,669 non-voting shares with a par value of EUR 2 was recorded on 31 March 2009.</p> <p>Cancellation of all non-voting shares after their repurchase, recorded on 26 November 2009.</p>
Shareholders' General Meeting of 27 March 2009 (3 rd resolution)	<p>Authorisation was given 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</p> <p><i>Authorisation was given to increase the share capital within the limit of a maximum par value of EUR 36 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. The transactions authorised by this resolution may also take the form of sales of shares to members of the BNP Paribas Group's Corporate Savings Plan. This authorisation was granted for a period of 26 months and nullifies as 27 March 2009 the authorisation granted by the 20th resolution of the Shareholder's General Meeting of 21 May 2008.</i></p>	The Issue of 9,000,000 new shares with a par value of EUR 2 was recorded on 10 July 2002
Shareholders' General Meeting of 27 March 2009 (4 th resolution)	<p>Issue of shares to be paid up by capitalising income, retained earnings or additional paid-in capital</p> <p><i>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 given for a period of 26 months and nullifies with effect from 27 March 2009, the authorisation granted by the 18th resolution of the Shareholders' General Meeting of 21 May 2008.</i></p>	This authorisation was not used during the year.



Shareholders' General Meeting of 13 May 2009 (3rd resolution)	Decision by the Shareholders' General Meeting of proposing to the shareholders payment of a dividend in cash or in new ordinary shares. <i>The dividend payment in new ordinary shares would entailed an increase in the Company's share capital by EUR 42,840,508 representing 21,420,254 ordinary shares. This issue gave rise to EUR 706,225,774.38 in additional paid-in capital.</i>	The issue of 21,420,254 new ordinary shares with a par value of EUR 2 was recorded on 16 June 2009.
Shareholders' General Meeting of 13 May 2009 (5th resolution)	Authorisation given to the Board of Directors to set up an ordinary share buyback programme for the Company until it holds at most 10% of the share capital <i>These acquisitions would be used for several purposes, notably:</i> - <i>the award or sale of shares to employees in connection with the employee profit-sharing scheme, employee share ownership plans or corporate savings plans, stock option programmes and the award of free shares to members of staff.</i> - <i>the cancellation of shares following authorisation by the Shareholders' General Meeting (15th resolution of the Shareholders' General Meeting of 13 May 2009)</i> - <i>remittance in exchange or payment for external growth transactions</i> - <i>implementation of a liquidity agreement.</i> <i>This authorisation, which was granted for a period of 18 months, replaces that given by the 5th resolution of the Shareholders' General Meeting of 21 May 2008.</i>	This authorisation was not used during the year.
Shareholders' General Meeting of 13 May 2009 (11 th resolution)	Contribution-in-kind for shares in Fortis Banque SA/NV <i>BNP Paribas ordinary shares were issued for use in a contribution-in-kind transaction for shares in Fortis Banque SA/NV.</i>	The issue of 32,982,760 new ordinary shares with a par value of EUR 2 in connection with the Fortis merger (Second Contribution) was recorded on 13 May 2009
Shareholders' General Meeting of 13 May 2009 (12 th resolution)	Contribution-in-kind for shares in BGL SA <i>BNP Paribas ordinary shares were issued for use in a contribution-in-kind transaction for shares in BGL SA.</i>	The issue of 11,717,549 new ordinary shares with a par value of EUR 2 in connection with the Fortis merger (Third Contribution) was recorded on 13 May 2009
Shareholders' General Meeting of 13 May 2009 (13 th resolution)	Authorisation to issue ordinary shares and share equivalents in consideration for securities tendered to contributions of unlisted shares (up to a maximum of 10% of the capital) <i>The maximum blanket limit on the par value of the capital increases that may be carried out on one or more occasions by virtue of this authorisation stands at 10% of the number of shares comprising the share capital of BNP Paribas. This authorisation was given for a period of 26 months and nullifies the authorisation granted by the 16th resolution of the Shareholders' General Meeting of 21 May 2008.</i>	The issue of 500,000 new ordinary shares with a par value of EUR 2 in connection with the Fortis merger (Fourth Contribution) was recorded on 13 May 2009



Shareholders' General Meeting of 13 May 2009 (15 th resolution)	Authorisation to reduce the share capital by cancelling shares <i>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.</i> <i>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.</i> <i>This authorisation was granted for a period of 18 months and replaces that given by the 23rd resolution of the Shareholders' General Meeting of 21 May 2008.</i>	The cancellation of 219,294 new ordinary shares with a par value of EUR 2 was recorded on 3 August 2009.
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CAPITAL INCREASES LINKED TO THE ACQUISITION OF FORTIS BANQUE SA/NV AND BGL SA

BNP Paribas signed an agreement with the Belgian government and Luxembourg government related to the acquisition by BNP Paribas of certain Fortis group companies from the Belgian government acting via the SFPI and the Luxembourg government (hereinafter the "transaction"). The transaction comprised four asset contributions, with an issue of shares carried out in consideration for each one:

- 88,235,294 ordinary BNP Paribas shares each with a par value of EUR 2 for the First Contribution, which consists in the transfer by SFPI of 263,586,083 Fortis Banque SA/NV shares, representing around 54.55% of the latter's share capital and voting rights. The Board of Directors approved on 12 May 2009 this First Contribution by using the authorisation granted to it by the Shareholders' General Meeting of 21 May 2008 under its 16th resolution. The shares issued in consideration for this contribution are covered by a lock-up commitment that runs until 10 October 2010.

- 32,982,760 ordinary BNP Paribas shares each with a par value of EUR 2 for the Second Contribution, which consists in the transfer by SFPI of 98,529,695 additional Fortis Banque SA/NV shares, representing around 20.39% of the latter's share capital and voting rights. The Shareholders' General Meeting on 13 May 2009 approved this Second Contribution, formally recorded its definitive completion and that of the corresponding issue of shares under its 11th resolution.

- 11,717,549 ordinary BNP Paribas shares each with a par value of EUR 2 for the Third Contribution, which consists in the transfer by the Luxembourg government of 4,540,798 BGL SA shares, representing around 16.57% of the latter's share capital and voting rights. The Shareholders' General Meeting on 13 May 2009 approved this Third Contribution, formally recorded its definitive completion and that of the corresponding issue of shares under its 12th resolution. The Luxembourg government undertook to hold the 5,858,774 shares received in consideration for its asset contribution until 23 October 2009.

- 500,000 ordinary BNP Paribas shares each with a par value of EUR 2 for the Fourth Contribution, which consists in the transfer by the Luxembourg government of 193,760 BGL SA shares, representing around 0.69% of the latter's share capital and voting rights. The Board of Directors approved on 13 May 2009 this Fourth Contribution, formally recorded its definitive completion and that of the corresponding issue of shares, by using the authorisation granted to it by the Shareholders' General Meeting of 13 May 2009 under its 13th resolution. The Grand Duchy of Luxembourg undertook to hold the 250,000 shares received in consideration for its asset contribution until 23 October 2009.

As a result of these four asset contributions, BNP Paribas' share capital increased by 133,435,603 ordinary shares, each with a par value of EUR 2.



- Share capital transactions

Operations affecting share capital	Number of shares	Par value in euros	in €	Date of authorisation by Shareholders' Meeting	Date of decision by Board of Directors	Date from which shares carry dividend rights
Number of shares outstanding at 31 December 2007	905,260,308	2	1,810,520,616			
Increase in share capital by exercise of stock subscription options	1,115,091	2	2,230,182	(1)	(1)	01 January 07
Increase in share capital by exercise of stock subscription options	360,269	2	720,538	(1)	(1)	01 January 08
Capital increase reserved for members of the Company Savings Plan	5,360,439	2	10,720,878	23 May 06	13 May 08	01 January 08
Number of shares outstanding at 31 December 2008	912,096,107	2	1,824,192,214			
Increase in share capital by exercise of stock subscription options	74,024	2	148,048	(1)	(1)	01 January 08
Increase in share capital by exercise of stock subscription options	1,824,582	2	3,649,164	(1)	(1)	01 January 09
Capital increase arising on the acquisition of Fortis	133,435,603	2	266,871,206	(2)	(2)	01 January 09
Capital increase arising on the issuance of non-voting shares	187,224,669	2	374,449,338	27 March 09	27 March 09	-
Capital increase reserved for members of the Company Savings Plan	9,000,000	2	18,000,000	27 March 09	5 May 09	01 January 09
Capital increase arising on the payment of a stock dividend	21,420,254	2	42,840,508	13 May 09	13 May 09	01 January 09
Capital decrease	(219,294)	2	(438,588)	13 May 09	3 August 09	01 January 09
Capital increase	107,650,488	2	215,300,976	21 May 08	25 September 09	-
Capital decrease arising on the cancellation of non-voting shares	(187,224,669)	2	(374,449,338)	-	4 November 09	-
Number of shares outstanding at 31 December 2009	1,185,281,764	2	2,370,563,528			

(1) Various resolutions voted in Shareholders' General Meetings and decisions of the Board of Directors authorising the granting of stock subscription options that were exercised during the period.

(2) Various resolutions adopted by the Shareholders' General Meeting and decisions made by the Board of Directors authorising the issues of shares related to the acquisition of BNP Paribas Fortis and BGL BNP Paribas.

- Own equity instruments (shares issued by BNP Paribas and held by the Group)

In accordance with the fifth resolution of the Shareholders' General Meeting of 13 May 2009 replacing and superseding the fifth resolution of the Shareholders' General Meeting of 21 May 2008, BNP Paribas was authorised to buy back shares representing up to 10% of the BNP Paribas' issued capital at a maximum purchase price of EUR 68 per share. The shares could be acquired for the following purposes: for subsequent cancellation under the terms set by the Shareholders' General Meeting, to fulfil its obligations relative to the issue of shares or share equivalents, stock option plans, 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; to be held in treasury stock for subsequent remittance in exchange or as payment for external growth, merger, spin-off or asset contribution transactions; within the scope of a liquidity agreement complying with the Code of Ethics recognised by the AMF; or for asset and financial management purposes.

This latter authorisation was granted for a period of 18 months.

In addition, one of the Group's subsidiaries involved in trading and arbitrage transactions on equity indices sells shares issued by BNP Paribas short in connection with its activities.



At 31 December 2009, the BNP Paribas Group was a net borrower of 755,993 BNP Paribas shares representing an amount EUR 35 million, which was recognised as an increase in equity.

Own equity instruments (shares issued by BNP Paribas and held by the Group)	Proprietary transactions		Trading account transactions		Total	
	Number of shares	Carrying amount (in millions of euros)	Number of shares	Carrying amount (in millions of euros)	Number of shares	Carrying amount (in millions of euros)
Shares held at 31 December 2007	9,136,114	630	(163,462)	(11)	8,972,652	619
Acquisitions	1,304,072	91			1,304,072	91
Shares delivered to employees	(802,472)	(54)			(802,472)	(54)
Shares delivery for Banco BGN purchase	(3,646,292)	(288)			(3,646,292)	(288)
Other movements	(542,574)	(34)	(1,287,370)	(33)	(1,829,944)	(67)
Shares held at 31 December 2008	5,448,848	345	(1,450,832)	(44)	3,998,016	301
Acquisitions	127,087	5			127,087	5
Shares delivered to employees	(1,079,980)	(78)			(1,079,980)	(78)
Other movements	(847,639)	(61)	(2,953,477)	(202)	(3,801,116)	(263)
Shares held at 31 December 2009	3,648,316	211	(4,404,309)	(246)	(755,993)	(35)

Under the Bank's market-making agreement with Exane BNP Paribas, and in line with the Code of Ethics recognised by the AMF, BNP Paribas SA bought back 127,087 shares during 2009 at an average share price of EUR 45.85, and sold 141,931 treasury shares at an average share price of EUR 48.05. At 31 December 2009, 147,007 shares worth EUR 6.5 million were held by BNP Paribas under this agreement.

From 1 January to 31 December 2009, 870,611 BNP Paribas shares were delivered following the definitive award of free shares to their beneficiaries.

- Non-voting shares issued by the Group

Following the authorisation granted by the Shareholders' General Meeting on 27 March 2009, BNP Paribas issued on 31 March 2009 187,224,669 non-voting shares at a unit price of EUR 27.24, representing a total amount of EUR 5.1 billion, to Société de Prise de Participation de l'Etat (SPPE) in connection with the French government's economic stimulus plan. These shares do not carry any voting rights, are not convertible into ordinary shares and entitle their holders to receive a dividend, only if a dividend is paid to holders of the ordinary shares. The dividend amounts to 105% pro rata temporis of the dividend paid on ordinary shares in respect of 2009 and is subject to a cap and floor stated as a percentage of the issue price. The floor is a fixed rate of 7.65% for 2009 pro rata temporis.

These non-voting shares were bought back on 28 October 2009 and were subsequently cancelled on 26 November 2009.

- Preferred shares and Undated Super Subordinated Notes (TSSDI)

- Preferred shares issued by the Group's foreign subsidiaries

In October 2000, BNP Paribas Capital Trust, a subsidiary under the exclusive control of the Group, made a USD 500 million issue of undated non-cumulative preferred shares governed by the laws of the



United States, which did not dilute BNP Paribas ordinary shares. The shares paid a fixed rate dividend for a period of ten years. Thereafter, the shares were redeemable at par at the issuer's discretion at the end of each calendar quarter, with unredeemed shares paying a Libor-indexed dividend. The issuer had the option of not paying dividends on these preferred shares if no dividends were paid on BNP Paribas SA ordinary shares and no coupons were paid on preferred share equivalents (Undated Super Subordinated Notes) in the previous year. Unpaid dividends were not carried forward

In October 2001, a EUR 500 million undated non-cumulative preferred share issue was carried out through a subsidiary under the exclusive control of the Group, BNP Paribas Capital Trust III. Shares in the issue pay a fixed rate dividend for a period of ten years. The shares are redeemable at the issuer's discretion after a ten-year period, and thereafter at each coupon date, with unredeemed shares paying a Euribor-indexed dividend.

In January and June 2002, two undated non-cumulative preferred share issues, of EUR 660 million and USD 650 million respectively, were carried out by two subsidiaries under the exclusive control of the Group, BNP Paribas Capital Trust IV and V. Shares in the first issue pay a fixed rate annual dividend over ten years, and shares in the second issue paid a fixed rate quarterly dividend over five years. Shares in the first issue are redeemable at the issuer's discretion after a ten-year period, and thereafter at each coupon date, with unredeemed shares paying a Euribor-indexed dividend. Shares in the second issue were redeemed by the issuer in June 2008 at the end of the contractual five-year period.

In January 2003, a non-cumulative preferred share issue of EUR 700 million was carried out by BNP Paribas Capital Trust VI, a subsidiary under the exclusive control of the Group. The shares pay an annual fixed rate dividend. They are redeemable at the end of a 10-year period and thereafter at each coupon date. Shares not redeemed in 2013 will pay a Euribor-indexed quarterly dividend.

In 2003 and 2004, the LaSer-Cofinoga sub-group – which is proportionately consolidated by BNP Paribas – carried out three issues of undated non-voting preferred shares through special purpose entities governed by UK law and exclusively controlled by the LaSer-Cofinoga sub-group. These shares pay a non-cumulative preferred dividend for a ten-year period, at a fixed rate for those issued in 2003 and an indexed rate for the 2004 issue. After this ten-year period, they will be redeemable at par at the issuer's discretion at the end of each quarter on the coupon date, and the dividend payable on the 2003 issue will become Euribor-indexed.

Preferred shares issued by the Group's subsidiaries

Issuer	Date of issue	Currency	Amount	Rate and term before 1st call date		Rate after 1st call date
BNPP Capital Trust	October 2000	USD	500 million	9.003%	10 years	3-month Libor + 3.26%
BNPP Capital Trust III	October 2001	EUR	500 million	6.625%	10 years	3-month Euribor + 2.6%
BNPP Capital Trust IV	January 2002	EUR	660 million	6.342%	10 years	3-month Euribor + 2.33%
BNPP Capital Trust VI	January 2003	EUR	700 million	5.868%	10 years	3-month Euribor + 2.48%
Cofinoga Funding I LP	March 2003	EUR	100 million ⁽¹⁾	6.820%	10 years	3-month Euribor + 3.75%
Cofinoga Funding II LP	January and May 2004	EUR	80 million ⁽¹⁾	TEC 10 ⁽²⁾ + 1.35%	10 years	TEC 10 ⁽²⁾ + 1.35%
Total euro-equivalent value			2,239 million ⁽³⁾			

(1) Before application of the proportionate consolidation rate.

(2) TEC 10 is the daily long-term government bond index, corresponding to the yield-to-maturity of a fictitious 10-year Treasury note.

(3) net of shares held in treasury by Group entities

The proceeds of these issues are recorded under “Minority interests” in the balance sheet, and the dividends are reported under “Minority interests” in the profit and loss account.

At 31 December 2009, the BNP Paribas Group held EUR 60 million in preferred shares, deducted from minority interests.



- Undated Super Subordinated Notes issued by BNP Paribas SA

From 2005 to 2009, BNP Paribas SA carried out nineteen issues of Undated Super Subordinated Notes representing a total amount of EUR 10,612 million. The notes pay a fixed 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 EUR 2,550 million issue subscribed in December 2008 by Société de Prise de Participation de l'Etat was redeemed upon the issue of the non-voting shares in March 2009.

The EUR 69 million in issues carried out in December 2009 resulted from the public exchange offer for the Undated Subordinated Notes and participating notes described in Note 5h.

The table below sets out the characteristics of these various issues:

Undated Super Subordinated Notes

Date of issue	Currency	Amount	Coupon payment date	Rate and term before 1st call date	Rate after 1st call date
June 2005	USD	1,350 million	semi-annual	5.186%	10 years USD 3-month Libor + 1.680%
October 2005	EUR	1,000 million	annual	4.875%	6 years 4.875%
October 2005	USD	400 million	annual	6.250%	6 years 6.250%
April 2006	EUR	750 million	annual	4.730%	10 years 3-month Euribor + 1.690%
April 2006	GBP	450 million	annual	5.945%	10 years GBP 3-month Libor + 1.130%
July 2006	EUR	150 million	annual	5.450%	20 years 3-month Euribor + 1.920%
July 2006	GBP	325 million	annual	5.945%	10 years GBP 3-month Libor + 1.810%
April 2007	EUR	750 million	annual	5.019%	10 years 3-month Euribor + 1.720%
June 2007	USD	600 million	quarterly	6.500%	5 years 6.50%
June 2007	USD	1,100 million	semi-annual	7.195%	30 years USD 3-month Libor + 1.290%
October 2007	GBP	200 million	annual	7.436%	10 years GBP 3-month Libor + 1.850%
June 2008	EUR	500 million	annual	7.781%	10 years 3-month Euribor + 3.750%
September 2008	EUR	650 million	annual	8.667%	5 years 3-month Euribor + 4.050%
September 2008	EUR	100 million	annual	7.570%	10 years 3-month Euribor + 3.925%
December 2009	EUR	2 million	quarterly	3-month Euribor + 3.750%	10 years 3-month Euribor + 3.750%
December 2009	EUR	17 million	annual	7.028%	10 years 7.028%
December 2009	USD	70 million	quarterly	USD 3-month Libor + 3.750%	10 years USD 3-month Libor + 3.750%
December 2009	USD	0.5 million	annual	7.384%	10 years 7.384%
Total euro-equivalent value		8,045 million ⁽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, 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 “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 2009, the BNP Paribas Group held EUR 17 million of Undated Super Subordinated Notes which were deducted from shareholders' equity.

- Basic earnings per share

Basic earnings per share is calculated by dividing the net income for the period attributable to ordinary shareholders 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 corresponds to net income for the year divided by the weighted average number of shares outstanding as adjusted for the maximum effect of the conversion of dilutive equity instruments into ordinary shares. In-the-money stock subscription options are taken into account in the diluted earnings per share calculation, as are share awards made under the Global Share-based Incentive Plan. Conversion of these instruments would have no effect on the net income figure used in this calculation.

	Year to 31 Dec. 2009	Year to 31 Dec. 2008
Net income used to calculate basic and diluted earnings per ordinary share (in millions of euros) ⁽¹⁾	5,504	2,762
Weighted average number of ordinary shares outstanding during the year	1,057,526,241	925,249,465
Effect of potentially dilutive ordinary shares	1,710,915	3,813,197
Weighted average number of ordinary shares used to calculate diluted earnings per share	1,059,237,156	929,062,662
Basic earnings per share (in euros)	5.20	2.99
Diluted earnings per share (in euros)	5.20	2.97

(1) Net income used to calculate basic and diluted earnings per share is net income per the profit and loss account, adjusted for the remuneration on the preferred shares and the Undated Super Subordinated Notes issued by BNP Paribas SA (treated as preferred share equivalents), which for accounting purposes is handled as dividends.

The increase in capital with preferential subscription rights completed on 26 October 2009 led, in accordance with the recommendations of IAS 33, to a change in earnings per share for 2008 as reported (EUR 3.07 for basic earnings per share and EUR 3.06 for diluted earnings per share) to make earnings per share comparable for the two years presented.

The dividend per share paid in 2009 out of 2008 net income amounted to EUR 1 compared with EUR 3.35 per share paid in 2008 out of 2007 net income.



8.b SCOPE OF CONSOLIDATION

Name	Country	Change in the scope of consolidation	Method	Group voting interest (%)	Group ownership interest (%)
Consolidating company					
BNP Paribas SA	France		Full	100.00%	100.00%
French Retail Banking					
Banque de Bretagne	France		Full	100.00%	100.00%
BNP Paribas Développement SA	France		Full	100.00%	100.00%
BNP Paribas Factor	France		Full	100.00%	100.00%
BNP Paribas Factor Portugal	Portugal		Full	100.00%	100.00%
Compagnie pour le Financement des Loisirs - Collisirs	France		Equity	33.33%	33.33%
Retail Banking - Italy (BNL Banca Commerciale)					
Artigiancassa SPA	Italy		Full	73.86%	73.86%
Artigiancassa - Org. Di Assistenza SPA	Italy		Equity	80.00%	59.08%
BNL Broker Assicurazioni SPA	Italy	31/12/2009	Disposal		
BNL Edizioni SRL	Italy	31/12/2008	Merger		
BNL Finance SPA	Italy	31/12/2008	Equity	1	100.00%
BNL Partecipazioni SPA	Italy	31/12/2009	Merger		
BNL Positivity SRL	Italy	31/12/2009	Full	100.00%	100.00%
Banca Nazionale del Lavoro SPA	Italy	31/12/2008	Full	51.00%	51.00%
Creampresa SPA (Groupe)	Italy	31/12/2009	Disposal		
Ekip SPA	Italy	31/12/2008	Equity	1	76.90%
International Factors Italia SPA - Ititalia	Italy	31/12/2008	Deconsolidation		
Serfactoring SPA	Italy		Equity		27.00%
Special Purpose Entities					
Vela ABS	Italy		Full		
Vela Home SRL	Italy		Full		
Vela Public Sector SRL	Italy		Full		
Retail Banking in United States of America					
1897 Services Corporation	U.S.A		Full	100.00%	100.00%
AmerUS Leasing, Inc.	U.S.A	31/12/2009	Deconsolidation		
BancWest Corporation	U.S.A	31/12/2008	Full	100.00%	100.00%
Bancwest Investment Services, Inc.	U.S.A		Full	100.00%	100.00%
Bank of the West Business Park Association LLC	U.S.A		Full	38.00%	38.00%
Bank of the West	U.S.A		Full	100.00%	100.00%
Bishop Street Capital Management Corporation	U.S.A		Full	100.00%	100.00%
BW Insurance Agency, Inc.	U.S.A		Full	100.00%	100.00%
BW Leasing, Inc.	U.S.A		Full	100.00%	100.00%
Center Club, Inc.	U.S.A		Full	100.00%	100.00%
CFB Community Development Corporation	U.S.A		Full	100.00%	100.00%
Claas Financial Services LLC	U.S.A	31/12/2009	Full	100.00%	80.45%
Commercial Federal Affordable Housing, Inc.	U.S.A	31/12/2008	Incorporation		
Commercial Federal Community Development Corporation	U.S.A		Full	100.00%	100.00%
Commercial Federal Insurance Corporation	U.S.A		Full	100.00%	100.00%
Commercial Federal Investments Services, Inc.	U.S.A		Full	100.00%	100.00%
Commercial Federal Realty Investors Corporation	U.S.A		Full	100.00%	100.00%
Commercial Federal Service Corporation	U.S.A		Full	100.00%	100.00%
Community First Home Mortgage	U.S.A	31/12/2008	Deconsolidation		
Community First Insurance, Inc.	U.S.A		Full	100.00%	100.00%
Community Service, Inc.	U.S.A		Full	100.00%	100.00%
Contractors Insurance Services	U.S.A	31/12/2008	Merger		
Equity Lending Inc.	U.S.A		Full	100.00%	100.00%
Essex Credit Corporation	U.S.A		Full	100.00%	100.00%
FHL Lease Holding Company Inc.	U.S.A		Full	100.00%	100.00%
FHL SPC One, Inc.	U.S.A		Full	100.00%	100.00%
First Bancorp	U.S.A		Full	100.00%	100.00%
First Hawaiian Bank	U.S.A		Full	100.00%	100.00%
First Hawaiian Leasing, Inc.	U.S.A		Full	100.00%	100.00%
First National Bancorporation	U.S.A		Full	100.00%	100.00%
First Santa Clara Corporation	U.S.A		Full	100.00%	100.00%
First Savings Investment Corporation	U.S.A	31/12/2008	Deconsolidation		
HBC Aviation, LLC	U.S.A	31/12/2008	Merger		
KIC Technology1, Inc.	U.S.A		Full	100.00%	100.00%
KIC Technology2, Inc.	U.S.A		Full	100.00%	100.00%
KIC Technology3, Inc.	U.S.A		Full	100.00%	100.00%
Liberty Leasing Company	U.S.A		Full	100.00%	100.00%
Mountain Fall Acquisition	U.S.A		Full	100.00%	100.00%
ORE, Inc.	U.S.A	31/12/2008	Deconsolidation		
Real Estate Delivery 2 Inc.	U.S.A	31/12/2009	Incorporation		
Roxborough Acquisition Corporation	U.S.A	31/12/2009	Deconsolidation		
St Paul Agency Inc.	U.S.A	31/12/2008	Deconsolidation		
The Bankers Club, Inc.	U.S.A		Full	100.00%	100.00%
The Voyager HR Group	U.S.A	31/12/2008	Deconsolidation		
Ursus Real Estate Inc	U.S.A	31/12/2009	Full	100.00%	100.00%
Ursus Real Estate Inc	U.S.A	31/12/2008	Incorporation		
Special Purpose Entities					
CFB Capital 3	U.S.A	31/12/2009	Deconsolidation		
			Passing qualifying thresholds		
CFB Capital 4	U.S.A	31/12/2009	Deconsolidation		
			Passing qualifying thresholds		
Commercial Federal Capital Trust 1	U.S.A	31/12/2009	Deconsolidation		
Commercial Federal Capital Trust 2	U.S.A	31/12/2008	Full		
Commercial Federal Capital Trust 3	U.S.A	31/12/2008	Full		

Name	Country	Change in the scope of consolidation	Method	Group voting interest (%)	Group ownership interest (%)
C-One Leasing LLC	U.S.A	31/12/2009			
First Hawaiian Capital 1	U.S.A	31/12/2008	Incorporation		
BNP Paribas Personal Finance					
Axa Banque Financement	France		Equity	35.00%	35.00%
Banco BGN SA	Brazil	31/12/2009	Full	100.00%	100.00%
		31/12/2008	Purchase		
Banco Cetelem Argentina	Argentina	31/12/2009	Additional purchase	100.00%	100.00%
Banco Cetelem Portugal	Portugal		Full	100.00%	100.00%
Banco Cetelem SA	Spain		Full	100.00%	100.00%
BGN Holding Financeira Limitada	Brazil	31/12/2009	Full	100.00%	100.00%
		31/12/2008	Purchase		
Bielle 5 SPA	Italy	31/12/2009	Additional purchase	100.00%	75.00%
		31/12/2008	Equity	50.00%	50.00%
BNP Paribas InvestImmo	France	31/12/2008	Merger		
BNP Paribas Personal Finance	France		Full	100.00%	100.00%
BNP Paribas Personal Finance EAD	Bulgaria		Full	100.00%	100.00%
BNP Paribas Personal Finance Belgium	Belgium		Full	100.00%	100.00%
BNP Paribas Personal Finance Pays-Bas (ex UCB Hypotheek)	Netherlands		Full	100.00%	100.00%
BNP Paribas Personal Finance SA de CV	Mexico		Full	100.00%	100.00%
BNP Paribas Personal Finance SPA	Italy		Full	100.00%	100.00%
Calneo	France	31/12/2009	Passing qualifying thresholds	50.99%	50.78%
Carrefour Administration Cartes de Credits - CACC	Brazil		Equity	40.00%	40.00%
Cetelem Algérie	Algeria		Full	100.00%	100.00%
Cetelem America	Brazil		Full	100.00%	100.00%
Cetelem Asia	Hong-Kong		Full	100.00%	100.00%
Cetelem Bank SA (Palier Laser)	Poland	31/12/2009	Partial disposal	50.00%	50.00%
		31/12/2008	Full	100.00%	100.00%
Cetelem Benelux BV	Netherlands		Full	100.00%	100.00%
Cetelem Brésil	Brazil		Full	100.00%	100.00%
Cetelem CR	Czech Republic		Full	100.00%	100.00%
Cetelem Holding Participações Limitada	Brazil		Full	100.00%	100.00%
		31/12/2008	Purchase		
Cetelem IFN SA	Romania		Full	100.00%	100.00%
Cetelem Latin America Holding Participações Limitada	Brazil	31/12/2009	Incorporation	100.00%	100.00%
Cetelem Maroc	Morocco		Full	99.86%	93.27%
Cetelem Polska Expansion SA (Palier Laser)	Poland	31/12/2009	Partial disposal	50.00%	50.00%
		31/12/2008	Full	100.00%	100.00%
Cetelem Processing Services (Shanghai) Limited	China		Full	100.00%	100.00%
Cetelem Services Limitada	Brazil		Equity	1	100.00%
Cetelem Servicios SA de CV	Mexico	31/12/2009	Passing qualifying thresholds	100.00%	100.00%
Cetelem Slovensko	Slovakia		Full	100.00%	100.00%
Cetelem Thailande	Thailand		Full	100.00%	100.00%
Cetelem UK	UK	31/12/2009	Deconsolidation		
		31/12/2008	Full	100.00%	100.00%
Colica Ball	France		Full	100.00%	100.00%
Coldis France	France	31/12/2008	Disposal		
Colparc SNC	France		Full	100.00%	100.00%
Compagnie Medicale de financement de Voitures et matériels - CMV Mediforce	France		Full	100.00%	100.00%
Credial Italia SPA	Italy	31/12/2009	Merger		
		31/12/2008	Prop.	50.00%	50.00%
Credifin Banco SA (ex palier Laser)	Portugal	31/12/2009	Additional purchase	100.00%	100.00%
		31/12/2008	Prop.	50.00%	50.00%
Credirama SPA	Italy	31/12/2009	Additional purchase	51.00%	38.25%
		31/12/2008	Prop.	50.00%	25.50%
Credisss Holding Limited	Cyprus		Full	100.00%	100.00%
Credit Moderne Antilles Guyane	France		Full	100.00%	100.00%
Credit Moderne Guyane	France	31/12/2008	Merger		
Credit Moderne Ocean Indien	France		Full	97.81%	97.81%
Direct Services	Bulgaria		Full	100.00%	100.00%
Dresdner-Cetelem Kreditbank	Germany		Full	50.10%	50.10%
Eflico Iberia	Spain		Full	100.00%	100.00%
Eflico Participacion SA	France	31/12/2008	Passing thresholds		
Eflico Portugal	Portugal	31/12/2009	Merger	1	100.00%
			Equity		
Eflico (ex Eficco Soreco)	France	31/12/2008	Passing qualifying thresholds	1	100.00%
Eurocredito	Spain		Full	99.96%	99.96%
Facet	France		Full	100.00%	100.00%
Fideicomiso Financiero Cetelem 1	Argentina	31/12/2009	Incorporation	100.00%	100.00%
Fidem	France		Full	51.00%	51.00%
Fidexis	Belgium	31/12/2009	Merger		
Fimesic Expansion SA	Spain		Full	100.00%	100.00%
Findomestic Banca SPA	Italy	31/12/2009	Additional purchase	75.00%	75.00%
		31/12/2008	Prop.	50.00%	50.00%
Findomestic Banka a.d	Serbia	31/12/2009	Additional purchase	100.00%	75.00%
		31/12/2008	Prop.	50.00%	50.00%
Findomestic Leasing SPA	Italy	31/12/2008	Merger		
KBC Pint Systems	Belgium		Equity	39.99%	39.99%
LaSer - Collnoga (Groupe)	France		Prop.	50.00%	50.00%
Loisirs Finance	France		Full	51.00%	51.00%
Magyar Cetelem	Hungary		Full	100.00%	100.00%
Mélier Regroupement de Crédits	France	31/12/2008	Merger		
Monabank	France		Equity	34.00%	34.00%
Natixis Financement	France		Equity	33.00%	33.00%
Norskfin Finance	France		Full	51.00%	51.00%

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BNP Paribas Personal Finance (cont'd)					
Prestacore SA de CV	Mexico	31/12/2009	Passing qualifying thresholds	Full	100.00%
		31/12/2008	Equity	1	100.00%
Projeo	France			Full	51.00%
SA Domofinance	France	31/12/2009	Change of control	Full	55.00%
		31/12/2008	Prop.		55.00%
SAS Prêts et Services	France			Full	100.00%
Servicios Financieros Carrefour EFC	Spain			Equity	37.28%
SGPS Colnoga Portugal (ex paler Laser)	Portugal	31/12/2009	Additional purchase	Full	100.00%
		31/12/2008	Prop.		50.00%
Société de Paiement Pass	France			Equity	40.01%
Submarino Finance Promotora de Credito Limitada	Brazil			Prop.	50.00%
Sundaram Home Finance Limited	India			Prop.	49.90%
UCB	France	31/12/2008	Merger		
UCB Ingatlanhel RT	Hungary	31/12/2009		Full	100.00%
		31/12/2008	Passing qualifying thresholds	Full	100.00%
UCB Suisse	Switzerland			Full	100.00%
Union de Crédits Immobiliarios - UCI (Groupe)	Spain			Prop.	50.00%
Debt Investment Fund					
FCC Retail ABS Finance - Noria 2005	France			Full	
FCC Retail ABS Finance - Noria 2008	France			Full	
FCC Retail ABS Finance - Noria 2009	France	31/12/2009	Incorporation	Full	
European Mortgage Finance IT-2008-1 SRL	Italy	31/12/2009		Full	
		31/12/2008	Purchase	Full	
FCC Domos 2003	France	31/12/2008	Deconsolidation		
FCC Domos 2008	France	31/12/2009		Full	
		31/12/2008	Incorporation	Full	
FCC Master Domos	France			Full	
FCC Master Domos 4	France	31/12/2008	Deconsolidation		
FCC Master Domos 5	France			Full	
FCC U.C.I 18	Spain	31/12/2009		Prop.	
		31/12/2008	Incorporation	Prop.	
FCC U.C.I. 19	Spain	31/12/2009		Prop.	
FCC U.C.I 5-17	Spain	31/12/2009		Prop.	
Fundo de Investimento EM Direitos Creditórios BGN Lfe	Brazil	31/12/2009		Full	
		31/12/2008	Purchase	Full	
Fundo de Investimento EM Direitos Creditórios BGN Premium	Brazil	31/12/2009		Full	
		31/12/2008	Purchase	Full	
UCB Service SRL	Italy	31/12/2009		Full	
		31/12/2008	Additional purchase	Full	
Viola Finanza SRL (ex FCC Master Dolphin)	Italy	31/12/2009		Prop.	
Equipment Solutions					
Albury Asset Rentals Limited	UK			Full	100.00%
All In One Allemagne	Germany			Full	100.00%
All In One Vermietung GmbH	Austria			Full	100.00%
AnIn Bail	France			Full	100.00%
Aprolis Finance	France			Full	51.00%
Arius SA	France			Full	100.00%
Arkyg Limited	UK			Full	100.00%
Arkyg SAS	France			Full	100.00%
Arval Austria GmbH	Austria			Full	100.00%
Arval Belgium	Belgium			Full	100.00%
Arval Benelux BV	Netherlands			Full	100.00%
Arval Brasil Limitada	Brazil	31/12/2009	Passing qualifying thresholds	Full	100.00%
		31/12/2008	Equity	1	100.00%
Arval Business Services Limited	UK			Full	100.00%
Arval BV	Netherlands			Full	100.00%
Arval Deutschland GmbH	Germany			Full	100.00%
Arval ECL SAS	France			Full	100.00%
Arval Hellas Car Rental SA	Greece	31/12/2009		Equity	1
		31/12/2008	Passing qualifying thresholds	Equity	1
Arval India Private Limited	India			Equity	1
Arval Limited	UK			Full	100.00%
Arval Luxembourg	Luxembourg			Full	100.00%
Arval Maroc	Morocco	31/12/2009	Passing qualifying thresholds	Full	100.00%
		31/12/2008	Equity	1	88.73%
Arval NV	Belgium			Full	100.00%
Arval PHH Holding SAS	France			Full	100.00%
Arval PHH Holdings Limited	UK			Full	100.00%
Arval PHH Holdings UK Limited	UK			Full	100.00%
Arval PHH Service Lease CZ	Czech Republic			Full	100.00%
Arval Portugal	Portugal			Full	100.00%
Arval Russie	Russia	31/12/2009	Passing qualifying thresholds	Full	100.00%
		31/12/2008	Equity	1	100.00%
Arval Schweiz AG	Switzerland			Full	100.00%
Arval Service Lease	France			Full	100.00%
Arval Service Lease Espagne	Spain			Full	99.99%
Arval Service Lease Italia	Italy			Full	100.00%
Arval Service Lease Polska SP	Poland			Full	100.00%
Arval Service Lease Romania SRL	Romania			Equity	1
		31/12/2009	Passing qualifying thresholds	Full	100.00%
		31/12/2008	Equity	1	100.00%
Arval Slovakia	Slovakia	31/12/2009		Full	100.00%
		31/12/2008	Equity	1	100.00%
Arval Trading	France			Full	100.00%
Arval UK Group Limited	UK			Full	100.00%
Arval UK Limited	UK			Full	100.00%
Barloworld Heftruck BV	Netherlands			Equity	50.00%
BNP Paribas Fleet Holdings Limited	UK			Full	100.00%
BNP Paribas Lease Group	France			Full	100.00%

Name	Country	Change in the scope of consolidation	Method	Group voting interest (%)	Group ownership interest (%)
BNP Paribas Lease Group (Rentals) Limited (ex Bureau Services Limited)	UK			Full	100.00%
BNP Paribas Lease Group BV	Netherlands			Full	100.00%
BNP Paribas Lease Group GmbH & Co KG	Austria			Full	100.00%
BNP Paribas Lease Group Holding SPA	Italy	31/12/2008	Merger		
BNP Paribas Lease Group KFT	Hungary			Full	100.00%
BNP Paribas Lease Group Netherlands BV	Netherlands			Full	100.00%
BNP Paribas Lease Group Polska SP z.o.o	Poland			Full	100.00%
BNP Paribas Lease Group RT	Hungary			Full	100.00%
BNP Paribas Lease Group SA Belgium	Belgium			Full	100.00%
BNP Paribas Lease Group SPA	Italy	31/12/2008	Merger		
BNP Paribas Lease Group SPA (ex Localfi SPA)	Italy			Full	100.00%
BNP Paribas Lease Group UK PLC	UK			Full	100.00%
BNP Paribas Leasing GmbH	Germany	31/12/2009	Merger		
		31/12/2008		Full	100.00%
Clas Financial Services	France			Full	60.11%
Clas Financial Services Inc.	U.S.A			Full	100.00%
Clas Financial Services Limited	UK			Full	51.00%
Clas Leasing GmbH	Germany	31/12/2009	Merger		
		31/12/2008		Full	100.00%
CNH Capital Europe	France			Full	50.10%
CNH Capital Europe BV (ex Leaseco International BV)	Netherlands	31/12/2009	Deconsolidation		
		31/12/2008		Full	100.00%
CNH Capital Europe GmbH	Austria	31/12/2009	Passing qualifying thresholds	Full	100.00%
CNH Capital Europe Limited	UK			Full	100.00%
Colplan	France			Full	99.99%
Commercial Vehicle Finance Limited	UK			Full	100.00%
Dexia Localon Longue Durée	France	31/12/2009		Equity	1
		31/12/2008	Passing qualifying thresholds	Equity	1
Diakard Fleet Information Services Limited	UK			Full	51.00%
Diakard Limited	UK	31/12/2008	Deconsolidation		
Diamond Finance UK Limited	UK			Full	60.00%
Equipment Lease BV	Netherlands			Full	100.00%
Geslon et Localon Holding	France			Full	100.00%
Greenval Insurance Company Limited	Ireland	31/12/2009		Full	4
		31/12/2008	Passing qualifying thresholds	Full	4
H.F.G.L Limited	UK			Full	100.00%
Harpur UK Limited	UK			Full	100.00%
Humberlyde Commercial Investments Limited	UK			Full	100.00%
Humberlyde Commercial Investments N° 4 Limited	UK			Full	100.00%
Humberlyde Commercial Investments N°1 Limited	UK			Full	100.00%
Humberlyde Finance Limited	UK			Full	100.00%
Humberlyde Industrial Finance Limited	UK			Full	100.00%
Humberlyde Investments Limited	UK			Full	100.00%
JCB Finance	France			Full	100.00%
JCB Finance Holdings Limited	UK	31/12/2009		Full	50.10%
		31/12/2008	Incorporation	Full	50.10%
Locatice Italiana SPA	Italy			Full	100.00%
Manitou Finance Limited	UK			Full	51.00%
Naloball 2	France			Full	100.00%
Nalocredball	France			Full	100.00%
Nalocredmur	France			Full	100.00%
Naloenergie	France			Full	100.00%
Overdrive Business Solutions Limited	UK			Full	100.00%
Overdrive Credit Card Limited	UK	31/12/2009	Deconsolidation		
		31/12/2008		Full	100.00%
Parizomi	France			Full	100.00%
PHH Financial services Limited	UK			Full	100.00%
PHH Holdings (1999) Limited	UK	31/12/2009	Deconsolidation		
		31/12/2008		Full	100.00%
PHH Investment Services Limited	UK			Full	100.00%
PHH Leasing (N°9)	UK	31/12/2009	Deconsolidation		
		31/12/2008		Full	100.00%
PHH Treasury Services Limited	UK			Full	100.00%
PHH Truck Management Services Limited	UK	31/12/2009	Deconsolidation		
		31/12/2008		Full	100.00%
Pointuro Limited	UK	31/12/2009	Deconsolidation		
		31/12/2008		Full	100.00%
Same Deutz Fahr Finance Limited	UK			Full	100.00%
Same Deutz-Fahr Finance	France			Full	100.00%
SAS MFF	France			Full	51.00%
SREI Equipement Finance Private Limited	India	31/12/2009		Prop.	50.00%
		31/12/2008	Purchase	Prop.	50.00%
TEB Arval Arac Filo Kiralama	Turkey	31/12/2009	Additional purchase	Full	75.00%
		31/12/2008	Prop.	50.00%	50.00%
The Harpur Group UK Limited	UK	31/12/2009	Deconsolidation		
		31/12/2008		Full	100.00%
UFB Asset Finance Limited	UK			Full	100.00%
United Care (Cheshire) Limited	UK			Full	100.00%
United Care Group Limited	UK			Full	100.00%
Special Purpose Entities					
Vela Lease SRL	Italy			Full	
Emerging Markets					
Banque de Nankin	China			Equity	12.61%
Banque de Wallis et Futuna	France	31/12/2009		Full	50.98%
		31/12/2008	Reconsolidation	Full	50.98%
Banque du Sahara LSC	Libya			Full	19.00%
Banque Internationale du Commerce et de l'Industrie Burkina Faso	Burkina Faso			Full	51.00%
Banque Internationale du Commerce et de l'Industrie Cote d'Ivoire	Ivory Coast			Full	59.79%

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Emerging Markets (cont'd)						
Banque Internationale du Commerce et de l'Industrie Gabon	Gabon	31/12/2009	Loss of control	Equity	46.67%	46.67%
		31/12/2008		Full	46.67%	46.67%
Banque Internationale du Commerce et de l'Industrie Guinée	Guinea			Equity	30.83%	30.83%
Banque Internationale du Commerce et de l'Industrie Mali	Mali			Full	85.00%	85.00%
Banque Internationale du Commerce et de l'Industrie Senegal	Senegal			Full	54.11%	54.11%
Banque Malgache de l'Océan Indien	Madagascar			Full	75.00%	75.00%
Banque Marocaine du Commerce et de l'Industrie	Morocco			Full	66.74%	66.74%
Banque Marocaine du Commerce et de l'Industrie Crédi Conso	Morocco			Full	100.00%	79.74%
Banque Marocaine du Commerce et de l'Industrie Gestion	Morocco			Equity	1	100.00%
Banque Marocaine du Commerce et de l'Industrie Leasing	Morocco			Full	72.03%	48.07%
Banque Marocaine du Commerce et de l'Industrie Offshore	Morocco			Full	100.00%	66.74%
BNP Intercontinentale - BNPI	France			Full	100.00%	100.00%
BNP Paribas BDDI Participations	France			Full	100.00%	100.00%
BNP Paribas Cyprus Limited	Cyprus			Full	100.00%	100.00%
BNP Paribas Egypt (ex BNP Paribas Le Caire)	Egypt			Full	95.19%	95.19%
BNP Paribas El Djazair	Algeria			Full	100.00%	100.00%
BNP Paribas Guadeloupe	France			Full	100.00%	100.00%
BNP Paribas Guyane	France			Full	100.00%	100.00%
BNP Paribas Martinique	France			Full	100.00%	100.00%
BNP Paribas Mauritanie	Mauritania	31/12/2009		Equity	1	59.99%
		31/12/2008	Passing qualifying thresholds	Equity	1	59.99%
BNP Paribas Nouvelle Calédonie	France			Full	100.00%	100.00%
BNP Paribas Réunion	France			Full	100.00%	100.00%
BNP Paribas Vostok Holdings	France	31/12/2008	Merger			
BNP Paribas Vostok LLC	Russia			Full	100.00%	100.00%
JSC IC Axa Insurance (ex Vesko)	Ukraine	31/12/2009	Additional purchase	Equity	1	49.67%
		31/12/2008	Purchase	Equity	1	49.63%
JSC IC Axa Ukraine (ex Ukrainian Insurance Alliance)	Ukraine			Equity	1	50.00%
		31/12/2009	Passing qualifying thresholds	Equity		15.00%
Orient Commercial Bank	Vietnam			Prop.		50.00%
TEB Mail Yatirimlar Anonim Sirkeli (Groupe)	Turkey			Prop.		50.00%
Ukrainian Leasing Company	Ukraine	31/12/2009	Additional purchase	Full	100.00%	81.42%
		31/12/2008	Purchase	Equity	1	100.00%
UkrSib Asset Management	Ukraine	31/12/2009	Additional purchase	Equity	1	99.94%
		31/12/2008		Equity	1	99.94%
UkrSib Asset Management PI Fund	Ukraine	31/12/2009	Additional purchase	Equity	1	99.94%
		31/12/2008		Equity	1	99.94%
UkrSibbank	Ukraine	31/12/2009	Additional purchase	Full	81.42%	81.42%
		31/12/2008		Full	51.00%	51.00%
Union Bancaire pour le Commerce et l'Industrie	Tunisia			Full	50.00%	50.00%
Union Bancaire pour le Commerce et l'Industrie Leasing	Tunisia			Full	75.40%	37.70%
Investment Solutions						
Parvest ABS	Luxembourg	31/12/2009	Passing qualifying thresholds	Full	80.74%	80.74%
Insurance						
Assu-Vie SA	France			Equity	1	50.00%
BNL Via SPA	Italy			Equity	49.00%	49.00%
BNP Paribas Assurance	France			Full	4	100.00%
BNP Paribas Assurance BV (ex Cardif Nederland Holding BV)	Netherlands			Full	4	100.00%
Cardif Assicurazioni SPA	Italy			Full	4	100.00%
Cardif Assurance Vie	France			Full	4	100.00%
Cardif Assurance Vie Polska	Poland			Full	4	100.00%
Cardif Biztoslo Magyarorszag	Hungary	31/12/2009		Equity	1	100.00%
		31/12/2008	Passing qualifying thresholds	Equity	1	100.00%
Cardif Colombia Seguros Generales	Colombia	31/12/2009	Passing qualifying thresholds	Equity	1	100.00%
Cardif Compania de Seguros	Peru			Equity	1	100.00%
Cardif Compania de Seguros de Vida	Argentina			Full	4	100.00%
Cardif do Brasil Seguros	Brazil			Full	4	100.00%
Cardif do Brasil Seguros e Garantias	Brazil			Equity	1	100.00%
Cardif Forsaking AB	Sweden	31/12/2009		Equity	1	100.00%
		31/12/2008	Passing qualifying thresholds	Equity	1	100.00%
Cardif Holdings Inc.	U.S.A			Full	4	99.60%
Cardif Insurance Company	Russia	31/12/2009		Equity	1	100.00%
		31/12/2008	Passing qualifying thresholds	Equity	1	100.00%
Cardif Leven	Belgium			Full	4	100.00%
Cardif Levensverzekeringen NV	Netherlands			Full	4	100.00%
Cardif Life Insurance Company Corporation	U.S.A			Full	4	100.00%
Cardif Life Insurance Company Limited (ex Shinan et Life Corée)	South Korea	31/12/2009	Additional purchase	Full	4	85.00%
		31/12/2008		Prop.	4	50.00%
Cardif Luxembourg International (ex Investis Luxembourg SA)	Luxembourg			Full	4	100.00%
Cardif Mexico Seguros de Vida	Mexico			Equity	1	100.00%
Cardif Mexico Seguros Generales SA	Mexico			Equity	1	100.00%
Cardif Nordic AB	Sweden			Full	4	100.00%
Cardif Pinnacle Insurance Holding Limited	South Africa	31/12/2009	Disposal	Full	4	100.00%
		31/12/2008		Full	4	100.00%

Name	Country	Change in the scope of consolidation		Method	Group voting interest (%)	Group ownership interest (%)
Cardif RD	France			Full	4	100.00%
Cardif Retraite Assurance Vie	France			Full	4	100.00%
Cardif Schadeverzekeringen NV	Netherlands			Full	4	100.00%
Cardifida Correduria de Seguros	Spain			Equity	1	100.00%
Centro Vita Assicurazioni SPA	Italy			Prop.	4	49.00%
Closed Joint Insurance Company	Ukraine	31/12/2009		Equity	1	100.00%
		31/12/2008	Passing qualifying thresholds	Equity	1	100.00%
Compagnie Bancaire Uk Fonds C	UK			Full	4	100.00%
Compania de Seguros Generales	Chile			Full	4	100.00%
Compania de Seguros Vida SA	Chile			Full	4	100.00%
Darnell Limited	Ireland			Full	4	100.00%
Direct Life & Pensions Services - DLPS	UK	31/12/2009		Equity	1	100.00%
		31/12/2008	Purchase	Equity	1	100.00%
European Reinsurance Limited	UK			Equity	1	100.00%
F & B Insurance Holdings SA (Groupe)	Belgium	31/12/2009	Incorporation	Equity	1	50.00%
Financial Telemarketing Services	UK			Equity	1	100.00%
Fonds d'Investissement Immobilier pour le Commerce et la Distribution - Fonds	France	31/12/2009		Prop.	4	25.00%
		31/12/2008	Passing qualifying thresholds	Prop.	4	25.00%
GIE BNP Paribas Assurance	France			Full	4	100.00%
Global Euro	France			Full	4	99.89%
Luizaseg	Brazil	31/12/2009		Equity	1	50.00%
		31/12/2008	Passing qualifying thresholds	Equity	1	50.00%
Natio Assurance	France			Prop.	4	50.00%
Natio Fonds Athenes Investissement 5	France			Full	4	100.00%
Natio Fonds Colines Investissement 1	France			Full	4	100.00%
Natio Fonds Colines Investissement 3	France			Full	4	100.00%
NCVP Participacoes SA	Brazil	31/12/2009		Full	4	100.00%
		31/12/2008	Passing qualifying thresholds	Full	4	100.00%
Patrimoine Management & Associates	France	31/12/2009		Full	4	58.50%
		31/12/2008	Dilution	Full	4	61.50%
Pinnacle Insurance Holding PLC	UK			Full	4	100.00%
Pinnacle Insurance Management Services PLC	UK			Full	4	100.00%
Pinnacle Insurance PLC	UK			Full	4	100.00%
Pinnatrica Insurance Company Limited	South Africa	31/12/2009	Disposal	Equity	1	100.00%
		31/12/2008		Equity	1	100.00%
Pinnatrica Insurance Life Limited	South Africa	31/12/2009	Disposal	Equity	1	100.00%
		31/12/2008		Equity	1	100.00%
Pocztylon Arka Powszechna	Poland	31/12/2009		Equity		33.33%
		31/12/2008	Reconsolidation	Equity		33.33%
Pojistovna Cardif Pro Vita	Czech Republic			Full	4	100.00%
Pojistovna Cardif Slovakia A.S	Slovakia			Equity	1	100.00%
SARL Carma Grand Horizon	France			Full	4	100.00%
SARL Reunim Investissements	France			Full	4	100.00%
Rubin SARL	Luxembourg	31/12/2009		Prop.	4	50.00%
		31/12/2008	Passing qualifying thresholds	Prop.	4	50.00%
SAS Hibernia France	France			Prop.	4	60.14%
SCA Capital France Hotel	France			Prop.	4	60.14%
SCI 104-106 rue Cambronne	France			Full	4	100.00%
SCI 14 rue Vivienne	France			Full	4	100.00%
SCI 100 rue Lauriston	France			Full	4	100.00%
SCI 6 Square Foch	France			Full	4	100.00%
SCI 8-10 place du Commerce	France			Full	4	100.00%
SCI Alpha Park	France	31/12/2009		Prop.	4	50.00%
		31/12/2008	Passing qualifying thresholds	Prop.	4	50.00%
SCI Asnieres 1	France			Full	4	100.00%
SCI Beausejour	France			Full	4	100.00%
SCI BNP Paribas Pierre 2	France			Full	4	100.00%
SCI Boulevard Malesherbes	France			Full	4	100.00%
SCI Boulogne Centre	France			Full	4	100.00%
SCI Boulogne Nungesser	France			Full	4	100.00%
SCI Corosa	France			Full	4	100.00%
SCI Courbevoie	France			Full	4	100.00%
SCI Defense Etale	France	31/12/2009	Disposal	Full	4	100.00%
		31/12/2008		Full	4	100.00%
SCI Defense Vendome	France	31/12/2009	Disposal	Full	4	100.00%
		31/12/2008		Full	4	100.00%
SCI Etale	France			Full	4	100.00%
SCI Immeuble Demours	France			Full	4	100.00%
SCI Levallois 2	France			Full	4	100.00%
SCI Malesherbes Courcelles	France			Full	4	100.00%
SCI Paris Cours de Vincennes	France			Full	4	100.00%
SCI Mousorgski	France			Full	4	100.00%
SCI Odysse	France	31/12/2009		Full	4	99.90%
		31/12/2008	Passing qualifying thresholds	Full	4	99.90%
SCI Residence le Chatelard	France	31/12/2009	Deconsolidation	Full	4	100.00%
SCI rue Medicr	France			Full	4	100.00%
SCI Rueil Ariane	France	31/12/2009	Disposal	Full	4	100.00%
		31/12/2008		Full	4	100.00%
SCI Rueil Caudron	France			Full	4	100.00%
SCI Suresnes 3	France			Full	4	100.00%
SCI Vendome Athenes	France	31/12/2009		Prop.	4	50.00%
		31/12/2008	Passing qualifying thresholds	Prop.	4	50.00%
SCPI Opera Rendement	France	31/12/2009		Full	4	99.12%
		31/12/2008	Passing qualifying thresholds	Full	4	99.12%
State Bank India Life Cy	India			Equity		26.00%
Thai Cardif Insurance Life Company Limited	Thailand			Equity		25.00%
Valltres	France			Full	4	100.00%
Warranty Direct Ltd	UK	31/12/2009	Passing qualifying thresholds	Equity	1	90.29%

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Name	Country	Change in the scope of consolidation	Method	Group voting interest (%)	Group ownership interest (%)
Wealth Management					
Bank Insigner de Beaufort NV	Netherlands	31/12/2009	Purchase	Full	59.08%
Bank Insigner de Beaufort Safe Custody	Netherlands	31/12/2009	Purchase	Full	100.00%
Bergues Finance Holding	Bahamas		Full	100.00%	99.99%
BNP Paribas Bahamas Limited	Bahamas		Full	100.00%	99.99%
BNP Paribas Espana SA	Spain		Full	99.59%	99.59%
BNP Paribas Investment Services LLC	U.S.A.		Full	100.00%	100.00%
BNP Paribas Wealth Management	France		Full	100.00%	100.00%
BNP Paribas Wealth Management Monaco	Monaco		Full	100.00%	99.99%
Conseil Investissement	France		Full	100.00%	100.00%
Insigner de Beaufort Asset Management AG	Switzerland	31/12/2009	Purchase	Full	100.00%
Insigner de Beaufort Asset Management NV	Netherlands	31/12/2009	Purchase	Full	100.00%
Insigner de Beaufort Associates	Netherlands	31/12/2009	Purchase	Full	100.00%
Insigner de Beaufort Consulting	Netherlands	31/12/2009	Purchase	Full	100.00%
Klein Haneveld Consulting BV	Netherlands	31/12/2009	Purchase	Full	100.00%
Nachenius, Tjssen et Co NV	Netherlands	31/12/2009	Merger	Full	100.00%
Sodelf Holding AG	Switzerland	31/12/2009	Purchase	Full	50.00%
				Full	29.54%
Personal Investors					
B'Capital	France		Full	99.96%	99.96%
Cortal Consors France	France		Full	100.00%	100.00%
Cortal Consors Select	France	31/12/2009	Equity	1	85.00%
			Equity	1	85.00%
FundQuest	France		Full	100.00%	100.00%
Geoji BNP Paribas Financial Services Ltd (ex Geoji Financial Services Limited) - Groupe	India	31/12/2009	Additional purchase	Prop.	34.16%
				Prop.	27.11%
				Full	57.20%
Geoji Technologies Private - ex palier Geoji	India	31/12/2009	Additional purchase	Prop.	27.11%
				Full	27.11%
Portzamparc Gestion	France	31/12/2009	Purchase	Full	100.00%
Portzamparc société de Bourse	France	31/12/2009	Purchase	Full	51.00%
				Full	50.98%
Investment Partners					
AnIn Infrastructure Partners	France		Equity	1	56.50%
			Equity	1	56.50%
Banco Estado Administradora General de Fondos Bergele 2009 (ex Cooper Nef Alternative Managers)	Chile	31/12/2009	Passing qualifying thresholds	Equity	1
	France	31/12/2009	Merger	Equity	1
				Equity	1
				Equity	1
BNP Paribas Asset Management	France		Full	100.00%	100.00%
BNP Paribas Asset Management Uruguay SA	Uruguay		Equity	1	100.00%
BNP Paribas Asset Management Australia Limited	Australia	31/12/2009	Full	100.00%	100.00%
				Full	100.00%
				Full	100.00%
BNP Paribas Asset Management Asia	Hong-Kong		Equity	1	100.00%
BNP Paribas Asset Management Brasil Limitada	Brazil		Full	100.00%	100.00%
				Full	100.00%
BNP Paribas Asset Management BSC	Bahrain	31/12/2009	Passing qualifying thresholds	Equity	1
BNP Paribas Asset Management GmbH	Germany	31/12/2009	Deconsolidation	Equity	1
				Equity	1
BNP Paribas Asset Management Japan Limited	Japan		Full	100.00%	100.00%
BNP Paribas Asset Management Luxembourg	Luxembourg		Full	99.66%	99.66%
BNP Paribas Asset Management SGIIC	Spain		Equity	1	100.00%
BNP Paribas Asset Management SGR Milan	Italy		Full	100.00%	100.00%
BNP Paribas Asset Management Singapore Limited	Singapore		Equity	1	100.00%
BNP Paribas Asset Management U.K. Limited	UK		Full	100.00%	100.00%
BNP Paribas Investment Partners	France		Full	100.00%	100.00%
BNP Paribas Finance AMS (FinAMS)	France		Full	100.00%	100.00%
BNP Paribas Fund Services France	France		Full	100.00%	100.00%
BNP Paribas Private Equity	France		Equity	1	100.00%
BNP Paribas Real Estate Investment Management Italy (ex BNL Fondi Immobiliari)	Italy		Full	100.00%	100.00%
CamGestion (ex Cardiff Asset Management)	France		Full	100.00%	100.00%
Cardif Gestion d'Actifs	France	31/12/2009	Merger	Full	100.00%
				Full	100.00%
Charter Atlantic Capital corporation	U.S.A.		Full	100.00%	100.00%
Charter Atlantic Corporation	U.S.A.		Full	100.00%	100.00%
				Full	100.00%
Fauchier Partners Management Limited (Groupe)	UK	31/12/2009	Additional purchase	Prop.	47.61%
				Prop.	42.17%
Fischer Francis Trees & Wats UK	UK		Full	100.00%	100.00%
Fischer Francis Trees & Wats Inc.	U.S.A.		Full	100.00%	100.00%
Fischer Francis Trees & Wats Kabushki Kaisha	Japan		Full	100.00%	100.00%
Fischer Francis Trees & Wats Limited	UK		Full	100.00%	100.00%
Fischer Francis Trees & Wats Pte Limited	Singapore		Full	100.00%	100.00%
				Full	100.00%
FundQuest Holdings Limited (Groupe)	UK	31/12/2009	Passing qualifying thresholds	Equity	1
FundQuest Inc.	U.S.A.		Full	100.00%	100.00%
Gestion Obligataire Diversifiée (ex BNP Paribas ABS Euribor)	France	31/12/2009	Passing qualifying thresholds	Full	100.00%
Impax Group PLC	UK	31/12/2009	Equity	27.88%	27.88%
				Equity	26.82%
				Equity	26.82%
Mabec Partners Inc.	U.S.A.	31/12/2009	Full	100.00%	100.00%
				Full	100.00%
Mabec Partners LLP	UK	31/12/2009	Purchase	Full	100.00%
				Full	100.00%
Mabec UK Limited	UK	31/12/2009	Purchase	Full	100.00%
				Full	100.00%
Overlay Asset Management	France	31/12/2009	Beneath thresholds	Equity	1
				Full	100.00%
				Full	100.00%
SAIB BNP Paribas Asset Management Cy Limited	Saudi Arabia	31/12/2009	Passing qualifying thresholds	Equity	25.00%
Shenyang & Wanguo BNP Paribas Asset Management Company Limited	China	31/12/2009	Equity	33.00%	33.00%
				Equity	33.00%
				Equity	33.00%

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Shinan BNP Paribas Asset Management Co Ltd (ex Shinhan BNP Paribas Investment Trust Management Co Ltd)	South Korea	31/12/2009	Dilution	Prop.	35.00%
				Prop.	50.00%
Sundaram BNP Paribas Asset Management Company Limited	India	31/12/2008	Equity	49.90%	49.90%
Securities services					
BNP Paribas Fund Services	Luxembourg	31/12/2008	Merger	Full	100.00%
BNP Paribas Fund Services Australasia Limited	Australia		Full	100.00%	100.00%
BNP Paribas Fund Services Dublin Limited	Ireland		Full	100.00%	100.00%
BNP Paribas Fund Services Holdings	UK	31/12/2009	Deconsolidation	Full	100.00%
				Full	100.00%
BNP Paribas Fund Services UK Limited	UK	31/12/2009	Deconsolidation	Full	100.00%
				Full	100.00%
BNP Paribas Securities Services - BP2S	France		Full	100.00%	100.00%
BNP Paribas Securities Services Custody Bank Limited	Jersey	31/12/2009	Deconsolidation	Full	100.00%
				Full	100.00%
BNP Paribas Trust Company (Guernsey) Limited	Guernsey		Equity	1	100.00%
BNP Paribas Securities Services (Holdings) Limited	Jersey		Full	100.00%	100.00%
Real Estate Services					
Aberdeen Property Investors Belgium	Belgium	31/12/2009	Purchase & Merger	Full	100.00%
Asset Parinares	France		Full	100.00%	96.77%
Alsreal Holding France	France	31/12/2008	Merger	Full	100.00%
Auguste Thouard Expertise	France	31/12/2009	Incorporation	Full	100.00%
BNP Paribas Immobilier Promotion Immobilier d'Entreprise	France		Full	100.00%	100.00%
BNP Paribas Immobilier Promotion Sud Ouest	France		Full	100.00%	100.00%
BNP Paribas Immobilier Promotion Var	France	31/12/2009	Full	100.00%	100.00%
				Full	100.00%
				Full	100.00%
BNP Paribas Immobilier Résidentiel	France		Full	100.00%	100.00%
BNP Paribas Immobilier Résidentiel Promotion Ile de France	France		Full	100.00%	100.00%
BNP Paribas Immobilier Résidentiel Promotion Méditerranée	France		Full	100.00%	100.00%
BNP Paribas Immobilier Résidentiel Promotion Rhône Alpes	France		Full	100.00%	100.00%
BNP Paribas Immobilier Résidentiel Residences Services	France		Full	100.00%	100.00%
BNP Paribas Immobilier Résidentiel Residences Services BSA (ex BSA Immobilier)	France		Full	100.00%	100.00%
BNP Paribas Immobilier Résidentiel Residences Services Sofiane (ex SAS Sofiane)	France		Full	100.00%	100.00%
BNP Paribas Immobilier Résidentiel Service Clients	France		Full	100.00%	100.00%
BNP Paribas Immobilier Résidentiel Transaction & Conseil	France		Full	100.00%	100.00%
BNP Paribas Immobilier Résidentiel V21	France	31/12/2009	Full	100.00%	100.00%
				Full	100.00%
BNP Paribas Participations Financières Immobilières	France	31/12/2008	Incorporation	Full	100.00%
BNP Paribas Real Estate Facilities Management Limited (ex Chancery Lane Management Services Limited)	UK		Full	100.00%	100.00%
BNP Paribas Real Estate (ex BNP Paribas Immobilier)	France		Full	100.00%	100.00%
BNP Paribas Real Estate Advisory Belgium SA (ex Alsreal Belgium SA)	Belgium		Full	100.00%	100.00%
BNP Paribas Real Estate Advisory Italy SPA (ex Alsreal Italia SPA)	Italy		Full	100.00%	100.00%
BNP Paribas Real Estate Advisory & Property Management Ireland Limited (ex Alsreal Ireland Limited)	Ireland		Full	100.00%	100.00%
BNP Paribas Real Estate Advisory & Property Management International (ex Alsreal International)	France		Full	100.00%	100.00%
BNP Paribas Real Estate Advisory & Property Management LLC	United Arab Emirates	31/12/2009	Incorporation	Full	49.00%
BNP Paribas Real Estate Advisory & Property Management Luxembourg SA (ex Alsreal Luxembourg SA)	Luxembourg		Full	100.00%	100.00%
BNP Paribas Real Estate Advisory & Property Management UK Limited (ex Alsreal Limited)	UK		Full	100.00%	100.00%
BNP Paribas Real Estate Advisory Spain SA (ex Alsreal Espana SA)	Spain		Full	100.00%	100.00%
BNP Paribas Real Estate Advisory USA Inc. (ex Alsreal USA Inc.)	U.S.A.		Full	100.00%	100.00%
BNP Paribas Real Estate Consult France (ex Alsreal Consult)	France		Full	100.00%	100.00%
BNP Paribas Real Estate Consult GmbH (ex Alsreal Consult GmbH)	Germany		Full	100.00%	100.00%
BNP Paribas Real Estate Consult GmbH (ex Alsreal GmbH)	Germany		Full	100.00%	100.00%
BNP Paribas Real Estate Holding Benelux SA (ex Alsreal Benelux SA)	Belgium		Full	100.00%	100.00%
BNP Paribas Real Estate Holding GmbH (ex Alsreal Holding GmbH)	Germany		Full	100.00%	100.00%
BNP Paribas Real Estate Hotels France (ex Alsreal Hotels)	France		Full	95.91%	95.91%
BNP Paribas Real Estate & Infrastructure Advisory Service Private Limited (ex Alsreal Redwoods)	India	31/12/2009	Purchase	Full	55.00%
BNP Paribas Real Estate Investment Management	France		Full	96.77%	96.77%
BNP Paribas Real Estate Investment Management Limited	UK	31/12/2009	Full	100.00%	100.00%
				Full	100.00%
BNP Paribas Real Estate Investment Management UK Limited (ex BNP Paribas Real Estate Investments Services Limited)	UK	31/12/2008	Incorporation	Full	100.00%
BNP Paribas Real Estate Jersey Limited (ex Alsreal Jersey Limited)	Jersey	31/12/2009	Purchase	Full	100.00%

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Real Estate Services (cont'd)					
BNP Paribas Real Estate Project Solutions GmbH (ex Afsreal Project Solutions GmbH)	Germany		Full	100.00%	100.00%
BNP Paribas Real Estate Property Management International (ex BNP Paribas Immobilier Property Management)	France		Full	100.00%	100.00%
BNP Paribas Real Estate Property Developpement Itby SPA	Italy		Full	100.00%	100.00%
BNP Paribas Real Estate Property Management Belgium (ex Afsreal Property Management Services)	Belgium		Full	100.00%	100.00%
BNP Paribas Real Estate Property Management GmbH (ex Afsreal Property Management GmbH)	Germany		Full	100.00%	100.00%
BNP Paribas Real Estate Property Management Itby Srl	Italy		Full	100.00%	100.00%
BNP Paribas Real Estate Transaction France (ex Afsreal Auguste-Thouard)	France		Full	95.91%	95.91%
BNP Paribas Real Estate Valuation France (ex Afsreal Expertise)	France		Full	100.00%	100.00%
Cabinet Claude Sanchez	France	31/12/2009	Disposal		
F G Ingenierie et Promotion Immobiliere	France	31/12/2008	Full	100.00%	100.00%
Immobilier des Bergues	France		Full	100.00%	100.00%
Partner's & Services	France		Full	100.00%	100.00%
SA Gerer	France		Full	100.00%	100.00%
SA Meunier Hispania	Spain		Full	100.00%	100.00%
SARL Pyrotech	Luxembourg	31/12/2009	Passing qualifying thresholds	Full	100.00%
SAS BNP Paribas Real Estate Investment Services	France		Full	100.00%	100.00%
BNP Paribas Real Estate Property Management Spain SA	Spain		Full	100.00%	100.00%
SAS BNP Paribas Real Estate Property Management France	France		Full	100.00%	100.00%
SAS BRSI	France	31/12/2009	Disposal		
SAS Cristolienne de Participations	France	31/12/2008	Full	100.00%	100.00%
SAS Multi Vest (France) 4	France	31/12/2009	Full	100.00%	100.00%
SAS Newport Management	France	31/12/2008	Reconsolidation	Full	100.00%
S.C BNP Paribas Real Estate Advisory SA (ex S.C Afsreal SA)	Romania	31/12/2009	Purchase	Full	88.00%
SNC Lot 2 Port de Asnières	France		Full	100.00%	100.00%
SRL Via Crespi 26	Luxembourg	31/12/2009	Passing qualifying thresholds	Full	100.00%
Tasaciones Hipotecarias SA	Spain		Full	100.00%	100.00%
Valuation Consulting Limited	UK	31/12/2008	Deconsolidation		
Weatheralls Consultancy Services Limited	UK		Full	100.00%	100.00%
Corporate and Investment Banking					
France					
BNP Paribas Arbitrage	France		Full	100.00%	100.00%
BNP Paribas Equities France	France		Full	99.96%	99.96%
BNP Paribas Equity Strategies France	France		Full	100.00%	100.00%
BNP Paribas Strategies Actions	France		Full	100.00%	100.00%
Capstar Partners SAS France	France	31/12/2009	Merger		
Harwood Asset Management	France	31/12/2008	Full	100.00%	100.00%
Laflie Participation 22	France	31/12/2009	Passing qualifying thresholds	Full	100.00%
Paribas Derivés Garantis Snc	France		Full	100.00%	100.00%
Pariferge	France		Full	100.00%	100.00%
SAS Esomet	France		Full	100.00%	100.00%
SAS Parikase	France		Full	100.00%	100.00%
Talibout Participation 3	France	31/12/2009	Full	100.00%	100.00%
		31/12/2008	Passing qualifying thresholds	Full	100.00%
Europe					
BNP Paribas Ireland	Ireland		Full	100.00%	100.00%
BNP Paribas (Bulgaria) AD	Bulgaria	31/12/2008	Deconsolidation		
BNP Paribas Bank (Hungaria) RT	Hungary	31/12/2008	Deconsolidation		
BNP Paribas Bank (Polska) SA	Poland	31/12/2008	Deconsolidation		
BNP Paribas Bank NV	Netherlands		Full	100.00%	100.00%
BNP Paribas Capital Investments Limited	UK		Full	100.00%	100.00%
BNP Paribas CMG Limited (ex BNP Paribas Capital Markets Group Limited)	UK		Full	100.00%	100.00%
BNP Paribas Commodity Futures Limited	UK		Full	100.00%	100.00%
BNP Paribas E & B Limited	UK		Full	100.00%	100.00%
BNP Paribas Finance PLC	UK		Full	100.00%	100.00%
BNP Paribas Luxembourg SA	Luxembourg		Full	100.00%	100.00%
BNP Paribas Net Limited	UK		Full	100.00%	100.00%
BNP Paribas Suisse SA	Switzerland		Full	99.99%	99.99%
BNP Paribas UK Holdings Limited	UK		Full	100.00%	100.00%
BNP Paribas UK Limited	UK		Full	100.00%	100.00%
BNP PIUK Holding Limited	UK		Full	100.00%	100.00%
BNP Paribas ZAO	Russia		Full	100.00%	100.00%
Callux SARL	Luxembourg		Full	60.00%	60.00%
Capstar Partners Limited	UK		Full	100.00%	100.00%
Euraussie Finance SARL	Luxembourg	31/12/2009	Incorporation	Full	100.00%
		31/12/2008	Passing qualifying thresholds	Full	100.00%
Fidex Holdings Limited	UK	31/12/2009	Full	100.00%	100.00%
Harwood Holdings Limited	UK		Full	100.00%	100.00%
Landskire Limited	UK		Full	100.00%	100.00%
Paribas Trust Luxembourg SA	Luxembourg		Full	100.00%	100.00%
Ulexam Limited	Ireland		Full	100.00%	100.00%
Ulexam Logistics Limited	Ireland	31/12/2009	Passing qualifying thresholds	Full	100.00%
Varty Reinsurance Limited (ex Delta Reinsurance Limited)	Ireland		Full	100.00%	100.00%

Name	Country	Change in the scope of consolidation	Method	Group voting interest (%)	Group ownership interest (%)
Americas					
BNP Paribas Asset Management Inc.	U.S.A		Full	100.00%	100.00%
BNP Paribas Brasil SA	Brazil		Full	100.00%	100.00%
BNP Paribas Canada	Canada		Full	100.00%	100.00%
BNP Paribas Capstar Partners Inc.	U.S.A		Full	100.00%	100.00%
BNP Paribas Commodity Futures Inc.	U.S.A		Full	100.00%	100.00%
BNP Paribas Leasing Corporation	U.S.A		Full	100.00%	100.00%
BNP Paribas Mortgage Corporation	U.S.A	31/12/2009	Full	100.00%	100.00%
		31/12/2008	Passing qualifying thresholds	Full	100.00%
BNP Paribas North America Inc.	U.S.A		Full	100.00%	100.00%
BNP Paribas Prime Brokerage Inc.	U.S.A	31/12/2009	Full	100.00%	100.00%
		31/12/2008	Purchase	Full	100.00%
BNP Paribas Prime Brokerage International Limited	Cayman Islands	31/12/2009	Full	100.00%	100.00%
		31/12/2008	Purchase	Full	100.00%
BNP Paribas Principal Inc.	U.S.A	31/12/2009	Deconsolidation		
		31/12/2008	Full	100.00%	100.00%
BNP Paribas RCC Inc.	U.S.A		Full	100.00%	100.00%
BNP Paribas Securities Corporation	U.S.A		Full	100.00%	100.00%
Capstar Partners LLC	U.S.A		Full	100.00%	100.00%
CooperNeff Group Inc.	U.S.A		Full	100.00%	100.00%
French American Banking Corporation - F.A.B.C	U.S.A		Full	100.00%	100.00%
Harwood Asset Management (US) Inc.	U.S.A		Full	100.00%	100.00%
Innocap Investment Management Inc.	Canada	31/12/2009	Equity	25.00%	25.00%
		31/12/2008	Purchase	Equity	25.00%
Paribas North America	U.S.A		Full	100.00%	100.00%
Petits Champs Participações e Serviços SA	Brazil		Full	100.00%	100.00%
Asia - Oceania					
BPP Holdings Pte Limited	Singapore	31/12/2009	Passing qualifying thresholds	Full	100.00%
BNP Equities Asia Limited	Malaysia		Full	100.00%	100.00%
BNP Pacific (Australia) Limited	Australia		Full	100.00%	100.00%
BNP Paribas (China) Limited	China		Full	100.00%	100.00%
BNP Paribas Arbitrage (Hong-Kong) Limited	Hong-Kong		Full	100.00%	100.00%
BNP Paribas Capital (Asia Pacific) Limited	Hong-Kong		Full	100.00%	100.00%
BNP Paribas Capital (Singapore) Limited	Singapore		Full	100.00%	100.00%
BNP Paribas Finance (Hong-Kong) Limited	Hong-Kong		Full	100.00%	100.00%
BNP Paribas Futures (Hong-Kong) Limited	Hong-Kong		Full	100.00%	100.00%
BNP Paribas India Solutions Private Limited	India		Full	100.00%	100.00%
BNP Paribas Japan Limited	Japan		Full	100.00%	100.00%
BNP Paribas Principal Investments Japan Limited	Japan		Full	100.00%	100.00%
BNP Paribas SCM Asia (Hong Kong) Limited	Hong-Kong		Full	100.00%	100.00%
BNP Paribas Securities (Asia) Limited	Hong-Kong		Full	100.00%	100.00%
BNP Paribas Securities (India) Private Limited	India	31/12/2009	Incorporation	Full	100.00%
BNP Paribas Securities (Japan) Limited	Hong-Kong		Full	100.00%	100.00%
BNP Paribas Securities (Taiwan) Co Limited	Taiwan		Full	100.00%	100.00%
BNP Paribas Securities Korea Company Limited	South Korea		Full	100.00%	100.00%
BNP Paribas Securities (Singapore) Pte Limited	Singapore		Full	100.00%	100.00%
BNP Paribas Services (Hong Kong) Limited	Hong-Kong		Full	100.00%	100.00%
Paribas Asia Equities Limited	Hong-Kong		Full	100.00%	100.00%
PT Bank BNP Paribas Indonesia	Indonesia		Full	100.00%	99.99%
PT BNP Paribas Securities Indonesia	Indonesia		Full	99.00%	99.00%
Special Purpose Entities					
54 Lombard Street Investments Limited	UK		Full		
2009 Koala Finance - MSN 36742	France	31/12/2009	Incorporation	Full	
Alectra Finance PLC	Ireland		Full		
APAC Finance Limited	New Zealand		Full		
APAC Investments Limited	New Zealand		Full		
APAC NZ Holdings Limited	New Zealand		Full		
Aquarius Capital Investments Limited (ex Altilis Investments Limited)	Ireland		Full		
ARV International Limited	Cayman Islands		Full		
Ausfin Finance	France		Full		
Black Kite Investment Limited	Ireland	31/12/2009	Incorporation	Full	
BNP Paribas Arbitrage Issuance BV	Netherlands		Full		
		31/12/2009	Passing qualifying thresholds	Full	
BNP Paribas Complex Funds Investment Mullmercardo	Brazil	31/12/2009	Full		
BNP Paribas Emissions and Handel. GmbH	Germany		Full		
BNP Paribas Finance Inc.	U.S.A		Full		
BNP Paribas Islamic Issuance BV	Netherlands	31/12/2009	Full		
		31/12/2008	Passing qualifying thresholds	Full	
BNP Paribas Singapore Funding Partnership	Singapore	31/12/2009	Deconsolidation		
		31/12/2008	Full		
Bouq BV	Netherlands		Full		
Campagne Financière de la Porte Neuve SA (ex Royal Neuve IV Sarl)	Luxembourg	31/12/2009	Full		
		31/12/2008	Incorporation	Full	
Crisps Limited	Cayman Islands		Full		
Epping Funding Limited	Cayman Islands	31/12/2009	Deconsolidation	Full	
		31/12/2008	Full		
Epsom Funding Limited	Cayman Islands		Full		
European Hedged Equity Limited	Cayman Islands	31/12/2008	Deconsolidation	Full	
Fidex Limited	UK		Full		
Financière Paris Haussmann	France		Full		
Financière Talibout	France		Full		
Fintrack Bayamo	France	31/12/2009	Merger	Full	
		31/12/2008	Purchase	Full	
Fintrack Foehn	France	31/12/2009	Merger	Full	
		31/12/2008	Purchase	Full	
Fintrack Sirocco	France	31/12/2009	Purchase	Full	
Global Guaranteed Equity Limited	Cayman Islands	31/12/2008	Deconsolidation	Full	
Global Liberté	Ireland		Full		
Global Protected Alternative Investments Limited	Cayman Islands	31/12/2008	Deconsolidation	Full	
Global Protected Equity Limited	Cayman Islands	31/12/2008	Deconsolidation	Full	
Grenache et Cie SNC	Luxembourg		Full		
Harwood Investments N*2 & 5 Limited	Cayman Islands		Full		
Henaross Pty Limited	Australia		Full		

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Name	Country	Change in the scope of consolidation	Method	Group voting interest (%)	Group ownership interest (%)	
Klépierre (cont'd)						
Faslightes AB Viskaholm	Sweden	31/12/2009	Full	100.00%	28.73%	
Farmandstredet ANS	Norway	31/12/2009	Full	100.00%	28.73%	
Farmandstredet Eiendom AS	Norway	31/12/2009	Full	100.00%	28.73%	
Farmandstredet Drift AS	Norway	31/12/2009	Full	100.00%	28.73%	
Fayesgate 7 Eiendom AS	Norway	31/12/2009	Full	100.00%	28.73%	
Fields Copenhagen I/S	Denmark	31/12/2009	Full	100.00%	28.73%	
Field's Eier I APS	Denmark	31/12/2009	Full	100.00%	28.73%	
Field's Eier II APS	Denmark	31/12/2009	Full	100.00%	28.73%	
Fritzoie Byggee Drift AS	Norway	31/12/2009	Full	100.00%	28.73%	
Galeries Druanceennes	France	31/12/2009	Full	100.00%	51.21%	
Galleria Commerciale Il Destriero SRL	Italy	31/12/2009	Prop.	50.00%	25.60%	
GIE Klépierre Services	France	31/12/2009	Merger			
Grytlingen Nya AB	Sweden	31/12/2009	Full	64.79%	18.61%	
Gulskogen Prosjekt & Eiendom AS	Norway	31/12/2009	Full	100.00%	28.73%	
Gulskogen Senter ANS	Norway	31/12/2009	Full	100.00%	28.73%	
Hamar Panorama AS	Norway	31/12/2009	Full	100.00%	28.73%	
Hamar Storsenter AS	Norway	31/12/2009	Full	100.00%	28.73%	
Hamar Storsenterdrift AS	Norway	31/12/2009	Full	100.00%	28.73%	
Holmen Senterdrift AS	Norway	31/12/2009	Full	100.00%	28.73%	
Hovlandbanen AS	Norway	31/12/2009	Full	100.00%	28.73%	
I G C SPA	Italy	31/12/2009	Additional purchase	71.30%	36.51%	
ICD SPA	Luxembourg	31/12/2009	Merger	50.00%	26.55%	
Immo Dauidand	France	31/12/2009	Full	100.00%	43.07%	
K2 Fund	Italy	31/12/2009	Full	85.00%	43.53%	
Karl Johansgate 16 AS	Norway	31/12/2009	Full	100.00%	28.73%	
Kleavero Immobiliaria SA	Portugal	31/12/2009	Full	100.00%	51.21%	
Klecar Italia SPA	Italy	31/12/2009	Full	100.00%	42.50%	
Klefin Italia SPA	Italy	31/12/2009	Full	100.00%	51.21%	
Klementine BV	Netherlands	31/12/2009	Incorporation	Full	100.00%	51.21%
Klépierre Corvin	Hungary	31/12/2009	Full	100.00%	51.21%	
Klépierre Creteil	France	31/12/2009	Full	100.00%	51.21%	
Klépierre CZ SRO	Czech Republic	31/12/2009	Incorporation	Full	100.00%	51.21%
Klépierre Galeria Krakow	Poland	31/12/2009	Full	100.00%	51.21%	
Klépierre Galeria Poznan	Poland	31/12/2009	Full	100.00%	51.21%	
Klépierre Krakow SP z.o.o	Poland	31/12/2009	Full	100.00%	51.21%	
Klépierre Larissa Limited	Greece	31/12/2009	Full	100.00%	51.21%	
Klépierre Lublin	Poland	31/12/2009	Full	100.00%	51.21%	
Klépierre Luxembourg	Luxembourg	31/12/2009	Full	100.00%	51.21%	
Klépierre Mabera	Italy	31/12/2009	Full	100.00%	51.21%	
Klépierre Meliores (ex Leg II Helenic Holdings)	Luxembourg	31/12/2009	Incorporation	Full	100.00%	51.21%
Klépierre Nordica BV	Netherlands	31/12/2009	Full	100.00%	51.21%	
Klépierre Novo	Czech Republic	31/12/2009	Merger	Full	100.00%	51.21%
Klépierre Pizen	Czech Republic	31/12/2009	Full	100.00%	51.21%	
Klépierre Poznan SP z.o.o	Poland	31/12/2009	Full	100.00%	51.21%	
Klépierre Rybnik	Poland	31/12/2009	Full	100.00%	51.21%	
Klépierre Sadyba SP z.o.o	Poland	31/12/2009	Full	100.00%	51.21%	
Klépierre Sosnowiec	Poland	31/12/2009	Full	100.00%	51.21%	
Klépierre Tourville	France	31/12/2009	Full	100.00%	51.21%	
Klépierre Trading Energia Kereskedelmi es Szolgaltato KFT	Hungary	31/12/2009	Full	100.00%	51.21%	
Klépierre Warsaw Sp z.o.o	Poland	31/12/2009	Full	100.00%	51.21%	
Krakow Plaza SP z.o.o	Poland	31/12/2009	Full	100.00%	51.21%	
Krokstadelva Senterdrift AS	Norway	31/12/2009	Full	100.00%	28.73%	
KS Down Town Senter	Norway	31/12/2009	Full	100.00%	28.73%	
KS Down Town Senter II	Norway	31/12/2009	Full	100.00%	28.73%	
KS Markedet	Norway	31/12/2009	Full	100.00%	28.73%	
Kvadrat Drift AS	Norway	31/12/2009	Full	100.00%	28.73%	
La Marquayssonne	France	31/12/2009	Merger	Full	100.00%	51.21%
Les Bouffiques de Saint Maximin	France	31/12/2009	Equity	42.50%	21.76%	
Lille Eiendom AS	Norway	31/12/2009	Full	66.00%	18.96%	
		31/12/2008	Purchase	Full	66.00%	19.66%

Name	Country	Change in the scope of consolidation	Method	Group voting interest (%)	Group ownership interest (%)	
Lokkeengen Torv AS	Norway	31/12/2009	Merger			
Masscenter Torp AB	Sweden	31/12/2009	Purchase	Full	100.00%	28.73%
Meta Drift AS	Norway	31/12/2009	Purchase	Full	100.00%	28.73%
Meta Senter ANS	Norway	31/12/2009	Purchase	Prop.	50.00%	14.36%
Mitl Cly i Karistad FAB	Sweden	31/12/2009	Purchase	Full	100.00%	28.73%
Mohdal Centrum Byggnads FAB	Sweden	31/12/2009	Purchase	Full	100.00%	28.73%
Mosseporten Drift AS	Norway	31/12/2009	Purchase	Full	100.00%	28.73%
Movement Poland SA	Poland	31/12/2009	Full	100.00%	51.21%	
Nerstrand AS	Norway	31/12/2009	Purchase	Full	100.00%	28.73%
Nerstrand Drift AS	Norway	31/12/2009	Purchase	Full	100.00%	28.73%
Noblespecialiste	France	31/12/2009	Merger	Full	100.00%	40.26%
Nordahl ANS	Norway	31/12/2009	Prop.	50.00%	14.36%	
Nordbyen Senterforening AS	Norway	31/12/2009	Prop.	50.00%	14.89%	
Nordica Holdco AB	Sweden	31/12/2009	Full	69.20%	20.61%	
Norsk Automotdrift AS	Norway	31/12/2009	Merger	Full	56.10%	28.73%
Norsk Kjøpesenterforvalning AS	Norway	31/12/2009	Purchase	Full	100.00%	28.73%
North Man Suede AB	Sweden	31/12/2009	Purchase	Full	100.00%	28.73%
Novak Eiendom AS	Norway	31/12/2009	Merger	Full	100.00%	28.73%
Okern Eiendom ANS	Norway	31/12/2009	Purchase	Prop.	50.00%	14.36%
Okern Holding AS	Norway	31/12/2009	Purchase	Full	100.00%	28.73%
Okern Sentrum ANS	Norway	31/12/2009	Purchase	Prop.	50.00%	14.36%
Okern Sentrum AS	Norway	31/12/2009	Purchase	Prop.	50.00%	14.36%
Okern Sentrum Drift AS	Norway	31/12/2009	Purchase	Prop.	50.00%	14.89%
Os Alle 3 AS	Norway	31/12/2009	Purchase	Full	100.00%	28.73%
Os Alle Drift AS	Norway	31/12/2009	Purchase	Full	100.00%	28.73%
Ostbaldhellen Drift AS	Norway	31/12/2009	Purchase	Full	100.00%	28.73%
Partile Lexby AB	Sweden	31/12/2009	Purchase	Full	100.00%	28.73%
Pilsen Plaza	Czech Republic	31/12/2009	Purchase	Full	100.00%	51.21%
Progest	France	31/12/2009	Incorporation	Full	100.00%	51.21%
Prosjektskabbet af 10.04.2001 APS	Denmark	31/12/2009	Purchase	Full	100.00%	28.73%
Restrens	France	31/12/2009	Merger	Full	100.00%	28.73%
Ruda Slaska Plaza SP z.o.o	Poland	31/12/2009	Full	100.00%	51.21%	
Rybnik Plaza SP z.o.o	Poland	31/12/2009	Full	100.00%	51.21%	
SA Cap Nord	France	31/12/2009	Merger	Full	100.00%	51.21%
SA Cinema de l'Esplanade	Belgium	31/12/2009	Full	100.00%	51.21%	
SA Coimbra	Belgium	31/12/2009	Full	100.00%	51.21%	
SA Delcis CR	Czech Republic	31/12/2009	Merger	Full	100.00%	51.21%
SA Finascente	Portugal	31/12/2009	Deconsolidation	Full	100.00%	51.21%
SA Fonciere de Louvain la Neuve	Belgium	31/12/2009	Full	100.00%	51.21%	
SA Galeria Parque Nascente	Portugal	31/12/2009	Full	100.00%	51.21%	
SA Gondobrico	Portugal	31/12/2009	Full	100.00%	51.21%	
SA Klecar Foncier Espana	Spain	31/12/2009	Full	100.00%	42.50%	
SA Klecar Foncier Iberica	Spain	31/12/2009	Full	100.00%	42.50%	
SA Klege Portugal	Portugal	31/12/2009	Prop.	50.00%	25.60%	
SA Klelou Immobiliare	Portugal	31/12/2009	Incorporation	Prop.	50.00%	26.55%
SA Klemho	Portugal	31/12/2009	Full	100.00%	51.21%	
SA Klenor Immobiliaria	Portugal	31/12/2009	Full	100.00%	51.21%	
SA Klepierre	France	31/12/2009	Dilution	Full	55.21%	51.21%
SA Klepierre Athlon AE	Greece	31/12/2009	Full	100.00%	51.21%	
SA Klepierre Foncier Makedonia	Greece	31/12/2009	Full	100.00%	42.50%	
SA Klepierre NEA Ekarpia AE	Greece	31/12/2009	Full	100.00%	42.50%	
SA Klepierre Periboli Patras AE	Greece	31/12/2009	Full	100.00%	42.50%	
SA Klepierre Portugal SGPS	Portugal	31/12/2009	Full	100.00%	51.21%	
SA Klepierre Valicas	Spain	31/12/2009	Full	100.00%	51.21%	
SA Klepierre Vinaza	Spain	31/12/2009	Full	100.00%	51.21%	
SA Klelou Immobiliaria	Portugal	31/12/2009	Full	100.00%	51.21%	
SA Place de l'acuel	Belgium	31/12/2009	Full	100.00%	51.21%	
SA Poznan Plaza	Poland	31/12/2009	Full	100.00%	51.21%	
SA Reze Sud	France	31/12/2009	Equity	15.00%	7.68%	
SA Sadyba Center	Poland	31/12/2009	Full	100.00%	51.21%	
Sandens Drift AS	Norway	31/12/2009	Full	100.00%	28.73%	
SARL Bevedere Invest	France	31/12/2009	Purchase	Full	100.00%	28.73%
SARL Bois des Fenetres	France	31/12/2009	Equity	20.00%	10.24%	
SARL Csepel2002	Hungary	31/12/2009	Full	100.00%	51.21%	
SARL Debrecon 2002	Hungary	31/12/2009	Full	100.00%	51.21%	
SARL Duna Plaza	Hungary	31/12/2009	Full	100.00%	51.21%	

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Klépierre (cont'd)					
SARL Efi Kappa	Italy	31/12/2009	Merger		
		31/12/2008		100.00%	53.10%
SARL Forwing	France		Full	90.00%	46.09%
SARL Galleria Commerciale Assago	Italy		Full	100.00%	51.21%
SARL Galleria Commerciale Cavallino	Italy		Full	100.00%	51.21%
SARL Galleria Commerciale Collegno	Italy		Full	100.00%	51.21%
SARL Galleria Commerciale Klépierre	Italy		Full	100.00%	51.21%
SARL Galleria Commerciale Seravalle	Italy		Full	100.00%	51.21%
SARL Galleria Commerciale Sobiate	Italy		Full	100.00%	51.21%
SARL Gyor 2002	Hungary		Full	100.00%	51.21%
SARL Holding Klege	Luxembourg	31/12/2009	Prop.	50.00%	25.60%
		31/12/2008	Prop.	50.00%	26.55%
SARL Immobiliare Magnolia	Luxembourg	31/12/2009	Merger		
		31/12/2008		100.00%	53.10%
SARL Kanizsa 2002	Hungary		Full	100.00%	51.21%
SARL Kaposvar 2002	Hungary		Full	100.00%	51.21%
SARL Miskolc 2002	Hungary		Full	100.00%	51.21%
SARL Novate	Luxembourg	31/12/2009	Merger		
		31/12/2008		100.00%	53.10%
SARL Nyiregyhaza Plaza	Hungary		Full	100.00%	51.21%
SARL Proréal	France		Full	51.00%	26.12%
SARL Szeged Plaza	Hungary		Full	100.00%	51.21%
SARL Szolnok Plaza	Hungary		Full	100.00%	51.21%
SARL UjAba	Hungary		Full	100.00%	51.21%
SARL Zalaezerszeg Plaza	Hungary		Full	100.00%	51.21%
SAS CB Pierre	France		Full	100.00%	51.21%
SAS Cecobil	France		Prop.	50.00%	25.60%
SAS Cecoville	France		Full	100.00%	51.21%
SAS Centre Jaude Clermont	France		Full	100.00%	51.21%
SAS Holding Gondomar 1	France		Full	100.00%	51.21%
SAS Holding Gondomar 2	France	31/12/2008	Merger		
SAS Holding Gondomar 3	France		Full	100.00%	51.21%
SAS Holding Gondomar 4	France		Full	100.00%	51.21%
SAS KLE 1	France		Full	100.00%	51.21%
SAS Kle Projet 1	France		Full	100.00%	51.21%
SAS Kle Projet 2	France	31/12/2009	Merger		
		31/12/2008		100.00%	53.10%
SAS Kkcapnor	France		Full	100.00%	43.07%
SAS Kkcar Participations Itale	France		Full	83.00%	42.50%
SAS Kkmurs	France		Full	84.11%	43.07%
SAS Klépierre Finance	France		Full	100.00%	51.21%
SAS Klépierre Participations et Financements	France		Full	100.00%	51.21%
SAS Klépierre Pologne	Poland		Full	100.00%	51.21%
SAS LP7	France		Full	100.00%	51.21%
SAS Odysseum Place de France	France		Prop.	50.00%	25.60%
SAS Pollers Akenor	France	31/12/2008	Merger		
SAS Soaval	France		Full	100.00%	51.21%
SAS Vannes Coutume	France		Full	100.00%	51.21%
SC Centre Bourse	France		Full	100.00%	51.21%
SC Solorec	France		Full	80.00%	40.96%
SCI Acheres 2000	France		Equity	30.00%	15.36%
SCI Albert 31	France	31/12/2009	Full	100.00%	42.50%
		31/12/2008	Purchase	100.00%	44.07%
SCI Auhes Developpement	France		Prop.	50.00%	13.06%
SCI Bassin Nord	France		Prop.	50.00%	25.60%
SCI Beausevrain	France		Full	100.00%	42.50%
SCI Bègues Papin	France		Full	100.00%	51.21%
SCI Besançon Chalezeule	France		Full	100.00%	51.21%
SCI Champs de Mais	France		Equity	40.00%	20.48%
SCI Champs des Hales	France		Full	60.00%	30.72%
SCI Combault	France		Full	100.00%	51.21%
SCI Des Dunes	France		Prop.	50.00%	25.60%
SCI Des Salines	France		Prop.	50.00%	25.60%
SCI Du Plateau	France		Equity	30.00%	12.42%
SCI Edmarzy	France	31/12/2009	Merger		
		31/12/2008	Purchase	100.00%	53.10%
SCI Girardin	France		Prop.	33.40%	17.10%
SCI Hales Hautes Pommerale	France		Full	53.00%	27.14%
SCI Halles Plerin	France	31/12/2008	Deconsolidation		
SCI Immobilière de la Pommerale	France		Prop.	50.00%	25.60%
SCI La Française	France		Prop.	50.00%	25.60%
SCI La Plaine du Moulin à vent	France		Full	47.30%	24.22%
SCI La Rive	France		Equity	38.00%	19.46%
SCI La Rocade	France		Equity	36.73%	18.81%
SCI La Rocade Ouest	France		Full	100.00%	51.21%
SCI La Roche Invest	France		Full	60.00%	18.43%
SCI LC	France		Full	60.00%	30.72%
SCI Le Grand Pré	France		Full	60.00%	30.72%
SCI Le Mats	France		Equity	15.00%	7.68%
SCI l'Empéri	France		Prop.	50.00%	25.60%
SCI Les Bas Champs	France		Full	67.00%	19.60%
SCI Les Boutiques d'Osny	France		Full	100.00%	51.21%
SCI Maximoble	France				
		31/12/2009	Passing qualifying thresholds		
SCI Nancy Bonsecours	France		Full	100.00%	51.21%
SCI Osny Invest	France		Full	57.12%	29.25%
SCI Plateau de Plerin	France	31/12/2008	Deconsolidation		
SCI Plateau des Hales	France		Full	90.00%	46.09%
SCI Pommerale Parc	France		Full	60.00%	30.72%
SCI Rebecca	France		Full	70.00%	35.84%
SCI Saint Maximin Construction	France		Full	55.00%	28.16%
SCI Sandri-Rome	France		Equity	15.00%	7.68%
SCI Secovalde	France		Full	55.00%	28.16%
SCI Société des Centres d'Oc et d'Oil - SCOO	France		Full	100.00%	73.82%
SCI Sogegamar	France		Equity	33.12%	16.96%
SCS Begles Arcins	France	31/12/2009	Additional purchase		
		31/12/2008	Prop.	52.00%	26.63%
SCS Kkcar Europe Sud	France		Full	50.00%	26.55%
			Full	83.00%	42.50%

Name	Country	Change in the scope of consolidation	Method	Group voting interest (%)	Group ownership interest (%)
SCS Ségecè	France		Full	100.00%	51.21%
Ségecè Ceska Republika (ex SRO FMC Central Europe)	Czech Republic		Full	100.00%	51.21%
Ségecè Espana (ex SL SROS Shopping Geston)	Spain		Full	100.00%	51.21%
Ségecè Hellas Real Estate Management	Greece		Full	100.00%	51.21%
Ségecè India Private Limited	India		Full	100.00%	51.21%
Ségecè Italia (ex SARL P S G)	Italy		Full	100.00%	51.21%
Ségecè Magyarország	Hungary		Full	100.00%	51.21%
Ségecè Polska	Poland		Full	100.00%	51.21%
Ségecè Portugal (ex SA Segocacèc)	Portugal		Full	100.00%	51.21%
Ségecè Slovensko sro (ex AMAC Sro)	Slovakia		Full	100.00%	51.21%
Senterdrift Asane Senter AS	Norway	31/12/2009	Prop.	49.90%	14.33%
		31/12/2008	Purchase	49.90%	14.87%
Spsiden AS	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	29.79%
Spsiden Drift AS	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	29.79%
Skarer Stormarked AS	Norway	31/12/2009	Merger		
		31/12/2008	Purchase	100.00%	29.79%
SNC Angoumars	France		Full	100.00%	51.21%
SNC Fondiere Saint Germain	France		Full	100.00%	51.21%
SNC Gabè	France		Full	100.00%	51.21%
SNC General Leclerc 11-11bis Levallois	France		Full	100.00%	51.21%
SNC Jardins des Princes	France		Full	100.00%	51.21%
SNC KC 1 a 12	France		Full	100.00%	42.50%
SNC KC20	France		Full	100.00%	42.50%
SNC Kliber la Perouse	France		Full	100.00%	51.21%
SNC Kkcar France	France		Full	83.00%	42.50%
SNC Klégèstion	France	31/12/2008	Merger		
SNC Klépierre Conseil	France		Full	100.00%	51.21%
SNC Klétransactions	France		Full	100.00%	51.21%
SNC Le Barjac Victor	France		Full	100.00%	51.21%
SNC Le Havre Lafayette	France		Prop.	50.00%	25.60%
SNC Le Havre Vauban	France		Prop.	50.00%	25.60%
SNC Parc de Coqueles	France		Prop.	50.00%	25.60%
SNC Pasteur	France		Full	100.00%	51.21%
SNC Ségecè Loisirs Transactions	France	31/12/2008	Merger		
SNC Soccendre	France		Full	100.00%	51.21%
SNC Sodevac	France		Full	100.00%	51.21%
SNC Sodrev	France	31/12/2009	Merger		
		31/12/2008		100.00%	40.26%
Société des Centres Toulousains	France	31/12/2009	Merger		
		31/12/2008		100.00%	64.45%
Sosnowiec Plaza z.o.o	Poland		Full	100.00%	51.21%
Savanger Storsenter AS	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom ASA	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom CenterDrift AS	Denmark	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom Centerudvikling IV AS	Denmark	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom Centerudvikling V AS	Denmark	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom CenterUdvikling VI AS	Denmark	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom CenterUdvikling VII AS	Denmark	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom Danemark AS	Denmark	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom Drammen AS	Norway	31/12/2009	Merger		
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom Drift AS	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom Eiendomsforvaltning AS	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom Holding AB	Sweden	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom Holding AS	Denmark	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom Invest Amanda Senterdrift AS	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom Invest AS	Norway	31/12/2009	Merger		
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom Invest Gulsbogen Senterdrift AS	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom Invest Lillesstrom Senterdrift AS	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom Invest Lillesstrom Torv AS	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom Invest Markedet Drift AS	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom Narvik AS	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom Norge AS	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom Norges Største Senterkjede AS	Norway	31/12/2009	Merger		
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom SenterService AS	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	29.79%
Sleen & Strom Stavanger Drift AS	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	100.00%	



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Klépierre (cont'd)					
Stovner Senterdrift AS	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	Full	100.00%
Svenor AS	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	Full	100.00%
Tilbertorget Drift AS	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	Full	100.00%
Torbvben Drift AS	Norway	31/12/2009	Full	38.00%	10.92%
		31/12/2008	Purchase	Full	38.00%
Torbvben Senter AS	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	Full	100.00%
Torbvben Utvikling AS	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	Full	100.00%
Torvhjornet Lillestrom ANS	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	Full	100.00%
Vastra Torp Mark AB	Sweden	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	Full	100.00%
Vintebro Senter DA	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	Full	100.00%
Vintebro Eiendomsdrift AS	Norway	31/12/2009	Full	100.00%	28.73%
		31/12/2008	Purchase	Full	100.00%
Fortis Banque SA / NV Group					
3D Guvenlik Sistemleri ve Org Tic. AS	Turkey	31/12/2009	Purchase	Full	99.00%
ABN AMRO Asset Management (Asia) Limited	Hong-Kong	31/12/2009	Purchase	Full	100.00%
ABN AMRO Asset Management (Singapore) Limited	Singapore	31/12/2009	Purchase	Full	100.00%
ABN AMRO Asset Management Investments (Asia) Limited	Cayman Islands	31/12/2009	Purchase	Full	100.00%
ABN AMRO Asset Management Real Estate (Asia) (Cayman)	Cayman Islands	31/12/2009	Purchase	Full	100.00%
ABN AMRO Emerging Europe Private Equity (Caracaa)	Dutch West Indies	31/12/2009	Purchase	Full	100.00%
ABN AMRO Investment Trust Company	U.S.A.	31/12/2009	Purchase	Full	100.00%
ABN AMRO Teda Fund Management CO. Ltd	China	31/12/2009	Purchase	Equity	49.00%
Ace Equipment Leasing	Belgium	31/12/2009	Purchase	Full	100.00%
Ace Leasing	Belgium	31/12/2009	Purchase	Full	100.00%
Ace Leasing BV	Netherlands	31/12/2009	Purchase	Full	100.00%
ACG Capital Partners LLC	U.S.A.	31/12/2009	Purchase	Equity	50.00%
ACG Investment Capital Partners LLC	U.S.A.	31/12/2009	Purchase	Equity	50.00%
AFL Lease BV	Netherlands	31/12/2009	Purchase	Full	100.00%
AG Insurance - Groupe (ex Fortis Insurance Belgium SA)	Belgium	31/12/2009	Purchase	Equity	25.00%
Agrilbase BV	Netherlands	31/12/2009	Purchase	Full	100.00%
Alfred Berg Administration A/S	Denmark	31/12/2009	Purchase	Full	100.00%
Alfred Berg Asset Management AB	Sweden	31/12/2009	Purchase	Full	100.00%
Alfred Berg Asset Management Finland	Finland	31/12/2009	Purchase	Full	100.00%
Alfred Berg Asset Management Services AB	Sweden	31/12/2009	Purchase	Full	100.00%
Alfred Berg Fonder AB	Sweden	31/12/2009	Purchase	Full	100.00%
Alfred Berg Fondsmaglersekskab A/S	Denmark	31/12/2009	Purchase	Full	100.00%
Alfred Berg Forvaltning AS	Norway	31/12/2009	Purchase	Full	100.00%
Alfred Berg Funds	Finland	31/12/2009	Purchase	Full	100.00%
Alfred Berg Kapitalforvaltning AB	Sweden	31/12/2009	Purchase	Full	100.00%
Alfred Berg Kapitalforvaltning AS	Norway	31/12/2009	Purchase	Full	100.00%
Alleray	Luxembourg	31/12/2009	Purchase	Full	100.00%
Alpha Card SCRL	Belgium	31/12/2009	Purchase	Equity	50.00%
Alpha Credit SA	Belgium	31/12/2009	Purchase	Full	100.00%
Alsabail	France	31/12/2009	Purchase	Equity	40.68%
Aramea Asset Management AG	Germany	31/12/2009	Purchase	Equity	30.00%
Argance	Luxembourg	31/12/2009	Purchase	Full	100.00%
Artemis Asset Management Limited	UK	31/12/2009	Purchase	Full	100.00%
Artemis Fund Managers Limited	UK	31/12/2009	Purchase	Full	100.00%
Artemis Investment Management Limited	UK	31/12/2009	Purchase	Full	100.00%
Artemis Ocean Racing 2 Limited	UK	31/12/2009	Purchase	Full	100.00%
Artemis Ocean Racing Limited	UK	31/12/2009	Purchase	Full	100.00%
Artemis Strategic Asset Management Limited	UK	31/12/2009	Purchase	Full	100.00%
Artemis Unit Trust Managers Limited	UK	31/12/2009	Purchase	Full	100.00%
ASPIIS International Mutual Funds Management Co.	Greece	31/12/2009	Purchase	Equity	45.00%
Astr BV	Netherlands	31/12/2009	Purchase	Full	100.00%
Athymis Gestion SA	France	31/12/2009	Purchase	Equity	34.00%
Banking Funding Company SA	Belgium	31/12/2009	Purchase	Equity	33.47%
Banque de La Poste SA	Belgium	31/12/2009	Purchase	Prop.	50.00%
BCC Corporate	Belgium	31/12/2009	Purchase	Equity	49.99%
Belplaise SA	Belgium	31/12/2009	Purchase	Equity	100.00%
BGL BNP Paribas (ex Fortis Bank Luxembourg SA)	Luxembourg	31/12/2009	Purchase	Full	65.96%
BNP Paribas Fortis Factor	Belgium	31/12/2009	Incorporation	Full	100.00%
Brand & Licence Company SA	Belgium	31/12/2009	Purchase	Equity	20.00%
CA Motor Finance Limited	UK	31/12/2009	Purchase	Full	100.00%
			Purchase & Disposal		
Cadogan Associates LLC	U.S.A.	31/12/2009	Purchase & Disposal		
			Purchase & Disposal		
Cadogan Management (UK) Limited	UK	31/12/2009	Purchase & Disposal		
			Purchase & Disposal		
Cadogan Management LLC	U.S.A.	31/12/2009	Purchase & Disposal		
Camomile Alzebe Investments (UK) Limited	Cayman Islands	31/12/2009	Purchase	Full	100.00%
Camomile Asset Finance (N°5) Partnership	UK	31/12/2009	Incorporation	Full	100.00%
Camomile Canopia Trading (UK) Limited	Cayman Islands	31/12/2009	Purchase	Full	100.00%
Camomile Investments UK Limited	UK	31/12/2009	Purchase	Full	100.00%
Camomile Pearl (UK) Limited	Cayman Islands	31/12/2009	Purchase	Full	100.00%
Camomile Ukstar Investments (UK) Limited	Cayman Islands	31/12/2009	Purchase	Full	100.00%
Captive Finance Limited	Hong-Kong	31/12/2009	Purchase	Full	100.00%
Captive Finance Taiwan Co. Limited	Taiwan	31/12/2009	Purchase	Full	100.00%
Ceriffimo V SA	Belgium	31/12/2009	Purchase	Full	100.00%
CF Leasing Limited	Bermuda	31/12/2009	Purchase	Equity	50.00%
CofyLux SA	Luxembourg	31/12/2009	Purchase	Full	100.00%
Comptoir Agricole de Wallonie	Belgium	31/12/2009	Purchase	Full	100.00%
Continuing Care Retirement Community	Belgium	31/12/2009	Purchase	Full	99.96%
Credissimo	Belgium	31/12/2009	Purchase	Equity	100.00%
Credit pour Habitants Sociaux	Belgium	31/12/2009	Purchase	Equity	77.56%
Dalgarano	Luxembourg	31/12/2009	Purchase	Full	100.00%

Name	Country	Change in the scope of consolidation	Method	Group voting interest (%)	Group ownership interest (%)
Delvino	Luxembourg	31/12/2009	Purchase	Full	100.00%
Demetris NV	Belgium	31/12/2009	Purchase	Equity	100.00%
Dikodi BV	Netherlands	31/12/2009	Purchase	Full	100.00%
Dominet Bank Spolka Akcyjna	Poland	31/12/2009	Purchase & Merge	Full	100.00%
Dominet Finanse SA	Poland	31/12/2009	Purchase	Full	100.00%
Dominet SA	Poland	31/12/2009	Purchase	Full	100.00%
Dominet SPV-II Sp. z o.o.	Poland	31/12/2009	Purchase	Full	100.00%
Dreleck One Limited	Cayman Islands	31/12/2009	Purchase	Full	100.00%
Eiser Infrastructure Limited (ex ABN AMRO Infrastructure Capital Management Limited)	UK	31/12/2009	Purchase	Full	100.00%
Ella Aub	Luxembourg	31/12/2009	Purchase	Full	100.00%
Eos Aremas Belgium SA	Belgium	31/12/2009	Purchase	Equity	49.97%
Eris Investissements	Luxembourg	31/12/2009	Purchase	Full	100.00%
ES-Finance	Belgium	31/12/2009	Purchase	Full	100.00%
Europay Belgium	Belgium	31/12/2009	Purchase	Equity	39.80%
Euro-Scrbie SAS	France	31/12/2009	Purchase	Equity	50.00%
Euro Fashion Center SA	Belgium	31/12/2009	Purchase	Full	100.00%
F.A.M. Fund Advisory	Luxembourg	31/12/2009	Purchase	Full	100.00%
F.L. Zeebrugge	Belgium	31/12/2009	Purchase	Full	75.00%
Fasnet Nederland	Netherlands	31/12/2009	Purchase	Equity	47.84%
FB Energy Canada Corp	Canada	31/12/2009	Purchase	Full	100.00%
FB Energy Holdings LLC	U.S.A.	31/12/2009	Purchase	Full	100.00%
FB Energy Trading S a R L.	Luxembourg	31/12/2009	Purchase	Full	100.00%
			Purchase & Deconsolidation		
FB Funding Company	Canada	31/12/2009	Deconsolidation		
FB Holdings Canada Corp	Canada	31/12/2009	Purchase	Full	100.00%
FB Transportation Capital LLC	U.S.A.	31/12/2009	Purchase	Full	100.00%
FBC Limited	Bermuda	31/12/2009	Purchase	Full	100.00%
			Purchase & Disposal		
FCM Private Equity II SL	Spain	31/12/2009	Disposal		
FCM Private Equity SL	Spain	31/12/2009	Purchase	Full	100.00%
Finagen Holding SA	France	31/12/2009	Purchase	Full	100.00%
Finapierre	France	31/12/2009	Purchase	Full	100.00%
Finaka	Belgium	31/12/2009	Purchase	Full	51.00%
Fintrino SA	Belgium	31/12/2009	Purchase	Equity	50.00%
Flexfund Associates	Luxembourg	31/12/2009	Purchase	Full	100.00%
Folea Grundstücksverwaltungs und Vermietungs GmbH & Co. Objekt Burtenbach KG	Germany	31/12/2009	Purchase	Full	90.00%
Folea Grundstücksverwaltungs und Vermietungs GmbH & Co. Objekt Leverkusen KG	Germany	31/12/2009	Purchase	Full	90.00%
Folea Grundstücksverwaltungs und Vermietungs GmbH & Co. Objekt Thallingen	Germany	31/12/2009	Purchase	Full	100.00%
Folea II Verwaltungs GmbH	Germany	31/12/2009	Purchase	Full	100.00%
Folea III Verwaltungs GmbH	Germany	31/12/2009	Purchase	Full	100.00%
Folea Verwaltungs GmbH	Germany	31/12/2009	Purchase	Full	100.00%
Fondo Nazza I FCR	Spain	31/12/2009	Purchase	Full	100.00%
Fondo Nazza II FCR	Spain	31/12/2009	Disposal		
Fortis / KFH Scot Advisor Limited	Virgin Islands	31/12/2009	Purchase	Equity	50.00%
			Purchase & Deconsolidation		
Fortis (USA) Financial Markets LLC	U.S.A.	31/12/2009	Deconsolidation		
Fortis Asset Management Japan CO Limited	Japan	31/12/2009	Purchase	Full	100.00%
Fortis Bank Anonim Sirket	Turkey	31/12/2009	Purchase	Full	94.11%
Fortis Bank Malta Limited	Malta	31/12/2009	Purchase	Full	100.00%
Fortis Bank Polska SA	Poland	31/12/2009	Purchase	Full	99.87%
Fortis Bank Reinsurance SA	Luxembourg	31/12/2009	Purchase	Full	100.00%
Fortis Bank Suisse SA	Switzerland	31/12/2009	Purchase	Full	100.00%
Fortis Banque SA	Belgium	31/12/2009	Purchase	Full	74.93%
Fortis Banque France SA	France	31/12/2009	Purchase	Full	99.98%
			Purchase & Merger		
Fortis Banque Monaco	Monaco	31/12/2009	Merger		
Fortis Capital (Canada) Limited	Canada	31/12/2009	Purchase	Full	100.00%
Fortis Capital Corporation	U.S.A.	31/12/2009	Purchase	Full	100.00%
Fortis Clean Energy Fund GP Limited	UK	31/12/2009	Purchase	Full	100.00%
			Purchase & Disposal		
Fortis Clearing Americas LLC	U.S.A.	31/12/2009	Disposal		
Fortis Direct Real Estate Management	Luxembourg	31/12/2009	Purchase	Full	100.00%
Fortis Energy Leasing X2	Netherlands	31/12/2009	Purchase	Full	100.00%
Fortis Energy Leasing XI	Netherlands	31/12/2009	Purchase	Full	100.00%
Fortis Energy Leasing X3 BV	Netherlands	31/12/2009	Purchase	Full	100.00%
Fortis Energy Leasing XIV BV	Netherlands	31/12/2009	Purchase	Full	100.00%
Fortis Energy Marketing & Trading GP	U.S.A.	31/12/2009	Purchase	Full	100.00%
Fortis Epargne Retail	France	31/12/2009	Purchase	Full	69.99%
Fortis Film Fund SA	Belgium	31/12/2009	Purchase	Full	100.00%
Fortis Finance Belgium S.C.R.L.	Belgium	31/12/2009	Purchase	Full	100.00%
			Purchase & Merger		
Fortis Financial Services LLC	U.S.A.	31/12/2009	Purchase & Merger		
Fortis Finansal Kiralama AS	Turkey	31/12/2009	Purchase	Full	100.00%
			Purchase & Merger		
Fortis Finanz GmbH	Germany	31/12/2009	Purchase & Merger		
Fortis Funding LLC	U.S.A.	31/12/2009	Purchase	Full	100.00%
			Purchase & Disposal		
Fortis Funds (Nederland) NV (ex ABN AMRO Investment Management Funds BV)	Netherlands	31/12/2009	Purchase	Full	100.00%
Fortis Gesbebe SA	Spain	31/12/2009	Purchase	Full	100.00%
Fortis Gestao de Investimentos Brasil Limitada	Brazil	31/12/2009	Purchase	Full	100.00%
Fortis Gestion Privée	France	31/12/2009	Purchase	Full	99.99%
Fortis Halting Investment Management Co. Limited	China	31/12/2009	Purchase	Equity	49.00%
Fortis Holding Malta BV	Netherlands	31/12/2009	Purchase	Full	100.00%
Fortis Holding Malta Limited	Malta	31/12/2009	Purchase	Full	100.00%
			Purchase & Deconsolidation		
Fortis Ifco	Cayman Islands	31/12/2009	Purchase & Deconsolidation		
Fortis International Finance Luxembourg SARL	Luxembourg	31/12/2009	Purchase	Full	100.00%



Name	Country	Change in the scope of consolidation	Method	Group voting interest (%)	Group ownership interest (%)	
Fortis Investment Management Argentina Soc. Gerente de FCI SA	Argentina	31/12/2009	Purchase	Full	100.00%	71.19%
Fortis Investment Management Australia Holdings Pty Limited	Australia	31/12/2009	Purchase	Full	100.00%	71.19%
Fortis Investment Management Australia Limited	Australia	31/12/2009	Purchase	Full	100.00%	71.19%
Fortis Investment Management Belgium	Belgium	31/12/2009	Purchase	Full	100.00%	71.19%
Fortis Investment Management Canada Limited	Canada	31/12/2009	Purchase	Full	100.00%	71.19%
Fortis Investment Management Chile SA	Chile	31/12/2009	Purchase	Full	100.00%	71.19%
Fortis Investment Management France	France	31/12/2009	Purchase	Full	100.00%	71.19%
Fortis Investment Management Holdings UK Limited	UK	31/12/2009	Purchase	Full	100.00%	71.19%
Fortis Investment Management Hong Kong Limited	Hong-Kong	31/12/2009	Purchase	Full	100.00%	71.19%
Fortis Investment Management Luxembourg SA	Luxembourg	31/12/2009	Purchase	Full	100.00%	71.19%
Fortis Investment Management Netherlands NV	Netherlands	31/12/2009	Purchase	Full	100.00%	71.19%
Fortis Investment Management SA	Belgium	31/12/2009	Purchase	Full	100.00%	71.19%
Fortis Investment Management UK Limited	UK	31/12/2009	Purchase	Full	100.00%	71.19%
Fortis Investment Management U.S.A. Inc.	U.S.A.	31/12/2009	Purchase	Full	100.00%	71.19%
Fortis Investment NL Holding NV	Netherlands	31/12/2009	Purchase	Full	100.00%	71.19%
Fortis Investment Partners Pty Limited	Australia	31/12/2009	Purchase	Equity	40.00%	28.48%
Fortis Investments Japan Holding Limited	Japan	31/12/2009	Purchase & Deconsolidation			
Fortis Lease	Belgium	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease (China) Co Limited	China	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease (France)	France	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease (Malaysia) Sdn. Bhd	Malaysia	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Car & Truck	Belgium	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Czech	Czech Republic	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Danmark AS	Denmark	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Deutschland AG	Germany	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Finland Oy	Finland	31/12/2009	Purchase & Deconsolidation			
Fortis Lease Group SA	Luxembourg	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Group Services	Belgium	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Holding Norge AS	Norway	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Holdings UK Limited	UK	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Hong Kong Limited	Hong-Kong	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Hungaria Equipment Financing Financial Leasing Company	Hungary	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Hungaria Real Estate	Hungary	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Hungaria Vehicle Financing Financial Leasing Company	Hungary	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Iberia	Spain	31/12/2009	Purchase	Full	100.00%	58.01%
Fortis Lease Immobilier Suisse	Switzerland	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Luxembourg	Luxembourg	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Nederland NV	Netherlands	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Norge AS	Norway	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Operativ Lizing Zarkoruen Mukodo Reszvenyiszasag	Hungary	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Polska Sp.z.o.o.	Poland	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Portugal	Portugal	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Romania IFN SA	Romania	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease S.p.A.	Italy	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Singapore Pte Limited	Singapore	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Suisse	Switzerland	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease Sweden AB	Sweden	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease UK (1) Limited	UK	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease UK (2) Limited	UK	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease UK (3) Limited	UK	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease UK (4) Limited	UK	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease UK (5) Limited	UK	31/12/2009	Purchase	Full	90.00%	48.09%
Fortis Lease UK Limited	UK	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Lease UK Retail Limited	UK	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Liquidity High Grade USD	Luxembourg	31/12/2009	Disposal			
Fortis Luxembourg Finance SA	Luxembourg	31/12/2009	Purchase	Full	100.00%	74.93%
Fortis Luxembourg - Vie SA	Luxembourg	31/12/2009	Purchase	Equity	50.00%	26.71%
Fortis Mediacom Finance	France	31/12/2009	Purchase	Full	99.99%	74.91%
Fortis Money Short Term Fund	France	31/12/2009	Purchase	Full	100.00%	73.34%
Fortis Park Lane Ireland Limited	Ireland	31/12/2009	Purchase	Full	100.00%	74.93%
Fortis PF Investments (UK) Limited	UK	31/12/2009	Purchase	Full	100.00%	74.93%
Fortis Portby Yonemli AS	Turkey	31/12/2009	Purchase	Full	100.00%	71.19%
Fortis Prime Fund Solutions (USA) LLC	U.S.A.	31/12/2009	Purchase	Full	100.00%	74.93%
Fortis Private Equity Asia Fund SA	Belgium	31/12/2009	Purchase	Full	100.00%	74.93%
Fortis Private Equity Belgium NV	Belgium	31/12/2009	Purchase	Full	100.00%	74.93%
Fortis Private Equity Expansion Belgium NV	Belgium	31/12/2009	Purchase	Full	100.00%	74.93%
Fortis Private Equity France Fund	France	31/12/2009	Purchase	Full	99.1%	74.87%
Fortis Private Equity France SAS	France	31/12/2009	Purchase	Full	100.00%	74.93%
Fortis Private Equity Management NV	Belgium	31/12/2009	Purchase	Full	100.00%	74.93%
Fortis Private Equity Venture Belgium SA	Belgium	31/12/2009	Purchase	Full	100.00%	74.93%
Fortis Private Investment Management Limited	UK	31/12/2009	Purchase	Full	100.00%	74.93%
Fortis Private Investment Polska	Poland	31/12/2009	Purchase	Full	100.00%	74.84%
Fortis Private Real Estate Holding	Luxembourg	31/12/2009	Purchase	Full	100.00%	74.93%
Fortis Proprietary Capital Inc.	U.S.A.	31/12/2009	Purchase	Full	100.00%	74.93%
Fortis Proprietary Investment Ireland Limited	Ireland	31/12/2009	Purchase	Full	100.00%	74.93%
Fortis Securities Investment Consultant Co Limited	Taiwan	31/12/2009	Purchase	Full	100.00%	71.19%
Fortis Securities LLC	U.S.A.	31/12/2009	Purchase	Full	100.00%	74.93%
Fortis Vastgoedkase BV	Netherlands	31/12/2009	Purchase	Full	100.00%	53.43%
Fortis Wealth Management Hong Kong Limited	Hong-Kong	31/12/2009	Purchase	Full	100.00%	74.93%
Fortis Wealth Management Taiwan Co Limited	Taiwan	31/12/2009	Purchase	Full	100.00%	74.93%
Fortis Yatirim Menkul Değerler AS	Turkey	31/12/2009	Purchase	Full	100.00%	70.52%
FPRE Management (Belgium) SA	Belgium	31/12/2009	Purchase	Full	100.00%	74.93%
FPRE Second Residences	Belgium	31/12/2009	Purchase	Full	100.00%	74.93%
Friedland Participaton et Gestion	France	31/12/2009	Purchase	Full	100.00%	53.43%
Frynaco	Belgium	31/12/2009	Purchase	Full	100.00%	74.93%
FSI Holdings Inc.	U.S.A.	31/12/2009	Purchase	Full	100.00%	74.93%
Fund Administration Services & Technology Network Belgium	Belgium	31/12/2009	Purchase	Equity	47.80%	25.53%
Fund Administration Services & Technology Network Luxembourg	Luxembourg	31/12/2009	Purchase	Equity	47.79%	25.53%
Fundamentum Asset Management (FAM)	Luxembourg	31/12/2009	Purchase	Full	100.00%	53.43%
FV Holding N.V.	Belgium	31/12/2009	Purchase	Equity	40.00%	29.97%

Name	Country	Change in the scope of consolidation	Method	Group voting interest (%)	Group ownership interest (%)	
G I Finance	Ireland	31/12/2009	Purchase	Full	100.00%	74.93%
G.I.E. Services Groupe Fortis France	France	31/12/2009	Purchase	Full	80.33%	59.51%
General Corp 10	Luxembourg	31/12/2009	Purchase	Full	100.00%	74.93%
Generale Bank Profif NV	Netherlands	31/12/2009	Purchase & Deconsolidation			
Generale Belgian Finance Cy Limited	Hong-Kong	31/12/2009	Purchase	Full	100.00%	74.93%
Genifinance International SA	Belgium	31/12/2009	Purchase	Full	100.00%	74.93%
Gesellschaft für Capital & Vermögensverwaltung GmbH	Germany	31/12/2009	Purchase	Full	100.00%	74.93%
GIE Immobilier Groupe Fortis France	France	31/12/2009	Purchase	Full	92.48%	68.10%
Global Management Services	Romania	31/12/2009	Purchase	Full	100.00%	53.43%
GroeiVermogen NV	Netherlands	31/12/2009	Purchase	Full	100.00%	71.19%
Halong - Fortis Private Equity Fund Management Limited	China	31/12/2009	Purchase	Equity	33.00%	23.49%
Hel Werkmanshuis NV	Belgium	31/12/2009	Purchase	Equity	41.04%	30.75%
Immobilie Sauvenkère SA	Belgium	31/12/2009	Purchase	Full	100.00%	74.93%
Industrifans Forskningsparken Elindom AS	Norway	31/12/2009	Purchase	Full	100.00%	71.19%
Inkasso Kodat GmbH & Co. KG	Germany	31/12/2009	Purchase	Full	100.00%	74.93%
Intermaxx Bank	Luxembourg	31/12/2009	Purchase	Equity	25.00%	13.35%
Isabel SA	Belgium	31/12/2009	Purchase	Equity	25.33%	18.98%
KIT Fortis Investment Management Consulting LLC	Russia	31/12/2009	Purchase	Equity	50.00%	35.60%
KIT Fortis Investment Management Holding BV	Netherlands	31/12/2009	Purchase	Equity	50.00%	35.60%
KIT Fortis Investment Management	Kazakhstan	31/12/2009	Purchase	Equity	50.00%	35.60%
KIT Fortis Investment Management	Russia	31/12/2009	Purchase	Equity	50.00%	35.60%
Kota Jaya Limited	Hong-Kong	31/12/2009	Purchase	Full	100.00%	53.43%
Kota Juta Limited	Hong-Kong	31/12/2009	Purchase	Full	100.00%	53.43%
La Maison Sociale de Tournai-Ath SA	Belgium	31/12/2009	Purchase	Equity	99.72%	74.72%
La Propriété Sociale de Binche-Morlanwelz SA	Belgium	31/12/2009	Purchase	Equity	20.81%	16.10%
Landbouwkantoor van Vlaanderen NV	Belgium	31/12/2009	Purchase	Equity	100.00%	74.93%
Marie Lease SARL	Luxembourg	31/12/2009	Purchase	Equity	50.00%	26.71%
MeesPierson Private Belgian Offices	Belgium	31/12/2009	Purchase	Full	100.00%	74.93%
Mercontor SA	Argentina	31/12/2009	Purchase	Full	100.00%	71.19%
Merkur Beteiligungs und Verwaltungsgesellschaft mit Beschränkter Haftung	Germany	31/12/2009	Purchase	Full	100.00%	74.93%
Merzof Jet Finance	Spain	31/12/2009	Purchase	Full	100.00%	74.93%
Montag & Caldwell Inc	U.S.A.	31/12/2009	Purchase	Full	100.00%	74.93%
Money Alpha	France	31/12/2009	Purchase	Full	100.00%	74.93%
Money Beta	France	31/12/2009	Purchase	Full	100.00%	74.93%
Nazza Capital S.G.E.C.R. SA	Spain	31/12/2009	Purchase & Disposal			
Nazza Directships I, S.L.	Spain	31/12/2009	Purchase & Disposal			
Nazza Directships II, S.L.	Spain	31/12/2009	Purchase & Disposal			
Nazza Directships III, S.L.	Spain	31/12/2009	Disposal			
Nazza Inversiones SA	Spain	31/12/2009	Purchase	Full	100.00%	74.92%
Nieuwe Maatschappij Rond Den Heerd NV	Belgium	31/12/2009	Purchase	Equity	23.26%	17.43%
Nissan Finance Belgium NV	Belgium	31/12/2009	Purchase	Full	100.00%	69.55%
Ostara Partners Inc.	Cayman Islands	31/12/2009	Purchase	Equity	50.00%	35.82%
Ostara Partners Inc. Korea	Cayman Islands	31/12/2009	Purchase	Equity	50.00%	35.82%
Ois Vehicle Rentals Limited	UK	31/12/2009	Purchase	Equity	40.00%	21.37%
Pad Gas Leasing Monroe LLC	U.S.A.	31/12/2009	Deconsolidation			
Patison	Luxembourg	31/12/2009	Purchase	Full	100.00%	53.43%
Postbank Ireland Limited	Ireland	31/12/2009	Purchase	Equity	50.00%	26.71%
Presibel Loft Village	Belgium	31/12/2009	Purchase	Equity	70.06%	52.50%
PT ABN AMRO Manajemen Investasi	Indonesia	31/12/2009	Purchase	Full	84.99%	60.50%
PT Fortis Investments	Indonesia	31/12/2009	Purchase	Full	99.00%	70.47%
Qualiton Funding SARL	Luxembourg	31/12/2009	Purchase	Full	100.00%	53.43%
RFH Limited	Bermuda	31/12/2009	Purchase	Equity	50.00%	49.57%
SA FPRE Second Residences	Belgium	31/12/2009	Purchase	Full	100.00%	74.93%
SCI Champverner	France	31/12/2009	Purchase	Full	100.00%	53.43%
SCI FLIF Azur	France	31/12/2009	Purchase	Full	100.00%	53.43%
SCI FLIF Château London	France	31/12/2009	Purchase	Full	100.00%	53.43%
SCI FLIF Evry 2	France	31/12/2009	Purchase	Full	100.00%	53.43%
SCI FLIF Le Gallo	France	31/12/2009	Purchase	Full	100.00%	53.43%
SCI FLIF Le Port	France	31/12/2009	Purchase	Full	100.00%	53.43%
SCI FLIF Sainte Marie	France	31/12/2009	Purchase	Full	100.00%	53.43%
Société Alsacienne de développement et d'expansion	France	31/12/2009	Purchase	Full	100.00%	53.43%
Sowo Investment SA	Belgium	31/12/2009	Purchase	Full	87.50%	65.57%
Tabor Funding	Luxembourg	31/12/2009	Purchase	Full	100.00%	53.43%
TCG Fund I, L.P.	Cayman Islands	31/12/2009	Incorporation	Full	100.00%	74.68%
Texainer Marine Containers Limited	Bermuda	31/12/2009	Purchase	Equity	25.00%	18.73%
Upper Hath Securities Limited	Ireland	31/12/2009	Purchase	Full	100.00%	74.93%
Versko AG	Germany	31/12/2009	Purchase	Equity	25.10%	18.78%
Visa Belgium SRL	Belgium	31/12/2009	Purchase	Equity	24.86%	18.84%
Von Essen GmbH & Co KG Bankgesellschaft	Germany	31/12/2009	Purchase	Full	100.00%	74.93%
Wa Pei Finance Company Limited	Hong-Kong	31/12/2009	Purchase	Full	100.00%	74.93%
Wa Pei Properties Limited	Hong-Kong	31/12/2009	Purchase	Full	100.00%	74.93%
Special Purpose Entities						
Alandes BV	Netherlands	31/12/2009	Purchase	Full		
BASS Master Issuer NV	Belgium	31/12/2009	Purchase	Full		
Esmeo Master Issuer	Belgium	31/12/2009	Incorporation	Full		
Scaidis Capital (Ireland) Limited	Ireland	31/12/2009	Purchase	Full		
Scaidis Capital Limited	Jersey	31/12/2009	Purchase	Full		
Lisia I Limited	Jersey	31/12/2009	Purchase	Full		
Park Mountain Lease 2008-1 BV	Netherlands	31/12/2009	Purchase & Deconsolidation			
Park Mountain SME 2007-1 BV	Netherlands	31/12/2009	Purchase	Full		

* French subsidiaries whose regulatory supervision falls within the scope of the consolidated Group, in accordance with article 4.1 of CRBF regulation 2000.03.
 1 - Simplified consolidation by the equity method (non-material entities)
 2 - Business transfers due to the creation of Italian retail banking segment
 3 - Entities excluded from prudential scope of consolidation
 4 - Entities consolidated under the equity method for prudential purpose



8.c BUSINESS COMBINATIONS

- Acquisition of Fortis Banque SA (now BNP Paribas Fortis) and BGL SA (now BGL BNP Paribas) in the first half of 2009

Under the Protocol Agreements entered into on 10 October 2008 and 8 March 2009, BNP Paribas acquired Fortis Banque SA and BGL SA via four contributions, two from the Belgian government and two from the Luxembourg government:

The contributions were completed on 12 and 13 May 2009, following which:

- BNP Paribas owns 74.93% of the share capital and voting rights of Fortis Banque SA (which itself has a 50% interest in the share capital plus one share of BGL SA) and a direct 15.96% interest in the share capital and voting rights of BGL SA.
- The Belgian government (through Société Fédérale de Participations et d'Investissement (SFPI), a Belgian-law public interest société anonyme acting on behalf of the Belgian government) owns a blocking minority interest of 25% plus one share of Fortis Banque SA and the Luxembourg government owns a blocking minority interest of 34% of BGL SA.
- The Belgian government (through SFPI) owns 9.83% of the share capital and 11.59% of the voting rights of BNP Paribas and the Luxembourg government owns 0.99% of the share capital and 1.17% of the voting rights of BNP Paribas. The Belgian government has undertaken to hold the 88,235,294 BNP Paribas shares received in consideration for the first of its two contributions until 10 October 2010 and the Luxembourg government has undertaken to hold 50% of the BNP Paribas shares received in consideration for its two contributions (i.e. 6,108,774 BNP Paribas shares) until 23 October 2009.

The acquisition cost of the Fortis Banque SA and BGL SA shares amounted to EUR 5,703 million and EUR 562 million respectively, including transaction costs, and was determined on the basis of the BNP Paribas share price on the date of the contributions, i.e. EUR 46.69 for the share issued on 12 May 2009 and EUR 45.98 for the shares issued on 13 May 2009. A description of the new share issues made to pay for each of the contributions is provided in Note 8.a "Changes in share capital and earnings per share".

The operation also included three transactions completed on the same date as the first contribution:

- The acquisition by Fortis Banque SA from Fortis Insurance N.V. of 25% of the share capital plus one share of AG Insurance at a price of EUR 1,375 million;
- The acquisition by BNP Paribas of 11.76% of the share capital (i.e. EUR 200 million) of Royal Park Investments SA/NV (RPI), a defeasance vehicle that had purchased certain structured loans from Fortis Banque SA at a total price of EUR 11.8 billion. The rest of RPI's share capital is 43.53%-owned by the Belgian government and 44.71% by Fortis SA/NV and Fortis N.V. BNP Paribas also provided EUR 519 million of the acquisition debt (i.e. 10% of the senior debt) and the balance was provided by Fortis Banque SA, comprising EUR 4,891 million in super senior debt and EUR 4,668 million in senior debt, the latter being guaranteed by the Belgian government.
- A loan of EUR 1,000 million made by Fortis Banque to Fortis SA/NV, guaranteed by the Belgian government, principally to finance the acquisition of its interest in RPI.

The acquisition of Fortis Banque SA and BGL SA enables BNP Paribas to further expand its integrated banking model in Europe, adding two new domestic markets – Belgium and Luxembourg – to its existing domestic markets in France and Italy.

Fortis Banque SA and BGL SA both have activities in retail banking, private banking, asset management, and corporate and investment banking.



- The retail banking business provides financial services to individuals, the self-employed, the professions and small businesses. It has a network of 1,064 branches and three million customers in Belgium, 37 branches and about 280,000 customers in Luxembourg, and branch networks in Poland, Turkey and France. In addition Fortis Banque SA and its subsidiaries have a postal bank business in Belgium (Banque de La Poste) and Ireland (Postbank), enabling them to provide a broader range of products through these respective postal networks. Fortis Banque SA and its subsidiaries have more than 2,000 outlets in Europe.
- Private banking offers integrated, international wealth management solutions to high-net-worth individuals, their companies and advisers. Assets under management amounted to EUR 43 billion at 31 December 2008. Fortis Banque SA and BGL SA are first-class player in private banking in both Belgium and Luxembourg and has a well-established position in Switzerland.
- In asset management, Fortis Banque SA operates mainly through its subsidiary Fortis Investments. Its activities range from institutional asset management through to the development and management of mutual funds. Assets under management amounted to EUR 170 billion at 31 December 2008. Fortis Investments is the fifth largest European asset manager, excluding money market funds.
- Corporate and investment banking provides a broad range of financial products and services tailored to the needs of European-based mid-sized companies, as well as large corporates and institutional clients, with a strong focus on Europe and some areas of North America and Asia. Fortis Banque SA has a high-quality franchise and attractive niche positions in these markets. It will round out BNP Paribas' current franchise in these business activities. The risk management policies currently in place at BNP Paribas will be rolled out to Fortis Banque SA's corporate and investment banking activities.

The consolidated balance sheets of Fortis Banque SA and BGL were restated on the date of acquisition to comply with the accounting methods used by the BNP Paribas Group. The acquisition was accounted for using the purchase method as required by IFRS (see Note 1.b.4 "Business combinations and measurement of goodwill").

The restatements amounted to EUR (6,663) million after the tax effect and on a 100% basis. They mainly concerned:

- Specific and collective loan impairment provisions, related mainly to valuation methods, and provisions for disputes and contingent liabilities, totalling EUR (2,701) million;
- Measurement of loans, securities and other assets, as well as financial and other liabilities, at market value or its equivalent (EUR (3,315) million) at the acquisition date;
- Amortisation of existing goodwill and impairment of some other intangible assets (EUR (2,526) million), as well as recognition of the Fortis and BGL brands as intangible assets (EUR 50 million and EUR 10 million respectively), making a total of EUR (2,466) million;
- Measurement of market transactions and investments in variable-income securities in accordance with the methods used by the BNP Paribas Group (EUR (767) million);
- Employee benefits (EUR (1,595) million), mainly to take account of the impact of actuarial inputs on the acquisition date on the measurement of post-employment benefits and retirement-related contingent liabilities;
- Certain other assets, mainly real estate (EUR 212 million);
- Recognition of tax assets, mainly related to tax loss carryforwards and temporary differences, net of contingent liabilities (EUR 1,253 million), as well as the tax effects of the restatements made (EUR 2,716 million), making a total of EUR 3,969 million.

The Fortis and BGL brands were recognised as intangible assets upon allocation of the cost of the acquisition. The brand value was determined in line with market practices for this type of asset in the banking sector and by comparison with listed banks of comparable size, taking account of recent



developments in the Fortis brand's reputation and particularly the circumstances that led to the BNP Paribas Group acquiring control.

BNP Paribas did not recognise an intangible asset for customer relationships corresponding to account and deposit agreements entered into with customers. Fortis does not possess any legal or contractual rights giving it control over deposited funds. The level of these funds depends solely on the behaviour of Fortis' customers, with a major round of fund withdrawals being seen in the period of crisis preceding the acquisition of Fortis by BNP Paribas. In addition, the conditions laid down by the standard for the recognition of such assets were not satisfied. In European banks' business model, the advantage deriving from these deposits is embedded in a set of products and services that contribute towards the financial equilibrium of the range offered to customers, such as registrar services that are not billed and property loans that carry low charges. As a result, these advantages are not separable. In addition, no isolated transaction was identified in similar assets. Given the absence of a reference price in a comparable market, this intangible asset cannot be measured reliably.

The analysis and appraisal work required to measure the fair value of identifiable assets, liabilities, off-balance sheet items and contingent liabilities acquired has not yet been completed and the restatements made are therefore likely to be adjusted within twelve months of the acquisition date in accordance with IFRS 3 § 62.

These restatements led the Group to reduce the shareholders' equity of Fortis Banque SA, BGL SA and their subsidiaries by EUR 4,977 million on the acquisition date, thereby generating provisional negative goodwill of EUR 835 million, which was expensed through profit or loss under the line item "Change in value of goodwill".



The table below shows the consolidated IFRS balance sheet for Fortis Banque SA, BGL SA and their subsidiaries groups at 30 April 2009 before and after the restatements made by the Group in accordance with the provisions of IFRS on business combinations and with the accounting policies applied by the BNP Paribas Group:

In millions of euros	30-April-2009	30-April-2009
	After restatements	Before restatements
ASSETS		
Financial assets at fair value through profit or loss	107,135	109,366
Available-for-sale assets	69,655	96,526
Loans and receivables due from credit institutions	50,763	39,793
Loans and receivables due from customers	231,792	213,990
Held-to-maturity financial assets	-	3,553
Property, plant and equipment and intangible assets	3,889	3,657
Goodwill	-	1,931
Other assets	55,890	51,420
TOTAL ASSETS	519,124	520,236
LIABILITIES AND EQUITY		
Financial liabilities at fair value through profit or loss	110,868	111,779
Due to credit institutions	110,550	110,720
Due to customers	203,210	202,616
Debt securities	39,384	39,177
Subordinated debt	18,090	18,246
Other liabilities	25,487	19,904
Total liabilities	507,589	502,442
Total consolidated equity	11,535	17,794
TOTAL LIABILITIES AND EQUITY	519,124	520,236

Fortis Banque SA, BGL SA and their subsidiaries have been fully consolidated since their acquisition date. Their contribution to the BNP Paribas Group's net income in 2009 since their acquisition date was EUR 945 million before minority interests and EUR 682 million after minority interests.

The acquisition had the effect of increasing the BNP Paribas Group's net cash by EUR 3,470 million in 2009.



The table below shows the contribution which Fortis Banque SA, BGL SA and their subsidiaries would have made in 2009 (on a 100% basis) had the acquisition taken place on 1 January 2009. These items reflect an estimate of the impacts that the acquisition restatements to the balance sheet of these two sub-groups would have had on the period from 1st January to the effective date of acquisition had they been made on 1st January 2009.

In millions of euros	Year to 31 Dec. 2009
Interest income	13,131
Interest expense	(7,935)
Commission income	3,120
Commission expense	(1,084)
Net gain/loss on financial instruments at fair value through profit or loss	483
Net gain/loss on available-for-sale financial assets	71
Income from other activities	338
Expense on other activities	(95)
Revenues	8,029
Operating expense	(4,755)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	(333)
GROSS OPERATING INCOME	2,941
Cost of risk	(1,560)
OPERATING INCOME	1,381
Share of earnings of associates	84
Net gain on non-current assets	34
Goodwill	(4)
PRE-TAX INCOME	1,495
Corporate income tax	(418)
NET INCOME	1,077
Net income attributable to minority interests	328
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS	749

The restatements made to the income statement of Fortis Banque SA, BGL SA and their subsidiaries for the period preceding the date of effective acquisition of control were as follows:

- Alignment of the income statement of the sub-groups with the presentation format adopted by the BNP Paribas group.
- Identification within the contributions made by the sub-groups of one-off items that would not have been recognised had the acquisition taken place on 1st January 2009; The results generated by the structured loan portfolio transferred to the Royal Park Investments SA/NV defeasance vehicle until the date of their transfer, as well as any gains or losses on the disposal of this portfolio, were not included in the pro forma income statement.
- Simulation of the reversal effects of the adjustments in the sub-groups' opening balance sheet in accordance with the purchase accounting method required by IFRS 3. These adjustments predominantly include the measurement at fair value at the acquisition date of the portfolios in the banking intermediation book. Since the task of measuring the opening balance sheet had not been completed at 1st January 2009, the pro forma figures were restated to simulate the effects of these reversals based on the opening balance sheet adjustments at the effective acquisition date over the period from 1st January until the effective acquisition date.



In the preparation of the pro forma income statement, the impact of these restatements on the current income tax charge and on the portion attributable to minority interests was also taken into account.

By convention, it was deemed that the income statement of Fortis Banque SA and BGL SA and their subsidiaries reflects the changes in market conditions over the period preceding the acquisition of control. Accordingly, the effects of convergence in the accounting methods of these entities with the BNP Paribas Group's accounting policies concerning adjustments linked to market activities did not lead to a specific restatement in the determination of pro forma data.

Lastly, no restatements were made in respect of reciprocal transactions. This restatement did not have an impact on net income or on the key income statement items, but may affect the individual presentation of income and expense items together determining revenues.

- Other business combinations in 2009

Acquired subsidiaries	Segment	Country	Acquired percentage	In millions of euros						
				Acquisition price	Goodwill ⁽¹⁾	Net cash inflow	Balance sheet key figure at the acquisition date ⁽²⁾			
							Assets		Liabilities	
Group Bank Insinger de Beaufort										
	Investment Solution	Netherlands	58%	158	103	5	Loans and receivables due from credit institutions	176	Amounts due to customers	352
							Loans and receivables due from customers	111		
Credifin Banco SA										
	Retail Banking	Portugal	50%	148 ⁽⁴⁾	93 ⁽⁴⁾	(146) ⁽⁴⁾	Loans and receivables due from customers	597	Due to credit institutions ⁽³⁾	526
Findomestic										
	Retail Banking	Italia	25%	517 ⁽⁴⁾	351 ⁽⁴⁾	(404) ⁽⁴⁾	Loans and receivables due from customers	10,421	Due to credit institutions	8,502
								Debt securities		961
								Subordinated Debt		152

(1) In euro equivalent value at the year-end.

(2) Provisional data in market value or equivalent

(3) Debt mostly subscribed by BNP Paribas SA

(4) Data corresponding to the additional interest acquired

- Bank Insinger de Beaufort Group

In April 2009, BNP Paribas Wealth Management International Paris acquired 58% of the Insinger de Beaufort Group, which comprises companies specialized in wealth management in the Netherlands, United Kingdom and Switzerland, with EUR 6.4 billion of assets under management for high-net-worth individuals.

The Insinger de Beaufort Group, which comprises nine consolidated entities, has been fully consolidated as of its acquisition date. Its contribution to the BNP Paribas Group's net income in 2009 was not material.

Following the acquisition, Bank Insinger de Beaufort N.V. absorbed Nachenius Tjeenk & Co N.V., an entity already owned by BNP Paribas Wealth Management International Paris with a similar business in the Netherlands to that of Bank Insinger de Beaufort.



- Credifin Banco SA

At end of May 2009, Banco Cetelem Portugal acquired 100% of Credifin Banco SA from the LaSer group, giving the BNP Paribas Group control. Credifin Banco S.A. has been fully consolidated as of that date. Its contribution to the BNP Paribas Group's net income in 2009 was not material.

- Findomestic

On 10 December 2009, following the authorisation granted by the Bank of Italy, BNP Paribas Personal Finance, a BNP Paribas subsidiary, acquired control of Findomestic by acquiring an additional 25% interest on top of the 50% stake it already held. Findomestic has been fully consolidated as of that date. The impact of this additional acquisition on the BNP Paribas Group's net income was not material in 2009.

• Business combinations in 2008

Acquired subsidiaries	Segment	Country	Acquired percentage	In millions of euros							
				Acquisition price	Goodwill ⁽¹⁾	Net cash inflow	Balance sheet key figure at the acquisition date ⁽²⁾				
							Assets		Liabilities		
SREI Equipment Finance Private Limited											
	IRS	India	50%	136	70	(113)	Loans to customers	483	Amounts due to credit institutions	423	
									Debt securities	85	
Banco BGN											
	IRS	Brazil	100%	318	246	(75)	Loans to customers	617	Amounts due to credit institutions	338	
									Customers demand accounts	250	
Groupe Steen & Strøm											
	Other activities	Norway, Sweden and Denmark	56.1%	628	-	(578)	Investment property	2,849	Amounts due to credit institutions	1,478	
Bank of America's prime brokerage business											
	CIB	United States	100%	455	181	480	Financial assets at fair value through profit or loss	28,973	Financial assets at fair value through profit or loss	12,537	
							Loans to customers	6,005	Amounts due to credit institutions	2,551	
									Customers demand accounts	19,142	

(1) In euro equivalent value at the year-end.

(2) Provisional data in market value or equivalent

- SREI Equipment Finance Private Limited

In April 2008, BNP Paribas Lease Group, a subsidiary of BNP Paribas, acquired 50% of the capital of Indian infrastructure financing company SREI Equipment Finance Private Limited.

SREI Equipment Finance Private Limited was proportionately consolidated in the second half of 2008. Its contribution to the BNP Paribas Group's net income was not material in 2008.



- Banco BGN

In October 2008, BNP Paribas SA acquired 100% of Banco BGN, a leading supplier of consumer credit in Brazil with some one hundred branches plus approximately one thousand banking correspondents throughout the country, and a portfolio of 600,000 customers.

Banco BGN was consolidated as of its acquisition date. Its contribution to the BNP Paribas Group's net income was not material in 2008.

- Steen & Strøm Group

In October 2008, Klépierre, a subsidiary of BNP Paribas, acquired 56.1% of the Steen & Strøm Group, Scandinavia's leading integrated shopping centre investor. The Steen & Strøm Group comprises 120 companies, including 77 in Norway, 27 in Sweden and 16 in Denmark.

The Steen & Strøm Group was consolidated as of its acquisition date (111 entities fully consolidated and 9 proportionately consolidated). The excess of cost over the book value of the underlying assets acquired was allocated in full to fair value adjustments to property assets. The Steen & Strøm Group's contribution to the BNP Paribas Group's net income was not material in 2008.

- Bank of America's prime brokerage business

In September 2008, BNP Paribas SA acquired the Bank of America's prime brokerage business, which provides a broad range of services to hedge funds, including secured financing, settlement/delivery and custody of securities, stock lending, investor presentations and customised information technology solutions.

These activities are primarily housed within two subsidiaries, BNP Paribas Prime Brokerage Inc. and BNP Paribas Prime Brokerage International Ltd, which were consolidated as of their acquisition date. Their contribution to the BNP Paribas Group's net income was not material in 2008.



8.d REMUNERATION AND BENEFITS AWARDED TO THE GROUP'S CORPORATE OFFICERS

- Remuneration and benefits policy relating to the Group's corporate officers

Remuneration paid to the Group's corporate officers

The remuneration paid to the Group's corporate officers is determined by the method recommended by the compensation committee and approved by the Board of Directors⁷.

This remuneration comprises both a fixed and a variable component, the levels of which are determined using market benchmarks established by firms specialised in surveys of executive remuneration. BNP Paribas' corporate officers decided to waive all the variable components of their remuneration in respect of 2008. The amounts not paid were stated for indicative purposes in the 2008 registration document and annual report.

When determining corporate officers' variable remuneration in respect of 2009, the Board of Directors reiterated the principles that were applied previously.

The variable component is determined by reference to a basic bonus which is calculated as a proportion of the officer's fixed remuneration and varies in line with Group performance criteria as well as the attainment of personal objectives. It is intended to reflect the actual contribution made by corporate officers to BNP Paribas' success, with regard to the Chairman, notably in respect of his contribution to the development of the Group's relationships with its major customers and with the national and international financial and monetary authorities, and with regard to the Chief Executive Officer and Chief Operating Officers, notably in respect of their respective duties as senior executives of an international financial services group.

Group performance criteria⁸ account for 75% of the basic bonus and are used to calculate the corresponding portion of the variable remuneration based on the change in the relevant indicators.

- Chairman and Chief Executive Officer
 - Change in earnings per share (37.5% of basic bonus);
 - Achievement of budgeted Group gross operating income (37.5% of basic bonus).
- Chief Operating Officers
 - Change in earnings per share (18.75% of basic bonus);
 - Achievement of budgeted Group gross operating income (18.75% of basic bonus).
 - Change in net income before tax of businesses for which they are responsible (18.75% of basic bonus);
 - Achievement of budgeted gross operating income of businesses for which they are responsible (18.75% of basic bonus).

⁷ AFEP-MEDEF corporate governance code (point 20-1)

⁸ AFEP-MEDEF corporate governance code (point 20-2-2)



Personal objective-based criteria⁹ concern managerial performance as assessed by the Board of Directors in terms of foresight, decision-making and leadership skills:

- Foresight:* define a vision, prepare for the future, foster a spirit of innovation, carry out succession planning for and open up the international horizons of senior executives.
- Decision-making:* determine, with the relevant managers, and take the requisite measures for the Group's development, its internal efficiency and the adequacy of its risk management, internal control and capital management policy.
- Leadership:* recognise behaviour consistent with the Group's values (commitment, ambition, creativity, responsiveness). Promote initiative-taking and internal cooperation. Instil a culture of change and performance.

The variable component of corporate officers' remuneration, determined based on quantitative and personal objective-based criteria, was capped at 80% of the base pay of Michel Pébereau and 120% of the base pay of Baudouin Prot, Jean-Laurent Bonnafé and Georges Chodron de Courcel.

To take into account the one-off impact of the acquisition of Fortis by BNP Paribas, the Board retained the option of granting Baudouin Prot, Jean-Laurent Bonnafé and Georges Chodron de Courcel an additional reward, provided that the total amount thereof and of the variable remuneration granted in respect of the quantitative and personal objective-based criteria does not exceed 150% of their base pay.

Michel Pébereau, Baudouin Prot and Georges Chodron de Courcel do not receive any remuneration from Group companies other than BNP Paribas SA. In an exception to this rule, Jean-Laurent Bonnafé has retained the benefit of the directors' fees paid by BNP Paribas Fortis owing to the responsibilities he holds at this company.

Post-employment benefits

*Termination benefits*¹⁰

Corporate officers are not entitled to any contractual compensation on termination of office.

Retirement bonuses

Michel Pébereau is not entitled to a retirement bonus. Baudouin Prot (Chief Executive Officer), Georges Chodron de Courcel and Jean-Laurent Bonnafé (Chief Operating Officers) are entitled under their employment contracts¹¹ to the standard retirement bonus benefits awarded to all BNP Paribas employees. Under this standard scheme, employees receive a bonus on retirement from the Group of up to 11.66 months' basic salary depending on their initial contractual position and length of service at their retirement date. The bonus is capped at EUR 14,112 .

⁹ AFEP-MEDEF corporate governance code (point 20-2)

¹⁰ AFEP-MEDEF corporate governance code (point 20-2-4)

¹¹ Baudouin Prot's employment contract: see Chairman's report on corporate governance

*Supplementary pension plans¹²*

The defined-benefit plans previously granted to Group executives formerly employed by BNP Paribas or Compagnie Bancaire have all been converted into top-up type schemes. The amounts allocated to the beneficiaries were fixed when the previous schemes were closed to new entrants.

A similar procedure was applied to Michel Pébereau (Chairman of the Board of Directors), Baudouin Prot (Chief Executive Officer) and Georges Chodron de Courcel (Chief Operating Officer). Pursuant to articles L. 137.11 and R. 137.16 of the French Social Security Code, these three corporate officers now belong to a contingent collective top-up pension plan. Under this plan, their pensions will be calculated (subject to their still being part of the Group on retirement) on the basis of the fixed and variable remuneration received in 1999 and 2000, with no possibility of acquiring any subsequent rights.

The amount of retirement benefits, including the pensions paid out by the general French Social Security scheme and the ARRCO and AGIRC top-up schemes, plus any additional banking industry pension arising from the industry-wide agreement that took effect on 1 January 1994 and pension rights acquired as a result of payments by the employer into top-up funded schemes, is capped at 50% of the above-mentioned remuneration amounts.

These retirement benefits will be revalued from 1 January 2002 until their actual payment date, based on the average annual rate of increase in pension benefits paid by the French Social Security, ARRCO and AGIRC schemes. The increase in potential pension rights for 2009 will be limited to the effects of this revaluation. On payment of the benefits, the top-up pensions will be equal to the differential between these revalued amounts and the pension benefits provided by the above-mentioned general and top-up schemes. Once the amount of these top-up benefits has been finally determined, the benefit will then be indexed to the growth rate in the benefit value per point under the AGIRC scheme.

These obligations were covered by provisions recorded by Banque Nationale de Paris. The amount of these provisions was adjusted when the legacy plans were closed and the obligations transferred to an external insurance company.

The Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officers belong to the defined-contribution pension plan set up for all BNP Paribas SA employees, in accordance with Article 83 of the French General Tax Code.

The benefits deriving from the pension scheme described above have always been taken into account by the Board of Directors when determining the overall remuneration of corporate officers. During 2009, the Board of Directors formally recorded that this plan was compliant with the provisions of the AFEP-MEDEF corporate governance code.

Welfare benefit plans

The Chairman of the Board of Directors, the Chief Executive Officer and the Chief Operating Officers are entitled to the same flexible welfare benefits (death and disability cover) as all BNP Paribas SA employees and corporate officers.

They are also entitled to the same benefits under the Garantie Vie Professionnelle Accidents death/disability cover plan as all BNP Paribas SA employees, and to the supplementary plan set up for members of the Group's Executive Committee, which pays out additional capital of EUR 1.10 million in the event of work-related death or total and permanent disability.

If Baudouin Prot or Georges Chodron de Courcel die before the age of 60, their heirs will receive compensation under an insurance policy. The premium applicable under this policy is paid by the Group and treated in accordance with the social security rules applicable to employers' contributions to top-up welfare schemes in France.

¹² AFEP-MEDEF corporate governance code (point 20-2-5)



	Employment contract		Top-up pension plan		Benefits or payments due or likely to fall due owing to the cessation or change in duties		Payment under a no-complete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
M. Michel PEBEREAU		X	X			X		X
M. Baudouin PROT	X ⁽¹⁾		X		X ⁽²⁾			X
M. Jean-Laurent BONNAFE	X		X ⁽²⁾		X ⁽²⁾			X
M. Georges CHODRON de COURCEL	X		X		X ⁽²⁾			X

(1) Chairman's report on the conditions for the preparation and organisation of the work of the Board. See the Corporate governance section

(2) See above. Post-employment benefits. Retirement bonuses.

(3) Pension scheme under Article 83 of the French General Tax Code for the benefit of all BNP Paribas SA's employees.

The tables below show gross remuneration payable for the year to 31 December 2009, including benefits in kind and directors' fees for 2009.

Remuneration payable for 2009 In euros	Remuneration		Directors' fees ⁽³⁾	Benefits in kind ⁽⁴⁾	TOTAL Remuneration
	Fixed ⁽¹⁾	Variable ⁽²⁾			
Michel PEBEREAU Chairman of the Board of Directors					
2009	700,000	⁽⁶⁾	29,728	3,598	733,326
(2008)	(700,000)	-	(29,728)	(1,671)	(731,399)
Baudouin PROT Chief Executive Officer					
2009	950,000	⁽⁶⁾	90,318	5,212	1,045,530
(2008)	(945,833)	-	(118,907)	(5,064)	(1,069,804)
Georges CHODRON de COURCEL Chief Operating Officer					
2009	600,000	⁽⁶⁾	112,302	4,273	716,575
(2008)	(595,833)	-	(117,628)	(4,370)	(717,831)
Jean-Laurent BONNAFE Chief Operating Officer					
2009	563,172	⁽⁶⁾	51,638	3,329	618,139
(2008) ⁽⁵⁾	(166,667)	-	(18,958)	(1,445)	(187,070)
Total remuneration payable to the Group's corporate officers for 2009					3,113,570
(for 2008)					(2,706,104)

(1) Remuneration actually paid in 2009.

(2) Variable remuneration payable for 2008 and 2009.

(3) The Chairman of the Board of Directors and the Chief Executive Officer do not receive directors' fees from any Group companies other than from BNP Paribas SA, and from Erb  in the case of the Chief Executive Officer. Directors' fees received by the Chief Executive Officer from Erb  are deducted from his variable remuneration.

Georges Chodron de Courcel receives fees in his capacity as a director of BNP Paribas Suisse, Erb  and BNP Paribas Fortis. These fees are deducted from his variable remuneration.

Jean-Laurent Bonnaf  receives fees in his capacity as a director of BNL and BNP Paribas Fortis. Given the executive duties he plays at BNP Paribas Fortis, the fees he receives in his capacity as a director are not deducted from his variable remuneration. Conversely, the fees received by Jean-Laurent Bonnaf  in his capacity as a director of BNL are deducted from his variable remuneration.

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

(5) For the period from 1st September to 31 December 2008

(6) At the date of the AMF's approval of the 2009 registration document, the Board of Directors of BNP Paribas had not yet determined the variable component of corporate officers' remuneration for 2009. The Board of Directors' decision will be presented in an update of the registration document and this report in due course.



The tables below show gross remuneration payable for the year to 31 December 2009, including benefits in kind and directors' fees. The variable remuneration paid in 2009 relates to 2008.

Remuneration paid in 2009 In euros	Remuneration			Directors' fees	Benefits in kind	TOTAL Remuneration ⁽¹⁾
	Fixed	Variable	Deferred			
Michel PEBEREAU Chairman of the Board of Directors						
2009	700,000	-	-	29,728	3,598	733,326
(2008)	(700,000)	(875,000)	(109,200)	(29,728)	(1,671)	(1,715,599)
Baudouin PROT Chief Executive Officer						
2009	950,000	-	-	90,318	5,212	1,045,530
(2008)	(945,833)	(2,158,918)	(159,200)	(118,907)	(5,064)	(3,387,922)
Georges CHODRON de COURCEL Chief Operating Officer						
2009	600,000	-	-	112,302	4,273	716,575
(2008)	(595,833)	(1,623,002)	(124,000)	(117,628)	(4,370)	(2,464,833)
Jean-Laurent BONNAFÉ Chief Operating Officer						
2009	563,172	602,876 ⁽²⁾	39,896 ⁽²⁾	51,638	3,329	1,260,911
(2008) ⁽³⁾	(166,667)	-	-	(18,958)	(1,445)	(187,070)
Total remuneration payable to the Group's corporate officers for 2009 (for 2008)						3,756,342 (7,755,424)

(1) The average payroll tax rate on this remuneration was 34.9% in 2009 (39.4% in 2008).

(2) Variable remuneration received for the duties performed by Jean-Laurent Bonnafé prior to his appointment as a corporate officer on 1st September 2008.

(3) For the period from 1st September to 31 December 2008.



Benefits awarded to the Group's corporate officers

Benefits awarded to the Group's corporate officers	2009	2008
Post-employment benefits		
Retirement bonuses		
<i>Present value of the benefit obligation</i>	496,031 €	470,347 €
Contingent collective defined-benefit top-up pension plan		
<i>Total present value of the benefit obligation</i>	29.5 M€ ⁽¹⁾	28.6 M€
Defined contribution pension plan		
<i>Contributions paid by the company during the year</i>	1,510 €	1,464 €
Welfare benefits		
Flexible personal risk plan		
<i>Premiums paid by the company during the year</i>	10,992 €	10,662 €
Garantie Vie Professionnelle Accidents death/disability cover plan		
<i>Premiums paid by the company during the year</i>	8,095 €	9,376 €
Supplementary personal risk plan		
<i>Premiums paid by the company during the year</i>	84,212 €	209,761 €

(1) excluding the additional contribution of 30%.

The amount of supplementary pension rights is fixed. The change in the total present value of obligations between 2008 and 2009 reflects the discounting charge for the year, as well as the update of the assumptions underpinning the calculations.

- Stock subscription option plans

Under the authorisations granted by the Shareholders' General Meetings, BNP Paribas has set up a Global Share-based Incentive Plan, the characteristics of which are described in Note on salaries and employee benefits (share-based payment).

The provisions of the plan were approved by the Board of Directors and apply in full to the corporate officers.

During 2008, the Board of Directors stated its intention of applying all the provisions of the AFEP-MEDEF corporate governance code concerning the options to be awarded to corporate officers. On 27 March 2009, Michel Pébereau told the shareholders of BNP Paribas at the Shareholders' General Meeting that corporate officers would not receive any stock subscription options in 2009. Upon the redemption of the non-voting shares subscribed by Société de Prise de Participation de l'Etat, BNP Paribas maintained the commitments given to the French authorities, in connection with the French economic stimulus plan, with regard to the grant of stock options to corporate officers.



Options granted and exercised in 2009

Stock subscription options granted to and/or exercised by the Group's corporate officers	Number of options granted/exercised	Exercise price (in euros)	Grant date	Plan expiry date	Individual allocation valuation		Individual allocation as a % of share capital
					in euros	as a % of the recognised expense (1)	
OPTIONS GRANTED IN 2009							
-							
OPTIONS EXERCISED IN 2009							
Michel PEBEREAU	223,855	43.67	22/12/1999	22/12/2009			
Baudouin PROT	132,296	43.67	22/12/1999	22/12/2009			
OPTIONS GRANTED IN 2008							
Michel PEBEREAU	51,265	64.47	18/04/2008	15/04/2016	836,450	0.745%	0.005%
Baudouin PROT	174,299	64.47	18/04/2008	15/04/2016	2,843,930	2.534%	0.018%
Georges CHODRON de COURCEL	102,529	64.47	18/04/2008	15/04/2016	1,672,900	1.491%	0.010%
	Aggregate				5,353,280	4.770%	0.033%
OPTIONS EXERCISED IN 2008							
Michel PEBEREAU	61,072	36.95	13/05/1998	13/05/2008			
Baudouin PROT	30,626	36.95	13/05/1998	13/05/2008			
Georges CHODRON de COURCEL	4,000	36.78	21/03/2003	20/03/2013			

(1) Percentage of the expense recognised for the Global Share-based Incentive Plan, which combines stock options with share awards.



Summary of remuneration and stock options paid to individual corporate officers

	2009	2008
Michel PEBEREAU Chairman of the Board of Directors		
Remuneration for the year	733,326 ⁽¹⁾	731,399
Value of stock options granted during the year	Nil	836,450
TOTAL	733,326	1,567,849
Baudouin PROT Chief Executive Officer		
Remuneration for the year	1,045,530 ⁽¹⁾	1,069,804
Value of stock options granted during the year	Nil	2,843,930
TOTAL	1,045,530	3,913,734
Georges CHODRON de COURCEL Chief Operating Officer		
Remuneration for the year	716,575 ⁽¹⁾	717,831
Value of stock options granted during the year	Nil	1,672,900
TOTAL	716,575	2,390,731
Jean-Laurent BONNAFE Chief Operating Officer		
Remuneration for the year	618,139 ⁽¹⁾	187,070 ⁽²⁾
Value of stock options granted during the year	Nil	Nil
TOTAL	618,139	187,070

(1) At the date of the AMF's approval of the 2009 registration document, the Board of Directors of BNP Paribas had not yet determined the variable component of corporate officers' remuneration for 2009. The Board of Directors' decision will be presented in an update of the registration document and this report in due course.

(2) For the period from 1 September to 31 December 2008

The table shows the number of outstanding options held by the Group's corporate officers at 31 December 2009.

Originating company	BNP	BNP Paribas	BNP Paribas	BNP Paribas	BNP Paribas	BNP Paribas	BNP Paribas
Date of grant	15/05/2001	21/03/2003	25/03/2005	05/04/2006	08/03/2007	18/04/2008	08/04/2009
Michel PEBEREAU	227,571	232,717	103,418	102,521	51,265	51,265	Nil
Baudouin PROT	144,818	201,688	155,125	184,537	174,300	174,299	Nil
Georges CHODRON de COURCEL	-	4,675	62,052	92,269	92,277	102,529	Nil
Jean-Laurent BONNAFE	-	-	41,368	51,261	61,518	61,517	Nil
Number of options outstanding at end-2009 ⁽¹⁾	372,389	439,080	361,963	430,588	379,360	389,610	Nil

(1) The increase in capital through the subscription of preferential rights in October 2009 in accordance with the regulations in force and in order to take into account the detachment of a pre-emptive right led to the adjustment of the number and exercise prices of options not yet exercised.



- Compulsory share ownership – Holding period for shares received on exercise of stock options

From 1 January 2008, Michel Pébereau, Baudouin Prot and Georges Chodron de Courcel are required to own a minimum number of shares for the duration of their term of office, calculated based on both the opening BNP Paribas share price and their fixed remuneration at 2 January 2007. The number of shares held must be equal to 7 years' fixed salary for Michel Pébereau (58,700 shares) and Baudouin Prot (80,000 shares). This obligation must be complied with by 13 February 2010 at the latest.

The Board has set a compulsory share holding of 30,000 shares for Jean-Laurent Bonnafé, which is identical to the amount set for Georges Chodron de Courcel, the other Chief Operating Officer. Jean-Laurent Bonnafé must comply with this obligation no later than five years after the date of his appointment as corporate officer, i.e. 1 September 2013.

The Chairman of the Board of Directors, Chief Executive Officer and Chief Operating Officers are also required to hold a quantity of shares issued following the exercise of stock options for the duration of their term of office. This holding requirement represents 50% of the net gain realised on the purchase of shares under options granted as from 1 January 2008 for Michel Pébereau, Baudouin Prot and Georges Chodron de Courcel and as from 1 September 2008 for Jean-Laurent Bonnafé. It will be considered as satisfied once the threshold defined for compulsory share ownership has been reached based on shares resulting from the exercise of options as of said dates.

- Remuneration and benefits awarded to employee-elected directors

Total remuneration paid in 2009 to employee-elected directors – calculated based on their actual attendance – amounted to EUR 96,512 (EUR 98,864 in 2008), excluding directors' fees. The total amount of directors' fees paid in 2009 to employee-elected directors was EUR 69,295 (EUR 68,275 in 2008). These sums were paid directly to the trade union bodies of the directors concerned.

Employee-elected directors are entitled to the same death/disability cover and the same Garantie Vie Professionnelle Accidents benefits as all BNP Paribas SA employees. The total amount of premiums paid into these schemes by BNP Paribas in 2009 on behalf of the employee-elected directors was EUR 1,340 (EUR 1,041 in 2008).

The employee-elected directors belong to the defined-contribution plan set up for all BNP Paribas SA employees, in accordance with Article 83 of the French General Tax Code. The total amount of contributions paid into this plan by BNP Paribas in 2009 on behalf of the corporate officers was EUR 660 (EUR 660 in 2008). They are also entitled to top-up banking industry pensions under the industry-wide agreement that took effect on 1 January 1994.

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

At 31 December 2009, total outstanding loans granted directly or indirectly to the Group's corporate officers amounted to EUR 3,771,634 (EUR 7,337,398 at 31 December 2008). It represents the total amount of loans granted to BNP Paribas' corporate officers and their spouses. These loans representing normal transactions were carried out on an arm's length basis.

**8.e 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 BNP Paribas is provided in Note 8.b "Scope of consolidation". As transactions and period-end balances between fully-consolidated entities are eliminated in full on consolidation, the tables below only show figures relating to transactions and balances with (i) companies over which BNP Paribas exercises joint control (accounted for by the proportionate consolidation method), showing only the proportion not eliminated on consolidation, and (ii) companies over which BNP Paribas exercises significant influence (accounted for by the equity method).

- Related-party balance sheet items:

In millions of euros	31 December 2009		31 December 2008	
	Consolidated entities under the proportionate method	Consolidated entities under the equity method	Consolidated entities under the proportionate method	Consolidated entities under the equity method
ASSETS				
Loans, advances and securities				
Demand accounts	193	2	49	13
Loans	3,975	2,128	9,509	1,440
Securities	209	1,416	127	-
Finance leases	-	-	-	29
Other assets	23	66	9	17
Total	4,400	3,612	9,694	1,499
LIABILITIES				
Deposits				
Demand accounts	146	1,924	21	216
Other borrowings	35	330	55	326
Debt securities	132	57	36	29
Other liabilities	49	76	5	39
Total	362	2,387	117	610
FINANCING COMMITMENTS AND GUARANTEE COMMITMENTS				
Financing commitments given	44	275	126	-
Guarantee commitments given	4	1,702	2	-
Total	48	1,977	128	-

Within the scope of its International Retail Banking and Financial Services business, the Group also carries out trading transactions with related parties involving derivatives (swaps, options and forwards) and financial instruments (equities, bonds etc.). These transactions are carried out on an arm's length basis.



- Related-party profit and loss items:

In millions of euros	Year to 31 Dec. 2009		Year to 31 Dec. 2008	
	Consolidated entities under the proportionate method	Consolidated entities under the equity method	Consolidated entities under the proportionate method	Consolidated entities under the equity method
Interest income	174	106	413	95
<i>Interest expense</i>	(10)	(23)	(9)	(11)
Commission income	49	207	18	74
<i>Commission expense</i>	(70)	(67)	(66)	(18)
Services provided	4	46	6	48
<i>Services received</i>	-	(277)	-	(320)
Lease income	-	2	1	1
Total	147	(6)	363	(131)

ENTITIES MANAGING POST-EMPLOYMENT BENEFIT PLANS OFFERED TO GROUP EMPLOYEES

The main post-employment benefits of the BNP Paribas Group are retirement bonus plans, and top-up defined-benefit and defined-contribution pension plans.

In France, some of these benefits are paid by the BNP and Paribas pension funds (Caisses de retraite) and the BNP welfare benefit fund (Caisse de Prévoyance).

The entire obligations of these three institutions have either been transferred to a non-Group insurance company or assumed in full by BNP Paribas SA. The BNP pension fund was liquidated in the first half of 2007, the Paribas pension fund in the second half of 2008 and the BNP welfare benefit fund and at the end of 2009.

In Belgium, BNP Paribas Fortis funds a number of pension schemes managed by AG Insurance in which BNP Paribas Group has an 18.73% 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 Assurance, Bank of the West and First Hawaiian Bank). In Switzerland, a dedicated foundation manages benefit plans for BNP Paribas Switzerland's employees.

At 31 December 2009, the value of plan assets managed by Group companies or by companies over which the Group exercises significant influence was EUR 3,275 million (EUR 827 million at 31 December 2008). Amounts received relating to services provided by Group companies in the year to 31 December 2009 totalled EUR 3.5 million, and mainly comprised management and custody fees (2008: EUR 0.7 million).



8.f BALANCE SHEET BY MATURITY

The table below gives a breakdown of the balance sheet by contractual maturity. The maturities of financial assets and liabilities measured at fair value through profit or loss within the trading portfolio are regarded as “undetermined” insofar as these instruments are intended to be sold or redeemed before their contractual maturity dates. The maturities of variable-income financial assets classified as available for sale, derivative hedging instruments, remeasurement adjustments on interest-rate risk hedged portfolios and undated subordinated debt are also deemed to be “undetermined”. Since the majority of technical reserves of insurance companies are considered as demand deposits, they are not presented in this table.

In millions of euros, at 31 December 2009	Not determined	Overnight or demand	Up to 1 month (excl. overnight)	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	TOTAL
Cash and amounts due from central banks and post office banks		56,076						56,076
Financial assets at fair value through profit or loss	828,784							828,784
Derivatives used for hedging purposes	4,952							4,952
Available-for-sale financial assets	19,709		8,139	14,853	33,831	58,063	86,830	221,425
Loans and receivables due from credit institutions	-	35,049	25,354	10,573	7,534	6,154	4,256	88,920
Loans and receivables due from customers	16	51,624	68,682	61,451	77,398	175,381	244,214	678,766
Remeasurement adjustment on interest-rate risk hedged portfolios	2,407							2,407
Held-to-maturity financial assets			-	409	130	4,421	9,063	14,023
Financial assets by maturity	855,868	142,749	102,175	87,286	118,893	244,019	344,363	1,895,353
Due to central banks and post office banks		5,510						5,510
Financial liabilities at fair value through profit or loss	655,330		615	3,935	8,348	27,264	13,845	709,337
Derivatives used for hedging purposes	8,108							8,108
Due to credit institutions		20,372	102,613	23,303	47,281	16,624	10,503	220,696
Due to customers		334,942	175,397	40,147	22,109	13,936	18,372	604,903
Debt securities			61,556	55,989	36,582	49,929	6,973	211,029
Subordinated debt	3,088		29	483	1,058	5,915	17,636	28,209
Remeasurement adjustment on interest-rate risk hedged portfolios	356							356
Financial liabilities by maturity	666,882	360,824	340,210	123,857	115,378	113,668	67,329	1,788,148

In millions of euros, at 31 December 2008	Not determined	Overnight or demand	Up to 1 month (excl. overnight)	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	TOTAL
Cash and amounts due from central banks and post office banks		39,219						39,219
Financial assets at fair value through profit or loss	1,192,271							1,192,271
Derivatives used for hedging purposes	4,555							4,555
Available-for-sale financial assets	16,714		3,033	6,935	18,233	22,280	63,530	130,725
Loans and receivables due from credit institutions	40	22,455	12,314	15,010	5,554	6,500	7,280	69,153
Loans and receivables due from customers		41,844	41,834	40,495	58,571	128,952	182,705	494,401
Remeasurement adjustment on interest-rate risk hedged portfolios	2,541							2,541
Held-to-maturity financial assets			5	322	21	3,239	10,489	14,076
Financial assets by maturity	1,216,121	103,518	57,186	62,762	82,379	160,971	264,004	1,946,941
Due to central banks and post office banks		1,047						1,047
Financial liabilities at fair value through profit or loss	1,000,809		567	1,528	7,693	28,562	15,643	1,054,802
Derivatives used for hedging purposes	6,172							6,172
Due to credit institutions		19,365	78,749	33,945	25,076	15,376	13,676	186,187
Due to customers		233,319	107,234	39,856	15,604	9,856	8,086	413,955
Debt securities			44,984	47,558	23,201	30,628	11,137	157,508
Subordinated debt	1,096		2	542	410	3,749	12,524	18,323
Remeasurement adjustment on interest-rate risk hedged portfolios	282							282
Financial liabilities by maturity	1,008,359	253,731	231,536	123,429	71,984	88,171	61,066	1,838,276

The majority of the financing and guarantee commitments given, which amounted to EUR 273,764 million and EUR 104,650 million, respectively, at 31 December 2009 (EUR 221,741 million and EUR 84,967 million, respectively, at 31 December 2008), can be drawn at sight.

**8.g 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 2009. They are liable to fluctuate from day to day as a result of changes in various parameters, such as interest rates and credit quality of the counterparty. In particular, they may differ significantly from the amounts actually received or paid on maturity of the instrument. In most cases, the fair value is not intended to be realised immediately, and in practice might not be realised immediately. Consequently, this fair value does not reflect the actual value of the instrument to BNP Paribas as a going concern.
- Most of these fair values are not meaningful, and hence are not taken into account in the management of the commercial banking activities which use these instruments.
- Estimating a fair value for financial instruments carried at historical cost often requires the use of modelling techniques, hypotheses and assumptions that may vary from bank to bank. This means that comparisons between the fair values of financial instruments carried at historical cost as disclosed by different banks may not be meaningful.
- The fair values shown below do not include the fair values of non-financial instruments such as property, plant and equipment, goodwill and other intangible assets such as the value attributed to demand deposit portfolios or customer relationships. Consequently, these fair values should not be regarded as the actual contribution of the instruments concerned to the overall valuation of the BNP Paribas Group.

In millions of euros	31 December 2009		31 December 2008	
	Carrying value (1)	Estimated fair value	Carrying value (1)	Estimated fair value
FINANCIAL ASSETS				
Loans and receivables due from credit institutions	88,920	89,770	69,153	68,944
Loans and receivables due from customers	678,766	693,126	494,401	484,798
Held-to-maturity financial assets	14,023	15,033	14,076	15,017
FINANCIAL LIABILITIES				
Due to credit institutions	220,696	222,000	186,187	185,481
Due to customers	604,903	606,661	413,955	414,111
Debt securities	211,029	210,987	157,508	156,871
Subordinated debt	28,209	27,752	18,323	15,874

(1) The carrying amount does not include the remeasurement of portfolios of financial instruments in fair value hedging relationships. At 31 December 2009, this is included within "Remeasurement adjustment on interest-rate risk hedged portfolios" as EUR 2,407 million under assets, and EUR 356 million under liabilities (EUR 2,541 million and EUR 282 million, respectively, at 31 December 2008).

The fair value of a financial instrument is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The valuation techniques and assumptions used by BNP Paribas ensure that the fair value of financial assets and liabilities is measured on a consistent basis throughout the Group. Fair value is based on prices quoted in an active market when these are available. In other cases, fair value is determined using valuation techniques such as discounting of estimated future cash flows for loans, liabilities and held-to-maturity financial assets, or specific valuation models for other financial instruments as described in note 1, "Principal accounting policies applied by the BNP Paribas Group". In the case of loans, liabilities and held-to-maturity financial assets that have an initial maturity of less than one year (including demand deposits) or are granted on floating-rate terms, fair value equates to carrying amount. The same applies to most regulated savings products.



8.h CONTINGENT LIABILITIES: LEGAL PROCEEDING 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, 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 lodged a lawsuit in New York against 92 international companies having participated in the oil-for-food ("OFF") programme, among them BNP Paribas. The complaint alleges, notably, that the defendants conspired to defraud the OFF programme, thereby depriving the Iraqi people of more than USD 10 billion in food, medicine and other humanitarian goods. The complaint also contends that BNP Paribas breached purported fiduciary duties and contractual obligations created by the banking agreement binding BNP Paribas and the United Nations Organisation. The complaint is pleaded under the US Racketeer Influenced and Corrupt Organisations Act ("RICO") which allows triple damages for successful plaintiffs if damages are awarded. At end-2009, the complaint was still being served to defendants outside the United States. The discovery phase is expected to begin in the near future. No hearing is scheduled before the end of 2010.

There is no basis to sustain any accusation or allegation concerning any purported breach by the Bank in relation to any payments made by other persons in connection with the export of humanitarian goods to Iraq under the OFF programme. The Bank intends to vigorously defend itself against this complaint.

On 28 January 2009, a writ of summons to appear before the Brussels Commercial Court was served to Fortis Banque SA (as well as to Fortis and to other companies of the Fortis group, in the Netherlands, to SFPI, to BNP Paribas and to the Dutch central bank - *De Nederlandsche Bank*) by minority shareholders of Fortis represented by Mr. Michaël Modrikamen. In the first instance, the claimants request the Court to order the Kingdom of the Netherlands and the Dutch central bank to pay an indemnity of EUR 5 per share held by the claimants (plus accrued interest since 3 October 2008). The claimants have also requested the Court to order SFPI and BNP Paribas to pay an indemnity of EUR 4 per held share held by the claimants (plus accrued interest since 3 October 2008). It should be noted that in the course of the proceedings, which are still pending the claimants have recently abandoned their request that the Court cancel the takeover of Fortis Banque SA by BNP Paribas S.A. and have opted to limit their claim to compensation for the damages alleged by them. The Bank intends to vigorously defend itself against this unjustified claim.

There is no other government, legal or arbitration proceeding, including any proceeding of which the Company is aware, which is pending or with which it is threatened, that is likely to have or has had within the last 12 months a significant impact on the financial position or profitability of the Company and/or Group.


8.i FEES PAID TO THE STATUTORY AUDITORS

In thousand of euros	Deloitte & Associés		PricewaterhouseCoopers		Mazars		TOTAL	
	Total	%	Total	%	Total	%	Total	%
	2009	2009	2009	2009	2009	2009	2009	2009
Audit								
Statutory audits and contractual audits, including:								
- Issuer	3,261	19%	5,686	27%	1,134	12%	10,081	21%
- Consolidated subsidiaries	8,996	52%	12,660	59%	7,803	85%	29,459	61%
<i>of which BNP Paribas Fortis</i>	2,799	16%	5,081	24%	442	5%	8,322	17%
Other reviews and services directly related to the statutory audit engagement, including:								
- Issuer	15	0.1%	63	0.3%	41	0.4%	119	0.2%
- Consolidated subsidiaries	224	1%	1,296	6%	166	2%	1,686	4%
<i>of which BNP Paribas Fortis</i>	65	0.4%	155	1%	-	-	220	0.5%
Sub-total	12,496	72%	19,705	92%	9,144	99%	41,345	86%
Other services provided by the networks to fully-or proportionally-consolidated subsidiaries								
Tax and legal	1,330	8%	504	2%	17	0.2%	1,851	4%
<i>of which BNP Paribas Fortis</i>	1,185	7%	414	2%	-	-	1,599	3%
Others	3,567	20%	1,158	6%	62	1%	4,787	10%
<i>of which BNP Paribas Fortis</i>	3,005	17%	892	4%	-	-	3,897	8%
Sub-total	4,897	28%	1,662	8%	79	1%	6,638	14%
TOTAL	17,393	100%	21,367	100%	9,223	100%	47,983	100%

In thousand of euros	Deloitte & Associés		PricewaterhouseCoopers		Mazars		TOTAL	
	Total	%	Total	%	Total	%	Total	%
	2008	2008	2008	2008	2008	2008	2008	2008
Audit								
Statutory audits and contractual audits, including:								
- Issuer	3,610	33%	5,395	35%	1,125	13%	10,130	29%
- Consolidated subsidiaries	6,033	55%	7,939	51%	7,102	82%	21,074	60%
Other reviews and services directly related to the statutory audit engagement, including:								
- Issuer	55	1%	990	6%	75	1%	1,120	3%
- Consolidated subsidiaries	1,112	10%	1,088	7%	284	3%	2,484	7%
Sub-total	10,810	99%	15,412	99%	8,586	99%	34,808	99%
Other services provided by the networks to fully-or proportionally-consolidated subsidiaries								
Tax and legal	-	-	32	-	25	-	57	-
Others	104	1%	132	1%	53	1%	289	1%
Sub-total	104	1%	164	1%	78	1%	346	1%
TOTAL	10,914	100%	15,576	100%	8,664	100%	35,154	100%

The audit fees paid to auditors which are not member 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 4,825 thousand for the year 2009 (EUR 1,274 thousand in 2008). The majority of this amount concerns the KPMG firm, which was one of the statutory auditors of Fortis Group up until the date of the business combination in 2009. It also includes EUR 568 thousand paid for other reviews and services directly related to the statutory audit engagement (EUR 315 thousand in 2008).

Furthermore, the amount relating to other services provided by the audit networks to consolidated subsidiaries essentially corresponds to services effected by Deloitte for entities belonging to the BNP Paribas Fortis sub-group which were engaged prior to the takeover of some Fortis Group entities by BNP Paribas.